

Superintendent of Insurance

Notice

Notice Number:	04-2024
Title:	Consumer Alert: Fraudulent auto insurance from unlicensed insurance agent/broker (“ghost broker”)
Date:	September 23, 2024

Purpose

The Superintendent issues this Notice as a caution to Albertans to beware of insurance fraud when purchasing automobile insurance.

Over the past year, the Superintendent of Insurance (Superintendent) has noted an increase in reports of unscrupulous individuals purporting to offer automobile insurance in Alberta.

Background

In Alberta, automobiles must be insured to operate on public roads. This requirement ensures financial protection for all users of Alberta’s roads. Motorists drive with the confidence of knowing insurance will be there if they are in a collision. Insurance law requires that automobile insurance can only be purchased through a [licensed insurance agent or broker](#) from a [licensed insurance company](#).

A fraudulent, unlicensed insurance agent (or broker) is commonly known as a “ghost broker.” A ghost broker is often knowledgeable about insurance and claims to help automobile owners get an inside track to cheaper insurance. They often operate online through social media platforms or over the phone, which makes it difficult to ascertain their location and identity. There two ways that ghost brokers operate:

1. By pretending to be the customer: The ghost broker impersonates the insurance applicant and provides falsified details (misrepresentations) to the insurance company in order to get cheaper insurance for the applicant. The ghost broker often charges a fee to the applicant for their services. While the policy is from a licensed insurance company and looks legitimate, because the policy contains misrepresentations, it is unlikely to provide the protection of a legitimate policy. The insurance company may deny a claim, or even void the policy.

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2. By forging an insurance policy: For a fee, the ghost broker provides a forged financial responsibility card (pink card). In some cases, the pink card lists the name of a legitimate insurance company and/or a legitimate insurance agency. In other cases, the company and/or agency are fictitious. A forged pink card, even when the insurance company named is legitimate, is not backed by an insurance policy and will be of no help if you are in a collision.

Ghost brokers often target newcomers to Canada and/or people who are unfamiliar with Alberta's automobile insurance system. Sometimes they are unknowingly recommended by a friend or community member. They offer to provide insurance and pink cards at a cheaper rate. They usually do not have a physical office, may not want to meet you, or, if they do meet, it is in public or at your home. Often victims only realise they do not have legitimate insurance after a loss occurs, leaving them uninsured, potentially destitute, and legally vulnerable.

What can consumers do to protect themselves?

To prevent becoming a victim of a ghost broker, we recommend the following:

- If you suspect fraud, disengage immediately and contact the police.
- Confirm the insurance agent and the insurance agency they work for are licensed with the [Alberta Insurance Council \(AIC\)](#). The AIC provides an [on-line look-up service](#) to check licence status. If you are meeting the agent in person, ask them for identification and to show you their insurance agent licence. Since some ghost brokers impersonate legitimate insurance agencies, if you are applying for insurance over the phone or internet, independently confirm the phone number or website does belong to the licensed agent/agency.
- Contact other insurance agents/brokers for quotes. If you get a quote that is considerably lower in price, this may warrant further investigation. The Automobile Insurance Rate Board has a [comparative rate tool](#) that may be helpful when comparing auto insurance rates of the most common Alberta driver profiles.
- Confirm the insurance company is a licensed Alberta company by checking the [Superintendent insurance company registry](#). Some fraudulent pink cards have an insurance company listed that resembles a legitimate company. Don't be fooled. The insurance company name on the pink card and policy should match exactly the name listed on the Superintendent's registry. Also, remember that even if the insurance company name looks legitimate, if you purchased it through a ghost broker, it is worthless.
- Insurance companies and agents offer different payment options; however, legitimate agencies and insurance companies will never demand payment in cash or ask you to provide payment to a personal account, or via bitcoin or gift cards.
- Be cautious of insurance agents using personal e-mail addresses like Gmail or Hotmail, instead of business email accounts.
- Call the insurance company listed on the policy/pink card to ensure the policy number is valid. For more information about pink cards please refer to Superintendent [Bulletin 05-2019](#).

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If you suspect someone is a ghost broker, or you have fallen victim yourself, report this to your local police, the listed insurance company (if it is legitimate), and the insurance fraud tips hotline at 1-877-422-8477 or equiteassociation.com/contact. As the national authority on insurance crime and fraud prevention, Équité Association is a not-for-profit, national organization, supporting Canadian insurance companies focussed on reducing and preventing insurance fraud and its impacts on honest, hardworking Canadians.

If you have any questions regarding this Notice, please contact my office at 780-643-2237 or tbf.insurance@gov.ab.ca.

[ORIGINAL SIGNED]

Chris Merriman
Superintendent of Insurance

Contact Information and Useful Links

Email:	tbf.insurance@gov.ab.ca
Phone:	780-643-2237
Fax:	780-420-0752
Toll-free in Alberta:	Dial 310-0000, then the number.
Mailing Address:	402 Terrace Building, 9515 – 107 Street Edmonton, AB T5K 2C3
Visit our website:	insurance.alberta.ca
Subscribe to receive email updates:	insurance.alberta.ca/subscribe.html

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