

December 21, 2010

Regulation Z – Docket No. R-1390

To Whom It May Concern:

I am writing this letter today to express my concern over the language contained in the proposed disclosures for insurance policies that cover loan products. I have reviewed the proposed disclosures and it appears as they are designed to dissuade individuals from purchasing the policies rather than ‘disclosing’ factual information about each specific product.

Before I get too far in discussing the example disclosure, I want to state for the record that I feel that having a disclosure is a positive step in reassuring buyers that they fully understand the policy that they’re buying. Consumers should be provided with any necessary information that helps them make an informed decision about purchasing such a policy. However, it’s of great importance that the disclosures be specific and accurate and not lead the consumer into rejecting the opportunity to purchase the insurance product that may be quite helpful to them and/or their family.

To that end, the sample disclosures that I’ve reviewed go too far. From the first word, a bolded, capitalized ‘**STOP**’, the reader gets the impression that the product is nothing short of a rip-off. As I read further down through the proposed disclosure, it is clear that each line is negatively vague and ambiguous – whereas a *true* disclosure merely discloses information about the product. An example of this is the section that addresses the question “Can I receive benefits?” The answer cited on the disclosure is: “*You meet the age eligibility requirements, but there are other requirements that you must meet. If you do not meet these requirements, you will not receive any benefits even if you buy this product and pay the monthly premium.*”

This section is so vague that it’s unclear as to what it’s addressing. In the simplest of terms, generally all insurance policies would fall within this disclosure. If I outlive my term life policy, I receive no benefit even though I bought the product and paid the monthly premium. If I never have cause to file an auto insurance claim, I receive no benefit even though I bought the product and paid the monthly premium.

I’m obviously not aware of the background of the individuals from whom these disclosures were written, but I can assure you that I’ve personally witnessed the benefit that these types of policies provide to the consumers. My father in law, John, purchased both Credit Life Insurance and Credit Disability Insurance from our Credit Union when he brought his loans over from his former credit union. John was a long-time rural route mail carrier and was of modest means. He asked for my opinion about the insurance

products and I let him know that I thought it would be a financially sound decision for him to purchase them. Shortly thereafter, John was diagnosed with stomach cancer and was out of work for nearly a year. While John still had some disability pay, his out of pocket medical expenses exceeded his take-home pay. Because he purchased the disability policy, both of the family car payments were made by the insurance company. John was greatly relieved to not have the burden of the car payments when he was experiencing the biggest challenge of his life. Unfortunately, the story did not end there. John lost his battle with cancer in July of this year. His USPS provided life insurance policy will help to supplement his wife's income so that she can maintain their life-long home, but they would have lost their cars without the life policy that they purchased from the Credit Union.

While I find it difficult to use my family's experience as an example, I do so to illustrate that the insurance can be a great alternative for just about everyone. Please don't let your desire to eliminate unscrupulous individuals or companies from taking advantage of innocent people interfere with our ability to provide high quality, fairly priced insurance products to our membership. Please reevaluate your proposed disclosures to ensure that they are specific and free from bias.

If I can be of any assistance in this matter, please let me know. I can be reached at frank.wilber@elgacu.com or at (810)600-2521.

Thanks for your time.

Sincerely,
Frank Wilber
Executive Vice President
ELGA Credit Union