

From: Air Force Federal Credit Union, Robert A. Glenn
Subject: Regulation Z - Truth in Lending

Comments:

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

Dear Ms. Johnson:

I would like to thank the Board of Governors for taking into consideration my comments on the proposed changes referenced above. I am Bob Glenn, President and CEO of Air Force Federal Credit Union, headquartered in San Antonio, TX. Presently our credit union has approximately 46,000 members who largely are military service members or retirees.

My greatest concern with the regulation as proposed is the way in which credit insurance products are portrayed. The language suggested in describing the product appears biased against the product. It should not be the position of a regulator to create language that could result in individuals seeking less information and possibly making an inappropriate decision. I know very few people who carry an adequate amount of life insurance. When I say adequate I mean an amount that is sufficient not only to retire the debts they owe at their passing but also provides a nest egg that can provide an earnings stream for those the deceased leaves behind. I know that even today, I dislike speaking with my insurance agent. He speaks of concerns I have a natural tendency to avoid. I do not want to think of my mortality but my wife certainly wants me to provide for her should I die. Most individuals do not think about the new car loan being a new obligation that likely they have not included in their financial plan to have retired upon their death. Credit Insurance fills the need that many if not most people have when they take on new debt.

In my 40 years in financial services, I cannot tell you how many times I have had a widow or widower come to me seeking assistance because their spouse did not have adequate insurance. Certainly credit insurance is a more costly form of insurance than other types. The cost varies considerably from financial institution to financial institution. In the credit union space, the premium is added monthly to the amount of indebtedness. This saves members the interest charge that front loaded premiums accrue. In the credit union space, the premium is based on the actual unpaid balance rather than on an anticipated payment schedule, benefiting those who pay their loans faster than scheduled. The policies in the credit union space are cancelable without penalty, so if a member does seek out a more cost effective type of insurance, they can control their expenses.

Each State has a Department of Insurance which regulates the costs of credit insurance products. Usually annually, the insurance companies submit rate recommendations and the States establish a "maximum rate" protecting consumers. In my 40 years in financial services, I spent the first 20 in commercial banks. Never did we charge anything except the maximum. In the 20

years I have worked with credit unions, I don't think we have ever charged the maximum. A better disclosure would be to show the maximum rate versus the rate being charged from the consumers' perspective.

Credit insurance is available without members providing medical information in most instances. Those individuals who need the insurance the most are those with little or no insurance. If an individual has health issues, credit insurance may be the only option they have to provide their families much needed protection.

It is my sincere hope that the disclosures will be aimed at aiding borrowers in finding good information about insurance and the need for it rather than predisposing borrowers to immediately be wary of the product.

Respectfully,

Robert A. (Bob) Glenn
President/CEO
Air Force Federal Credit Union