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December 22, 2010

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

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

Dear Ms. Johnson,

The Federal Reserve Board's recent proposal mandating specific disclosures for payment protection products, including credit life, credit disability, and debt cancellation and debt suspension causes us great concern.

Credit unions have always supported fair, accurate, and appropriate disclosures for members who purchase credit insurance and debt cancellation and suspension products. However, these proposed disclosures misrepresent the purpose and value of payment protection products to credit union members. We believe the proposed disclosures are vague, unclear and present information in a negative manner which will be potentially confusing to the consumer. It is particularly alarming that the proposed disclosures were developed as a result of polling a sample of just 18 consumers. Industry norms are that a polling sample at least 30 times that number is necessary to produce meaningful results with a plus or minus 4% accuracy.

These types of products help credit union members by providing affordable insurance against catastrophic events, such as death, disability and loss of employment, and give our members the peace of mind knowing that they are protected. These protection products provide an option to members who do not have, due to required health questionnaires, other types of insurance. These products also help protect members' credit ratings. This can be invaluable in ensuring that they have continued access to credit at reasonable rates. In the last four years, our members have received over \$250,000 in Guaranteed Asset Protection (GAP) for their vehicles, \$3.5 million in Extended Vehicle Service Agreements and \$1.3 million in Credit Life and Disability benefits.

Our concern with the proposed rule is that the required disclosures depict these products as negative, inferior and unnecessary. If adopted as drafted, this rule will have a significant negative impact on our credit union members. Members who would otherwise benefit from these products may elect not to purchase them as a result of these misleading disclosures. The decision to decline these products will likely expose our members to risks for which they will be unprepared. Given the recent financial crisis and the economic challenges continuing to face consumers, impeding their access to these products will be counterproductive and could negatively impact their financial well being.

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Lastly, existing disclosures are already in place at the individual state level; therefore, any additional disclosures may be in conflict with those at the state level. This will almost certainly add confusion for the consumer.

We urge the Federal Reserve Board to reconsider the proposed disclosures. At a minimum they should be unbiased and should reflect accurate, fair, and objective information about these payment protection products.

Sincerely,



Gerrienne Burks  
President/CEO  
Northwest Federal Credit Union