



Rooted in Trust, Growing in Your Community

December 22, 2010

Dear Secretary Johnson:

This letter concerns the changes the Federal Reserve Board is recommending regarding the disclosure for Credit Life and Disability coverage.

Before you read this comment, I would like all of you to ask yourselves this question: Am I part of the middle or lower income class? I may be wrong, but it's possible none of you are part of these two income groups.

I am the President of our credit union and I'm in the middle class group. There are millions of people who want or need additional insurance coverage but can't afford it.

I have had life and disability coverage on all of my loans. I bought this coverage to protect my wife and child in case I die or become disabled. You see, I have been the only person working in our family. We have had two cars and a house I had to pay on.

In the sample disclosure the Federal Reserve produced, it says "other types of insurance can give you similar benefits and are often less expensive". I would like the person that wrote that statement to prove it. Whoever came up with this disclosure doesn't understand that the middle class and lower class don't have the money to purchase additional life or disability insurance.

In the disclosure you provided, the column which states 'How much does it cost' you stated "This product will cost up to \$63.00 per month", **which is a lie**. Very few if no credit unions use single premium insurance for life and disability. However, that is what your assumptions are in your disclosure! You must have had an insurance agent write this disclosure, and guess who would benefit.

When people purchase our life or disability insurance, every time they make a payment their monthly cost goes down. The disclosure should state what the total average monthly cost of the insurance for the term of the loan is, instead of the first month's payment.

Our disclosures tell the member the total cost over the term of the loan. Oh, I almost forgot to tell you; our members can cancel this product at any time if it becomes a burden.

In the part of the disclosure where it states 'Can I receive benefits', we disclose all of the information members need to know about the coverage before they take it.

There are hundreds if not thousands of our middle and lower class members who have bene-

Michigan City
950 E. US Hwy 20
Michigan City, IN 46360
(219) 879-6161

La Porte
402 J Street
La Porte, IN 46350
(219) 324-4359

Valparaiso
1404 E Lincolnway
Valparaiso, IN 46383
(219) 462-7805

Rensselaer
810 S College Ave
Rensselaer, IN 47978
(219) 866-7116

Wheatfield
4259 W State Road 10
Wheatfield, IN 46392
(219) 956-3922

www.firsttrustcu.com

fited from this insurance coverage.

In the box that states "Do I need this product?" it says if you already have enough insurance or savings to pay off this loan if you die, you may not need this product.

Why would any middle or lower class family want to use all their retirement savings to pay off their car or house due to death or disability?

Do your Board members know that if you're a middle or lower class worker and have disability insurance through work, you would probably receive 66 2/3% of your pay if you became disabled? When payroll taxes are applied to your disability check, you end up getting around 50% of your pay.

How would you pay for two autos and a home with 50% of what your pay was before you got injured? Oh I forgot, you're probably not in the same income class as we are.

Ronald J. Budzinski

First Trust Credit Union

President/CEO