We have referred to those "who should know better" as victims of bait advertising and "easy credit" but the plight of the underemployed, the poorly paid and the undereducated is desperate since they rarely have money for cash purchases and resort to credit buying for almost every commodity which they purchase except food. These are the consumers who cannot afford to shop for their credit, who cannot understand the technical language even when able to read a contract, and who fall most frequently into the trap of fraudulent or grossly misleading information, and overselling, and who accept as inevitable exorbitant interest rates.

These are the people that suffer most from the garnishee process. We believe regulation of collection practices such as tying up the debtors wages in garnishment or threatening disclosure of debt to an employer or to the welfare agency as a collection device (a threat which to the debtor becomes a threat of loss of his job or being taken off welfare rolls) would reduce to a measurable degree the practices of overextension of credit to the poor and the subsequent repossession (and frequently resale) of partially paid for merchandise.

While we recognize the difficulties of stating accurately on an annual basis the interest charges on fluctuating "revolving" charge accounts we believe those consumers whose charge accounts are rarely paid in full should be made aware of the yearly cost of the credit they use—or in other and simpler words, of the money they rent. We also see as a possibility that more and more businesses might resort to revolving accounts as a loophole by which to avoid full disclosure unless these revolving accounts are covered in the legislation under consideration. For this reason we prefer the language of the Administration Bill and H.R. 11601, Mrs. Sullivan's bill, to that of the Senate passed bill. We have noted that the Senate passed bill exempts transactions of $10 or less. We believe, like the "revolving" charge account, the small loan transaction should not be exempted as in the latter case regrettable and usurious practices are frequently reported.

We also are at a loss to understand why S.5 excludes first mortgages and loans to businesses from its disclosure provisions.

We are gratified that the legislation before this Committee calls for the drafting of detailed regulations by the Federal Reserve Board to put Truth-in-Lending into effect and that the Board is to be given powers of administrative enforcement to secure compliance.

We thank you for the privilege of having this statement included in the record of the hearings of this subcommittee.

CONSUMER CREDIT INSURANCE ASSOCIATION,
Chicago, Ill., August 22, 1967.

Hon. LEONOR K. SULLIVAN,
Chairman, Subcommittee on Consumer Affairs, House Banking and Currency Committee, Rayburn House Office Building, Washington, D.C.
(Attention: Mr. Charles Holstein).

DEAR REPRESENTATIVE SULLIVAN: Enclosed is a statement of the Consumer Credit Insurance Association with respect to H.R. 11601 and related bills which bills have been the subject of Hearings before your Subcommittee.

We appreciate your giving this statement consideration and making it a part of the Hearing record.

Very truly yours,

WALTER D. RUNKLE,
General Counsel.

STATEMENT OF CONSUMER CREDIT INSURANCE ASSOCIATION WITH RESPECT TO H.R. 11601 AND RELATED BILLS

This statement is filed on behalf of the Consumer Credit Insurance Association (CCIA), a national trade association composed of 94 insurance companies which write insurance in connection with credit transactions of all types. The CCIA was organized in 1951 specifically as a trade association of insurance companies engaged in the business of underwriting insurance in connection with loans and credit transactions and has confined its activities to these areas up to the present time. We recognize H.R. 11601 is principally a proposal with respect to finance or loan practices but we feel it is desirable to express our views with regard to