



PO Box 1420, Rapid City, SD 57709-1420

December 20, 2010

Federal Reserve Board  
20<sup>th</sup> Street and Constitution Ave NW  
Washington, DC 20551

RE: Regulation Z Changes – Docket No. R-1390

Dear Members of the Board:

I am writing to express my concern with the proposed changes to Regulation Z, specifically those regarding the payment protection product disclosures. The proposed language of these disclosures misrepresents both the products and the benefits they hold for many within our membership.

We have always supported and believed in fair, accurate, and appropriate disclosures for members who purchase credit insurance, debt cancellation, and GAP protection products. However, the proposed language far overreaches the core intent of any disclosure - ensuring that the consumer is well-informed.

Instead of accurately portraying *both* the risks and benefits, these disclosures patently misrepresent the very nature of the products and offer no insight into the purpose and potential value of payment protection to credit union members.

At Black Hills Federal Credit Union, we have offered credit insurance, GAP, and debt cancellation coverage to our members for many years. Of the claims processed in 2009, 85% of GAP, 88% of credit disability, and 94.7% of credit life were paid in full. These payments helped to protect members' credit ratings and minimize additional stress during what are often difficult times. The proposed language of the new disclosures may discourage members like these from electing to purchase these products. In other cases, members may seek out bad or inferior products from another carrier. This is a disservice not only to the member, but also to their families who are forced to otherwise cover these costs when a loved one is suddenly disabled or killed and unable to make the payments.

Put simply, these are insurance products. Their function is to protect the assets of the member during difficult times. As one of the proposed disclosures states, some will never "meet the requirements" and receive a monetary payment. However, like any

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insurance product, these members still benefit from the peace-of-mind of knowing that they and their families are protected if something does happen. These products are not for every member, but every member deserves to know both the risks *and* benefits of the option. Consumers trust that these disclosures give them that complete picture. The proposed language fails to accomplish this.

We urge the Federal Reserve Board to change these disclosures so they will reflect accurate, fair, and objective information about these payment protection products. The government does not promote certain types of products and services in other industries and has no reason to do so for insurance products.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Heacock", with a stylized flourish at the end.

Roger Heacock  
President