



MISSOURI CREDIT UNION ASSOCIATION

October 22, 2010

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

Re: Proposed Rule – Revisions to Regulation Z – Credit Protection Products  
 Docket No. R-1390

Dear Ms. Johnson,

The Missouri Credit Union Association appreciates the opportunity to comment on behalf of our 142 credit unions. While we understand the spirit and intent of the recent proposals, we oppose the changes to the credit insurance and debt protection rules and the inclusion of the voluntary fees and premiums in the annual percentage rate.

Missouri credit unions have been offering credit insurance and protection products for decades and members have enjoyed the protection and peace of mind these products have provided for themselves and their families. We believe strongly that the model forms, G-16 and H-16 mislead consumers with a negative bias in regard to the value of credit protection products to consumers. There are numerous reasons why credit union members have made an educated decision to pay for these products/services with their loans and their decision has proven to be of significant financial benefit to them. These products offer relief in the unforeseeable events of death, disability or unemployment by making a family's financial obligations more manageable. In addition, it protects their credit and saves them money.

Not only can these products be a benefit for members, but they provide safety, soundness and stability to credit unions' risk profile as well. In situations of personal hardship when protection products are not in place, and the debt cannot be paid by the consumer, the financial institution may be forced to foreclose or repossess loan collateral. Credit insurance and protection products can prevent these actions from occurring. When a loan goes unpaid, it affects all members, as owners of the credit union.

This type of insurance product is only a complement to other important insurance products consumers should have in their portfolios. Consumers do need life insurance, disability insurance, health insurance, property insurance, and liability insurance, to name a few, depending on a number of personal profile factors. And, the amounts of those policies will depend on their debts, their obligations and their responsibilities. Members of credit unions, and all consumers, should be given the freedom to choose the specific products and coverage limits that benefit their particular circumstances. Our member credit unions offer credit insurance and protection products and services in a most responsible manner, explaining the features, costs and benefits thoroughly and objectively.

*Your Best Resource!*

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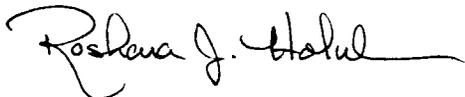
We strongly believe that disclosures should be clear, concise, conspicuous, reasonable and accurate, but the proposed disclosures do not represent a balanced and objective view of the products cost-benefit nor the applicability to a member's personal situation and circumstance. For many members, these products and services are a welcomed and needed offering. There have been instances where members have been upset with the financial institution when one of these events (death, disability or unemployment) occurred and, unfortunately, they had not chosen to purchase the protection product. Typically the credit union has had to show evidence of the member initialing that they had intentionally declined the product and service. These members wished they had chosen this product because none of their other insurance policies protected them from the debt.

In addition, we believe that the proposed rule inclusions should not be categorized under the Truth in Lending Act. The clear and conspicuous Schumer Box disclosures, with the consistent and objective format to compare costs, relate specifically to contractual terms and conditions of a loan. However, credit insurance and protection products are unrelated to the cost of borrowing since it is an optional product or service and not a required component of the loan transaction. Directing exactly how to disclose insurance and protection offerings that are a voluntary is, in our opinion, outside the purview of TILA or Regulation Z.

We urge reconsideration of the inclusion of credit insurance and protection products in the Annual Percentage Rate. Furthermore, we urge any disclosure requirement be formatted to incorporate language that reflects credit insurance and protection products objectively in regard to consumer cost, and their benefit and value.

We appreciate the opportunity to comment. Should you have any questions, please feel comfortable contacting me directly at 314-542-1333 or [rholub@mcua.org](mailto:rholub@mcua.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Roshara J. Holub", with a long horizontal flourish extending to the right.

Roshara J. Holub  
President/CEO