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November 16, 2010



Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551
VIA Fax (202) 452-3819 and (202) 452-3102

RE: Opposition letter to proposed changes to Reg Z – Truth in Lending Act [R-1390]

Dear Ms. Johnson,

Central States Health & Life Co. of Omaha (CSO) has been in the business of protecting consumers since 1932. As an employee, I am responsible for the administration of our credit insurance products as well as the services we provide as administrator for our client debt cancellation programs. I am respectively submitting my opposition to the proposed changes to the credit insurance and debt protection disclosure rules.

IMPORTANCE OF PROTECTING PERSONAL CREDIT HISTORY

On November 10, 2010 I received an email notification from the Federal Reserve Board announcing your online publication on credit reports and credit scores. When I clicked on the link I was taken to the announcement below.

Release Date: November 10, 2010
For immediate release

A new online resource from the Federal Reserve provides practical answers to questions about credit reports, credit scores, and the importance of protecting personal credit histories. The [Consumer's Guide to Credit Reports and Credit Scores](#) describes the content of a credit report, explains how a credit score is used, and discusses the role of credit bureaus in collecting and disseminating this information

I applaud the Federal Reserve's efforts in making this guide available and I couldn't agree more with the statement you make about **the importance of protecting personal credit histories**.

This is why I am astounded by your recent proposed changes to Regulation Z – Truth in Lending Act [R-1390]. If the Federal Reserve Board truly understands the importance of protecting personal credit histories, why are you proposing disclosures that will most certainly hurt those to whom you are claiming to protect?

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A CENTRAL STATES OF OMAHA COMPANY

DISCLOSURES CONFLICT WITH FEDERAL RESERVES OBJECTIVE

The proposed disclosures are misleading and harmful, and DO NOT support your stated objective:

Regulation Z - Truth In Lending Act [R-1390]

The Board proposes to amend Regulation Z, which implements the Truth in Lending Act (TILA), and the staff commentary to the regulation, as part of a comprehensive review of TILA's rules for home-secured credit. This proposal would revise the rules for the consumer's right to rescind certain open-end and closed-end loans secured by the consumer's principal dwelling.

In your own words, the Federal Reserve Board states that the proposed changes would revise the rules for the consumer's right to rescind open-end and closed-end loans secured by the consumer's principal dwelling. If this is indeed the primary objective, then the proposed disclosures are completely unnecessary in light of the recent passage of the Dodd-Frank Consumer Protection Act. Title XIV of that Act specifically prohibits the financing "directly or indirectly" of any credit life, disability or property insurance, or any other accident, loss-of-income, life or health insurance, or debt cancellation or suspension agreement; premiums or fees with any extension of credit under any residential mortgage loan or any open-end consumer credit plan secured by the principal dwelling of the consumer.

It is fact that the proposed disclosures reach far beyond the scope of open-end and closed-end loans secured by the consumer's principal dwelling. **The proposed disclosures will impact all open-end and closed-end consumer loans, including auto loans (credit insurance, GAP), home equity loans, lines of credit and mortgage loans in which debt protection products are offered.** This in turn, will have a negative impact on the entities that make these loans, as well as the consumers who could benefit from the purchase of these products.

NEED FOR THE PRODUCT EXISTS

Doing away with the product does not do away with the need for the product. The need still exists. Elizabeth Warren herself stated in a study she did for Health Affairs in February 2005 ("Market Watch Illness and Injury as Contributors to Bankruptcy") that many Americans lack sufficient levels of insurance and that uninsured illnesses and injuries contribute to a significant percentage of all bankruptcies in the United States. This is supported today by a 2010 LIMRA study that found 30% of US households have no life insurance. And when asked, 50% of US households stated they need more life insurance. They also found that 70% of workers in the private sector have no long-term disability insurance.

In today's economic environment, why strip away a proven method of providing Americans with the freedom to decide and the opportunity to protect their debt through the purchase of credit insurance and debt cancellation products?

CONSUMER RESEARCH RELIED UPON BY FEDERAL RESERVE

It is my understanding that the proposed disclosures are in a second version form and based in part on consumer research conducted by ICF Macro. When I read the findings, however, I was surprised to find that participants were tested on the credit insurance disclosures in a total of 18 interviews over two rounds. Based on 18 people – the Federal Reserve is going to risk preventing tens of thousands of people the opportunity to purchase a product that is needed and offers them and their family protection.

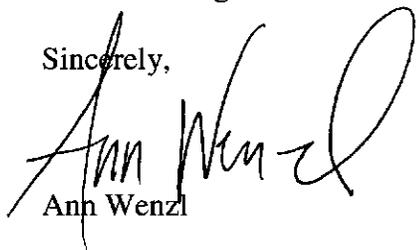
Contrast that against the following information. As part of our standard procedure, we send out a survey card at the close of each disability claim. To date, 3,608 people have responded to the survey. Those survey cards ask several questions.

1. The first question asks “Would you buy this insurance again?” The result was 90% of the respondents (3,234 people) answered “Yes” to this question.
2. Another question asked whether they thought the insurance was a good value. Again, 90% of the respondents (3,248 people) answered “Yes” to this question.
3. When asked if the application process was easy to complete, 3,108 of those respondents answered “yes” – or 86%.

IN CONCLUSION – WITHDRAW PROPOSED DISCLOSURE

I respectfully request that these proposed changes to the credit insurance and debt protection disclosure rules are withdrawn. The current disclosures long ago established by TILA and Regulation Z are objective and logical. They inform the consumer of the cost and clearly state that credit insurance is not required to obtain the loan. The current disclosures are non-biased and accurate and should remain in effect until they can be revised in an objective non-biased manner that does not unreasonably interfere with a consumer’s personal freedom and businesses right of commerce.

Sincerely,



Ann Wenzl

cc: Mike Johanns – Senator of the 111th Congress
Ben Nelson – Senator of the 111th Congress
Lee Terry – Congressman – 2nd Congressional District of Nebraska