

From: K.E. Anderson  
Subject: Regulation Z - Truth in Lending

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Comments:

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Proposal: Regulation Z - Truth in Lending  
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Comments:

The young man had recently graduated from college and was in need of a car to get him to his new job. He visited his Credit Union, CIFCU, and became the proud owner of a used compact car in June 2008. Three months and 11 days later, the remnants of Hurricane Ike literally swept through southern Ohio with wind damage everywhere - including the young man's car. A tree at the family home fell on to the vehicle and it was declared a total loss. Thankfully, CIFCU has instituted a GAP (Guaranteed Asset Protection) insurance program earlier in 2008 and the young man had paid the nominal \$250 insurance premium. Between the GAP insurance and his own vehicle insurance coverage, the debt was paid in full and the young man was able to purchase another used vehicle without worry about the amount owed vs. paid by his primary insurance provider. In fact, he even received \$1000 toward the purchase of the replacement vehicle as part of the program for using the Credit Union for financing! Had the young man been subjected to the proposed, new disclosures for credit life, disability and debt cancellation insurance, I don't believe he would have purchased the GAP product from CIFCU. The proposed disclosures are NOT objective and actually would dissuade anyone from purchasing them. These types of products CAN be beneficial, however, and the consumer deserves the chance to objectively review their options, without the negativity that is portrayed. In addition, the proposed disclosures are not accurate in the cost information that is provided since some insurance premiums for these products are based on declining principal balances or are a one-time cost. The premise for the disclosures are also bothersome. We all hope that we may not receive any benefits from our auto insurance policies - but are required by the States to carry insurance anyway. Not everyone will receive benefits from Social Security or Medicare - but are required by the Federal government to pay the payroll assessments nonetheless. In fact, the only insurance product for which a benefit is received is that of life (aka death) insurance and that will

benefit survivors not the persons themselves. What all of these items have in common is the fundamental belief of insurance: pooling risk for those "just in case" moments that may come to be. As a Credit Union, we try to better the financial condition of our members. We realize that disclosures can be an effective tool to do so. This can only be accomplished, however, when the disclosures are fair and accurate. Those that have been proposed for this amendment to Reg Z are NOT. If it were your young graduate who was buying a car in June, would you advise them to pay for GAP insurance based on the proposed disclosures? Would you be there to pick up the negative equity pieces when the next wind/snow/ice/flood storm came along and left them with a loss - and a balance due bill from the insurance company? Everybody's definition of "peace of mind" is specific to their situation. Please don't make these disclosures the decision making tool that puts them at risk because of the negative light that they portray. Sincerely, K.E.Anderson, CCUE CIFCU CEO