From: Cheryl Stewart

Subject: Regulation Z - Truth in Lending

Comments:

Dear Sirs,

The most discouraging part of the proposed disclosures for life and disability insurance is that the rule makers are painting everyone with the same brush and potentially causing harm to those who would have otherwise benefited from having life and/or disability insurance on their loans.

Let me give you just three examples of members who chose credit life or disability coverage:

A man in his late 50's had several loans with the credit union with the longest term on one of those loans set at 5 years. He found it was better to insure a decreasing balance rather than increasing his life insurance and therefore his premium. He did pass away before he turned 60 and each of his loans was paid in full.

Another member had a $40,000 loan on his fishing boat. He had a heart condition and found it was almost impossible to get insurance coverage he needed at a reasonable cost which included a built-in lapse of coverage (without re-qualifying) for 6 months of the year, when he was not fishing. We were able to help him set up a life policy on the decreasing balance. The premium was equal to the more expensive life policies the first year, but as the balance dropped, so did his premium. He was lost at sea one early spring and the boat washed up on shore. He was never found. His family was very grateful for the insurance coverage he had been able to obtain.

A member since joining the credit union while still a teen, our member was diagnosed with MS in his mid 20's. With a wife and 3 daughters, he fought his entire life to provide a good living for them as a truck driver. Never giving into his disease, he bought a home, cars, and all the normal purchases a young family would need. But, he always added life and disability to each loan. In the early years, he had to wait for full coverage due to his pre-existing condition, but with the changes in Washington state law several years ago, that went away. Finally, as he reached his mid 40's, the MS prevented him from working. Without hassle or difficulty of any sort, his loan payments were paid each month by his disability insurance and when he passed away at 59, the remaining balance on his last loan was paid in full.

Not only do our staff point out that the policies are voluntary and quote loan payments both with and without the insurance premium, our members are quite capable of determining whether or not it's the right thing for them.

The language used in the proposed disclosures assumes that we are not treating our members fairly and that our member's are incapable of making good financial decisions without government direction.

And for the sake of reference, I have been with my credit union for 36 years and for 33 of those years I was in lending/collections. Before pre-retirement transitioning I was the VP Credit Services.

Cheryl Stewart