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November 30, 2010

Ms Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., NW
Washington, DC 20551

RE: Docket No. R-1390: Proposal on Debt Protection Disclosures

Dear Ms Johnson:

Thank you for the opportunity to submit comments on the above referenced proposal regarding new Regulation Z disclosures covering debt protection products.

As you know, currently, Regulation Z requires disclosures to identify that the purchase of credit protection is not a condition of the loan; the premium for the credit protection must be disclosed, and the consumer is required to sign a statement indicating that he or she requested the debt protection. These disclosures have been in place for over thirty years.

Many consumers in those thirty years have benefitted from the protection provided by such products. These products operate as do most insurance-type products, they provide peace of mind for the consumer that a benefit will be paid (in this case, the loan will be paid off) in the event of death, disability or involuntary unemployment. As with other insurance-type products, not everyone who purchases the product will receive a pay out, but consumers understand this as they typically have other types of insurance (health, auto or life). In most cases, consumers buy insurance hoping that they never have to use its benefits, but consumers buy it for the peace of mind it gives them should something unfortunate occur.

Debt protection products such as credit insurance and debt cancellation should be looked upon as useful tools in the consumer's toolbox for protecting themselves and their family should unforeseen events occur. Such products are by no means the only tools available, but should not be discounted or their use discouraged. It is our belief that disclosures should be not only factual, but also objective in their nature. We are concerned that some of the proposed disclosures contain a tone of negativity towards debt protection products that may discourage a consumer from using them.

An example of a disclosure of concern is one indicating that if the consumer has other insurance, he or she may not need debt protection to pay off the loan. While this may be true, its underlying tone is very negative. In other words, the disclosure could read, "If you have other insurance or savings, you will preserve those assets by purchasing this product which will pay off the loan if you die or become disabled." This disclosure is also factually true and may allow consumers to think positively of the purchase.