

**Meeting Between Federal Reserve Board Staff
and Representatives of Credit Union National
Association (CUNA) and CUNA Mutual
December 2, 2010**

Participants: Lorna Neill, Maureen Yap, and John Wood (Federal Reserve Board)

Jeffrey Bloch and Michael Edwards (CUNA); Larry Blanchard, Richard Fisher, and Christopher Roe (CUNA Mutual); and Gilbert Schwartz (Schwartz and Ballen, LLP)

Summary: Staff of the Federal Reserve Board met with representatives of CUNA and CUNA Mutual (collectively, “CUNA”) to discuss CUNA’s view regarding the Board 2009 and 2010 proposals to revise Regulation Z provisions regarding credit insurance and debt cancellation and debt suspension coverage (“credit protection products”). Among the topics discussed were the rates on credit protection products as compared to other forms of insurance; post-claim underwriting; state regulations; profitability of credit protection products; view of CUNA’s member credit unions on the Board’s proposals; the Board’s consumer testing conducted as part of the rulemaking process; testimonials from consumers who purchased credit insurance; the Board’s regulatory authority in this area; and differences between credit insurance and other credit protection products.

The CUNA representatives provided the following handouts: (1) PowerPoint slides that formed the basis of the discussion; (2) copies of testimonials from consumers; and (3) samples of existing credit protection product disclosures. The handouts are attached below.

Attachments

Member Testimonial

Credit Disability Insurance

"For me, I first learned about credit life and disability insurance from my father. He had coverage on his home equity loan and when he was put on permanent disability his house was paid off by the insurance. This spoke volumes to me and was such a blessing for our family to have that loan taken care of.

After that life lesson, I have always taken payment protection insurance on my loans. I think it's a no-brainer to get the coverage. I have other insurance but having my loans protected has always been good peace of mind. You just never know when something will happen.

In January of this year, I learned I was pregnant with our fourth child. About 16 weeks into the pregnancy I was put on bed rest. The biggest problem was that my short-term disability insurance through work only paid 50% of my wages. What a relief to know that our car payments would be taken care of while I was on bed rest.

Then, more complications set in and my doctor was forced to deliver our little girl at 21 weeks in order to save my life. I had to have major surgery which kept me out of work for another eight weeks. Having our car payments taken care of made it possible for us to have a nice memorial service for our daughter.

I'm very thankful that I took this coverage and would encourage anyone to do the same. You just never know when you may need it. If we hadn't had the insurance we would have been forced to put the memorial expense on a credit card or take out a short-term loan. Putting stress on top of stress isn't a good situation for anybody.

When the credit union explained the credit life and credit disability policies to us it was not complicated. The policy is very straight forward about what is covered and what is not. The loan officer presented it as an option to us and very clearly showed what the loan payment was with and without the insurance.

The coverage is not expensive and worth every penny we paid for it. Right before I went into surgery I was thinking that if anything happened to me and I was comforted to know that our loan would have been taken care of by the credit life policy.

We took the insurance HOPING we'd never get a payout from it. I know there probably other insurance policies I could have purchased from outside the credit union, but to be honest, I probably wouldn't have taken the time to look. We took it because it was easy to get and affordable at the credit union. My life is busy enough...I don't have time to look for coverage.

This is a product that needs to be offered to everybody, whether they take it or not."

*Carrie M. on Credit Disability Insurance
Member of Rock Valley Federal Credit Union, Loves Park, IL*



Common Purpose.
Uncommon Commitment.

Member Testimonial

Credit Disability and Credit Life Insurance

"When my husband and I bought our first house, we were both making about the same salary. We knew that neither one of us could live on one income, and raise our two daughters, if something happened to the other. That's why we asked the credit union about the availability of credit life and disability insurance on our mortgage. We took credit life on both of us and credit disability on just him. We chose not to have a lot of extra life insurance...just enough to cover funeral expenses.

The credit union explained our options very clearly. We decided that it was much more economical to protect our loans with credit insurance than to buy a large life insurance policy. It was very easy to sign up right at the credit union. We decided to also protect our car loan with the insurance.

In 1999, my husband became disabled and was no longer able to work. We were very, very thankful that we had that protection on his income because, with the disability insurance covering a portion of our mortgage and car payments, we were able to get by on my income.

Then, last summer, my husband lost his life to cancer. Without the life insurance, I would have not been able to keep my home, my car or even maintain my standard of living on my income. The one thing that offered my husband the most peace of mind in his last weeks of life was the credit life insurance we had on our home loan. He knew that I would be able to stay in our home, near the support of family and friends, while I was recovering from this major loss.

It was very easy to file a claim on our policy. The credit union took care of everything once I provided the death certificate. Within two weeks, the claim was paid.

I can think of no greater trauma in my life than to lose my husband, my home and my support group. I consider credit life and disability insurance to be an extremely good value. It would have been a good value even if we hadn't used it...just for the peace of mind."

*Marilyn H. on Credit Disability and Credit Life Insurance
Member of First Trust Credit Union, DeMotte, Indiana*



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Member Testimonial

Credit Disability Insurance

"We went to our credit union a few years ago to get a home equity loan to consolidate some bills and make a few home improvements. They explained credit disability insurance and though we never dreamed we'd use it, it sounded like a good idea so we went ahead and got the insurance.

In September my husband was hurt at work. Another employee crashed into his cart with a fork lift and Todd's thumb was crushed. Although workman's comp kicked in, it only paid 60% of his normal wage. I was worried about how we were going to make our house payment, our home equity loan, our regular bills, and be able to eat. Then I remembered that we had credit disability insurance. I was so relieved!

Our first payment from the insurance came in that very month; we were so grateful it was there. It helped pay our loan so that we could use my husband's restricted income to pay our other bills and be able to eat.

If our credit union hadn't told us about this insurance or it was harder to get, I'm not sure we would have purchased it. And if we hadn't, we would have had to cut back on other things like heating the house properly, extracurricular school activities for the kids, and getting nutritious food. We've dealt with food pantries before and it's very humbling. I'm happy we didn't have to go down that road again.

Credit disability insurance has been invaluable to us; we will definitely purchase payment protection again!"

Holly M. on Credit Disability Insurance
Member of NuMark Credit Union, Joliet, IL



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Member Testimonial

Credit Disability and Credit Life Insurance

"Five years ago my husband and I consolidated all of our debt at our credit union and protected the loan with both credit life and disability insurance. I was the primary wage earner so it was important for us to have joint protection. We had met with a financial planner awhile back and learned that we would need \$1.7 million in life insurance to replace my income if something happened to me. Since we couldn't afford to purchase that much life insurance, we chose to cover our loans with credit life and disability as a financial planning strategy.

My husband passed away in 2009, at the age of 51. Because of our credit life insurance, a large portion of our debt was paid off. This was a huge blessing for our family and has allowed me to stay in my home, protected my credit rating and my other assets. Had I not had this coverage, I would have had to sell my home and move in with my sister or into an apartment with my college-aged children. I've seen this happen to my aunt and my mother-in-law...when they lost their spouses they had to move in with another family member.

Filing my claim was very simple and the process very kind and considerate. My claim was paid in 30 days.

If this coverage hadn't been available at my credit union or if the process to purchase it was convoluted, I probably would have gone without. As it was, the process was very easy ...we just answered three questions and signed on the dotted line. The Loan Officer made it very clear that coverage was optional and the insurance offered by the credit union was very reasonably priced compared to a life insurance policy. We just added the insurance on to our monthly payment and I hardly noticed it.

If the disclosures and enrollment process become too complicated, the people that really need these products probably won't take advantage of it."

Mary C. on Credit Disability and Credit Life Insurance

Member of American Heritage Federal Credit Union, Philadelphia, PA



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Member Testimonial

Credit Life Insurance

"My mother and father took out a large home equity loan and decided to get the joint credit life insurance. They took the insurance because they are both in their late 50's and wanted the extra protection in case of an emergency so the other would be covered if something would ever happen. The insurance was very affordable and necessary, in my parent's eyes. They do have other insurance but wanted their home equity loan covered separately so the family wouldn't have to worry about paying off this loan. My parents have had loans in the past and have always purchased the joint life insurance on them.

Tragically, my father passed away in August of this year. It was a huge relief to know that they had joint life insurance on the loan and \$55,000 of the unpaid balance was paid to that loan. And, it was paid in a matter of 19 days...the fastest claim ever. I'm speaking on behalf of my mother when I say that a huge weight has been lifted off of her shoulders. You have so many things going on at a time like this plus your financial well-being and your income has drastically changed just like that. Going from two incomes to one, this could mean possibly going bankrupt or even losing your house, because this was a home equity loan. Or, you know, just not being able to make ends meet.

My mother says purchasing the insurance was so worth it. After going through this life-changing event, it was just phenomenal to have had the insurance. If she ever takes out another loan, she'll definitely take the payment protection insurance. And, she's always told me, make sure you're covered with everything that you have so you don't leave that burden behind for your family members.

Because sometimes life changes in an instant and your income may be drastically changed, this insurance will indeed protect you and your family and your credit worthiness."

*Missy P. (telling her mother, Amy C.'s story) on Credit Life Insurance
Members of Hudson River Community Credit Union, Corinth, New York*



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Member Testimonial

Credit Disability Insurance

"The main reason we took credit life and credit disability insurance on our loan is for the peace of mind of knowing that our loan payments would be covered if we ever needed it. It's very inexpensive and gives you a sense of added security. We don't usually buy a lot of insurance, like extended warranties...we don't want to be insurance poor. But, we knew our other insurance policies wouldn't cover our loan payments. We've had it before and never used it, thankfully.

But this time we had to use it. My husband was injured on August 21, 2010 and has been unable to work. He's had two surgeries and going in for the third. He'll probably be off work at least another twelve weeks. Without this insurance we would be unable to make our loan payments. He's only getting part of his regular pay while he's out of work.

We've cut back on everything we can cut back now. And, we still have to go into our savings account. With the surgery and doctor bills, we'd probably have to skip some loan payments if we didn't have the insurance.

I would hate to think that people don't have this option offered to them. Our credit union always offers it as an option. They say the loan payment is this much with the insurance and this much without the insurance...it's your decision. If the credit union didn't offer the insurance, we'd probably go somewhere else for our loan. I really need that security and peace of mind of knowing our loan payments will be taken care of when something unexpected happens. The way my husband looks at it, he's the main breadwinner and he doesn't want to leave me in a financial bind if something happens to him."

Lorraine & Gene V. on Credit Disability Insurance
Members of First Trust Credit Union, Kouts, Indiana



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Member Testimonial

Credit Life Insurance

"We consolidated our credit card debt by taking out a second mortgage loan that had credit life insurance on it to cover my husband, because he was the main breadwinner. I really wanted the insurance because he worked at the mill and knew it would help cover the loan in case something would happen to him.

It was easy to enroll right at the time we got the loan and it wasn't that expensive...that was a big plus. We've had the insurance before and the person who helped us at the credit union always explained the coverage and the costs and gave us all our choices.

Unfortunately and unexpectedly my husband passed away in August. I contacted the credit union right away to let them know, and I was sure that we had put that insurance on, which we had. Because of having that insurance the loan will be paid off. Otherwise, there's no way I could have covered it because I have like very little income.

The insurance he had at work only covered an on-the-job accident so it wouldn't have helped me because his death was totally unexpected and no accident was involved.

If I hadn't had the insurance I would have had to modify my standard of living a lot and would maybe have had to default on the loan. One of the most beautiful things was that the insurance company paid very quickly. Everything was taken care of extremely fast and with great consideration and courtesy of my situation.

I think this credit life and disability insurance is very good because there's no guarantee in life. In our case, where he just passed away unexpectedly, I'm covered...it's not such a burden or such a strain on me."

Trudy B. on Credit Life Insurance

Member of First Trust Credit Union, Wheatfield, IN



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Member Testimonial

Credit Disability Insurance

"Life can change in a heartbeat. As an RN, I've seen this come true many times. I've learned to be self-reliable, a hard worker and a good consumer.

A few years ago, we needed to update our home so we took out a \$50,000 home equity loan. Our loan representative, Sierra, explained credit disability insurance to us. We both thought that this was just another way for the credit union to get more money out of us so we said "no thanks." Before I signed on the dotted line, fear and common sense took over, and I kept thinking "what if something happens to me?" We're both getting older and my husband is retired so we rely on my income.

Sierra explained that if I couldn't work the insurance company would make our payments for us. She was very clear that the insurance was an option. Once it seeped into my brain that we were going into debt for the first time in a long time, I told Gary that I thought we should get the insurance. Long story short, we took the credit disability insurance.

Then, the unthinkable happened. My routine, one-day surgery went wrong and for the past two years plus, I've been undergoing some kind of treatment for my life-changing surgery. I was forced into retirement sooner than we planned because I can no longer meet my requirements to be an RN and am on Social Security Disability.

Without the coverage we probably would have had to sell a lot of our possessions that we've worked for, maybe even the house...because we just don't ignore this stuff. I've never been bankrupt and just won't do that.

I am so appreciative that Sierra at SELCO told me about the insurance. Without it we'd be hurting. You just can't put a numerical value on the peace of mind the insurance has given us. The value far exceeds what we paid for it

If you have a chance to talk to the big shots at CUNA, please tell them thank you...the insurance has been a lifesaver. We're very grateful. Things can change in a heartbeat; you can never tell what's going to happen."

*Cindy J. on Credit Disability Insurance
Member of SELCO Community Credit Union, Florence, Oregon*



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Member Testimonial

Credit Disability Insurance

"I've had surgery in the past and didn't have payment protection on any of my loans, so when I found out about the credit disability and debt protection insurance from my credit union it seemed like a good idea. I have disability insurance at work but I only get 50% of my pay and I know it won't cover my loan payments. A lot of people think that if they have life and disability insurance at work that it's going to cover their loan payment, but it doesn't. You really don't know that until somebody tells you.

The credit union explained the insurance by saying that it would kick in after you were out of work for more than 30 days. So your loan payment would be covered after the first 30 days. I definitely knew I didn't have to take the insurance. But, it was convenient for me to be able to get the coverage at the credit union when I got my loan because then I didn't have to go out of my way to look for the insurance somewhere else. I think I'll get it again on any future loans I might have to take out.

I've had to use my disability insurance in the past when I had surgery and then again when I was going through chemo treatment for cancer. Recently, I had to file a claim when I had a hip replacement and was out of work for eight weeks. I mean, it was just one payment and I had the money in my account to pay it if I had to...or I could have taken it from savings, but I don't like to do that. Of course, if it went on longer, it probably would have become more of a problem since I wasn't getting my whole paycheck.

The insurance was a really good value for me. It's not something I even notice on my loan payment. What I pay every month really is minimal.

Unexpected things happen all the time in life, so one less thing to worry about makes it a little less stressful."

Diana C. on Credit Disability Insurance
Member of Metro Credit Union, Framingham, MA



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Member Testimonial

Credit Disability and Credit Life Insurance

"It seemed like my husband was always getting hurt at work... So we thought it was a good idea to get payment protection on our loan through the credit union. They explained that credit disability and credit life insurance would help cover our loan in case one of us got hurt or passed away. It was nice that they offered it right at the credit union too; I don't think we would have gone elsewhere to find it.

Later we were plugging away, making ends meet when my husband was diagnosed with stage IV lung cancer. After his first round of chemo we knew he wouldn't be able to work and that's when we filed the credit disability claim. I could count on CUNA Mutual to put our claim payments directly into my savings account like clockwork, so I could purchase medicine or food as I needed.

Then, after fighting for 10 and a-half months, he passed away. Having credit life insurance on our loan was a blessing for me; all I had to do was tell the credit union and they took care of the rest. Without it I would have had to rob Paul to pay Peter."

*Diane W. on Credit Disability and Credit Life Insurance
Member of NuMark Credit Union, Joliet, IL*



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Member Testimonial

Credit Disability Insurance

"I had been working at NuMark Credit Union for two years before my husband and I decided to get an auto loan for a new car. I've seen people struggle to make their loan payments first hand, so we knew payment protection was a good idea. We purchased credit disability insurance for the loan and named my husband, Wayne, the primary since he was making triple the amount I did at the time.

In June, Wayne ended up having a quadruple bypass and was off of work through Christmas. The insurance covered our auto loan for six months until he was ready to go back to work. It was the best thing! We would have been owing NuMark or turning in the car if we hadn't had this insurance.

Later my husband suffered two strokes. He's on permanent disability now and the insurance is still helping us cover our loan payment. We're so thankful we purchased the extra insurance!

It's a great value for the little bit of money we paid out. In the long run, it really doesn't make a difference; you're going to need it when the time comes. It's like when you go out and buy a car, you're going to want insurance on it. You might as well have insurance on the payment, too."

Peggy J. on Credit Disability Insurance
Member of NuMark Credit Union, Joliet, IL



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Member Testimonial

Credit Disability Insurance

"I've always been a believer in credit disability and credit life insurance. And when joint credit disability became available in New Mexico, my husband and I jumped at the chance to add it to our second mortgage since his employer doesn't offer disability coverage. They normally don't in his line of work, construction and heavy machinery, so we were happy to have it from our credit union instead.

In October of 2009, my husband fell off a ladder at work and tore his rotator cuff and bicep. After four months of trying to fix the injury with physical therapy, they finally did an MRI and found that he needed surgery on his shoulder. It was a total of 11 months out of work, struggling to pay our bills on just his worker's comp salary, when we filed the joint credit disability claim. I didn't think they would pay it, but they did!

Now all of our other loans are covered with payment protection. Having extra coverage doesn't hurt and it's only a small amount that's added to your payment. I mean, we may never need to use it again, but at least I have peace of mind knowing that if something happens it will help pay our loans."

Regina C. on Credit Disability Insurance
Member of Otero Federal Credit Union, Alamogordo, NM



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Member Testimonial

Credit Disability Insurance

"In April of 2009, I became injured and needed to have back surgery. I was off of work until September of that year, and without credit disability insurance I don't know what I would have done. I wouldn't have been able to make my loan payment at the credit union and take care of my personal bills, that's for sure.

It was real easy to sign up and to file a claim later on. I just talked to my credit union to get the paperwork started. It can't get simpler than that. But I'll tell you, if my credit union hadn't offered payment protection at the time I got my loan, I probably wouldn't have gone anywhere else to get it. And that would have been a real shame.

Just knowing I had this payment protection covering my loan at the credit union gave me peace of mind while recuperating from my surgery. I'm happy I didn't have to worry about rushing back to my job before my body was ready either. And without it, the stress alone would have been unbearable."

Fletcher L. on Credit Disability Insurance

Member of Carolina Postal Credit Union, Charlotte, NC



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Member Testimonial

Credit Disability Insurance

"Credit disability insurance has really helped me out a lot in the past. I have it, along with credit disability insurance, on my auto loan and credit card through my credit union. I don't want my wife or kids to have to worry about paying our loans. It just gives you peace of mind to have it.

When I got hurt at work, it helped make my payments on both the auto loan and credit card. It was really easy to file the claim. I didn't have to do anything other than call the credit union to get the process started. And without this payment protection we would have had to give up a lot of the extra things my kids like to do.

It only costs \$4 a month to have it; it'll pay for itself when you use it once. I'd recommend it to anyone."

Richard A. on Credit Disability Insurance
Member of Members Credit Union, Dallas, TX



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CUNA Mutual Group and CUNA Meeting with Federal Reserve Board Staff

December 2, 2010

Our History



*Credit Union National
Extension Bureau*

*Estes Park, CO,
August 7-10, 1934*

- Formed by pioneers of the credit union movement in 1935 during the economic crisis of the Great Depression
- Edward Filene makes loan 75 years ago to start the company
- Active advocacy and support of the credit union movement
- First to mass market credit insurance and first to offer credit total disability— “The Debt Shall Die with the Debtor”

CUNA Mutual Financial Strength

Based on 2009 financial statements

- \$2.8 billion in operating revenue
- \$51.4 million in net income

- \$14.4 billion in assets
- \$1.6 billion in surplus

- Strong financial strength ratings
 - A.M. Best 'A' (excellent)

- 4,700 employees worldwide with more than 2,000 in Madison, WI

CUNA Mutual and Credit Union Members

- Largest provider of credit insurance (\$600 M in premiums annually) and our products are focused on credit union members:
 - Credit Unions, as financial institutions, are ranked 1st or 2nd in satisfaction by consumers
- In 2010, 5.8 million credit union members held a credit life or credit disability insurance policy from CUNA Mutual. Over the past 5 years for credit life and credit disability insurance, CUNA Mutual has:
 - insured more than \$208 billion in loans
- Take Up Rate - More than 15% of credit union members choose to purchase credit insurance to secure their loans. This demonstrates both the value and the voluntary nature of the offering.
- CUNA Mutual provides alternative opportunities for more comprehensive life and disability insurance coverage:
 - direct mail and onsite insurance representatives
 - many do not avail themselves of these opportunities

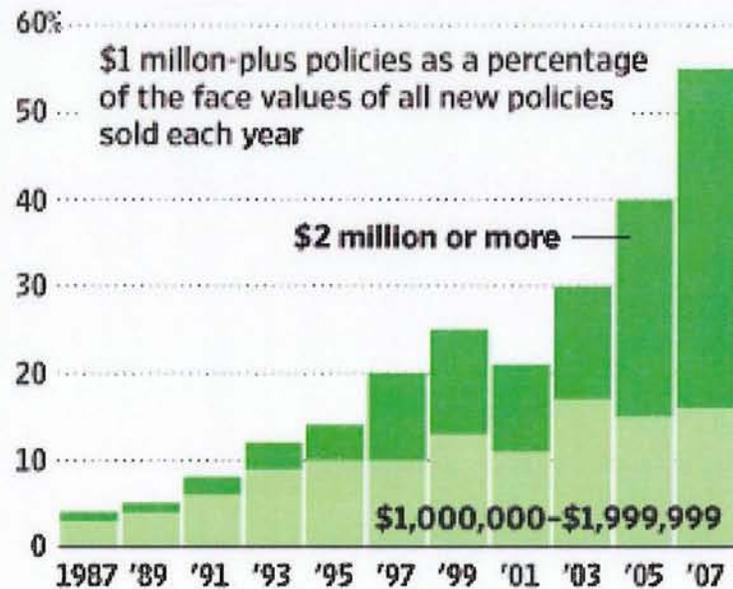
People of Modest Means

- Credit unions have historically served persons of modest means, the middle class, for their credit needs (e.g., TV, car, house)
- Yet, people of modest means have been consistently identified as underinsured:
 - Many fail to seek services of an insurance agent (8 of 10 lack an agent).
 - Life insurance industry is struggling to reach the “middle class.”
 - Nearly a third of households have no life-insurance coverage, the highest percentage in more than four decades.
 - About 35 million households neither own their own life-insurance policies nor are covered under employer-sponsored plans, up from the 24 million, or 22% of households, without coverage in 2004.
 - In a 2007 NAIC survey, only 44% had long-term disability coverage.
- CUs early on recognized this problem and in 1935 created CUNA Mutual and Loan Protection Insurance to fill a void for these uninsured or underinsured consumers
- The product is working for this group of consumers, particularly when many are facing financial challenges in this economic climate

Life Insurance Purchases (WSJ Oct. 3, 2010)

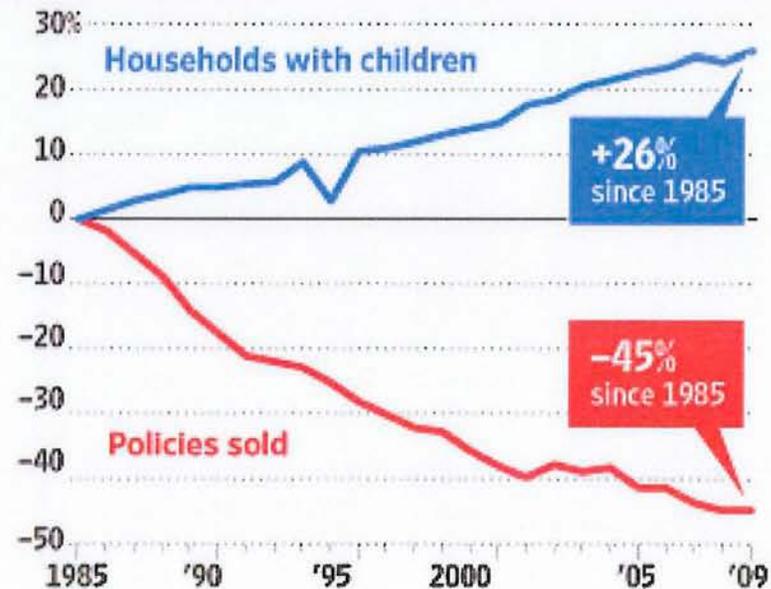
Better Off | Life insurance is increasingly sold to the affluent

Sales of large policies have grown dominant in whole life and universal life.



Source: LIMRA

In life insurance of all kinds, sales of policies have fallen even as the number of households with children has risen.



Credit Insurance

- CI Life provides a measure of protection conveniently offered in modest amounts for a modest price.
 - Unlike other forms of life insurance, credit life is offered at the same rate to all persons regardless of sex, age, weight, smoking status, occupation or high risk activities.
 - CUNA Mutual policies generally do not contain a medical questionnaire. This provides critical security for many people who do not qualify for other types of life insurance.
 - Credit insurance is an efficient and cost-effective way to insure a financial obligation. It is offered for loans at lower levels than term life, making it both available and affordable to a broader consumer population.
- CI Disability provides an important option at a time of financial stress.
 - Of individuals with long-term disability insurance, 71% said it was employer provided rather than individually purchased. This suggests a significant number of people could lose coverage in the event of a change in employment status.
 - Every year, 12% of adults suffer a long-term disability. 1 out of every 7 workers will suffer a 5 year or longer period of disability before age 65.
 - Individual disability insurance is expensive, underwriting is more restrictive, and full health examination is required.
- CL/CD has a “free-look” period during which it can be cancelled for a full refund.

Credit Insurance Promotes Member Thrift

- Federal courts have ruled that credit insurance is substantially related to the purposes of a credit union in encouraging thrift, providing fair credit, and providing an opportunity to members to improve their social and economic conditions.
- Price is not the only consideration when purchasing credit insurance:
 - it also incorporates “the entire consumer experience into the equation (e.g., “peace of mind,” security, convenience, etc.)” Community First Credit Union v. United States of America, US District Court, Eastern District of Wisconsin (#08-C-57, 7/14/09)
 - “Even if comparable insurance products were available outside the credit union at lower prices (which was not always true, given the small dollar amounts being insured), would it have been “thrifty” for a consumer to turn down the credit union’s insurance and spend countless hours researching alternative insurance products only to save a few dollars? Community First Credit Union v. United States of America
 - “the Court does not concur with the proposition that the loss ratio [is] a good measure, much less the best measure, of whether the product promotes thrift.” Bellco Credit Union v. United States of America, US District Court, District of Colorado #08-cv-01071-CMA-KMT, 5/2/10)

Consumer Disclosures

- CUNA Mutual supports transparency and appropriate disclosures and consumer protections
 - Our pre-purchase disclosures and forms provide coverage information
 - Support state disclosures as provided in NAIC model act
 - Advocated for the banning of single premium insurance for mortgage insurance
- Providing key product information is good for consumers and helps consumers decide which product is best
- We support any language which encourages thoughtful consideration
- We oppose language which will negatively drive consumers, particularly people of modest means, from a product that may very well meet their needs and circumstances
- We believe the proposed notice language will have the unintended consequence of strongly discouraging a product purchase that may very well be in their best interests. Such language can have an unintended and unfortunate effect.
 - As we disseminate this proposed language broadly, all find the disclosures to be confusing, unclear, and ambiguous on its face.

Credit Insurance: State Insurance Regulation

- CL/CD Highly Regulated: States regulate rates, prior approve forms, perform examinations and market conduct exams, and bring enforcement actions
- General insurance statutes apply including NAIC Consumer Credit Insurance Model Act. States have adopted the model or a comparable version in the insurance code.
- States mandate pre-purchase disclosures and/or require disclosures on enrollment forms. Coverage terms are further provided on certificate of insurance.
- NAIC Model Act disclosures (§ 6) already address the themes in FRB's proposal:
 - Purchase is optional and not a condition of obtaining credit approval;
 - Whether the debtor can purchase each kind of credit insurance separately or coverage only as a package;
 - Conditions of eligibility;
 - If the consumer has other insurance that covers the risk, consumer may not want or need credit insurance;
 - Within the first 30 days, the debtor may cancel the coverage and have all premiums paid by the debtor refunded or credited. Thereafter, the debtor may cancel the policy at any time during the term of the loan and receive a refund of any of the unearned premium; and
 - A brief description of the coverage, including a description of the amount, the term, any exceptions, limitations and exclusions, the insured event, any waiting or elimination period, any deductible, any applicable waiver of premium provision, to whom the benefits would be paid and the premium rate for each coverage or for all in a package.

Credit Insurance Is Not Debt Protection

- The FRB proposal combines credit insurance (CI) disclosure with the debt protection disclosures, but such products are different. Identical disclosures are inappropriate.
- Different Regulatory Framework
 - Debt Cancellation Coverage and Debt Suspension Coverage are not insurance and not regulated by States and AGs as the “business of insurance.”
 - CI is highly regulated with extensive disclosures and forms
 - In a number of instances, CI offers better benefits due to differences in covered or triggering events and types of benefits provided.
- More Financial Security
 - CI is part of the state guaranty fund system if an insurer becomes insolvent and such claims are backed by the funds

Proposed FRB Disclosure Language

- **“STOP.”** - Reads as a warning rather than calling attention to the notice.
- **“Other types of insurance can give you similar benefits and are often less expensive.”**
 - This is inaccurate. Based upon our pricing structure, purchasing credit life coverage at smaller amounts (e.g., \$10,000 or \$25,000) has a lower rate and a lower aggregate payment in most cases than term life.
 - Health underwriting standards are more stringent for other life and disability coverage resulting in substantially higher cost of coverage or inability to obtain coverage for some.
 - While large insurance policies can result in a lower rate, the premiums are often too costly for people of modest means
 - Benefits specifically pay off consumer’s installment credit. Coverage is targeted to consumer need. Other policies typically are not tailored to pay off consumer’s debt or deplete household assets when applied to debt repayment.
 - NAIC model provides clear notice: “if the consumer has other insurance that covers the risk, he or she may not want or need credit insurance.”

Proposed FRB Disclosure Language

- **“You may not receive any benefits even if you buy this product.”**
 - No one has any idea what this means. As insurance professionals, we can guess, but that is not an appropriate standard.
 - This statement seems to be applicable to all insurance products and does not inform the consumer.
 - NAIC model act requires pre-purchase disclosure to provide: “A brief description of the coverage, including a description of the amount, the term, any exceptions, limitations and exclusions.”
- **“If you do not meet these requirements, you will not receive any benefits even if you buy this product and pay the monthly premium.”**
 - FRB’s consumer survey shows confusion by consumers on this language.
 - All insurance policies have coverage limitations and exclusions, but this implies that the product is somehow more restrictive than other life and disability coverage when the opposite is true.
 - State disclosures already mandate such information be provided to consumers and the language should be aligned with the present regulatory framework.

FRB Proposal Is Based On Faulty Record

- FRB 2002 study noted that policyholders have favorable attitude toward the product:
 - “More than 90% of installment credit users with credit insurance indicated a favorable attitude toward the insurance.”
 - Consumers viewed the product to be “good or good with some qualification,” and that “about nineteen out of twenty purchasers of credit insurance or installment credit in 2001 said that they would purchase it again.”
- Empirical evidence is lacking that duplicate consumer disclosures are needed:
 - Failure to determine how present state disclosures are working and failure to test FRB proposed disclosure when distributed with a state disclosure
 - Is there a partnership with the functional regulators and NAIC in crafting such a disclosure?
- FRB consumer surveys imply that consumers will be confused and thus not purchase a product that would be suitable for them:
 - After reading the proposed disclosure, when participants were “asked what information they would be looking for, most participants said that they wanted to know about the eligibility requirements for the product. One said that she wanted to know the pros and cons of having credit insurance.” ICF Macro July 2010
- Tone of the development of the disclosure appears designed to discourage purchases:
 - The July 2009 survey states: *“Based on the findings from this round, the Board staff was concerned that the presence of information about credit life insurance on the first page of the TILA statement increased awareness of the product, but did not make consumers aware that they might not qualify for the product’s benefits. Therefore, the decision was made to remove this information from the TILA statement and to add language to alert consumers that they might not be eligible for benefits from the insurance.”* ICF Macro July 16, 2009

Consumers Will Be Negatively Impacted

- Discouraging consumers with inaccurate and confusing disclosures from purchasing a valuable financial product will undoubtedly lead to financial hardships for many.
 - Such coverage may be the only means to keep an automobile critical for earning a living or commuting to work
 - Such coverage is important when a consumer faces a financial hardship as a result of medical bills
 - Our 5.8 million policyholders purchase security and peace of mind
- Our historical experience is that people of modest means need a range of financial products – particularly when middle class Americans cannot afford or qualify for large insurance policies.
- FRBs 2002 study concluded: “According to the views expressed by the many users of credit insurance, eliminating this product by regulation could be disadvantageous to them.”



Common Purpose. Uncommon Commitment.

CA



CREDIT INSURANCE DISCLOSURE

CUNA Mutual Insurance Society

P.O. Box 391 • 5910 Mineral Point Road • Madison, WI 53701-0391
Ph: WI 800/937-2644

- Credit insurance is voluntary and is not required to secure a loan or an extension of credit.
- This insurance coverage may provide duplication of coverage already provided by your other personal insurance policies or by another source of coverage.
- The credit insurance agent is not qualified or authorized to evaluate the adequacy of your existing coverage.
- You may cancel the insurance at any time. If you cancel this insurance within 30 days from the delivery of the certificate, your premium will be refunded in full. If you cancel at any time thereafter, any unearned premium will be refunded in accordance with applicable law.

By signing, you acknowledge the above disclosures.

X	
SIGNATURE OF BORROWER	DATE

X	
SIGNATURE OF CO-BORROWER	DATE

CA



CUNA Mutual Insurance Society

P.O. Box 391 ■ 5910 Mineral Point Road ■ Madison, WI 53701-0391
Phone: 800/356-2644

APPLICATION OF BORROWER

You are applying for the credit insurance marked and authorizing the Creditor to add the charges for insurance to your loan each month as they become due. You understand you do not have to buy this insurance to get your loan approved. You have the right to stop this authorization. Your signature below means you agree that:

1. You are eligible for disability insurance only if you are working for wages or profit 30 hours a week or more on the date you apply for insurance.
2. You are insured only for advances actually received by you. You are not insured for any unused credit which may be available to you.
3. Each month the insurance charge is calculated by multiplying the insured outstanding principal balance of

your loan on the billing date by the rate shown in the Schedule. We can change the rate later on. But if we do, we will let you know in advance. The new rate will apply only to charges for insurance made after the date of the rate change.

4. Neither you nor your co-borrower are eligible for insurance after you have reached your 70th birthday and insurance will also stop when you reach that age.

THIS INSURANCE MAY NOT COVER CONDITIONS FOR WHICH YOU HAVE SEEN A DOCTOR OR CHIROPRACTOR IN THE LAST SIX MONTHS BEFORE THE ADVANCE OR CHARGE. (Refer to "WHAT WE WON'T PAY" in your Certificate for details.)

SCHEDULE

CREDIT INSURANCE APPLIED FOR	YES	NO	MONTHLY PREMIUM PER \$100 OF INSURED DEBT	MAXIMUM AMOUNT OF LIFE INSURANCE	MAXIMUM MONTHLY DISABILITY BENEFIT
					\$
				\$	CLASS OF BUSINESS

CREDITOR BENEFICIARY (CREDIT UNION)	CREDITOR BENEFICIARY ADDRESS	CREDITOR BENEFICIARY TELEPHONE NUMBER
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GROUP POLICY NUMBER	SOURCE CODE	INSURANCE AGENT'S LICENSE NUMBER	BORROWER'S ACCOUNT NUMBER
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PRIMARY BORROWER (CALLED YOU)	PRIMARY BORROWER'S ADDRESS
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CO-BORROWER (ALSO CALLED YOU)	DATE OF BIRTH OF PRIMARY BORROWER	DATE OF BIRTH OF CO-BORROWER
-------------------------------	-----------------------------------	------------------------------

EFFECTIVE DATE	SECONDARY BENEFICIARY
----------------	-----------------------

X	PRIMARY BORROWER SIGNATURE	DATE
----------	----------------------------	------

X	CO-BORROWER SIGNATURE	DATE
----------	-----------------------	------

CUNA Mutual Insurance Society

P.O. Box 391 ■ 5910 Mineral Point Road ■ Madison, WI 53701-0391
Phone: 800/356-2644

APPLICATION OF BORROWER

You are applying for the credit insurance marked and authorizing the Creditor to add the charges for insurance to your loan each month as they become due. You understand you do not have to buy this insurance to get your loan approved. You have the right to stop this authorization. Your signature below means you agree that:

1. You are eligible for disability insurance only if you are working for wages or profit 30 hours a week or more on the date you apply for insurance.
2. You are insured only for advances actually received by you. You are not insured for any unused credit which may be available to you.
3. Each month the insurance charge is calculated by multiplying the insured outstanding principal balance of

your loan on the billing date by the rate shown in the Schedule. We can change the rate later on. But if we do, we will let you know in advance. The new rate will apply only to charges for insurance made after the date of the rate change.

4. Neither you nor your co-borrower are eligible for insurance after you have reached your 70th birthday and insurance will also stop when you reach that age.

THIS INSURANCE MAY NOT COVER CONDITIONS FOR WHICH YOU HAVE SEEN A DOCTOR OR CHIROPRACTOR IN THE LAST SIX MONTHS BEFORE THE ADVANCE OR CHARGE. (Refer to "WHAT WE WON'T PAY" in your Certificate for details.)

SCHEDULE

CREDIT INSURANCE APPLIED FOR	YES	NO	MONTHLY PREMIUM PER \$100 OF INSURED DEBT	MAXIMUM AMOUNT OF LIFE INSURANCE	MAXIMUM MONTHLY DISABILITY BENEFIT
					\$
				\$	CLASS OF BUSINESS

CREDITOR BENEFICIARY (CREDIT UNION) CREDITOR BENEFICIARY ADDRESS CREDITOR BENEFICIARY TELEPHONE NUMBER

GROUP POLICY NUMBER SOURCE CODE INSURANCE AGENT'S LICENSE NUMBER BORROWER'S ACCOUNT NUMBER

PRIMARY BORROWER (CALLED YOU) PRIMARY BORROWER'S ADDRESS

CO-BORROWER (ALSO CALLED YOU) DATE OF BIRTH OF PRIMARY BORROWER DATE OF BIRTH OF CO-BORROWER

EFFECTIVE DATE SECONDARY BENEFICIARY

Signature on file at Credit Union
PRIMARY BORROWER SIGNATURE DATE

Signature on file at Credit Union
CO-BORROWER SIGNATURE DATE

Warning: This insurance may not be enough to completely pay off your loan.

You can cancel this insurance at any time by telling the creditor that you want to do so. You will get back ALL the premium you paid for this insurance if you tell us or the creditor to cancel it within 30 days after you receive this certificate. If you cancel this insurance after 30 days, you will not get back all the premium that you paid.

If you have a question, problem or complaint about this insurance, please contact the Creditor Beneficiary at the address and phone number shown in the Schedule or us at:

CUNA Mutual Insurance Society
5910 Mineral Point Road • Madison, WI 53701-0391 • (800) 356-2644

If we do not resolve your question, problem or complaint to your satisfaction, you may then contact the California Department of Insurance

300 South Spring Street • Los Angeles, CA 90013 • (800) 927-4357 or (213) 897-8921

WHAT YOU GET	We certify that while we are paid the premiums for the Group Policy by the Creditor as they become due each month you are	insured for the coverage marked in the Schedule, subject to the terms of the Group Policy issued to the Creditor.
WHO GETS PAID	Claim payments are made to the irrevocable Creditor Beneficiary named in the Schedule to pay off or reduce your debt. If claim payments are more than the balance of your debt, the difference	will be paid to you or to the Secondary Beneficiary named in the Schedule, if any, or to your estate.
WHAT WE WILL PAY	<p>Single Life Insurance Benefit. If you die while you are insured for single life coverage we will pay the amount of insurance in force at the time of your death after we receive proof of your death.</p> <p>Joint Life Insurance Benefit. If you or your co-borrower die while insured for joint life coverage we will pay the amount of insurance in force at the time you or your co-borrower dies after we receive proof of the death. Only one death benefit is payable under this policy.</p> <p>Amount of Life Insurance. The amount of life insurance is the outstanding principal balance of your loan on the date of your death plus not more than 2 months unpaid loan interest. We will not pay more than the Maximum Amount of Life Insurance in the Schedule.</p> <p>Total Disability Insurance Benefit. If you are insured for total disability insurance, we will pay a benefit if you file written proof that you became totally disabled while insured and continue to be totally disabled for more than 14 days. Payment will be calculated from the 15th day of disability. Payments will stop when you are not totally disabled anymore or when your loan with the Creditor is paid off, whichever comes first. The benefit for each day of disability to be compensated will be 1/30th of your required monthly loan payment or the Maximum Monthly Disability Benefit, whichever is less.</p>	<p>If you are insured for Joint Disability, only one Monthly Total Disability Benefit will be paid for any month in which you are both disabled.</p> <p>Definition of Total Disability. During the first 18 consecutive months of your total disability, total disability means that, because of sickness or injury, you cannot perform with reasonable continuity, the substantial and material duties that you must perform to work in your usual occupation in the usual or customary way. Substantial and material duties are duties that are normally required for the performance of your usual occupation and that cannot be reasonably omitted or changed.</p> <p>After the first 18 consecutive months of your total disability, the definition of total disability changes. It requires that, because of sickness or injury, you cannot work with reasonable continuity in any occupation in which you might reasonably be expected to work satisfactorily in light of your age, education, training, experience, station in life, and physical and mental capacity.</p> <p>You will be required to give us written proof of your continuing total disability from time to time.</p>
WHAT WE WON'T PAY	<p>Misstated Age. If you stated you are under age 70, but you are not, we will return your premium when we discover this and will not pay any benefits. This also applies to your co-borrower if you applied for joint coverage.</p> <p>Suicide and Pre-existing Medical Conditions. We won't pay a life claim for an advance on your loan if, within 6 months after the date of the advance, you commit suicide or die from a pre-existing medical condition. But we will return the life insurance charge on that advance for the person that died. This also applies to your co-borrower, if you applied for joint life coverage. The time limit for "Suicide and Pre-existing Medical Conditions" runs separately as to each advance, but a later advance does not restart the time limit on prior advances.</p> <p>Total Disabilities Not Covered. We won't pay a claim or refund the disability insurance charge if your total disability:</p> <ol style="list-style-type: none"> 1. is a result of normal pregnancy or childbirth or 	<ol style="list-style-type: none"> 2. is a result of an intentionally self-inflicted injury or 3. begins within 6 months after the date of the advance as a result of a pre-existing medical condition. This also applies to your co-borrower if you applied for joint disability coverage. <p>Definition of Pre-existing Medical Condition. A pre-existing medical condition is one for which you saw or were under treatment by a physician or a chiropractor both within the 6 months before and the 6 months after the date of the advance.</p> <p>Partial Payoff. If the Maximum Amount of Life Insurance shown in the Schedule is less than the amount of your debt, the life insurance benefit may not completely pay off your debt. See the paragraph titled "Amount of Life Insurance" to calculate the partial payoff. If the Monthly Total Disability Benefit shown in the Schedule is less than your monthly loan payment, you will have to pay the creditor the difference each month to keep your loan from being delinquent.</p>
WHEN INSURANCE STOPS	<p>This insurance stops:</p> <ol style="list-style-type: none"> 1. on the first billing date after the Creditor receives your written request to stop the insurance, or 2. on the first billing date after you withdraw your authorization for the addition of charges for the insurance to your loan, or 	<ol style="list-style-type: none"> 3. on the first billing date after you reach your 70th birthday, or 4. on the date your loan stops, or 5. on the billing date upon which you are 3 months delinquent in making a minimum monthly payment on your loan, or 6. on the date the Group Policy stops.

WHAT THE CONTRACT IS AND HOW YOUR STATEMENTS AFFECT IT

The Group Policy, the Application for the Group Policy, and the attached Application of Borrower are the complete contract of insurance. All statements made by you in your Application are considered to have been made to the best of your knowledge and belief. No statement can be used to void this insurance or deny a claim unless that statement is in your signed Application. After 2 years during

your lifetime from the Date in the Application, no statement made by you in your Application can be used to void this insurance or deny a claim. This does not apply to your disability coverage (if any) if that statement was made fraudulently. If you stated in your Application that you are age 70 or older, and we do not return your premium within 75 days of the Effective Date, you are insured.

RULES FOR FILING A TOTAL DISABILITY CLAIM

You must write us or our agent about your total disability claim within 30 days after the beginning of your total disability or as soon after that as you can. We will send you claim forms within 15 days after you tell us about the claim. If we don't send the forms in 15 days, you can simply send us written proof of your disability. The proof must show the date and the cause of the total disability and how serious it is, and it must be signed by a physician or a chiropractor. The proof of total disability must be sent to us no

later than 90 days after the end of each period for which a total disability benefit is payable. If it is impossible to file within 90 days, you must file as soon as you can. Unless you have been legally incapable of filing the proof of total disability, we won't accept it if it is filed after one year from the time it should have been filed. You can't start any legal action until 60 days after you send us the proof of your total disability, and you can't start any legal action more than 3 years after the proof is filed.

RULES FOR FILING A LIFE CLAIM

We must be given a certified copy of the death certificate as proof of a life claim.

required while a claim is pending and to make an autopsy in case of death, if it is not forbidden by law.

PHYSICAL EXAMINATION AND AUTOPSY

We at our own expense have the right, and you must allow us the opportunity, to examine your person as often as is reasonably

required while a claim is pending and to make an autopsy in case of death, if it is not forbidden by law.

B3d-839-0107 (NR-14) CAO

18 NON-STD
SCD/JCD:70 SCL/JCL:70(OE)

NY



CREDIT INSURANCE

You can protect your financial future by signing up for **voluntary** credit insurance below. Enroll by simply indicating your preference in the "Credit Insurance Application" section below. Your credit union will be happy to explain the various insurance options and coverage. The cost is reasonable.



P.O. Box 391 • 5910 Mineral Point Road
Madison, WI 53701-0391
Phone: 800/937-2644

CREDIT INSURANCE APPLICATION & SCHEDULE

"You" or "Your" means the member and the joint insured (if applicable).

Credit insurance is **voluntary and not required in order to obtain this loan**. You may select any insurer of your choice. You can get this insurance only if you check the "yes" box below and sign your name and write in the date. The rate you are charged for the insurance is subject to change. You will receive written notice before any increase goes into effect. You have the right to stop this insurance by notifying your credit union in writing. Your signature below means you agree that:

- If you elect insurance, you authorize the credit union to add the charges for insurance to your loan each month.
- You are eligible for disability insurance only if you are working for wages or profit 25 hours a week or more on the date of any advance. If you are not, that particular advance will not be insured until you return to work. If you are off work because of temporary layoff, strike or vacation, but soon to resume, you will be considered at work.
- You are eligible for insurance up to the Maximum Age for Insurance. Insurance will stop when you reach that age.

NOTE: The insurance you're applying for contains certain terms and exclusions; Refer to your certificate for coverage details.

Any person who knowingly and with intent to defraud any insurance company or other person files an application for disability insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to civil penalty not to exceed \$5,000 and the stated value of the claim for each such violation.

YOU ELECT THE FOLLOWING INSURANCE COVERAGE(S)	YES	NO	COST PER \$100 OF YOUR MONTHLY LOAN BALANCE	COVERED MEMBER

If you are totally disabled for more than _____ days, then the disability benefit will begin with the _____ day of disability.

MEMBER		INSURANCE MAXIMUMS		DISABILITY	LIFE
ACCOUNT NUMBER		GROUP POLICY NUMBER	MAX. MONTHLY TOTAL DISABILITY BENEFIT	\$	N/A
DATE OF ISSUE OF THIS CERTIFICATE		MAX. INSURABLE BALANCE		\$	\$
DATE		MEMBER'S DATE OF BIRTH	MAXIMUM AGE FOR INSURANCE		SECONDARY BENEFICIARY (If you desire to name one)
SIGNATURE OF MEMBER (Be sure to check one of the boxes above)		DATE	MEMBER'S DATE OF BIRTH		DATE
X		DATE	MEMBER'S DATE OF BIRTH		DATE
SIGNATURE OF JOINT INSURED (CO-BORROWER) (Only required if JOINT CREDIT LIFE coverage is selected)		X			



CUNA Mutual Insurance Society

P.O. Box 391 • 5910 Mineral Point Road • Madison, WI 53701-0391
Phone: 800/937-2644

(Called We)

NY

LOANLINER

CERTIFICATE OF INSURANCE
Credit Life/Credit Disability

Within 15 days after you receive this Certificate, you have the right to return the Certificate to the credit union for cancellation and any premium paid by you will be immediately returned.

We certify that while we are paid the premiums for the Group Policy by the credit union as they become due, you are insured for the coverage marked in the Schedule, subject to the terms of the Group Policy issued to the credit union.

BENEFITS

Benefits are paid to your credit union to pay off or reduce your loan. If the benefits are more than the balance of your loan, the difference will be paid to you if you are living or to the Beneficiary named by you, if any, or to your estate.

Death Benefit. If you die while you are insured for life coverage, we will pay the principal balance of your loan on the date of your death, plus not more than six (6) months unpaid interest on your loan to that date, not to exceed the Maximum Amount of Life Insurance.

Joint Insured Death Benefit. If your joint insured dies while insured for life coverage, we will pay on the same basis as above. Only one (1) death benefit, however, is payable under this Certificate.

Total Disability Insurance Benefit. If you are insured for disability coverage, we will pay a benefit if you file written proof that you became totally disabled while insured and continue to be totally disabled for longer than the period stated in the Schedule. Payment will be calculated beginning with the day shown in the Schedule.

The monthly benefit for each month of your disability to be compensated will be equal to the minimum monthly payment required on your loan on the date you became disabled. For a partial month, each daily benefit will be equal to 1/30th of the monthly benefit. Our monthly benefit payment will not exceed the Maximum Monthly Total Disability Benefit stated in the Schedule.

Our benefit payments will stop on the date:

1. you are not totally disabled any more; or
2. the insured portion of your loan has been repaid or otherwise stops; or
3. of your death.

Definition of Total Disability. During the first 12 consecutive months of total disability, Total Disability means that you are not able to perform most of the duties of your occupation because of a medically determined sickness or accidental injury and are under the care and treatment of a physician. After the first 12 consecutive months of Total Disability, the definition changes and requires that you not be able to perform the duties of any occupation for which you are reasonably qualified by education, training or experience. You will be required to give us proof of your continuing Total Disability from time to time.

If your Total Disability recurs **within** seven (7) days after you have recovered from that period of Total Disability, we will consider this a continuation of that period of Total Disability. However, if your Total Disability recurs **more than** seven (7) days after you have recovered, we will consider it a new period of Total Disability.

EXCLUSIONS AND RESTRICTIONS

Misstated Age. If you stated you are under the Maximum Age for Insurance stated in the Schedule, but you are not, we will return your premium when we discover this and will not pay any benefits. This applies to disability coverage as well as life coverage on you and your joint insured.

Total Disabilities Not Covered. We won't pay a claim for any advance on a loan or return your disability insurance premium if your Total Disability:

1. begins within six (6) months after the effective date of insurance on the advance and results from any disease (exclusive of acute infectious diseases of the upper respiratory tract and other diseases generally considered medically as not affecting future health) or bodily injury for which you received medical advice, diagnosis or treatment at any time within the six (6) month period immediately preceding the effective date of insurance on the advance.

WHEN INSURANCE STOPS

This insurance automatically stops:

1. on the last day of the month in which we receive your written request to stop the insurance; or if earlier,
2. on the last day of the month in which you withdraw your authorization for the addition of charges for the insurance to your loan; or
3. on the date your loan stops; or
4. on the last day of the month in which you are three (3) months delinquent in any payment on your loan; or
5. on the date the Group Policy stops; or
6. on the date of your death; or
7. on the date your loan is transferred to a creditor other than the credit union; or
8. on the last day of the month during which you reach the Maximum Age for Insurance.

WHAT THE CONTRACT IS AND HOW YOUR STATEMENTS AFFECT IT

The Group Policy, the Application for the Group Policy and the attached Member's Application are the complete contract of insurance. All statements made by you are considered to have been made to the best of your knowledge and belief. No statement can be used to void this insurance or deny a claim unless that statement is signed by you. After two (2) years from the date of insurance, no statement made by you can be used to void this insurance or deny a claim.

HOW TO FILE A LIFE CLAIM

We must be given a claim report, a copy of the member's loan records, insurance application/certificate and a certified copy of the death certificate (or other lawful evidence) as proof of a life insurance claim.

HOW TO FILE A TOTAL DISABILITY CLAIM

You must contact us or your credit union about your Total Disability claim when you are eligible for benefits. Your credit union will provide you with claim forms or you can simply send us written proof of your disability. That proof must show the date and the cause of the Total Disability and how serious it is, and it must be signed by a physician or a chiropractor. The initial proof should be for the initial period of Total Disability, after you have completed the Waiting Period or Elimination Period. After that, we will require proof of your continued disability, from time to time.

You must send proof to us within 90 days after your Total Disability stops. If you cannot send proof to us within 90 days, you must do so as soon as you can. Unless you have been legally incapable of filing proof of Total Disability, we won't accept it if it is filed after one (1) year from the time it should have been filed. You can't start any legal action until 60 days after you send us proof of your Total Disability and you can't start any legal action more than three (3) years after you send the proof.

CONFORMITY WITH STATE STATUTES

Any part of the Group Policy which, on the Effective Date of the Group Policy, conflicts with the statutes of the state where the Group Policy was delivered is changed to conform to the minimum standards of those statutes.

PHYSICAL EXAMINATION

We, at our own expense, have the right, and you must allow us the opportunity, to examine your person as often as is reasonably required while a claim is pending.

TX



CUNA Mutual Insurance Society

Home Office:
2000 Heritage Way
Waverly, IA 50677

Administrative Office:
5910 Mineral Point Road
Madison, WI 53705

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call CUNA Mutual's toll-free telephone number for information or to make a complaint at:

1-800-356-2644

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de CUNA Mutual's para informacion o para someter una queja al:

1-800-356-2644

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAIMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTA AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

TX

Consumer Bill of Rights For Credit Life, Credit Disability & Involuntary Unemployment Insurance

AVISO: Este documento plantea sus derechos como asegurado. Usted tiene el derecho de llamar a su compañía y pedirle una copia en español de sus derechos como asegurado.

Introduction

This Bill of Rights is a summary of your rights and does not become a part of your policy or certificate. The Texas Department of Insurance adopted the Bill of Rights and requires insurance companies to provide you with a copy when they issue you a policy or certificate.

Texas and federal law give you certain rights regarding credit life, credit disability (also called credit accident and health) and involuntary unemployment insurance. This Bill of Rights identifies your most important rights, but it does not include all your rights. Also, there are some exceptions to the rights listed here. If your creditor, seller, agent, company, or adjuster tells you that one of these rights does not apply to you, contact the Texas Department of Insurance at 1-800-252-3439.

This Bill of Rights does not address your responsibilities. Your responsibilities concerning your insurance can be found in your policy. Failure to meet your obligations may affect your rights.

Information

1. You have the right to call the Texas Department of Insurance free of charge at 1-800-252-3439 to learn more about:
 - your rights as an insurance consumer;
 - the license status of an insurance company or agent;
 - an insurance company's financial condition;
 - the complaint ratio and type of consumer complaints filed against an insurance company;
 - an insurance company's rate as compared to the maximum rate set by the State; and
 - other consumer concerns.
2. You have the right to a toll-free number to call your insurance company free of charge with questions or complaints. You can find this number on a notice accompanying your policy or certificate. This requirement does not apply to small insurance companies.

Buying Insurance

3. You have the right to a written notice clearly stating whether you are required to provide insurance in order to receive credit, and if so, what type of insurance is required.
4. The total cost of credit means the total dollar amount you have to pay during the term of the loan in order to get a loan. Your creditor must tell you in writing the total cost of credit (finance charge) and the annual percentage rate (APR). If your creditor requires credit insurance, then these figures must include the credit insurance premiums.
5. Your creditor and insurance company cannot make untrue, misleading, or deceptive statements to you relating to insurance.
6. You have the right to use other insurance policies instead of buying credit insurance. For example, you can use a term life policy to satisfy the requirement for credit life insurance. If credit insurance is required, your creditor must tell you about this right before your credit transaction is completed.
7. If your creditor offers to sell you credit insurance, you have the right to be told in writing the full cost of the credit insurance before you buy it.
8. If you buy credit insurance, your creditor must give you a copy of your application for or notice of proposed insurance, a certificate, or a policy at the time your loan is made. If you are not given the policy or certificate at the time the loan is made, the insurance company must send you the policy or certificate within 45 days.

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The policy, certificate, application or notice of proposed insurance must include the name and home office address of the insurance company and the amount and term of the policy. The application must also include a brief description of the coverages provided by the policy

9. The insurance company must use policy forms that have been approved by the Texas Department of Insurance. Rates must also be approved except for:
- credit life or disability insurance where the term of the loan or other credit transaction is more than 10 years;
 - credit insurance on first mortgages and commercial property loans; and credit life and
 - credit disability insurance which is paid for by your creditor.
10. If the premium for your credit insurance has not been fixed or approved by the Texas Department of Insurance, you must be told this in writing.

Cancellation and Refunds

11. You have the right to cancel the insurance policy at any time if you bought optional credit insurance or if you have substitute coverage for required credit insurance. When you cancel:
- you have the right to receive a premium refund for the remaining policy term if you were charged a premium for the full term of the credit contract. The refund may be credited to your account immediately or when you pay off your loan.
 - the creditor must discontinue the charge if the credit insurance premium is charged monthly on a credit card.
12. Even if your credit card account requires credit insurance, you have the right to cancel that insurance if your creditor changes insurance companies.

Thirty (30) days before the change takes effect, the creditor must give you written notice of:

- its decision to change insurance companies;
 - any substantial decrease in coverage; and
 - any change in the premium.
13. If you:
- pay off your loan early; or
 - cancel a policy,

the insurance company must calculate your refund using the refund formula set out in your policy of certificate of insurance. This right does not apply if your refund is less than one dollar.

Claims

14. When you or a beneficiary named in your credit insurance policy files a claim, the insurance company must process and pay the claim promptly. If the insurance company fails to meet the claims processing and payment deadlines in the Insurance Code and in the policy, you or the named beneficiary has the right to collect 18% annual interest and attorney's fees in addition to the claim amount.

Generally, your insurance company must approve or deny the claim within 36 days after the company receives notice of your claim (plus the time you or the named beneficiary take to provide requested information) unless the company notifies you or the named beneficiary that more time is needed and states the reason. This additional period of time cannot exceed 45 days.

If the claim is approved, your insurance company must pay the claim within 5 business days after they notify you they have accepted your claim.

15. Even if the beneficiary is not named in your credit life insurance policy, a claim on the policy must be processed and paid promptly. The insurance company must settle a claim within two months from the date it receives:
 - proof of death; and
 - proof that the claimant has the right to the proceeds.
16. You and your beneficiary have the right to reject any settlement amount offered by the insurance company. If the amount of your insurance coverage exceeds the loan pay-off, the settlement must include a cash payment for the excess amount.
17. If an insurer rejects a claim against your credit insurance policy, you and your beneficiary have the right to a written notice stating the reasons for the rejection.
18. You and your beneficiary have the right to be treated fairly and honestly when making a claim. If you believe an insurance company has treated you unfairly, call the Department of Insurance.
19. The credit insurance company cannot deny your claim or your beneficiary's claim because you made a false statement on your application unless the insurance company:
 - proves that the misstatement was material to your risk or actually contributed to the cause of your claim; and
 - notifies you that the contract will not be honored within 90 days of the date the company or its agent discovered the statement was false.

Enforcing Your Rights

20. You have the right to complain to the Texas Department of Insurance about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should:
 - call 1-800-252-3439;
 - write to the Texas Department of Insurance, Consumer Services (111-1A) P.O. Box 149091, Austin, TX 78714-9091; or
 - fax your complaint to (512) 475-1771.
21. If an insurance company violates your rights, you have the right to sue that company in court, including small claims court, with or without an attorney, or file a complaint with the Texas Department of Insurance.
22. You have the right to ask in writing that the Texas Department of Insurance make or change rules on any credit insurance issue that concerns you. Send your written request to: Texas Department of Insurance, Attn: Commissioner (112-1A), P.O. Box 149104, Austin, TX 78714-9104.



CUNA Mutual Insurance Society

P.O. Box 391 ■ 5910 Mineral Point Road ■ Madison, WI 53701-0391
Phone: 800/356-2644

(Called We)

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CERTIFICATE OF INSURANCE Credit Life/Credit Disability

Within 15 days after you receive this Certificate, you have the right to return the Certificate to the credit union for cancellation and any premium paid by you will be immediately returned.

We certify that while we are paid the premiums for the Group Policy by the credit union as they become due, you are insured for the coverage marked in the Schedule, subject to the terms of the Group Policy issued to the credit union.

BENEFITS

Benefits are paid to your credit union to pay off or reduce your loan. If the benefits are more than the balance of your loan, the difference will be paid to you (by separate check from us) if you are living or to the Beneficiary named by you, if any, or to your estate. Our payment will completely discharge our liability to the extent of the payment.

Death Benefit. If you die while you are insured for life coverage, we will pay the principal balance of your loan on the date of your death, not to exceed the Maximum Amount of Loan Insurable.

Joint Insured Death Benefit. If your joint insured dies while insured for life coverage, we will pay on the same basis as above. Only one (1) death benefit, however, is payable under this Certificate.

Total Disability Insurance Benefit. If you are insured for disability coverage, we will pay a benefit if you file written proof that you became totally disabled while insured and continue to be totally disabled for longer than the period stated in the Schedule. Payment will be calculated beginning with the day shown in the Schedule.

The monthly benefit for each month of your disability to be compensated will be equal to the minimum monthly payment required on your loan on the date you became disabled. For a partial month, each daily benefit will be equal to 1/30th of the monthly benefit. Our monthly benefit payment will not exceed the Maximum Monthly Total Disability Benefit stated in the Schedule.

Our benefit payments will stop on the date:

1. you are not totally disabled any more; or
2. the insured portion of your loan has been repaid or otherwise stops; or
3. the balance of your loan has been paid by a lump sum disability benefit under a credit life insurance policy; or
4. of your death.

Definition of Total Disability. During the first 12 consecutive months of total disability, Total Disability means that you are not able to perform most of the duties of your occupation because of a medically determined sickness or accidental injury and are under the care and treatment of a physician. After the first 12 consecutive months of Total Disability, the definition changes and requires that you not be able to perform the duties of any occupation for which you are reasonably qualified by education, training or experience. You will be required to give us proof of your continuing Total Disability from time to time.

If your Total Disability recurs **within** seven (7) days after you have recovered from that period of Total Disability, we will consider this a continuation of that period of Total Disability. However, if your Total Disability recurs **more than** seven (7) days after you have recovered, we will consider it a new period of Total Disability.

EXCLUSIONS AND RESTRICTIONS

Misstated Age. If you stated you are under the Maximum Age for Insurance stated in the Schedule, but you are not, we will return your premium when we discover this and will not pay any benefits. This applies to disability coverage as well as life coverage on you and your joint insured.

The following Exclusion for life insurance applies also to your joint insured.

1. **Suicide.** We won't pay a claim for an advance on a loan if you commit suicide within **12** months after the effective date of insurance on the advance. We will, however, refund the premium on the advance.

The following Exclusions apply to disability insurance.

Total Disabilities Not Covered. We won't pay a claim for any advance on a loan or return your disability insurance premium if your Total Disability:

1. commences or recommences within six (6) months after the Effective Date of insurance on the advance and results from any disease or bodily injury for which you received medical diagnosis or treatment at any time within the six (6) month period immediately preceding the Effective Date of insurance on the advance (however, after such six (6) month period, a valid claim will not be excluded); or
2. is a result of normal pregnancy.

WHEN INSURANCE STOPS

This insurance automatically stops:

1. on the last day of the month in which we receive your written request to stop the insurance; or if earlier,
2. on the last day of the month in which you withdraw your authorization for the addition of charges for the insurance to your loan; or
3. on the last day of the month during which you reach the Maximum Age for Insurance; or
4. on the date your loan stops; or
5. on the last day of the month in which you are three (3) months delinquent in any payment on your loan; or
6. on the date the Group Policy stops; or
7. when the balance of your loan has been paid by a lump sum disability benefit under a credit life insurance policy; or
8. on the date of your death; or
9. on the date your loan is transferred to a creditor other than the credit union.

Termination of insurance will be without prejudice to any valid claim arising prior to termination. The Group Policy may be terminated by us or by the credit union without prejudice to any existing claims.

INSURANCE CHARGES

The rate of charge for your insurance is shown in the credit insurance schedule. The credit union will furnish to you no less often than quarterly, a statement of (a) the amount of your insurance charge, (b) the amount of your loan balance to which the rate was applied, (c) the date the rate was applied and (d) the period covered by the insurance charge. You will also be notified of any pre-established termination date.

The rate you are charged for the insurance is subject to change. You will be given 30 days advance written notice before any rate increase goes into effect. You should attach any notice of rate change to this certificate. You may stop the insurance on any date by giving advance written notice to the credit union.

THE GROUP POLICY CAN BE STOPPED

If this happens and your insurance under the group policy is not replaced by similar insurance under a new group policy, you will be given written notice that your insurance will stop 30 days after the date the notice is given to you.

WHAT THE CONTRACT IS AND HOW YOUR STATEMENTS AFFECT IT

The Group Policy, the Application for the Group Policy, any attached Rider or Endorsement, and the attached Member's Application are the complete contract of insurance. All statements made by you are considered to have been made to the best of your knowledge and belief. No statement can be used to void this insurance or deny a claim unless that statement is signed by you. After two (2) years from the date of insurance, no statement made by you can be used to void this insurance or deny a claim. However, any fraudulent misstatements regarding credit disability which you have made, may be contested without regard to the two (2) year time limitation.

If you stated that you are older than the Maximum Age for Insurance, or if insurance is issued over the Maximum Amount, and we do not return your premium within 90 days after we receive it, you are insured for the period the premium would purchase regardless of your actual age. We will accept a valid claim if it is incurred within this 90 day period and before the premium is returned.

HOW TO FILE A LIFE CLAIM

We must be given a claim report, a copy of the member's loan records, insurance application/certificate and a certified copy of the death certificate (or other lawful evidence) as proof of a life insurance claim. You are responsible only for the certified copy of the death certificate. Your credit union will supply the remainder of the information.

HOW TO FILE A TOTAL DISABILITY CLAIM

You must contact us or your credit union about your Total Disability claim within twenty (20) days of when you are eligible for benefits or as soon as reasonably possible. Your credit union will provide you with claim forms within 15 days or you can simply send us written proof of your disability. That proof must show the date and the cause of the Total Disability and how serious it is, and it must be signed by a physician or a chiropractor. The initial proof should be for the initial period of Total Disability, after you have completed the Waiting Period or Elimination Period. After that, we will require proof of your continued disability, from time to time.

You must send proof to us within 90 days after your Total Disability stops. If you cannot send proof to us within 90 days, you must do so as soon as you can. Unless you have been legally incapable of filing proof of Total Disability, we won't accept it if it is filed after one (1) year from the time it should have been filed. You can't start any legal action until 60 days after you send us proof of your Total Disability and you can't start any legal action more than three (3) years after you send the proof.

CONFORMITY WITH STATE STATUTES

Any part of the Group Policy which, on the Effective Date of the Group Policy, conflicts with the statutes of the state where the Group Policy was delivered is changed to conform to the minimum standards of those statutes.

PHYSICAL EXAMINATION AND AUTOPSY

We, at our own expense, have the right, and you must allow us the opportunity, to examine your person as often as is reasonably required while a claim is pending or make an autopsy in case of death where it is not forbidden by law.