



December 21, 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 Governors:

On behalf of Summit Credit Union, I would like to take the opportunity to comment on the proposed changes to Regulation Z as described above. In particular, we are focused on the proposed new disclosures related to debt cancellation products and credit life/disability insurance products. Summit is a \$1.6 billion Wisconsin credit union with a 75 year history of serving our member's financial needs, and we appreciate the chance to make our voice heard on these changes.

As a partner with our members in their financial well-being, we believe factual and accurate disclosure of contract details are "must haves" in any transaction with our membership.

However, we believe the proposed changes are flawed in a number of areas.

From a purely practical standpoint, adding another piece of paper to a transaction in the name of "disclosure" only complicates the process. More paper does not equal better informed borrowers. Instead, it allows more opportunity for confusion in the process, and adds little to nothing to the transaction.

Our primary concern is the proposed disclosures go beyond informing the borrower about the transaction details. The language and tone of the proposed documents make an effort to actively discourage the purchase of the coverage. The borrower should be informed about the product and its features—regulation should not take a role in either promoting or deterring the choice to select a product. The nature of an insurance or similar protection product is to share risk of a major event across a large pool of consumers—would you require an auto insurance policy to include a disclosure stating "You may not receive any benefits even if you buy this product"?

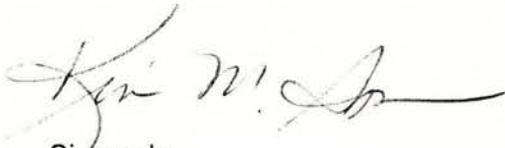
Protection products such as debt cancellation and credit insurance have been an important part of the range of financial solutions we offer our membership. In the past year, our member's have received \$422,000 in benefits from life, disability, family leave, and unemployment coverage. For those borrowers and their families, they were not faced with the choice of losing their home or car (and credit history) or spending that \$422,000 out of their other resources during a difficult time.

Offering these protections not only allows us to provide security for our borrowers, it does aid in protecting the quality of our loan portfolio. A protected loan that incurs a claim is often one that would become delinquent or even charged off if not covered.

We would most earnestly and emphatically request that the required language be modified to be neutral and factual, limited to:

- What does this product cover?
- What are the limits to coverage? (maximums, age limits)
- How much does it cost?
- Is this product required in order to get my loan?

Thank you for taking the time to consider our concerns surrounding these proposals. We ask that you reconsider the draft language, and reword it to be factual and neutral.



Sincerely,

Kim Sponem  
President/CEO

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