

**SUPERINTENDENT OF INSURANCE  
INTERPRETATION BULLETIN # 04-08**

**December 15, 2008**

**To: All Insurance Companies Licensed In Alberta**

**Attention: Chief Executive Officer**

**Re: Insurance Companies Use of Credit Score**

An article appeared in the October 2008 edition of Canadian Underwriter magazine regarding insurance companies use of an individual's credit score. Some of the information in the article relating to insurance companies use of an individual's credit score in Alberta was not correct. The purpose of this bulletin is to outline our position regarding the use of an individual's credit score with respect to the purchase of insurance in Alberta.

The collection and use of personal information is governed by provincial and federal privacy legislation. Unless otherwise provided, this legislation requires consent for any person to collect and use another person's credit report or score.

Currently, Alberta does not have a specific insurance regulation regarding the use of a person's credit score with respect to the purchase of insurance. However, with respect to automobile insurance, the "consent" on the approved automobile insurance application form was amended in 2006. The following sentence is now included in the "consent" provision: "If I apply for a premium payment plan, I authorize you to obtain and use my credit report." I interpret this to mean that unless the applicant applies for a premium payment plan, without a specific authorization obtained outside of the insurance application process, automobile insurers are not authorized to obtain or use an applicant's credit report or score regardless of whether the application is for compulsory or optional automobile insurance coverages.

It has come to my attention that some insurance companies are refusing to provide a premium quote for property insurance unless the person requesting the quote agrees to allow the insurance company access to the person's credit report or score. In my opinion, a person's credit report or score has nothing to do with the quotation of a premium for insurance coverage.

In accordance with section 792.1 of the *Insurance Act* I have interpreted, by means of this Bulletin that requiring a person to permit access to their credit report or score in order to receive a policy premiums quote is an unfair practice. Unfair practices are prohibited by section 509 (1) (c) of the *Insurance Act*. This section states:

*“No insurer, insurance agent or adjuster may engage in any unfair, coercive or deceptive act or practice.”*

The purpose of this Bulletin is to advise insurance companies licensed in Alberta that they may not request that a prospective client provide them with permission to obtain that individual's credit report or score as a pre-condition for obtaining a policy premium quote.

Failure to comply with section 509(1) (c) will result in an investigation and possible regulatory action which includes an administrative penalty of up to \$25,000 for each contravention.

This Bulletin is effective immediately. Any questions regarding this Bulletin may be forwarded to Arthur Hagan, Deputy Superintendent of Insurance at (780) 422-1592.

Sincerely,

*Original signed by*

Dennis Gartner  
Superintendent of Insurance