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December 23, 2010

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

Re: Regulation Z - Docket No. R-1390 – Proposed Changes to Credit Insurance Disclosures

Dear Federal Reserve Board:

I am writing this letter because I share a concern with my fellow Credit Union Managers about the Federal Reserve Board's recent proposal that will mandate specific disclosures for payment protection products, including credit life, credit disability, and debt cancellation and debt suspension coverage. Our management believes the proposed changes misrepresent the purpose and value of payment protection products to credit union members.

These types of products help credit union members make loans and other types of payments in times of need. This provides members with peace of mind, especially for those members who do not have, and may not qualify for, other types of insurance. These products also help protect members' credit ratings, which is invaluable in ensuring that they have continued access to credit at reasonable rates.

For many years, our credit union has been offering payment protection products in a responsible manner, complying with all regulations and with our member's best interests in mind. We believe in providing fair, accurate and appropriate disclosures. However, we believe the proposed disclosure changes are inaccurate and misleading to consumers.

These proposed disclosures will have a significant negative impact on credit union members. We are concerned that a significant portion of credit union members who would benefit from these products will elect not to purchase them because they are told that these are bad and inferior products. This decision to not purchase these products will potentially expose them to unnecessary risks if they are unable to make future payments.

On numerous occasions a member of my staff has had the happy assignment of letting a borrower know they do not have to worry about future payments on a loan because the credit insurance they purchased will now take effect and relieve the obligation.

Credit unions have always supported fair, accurate, and appropriate disclosures for members who purchase credit insurance and debt cancellation and suspension products. However, these proposed disclosures misrepresent the purpose and value of payment protection products to credit union members.

We urge the Federal Reserve Board to change these disclosures so that they will instead reflect accurate, fair, well balanced and objective information about these payment protection products.

Sincerely,
The People's Credit Union

Ellen Ford, President and CEO
Amy Martel, EVP COO
Lynette Dawley, VP Lending
Nancy Quick, VP Sales and Service