



December 1, 2010

Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z and the  
Truth-in-Lending Act  
Docket No. R-1390

Dear Board of Governors:

Please accept this comment letter on behalf of City & County Credit Union in opposition to the proposed changes to the credit insurance and debt protection disclosures under Regulation Z. We believe these new rules, if finalized as proposed, will have a negative impact on our members, our credit union and the credit union industry as a whole.

Our credit union offers payment protection products. We believe in providing fair, accurate and appropriate disclosures, however, we believe the proposed payment protection disclosure language casts the products in a negative light and discourages the purchase of these products.

We request that the Federal Reserve Board (FRB) withdraw the current proposal to change payment protection disclosures, and replace it with revisions that provide the consumer with more accurate and balanced information about the products.

The purpose of this letter is to address our key issues with the proposed changes:

1. Disclosure language changes are unnecessarily negative and discourage the purchase of payment protection products by consumers.

Here are the specific disclosure changes that we object to:

- “**STOP.** You do **not** have to buy *(name of product)* to get this loan.”
- “If you already have enough insurance or savings to pay off this loan if you die, you may not need this product.”
- “Other types of insurance can give you similar benefits and are often less expensive.”

- “You may not receive any benefits even if you buy this product.”

After reviewing the above disclosures, what consumer would even consider purchasing payment protection given the apparent fact that our federal government is advising that they probably don't really need this coverage; they can get the coverage cheaper elsewhere; and even if they buy the coverage, they probably won't be covered anyway?

These statements about the products are simply not true. The vast majority of consumer borrowers are eligible for these products, and for a reasonable monthly premium, they receive valuable benefits from these products.

We challenge the FRB to go back to the original intent behind these disclosure changes and find a better way to help consumers understand payment protection products.

We believe the adoption of the proposed disclosure changes would most certainly lead to a decrease in our member's election of voluntary payment protection coverage. This would translate into more risk for our loan portfolio and fewer members enjoying the benefits of payment protection on their loans.

We respectfully ask the FRB to withdraw this payment protection disclosure proposal and consider alternative revisions that would give the consumer fair, accurate and balanced information about credit protection insurance.

Help us protect our member's financial health and the safety and soundness of our credit union.

Sincerely,



Karen Frilseth