



December 13, 2010

Chairman Ben S. Bernanke
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

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

Dear Chairman Bernanke,

I am writing on behalf of America First Federal Credit Union to express our concerns with the Federal Reserve Board's recent proposal that will mandate specific disclosures for payment protection products, including credit life and credit disability coverage.

America First has offered credit life and disability products for many years to the benefit of our membership. These types of products help members make their loan payments and other types of payments in times of need. Let me provide you with a couple of examples. We recently had a 46 year old member that passed away unexpectedly from a heart attack. He had signed up for credit life insurance on his three loans. The insurance paid approximately \$22,000 on his behalf toward an auto and two RV loans. This coverage relieved his survivors of the burden of this debt and also allowed them to keep those assets. This coverage made a huge difference in the lives of his survivors at a time of financial and emotional turmoil. Another member just had her mortgage paid off in the amount of \$71,000 after her husband passed away at the age of 61. He had elected to have credit life coverage which allowed his widow to stay in her home. To illustrate the benefit our members receive, for the month of October 2010, claims for credit life were paid out in the amount of approximately \$250,000. Payments paid out to loans covered by credit disability were made in the amount of approximately \$41,800. When comparing claims paid to premiums, our YTD coverage ratio is 68%. I could cite many more examples and statistics, but the bottom line is that these products provide members with financial security and peace of mind. This is especially true of those members who do not have, and may not qualify for, other types of insurance.

We are in support of fair, objective and accurate disclosures for members who purchase credit insurance products. However, the proposed disclosures would misrepresent the purpose and value of payment protection products to our members. The language is unnecessarily negative and paternalistic. I would specifically ask for the following statements to be revised:

Members come first.™

1. **STOP.** You do **not** have to buy Credit Life Insurance to get this line of credit.

The member is informed that purchase of credit insurance is voluntary in the existing disclosures. The proposed bolded language is alarming and warning in nature, as if the member may be about to make a terrible mistake.

2. Other types of insurance can give you similar benefits and are often less expensive.

This is an inaccurate and very vague statement. What types of insurances are being referred to? On the contrary, insurance that can be purchased in small amounts (\$10,000- \$30,000 to cover an auto loan) is not readily available. In addition, credit products offered through the credit union are relatively inexpensive and easy to obtain with no physical examination required.

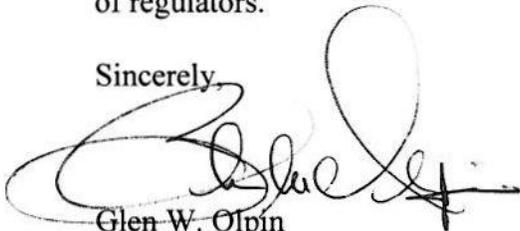
3. **You may not receive any benefits even if you buy this product.**

Again, this is overly alarming, harsh and paternalistic in nature. We understand that claims may not be paid in some cases due to pre-existing conditions, however, there is full disclosure regarding those conditions when the policy is sold. All insurance products are purchased in the hope that a claim will not have to be filed. This language implies that if someone doesn't die or become disabled, the insurance was not a valuable purchase. Insurance is valuable for the peace of mind and financial security it provides.

In conclusion, the proposed disclosures will have a significant negative impact on our members. The misleading and alarming language will have the effect of discouraging and steering them away from fairly considering the purchase of credit insurance products. The decision to not purchase these products will potentially expose them to unnecessary risks if they experience the misfortune of disability or death.

We respectfully urge the Federal Reserve Board to revise these disclosures so that they will reflect accurate, fair, and objective information about these payment protection products. To implement these disclosures as now written would result in governmental promotion and endorsement of certain types of products and services over others, which is not the intended role of regulators.

Sincerely,



Glen W. Olpin
SVP Chief Economist
America First Federal Credit Union

cc: Rick Craig, President/CEO, America First Credit Union
Board of Directors, America First Credit Union