

Mr. ROBERTSON. I would say that if these statements are true, and it may very well be—I am certain there are some abuses—then this is a question of regulating the premiums and this is a matter of State law—there are State agencies to do this sort of job. But if they don't do it, I would say the Federal Government ought to step in, and there may be a way to do it even within the context of this legislation, if this committee, on the basis of that kind of testimony, concludes it is appropriate.

Mr. BINGHAM. What did you mean by saying in your testimony, "The fact remains, however, that inclusion in the finance charge of premiums for insurance that provides a benefit to the borrower over and above the use of credit would overstate the actual charge for credit"?

Mr. ROBERTSON. They may very well—there are all kinds of insurance. If it is solely life insurance, it certainly does provide benefits over and above the use of credit because his family is protected to that extent.

If it is the kind of insurance which would pay off the credit just in the event of default, this is solely for the benefit of the creditor and there, I think, this ought to be taken into consideration and is contained in one provision of the bill—of both bills. That is appropriate. But if it is the kind of insurance which does provide additional benefits to the borrower, then I would—

Mr. BINGHAM. You mean life insurance benefits over and above the amount of the unpaid balance?

Mr. ROBERTSON. No, if this is a benefit to the family in the event of his death, that insurance premiums pays it off. Then I would say that is a benefit to him.

Mr. BINGHAM. Isn't that a credit charge in the sense that, if he were not buying on time, he would not have to pay that charge?

Mr. ROBERTSON. That is right. As I pointed out, there are abuses in that area, and he may be paying out premiums for insurance he otherwise would not get at all. It seems to me you have to weigh benefits on the one side against the detriments on the other. They ought to be disclosed. And the actual dollar cost ought to be disclosed. But whether it should be taken into consideration in the annual percentage rate, is an entirely different thing.

Mr. BINGHAM. Governor Robertson, on another matter, would you comment briefly on what the Board's responsibility was or is under regulation W and regulation X, in connection with the administrative side of the bill?

Mr. ROBERTSON. Yes. We had that job, as you know. And we drafted the regulations. We attempted to administer them. We had all sorts of problems, I must tell you, because it meant that we had to get into areas that we knew nothing about. We were delighted to see the period end when those controls had to be used.

Mr. BINGHAM. What, in effect, did you do under those regulations?

Mr. ROBERTSON. Regulation W covered consumer credit—except for one period, installment credit only. Regulation X covered real estate construction credit. What we did was to prescribe the permissible maximum maturities and amounts.

Mr. BINGHAM. Do you feel this operation was a success?