

FOR IMMEDIATE RELEASE

Canadian Council of Insurance Regulators Seeks Public Comment on the Use of Credit Scores by Insurers

TORONTO, Ontario (June 17, 2011) – The Canadian Council of Insurance Regulators (CCIR) is seeking comments from the public on its issues paper, released today, entitled *Use of Credit Score by Insurers*.

This issues paper documents CCIR's understanding of insurers' use of credit-based insurance scores. It identifies what we see as consumer risks that can potentially arise from the use of credit scoring in underwriting based on our desired regulatory outcomes: that consumers are treated fairly and can make informed decisions. It then assesses to what extent these outcomes are already addressed under existing law, which may vary from jurisdiction to jurisdiction.

CCIR is seeking the views of consumers and the industry on

- Whether all potential risks described in the paper have been identified, and
- Whether the potential risks identified are already addressed under law, and if so, how.

There are differing views between jurisdictions and between stakeholders regarding the use of credit-based insurance scores. Some groups have proposed eliminating its use arguing it is not fair to consumers, while others defend its use as a valid actuarial tool to underwrite and price insurance. The paper is neutral and makes it clear that the question of whether or not to ban the use of credit-based insurance scores goes beyond the scope of CCIR's review. Ultimately, this is a government decision dependent upon a combination of political and socio-economic conditions within a jurisdiction, and a jurisdiction's level of tolerance in relation to any potential risk identified.

To view the paper and find information about commenting, visit CCIR's website www.ccir-ccrra.org.

About CCIR

CCIR brings together provincial and federal insurance regulatory authorities to work cooperatively toward solutions to common regulatory issues. In the spring of 2009, there was considerable media attention about the use of consumer credit information by insurance companies. The CCIR decided to establish a Working Group with a mandate to research and gather the facts surrounding credit-based insurance scores. This work is in alignment with CCIR's strategic priorities of identifying common emerging issues (fact gathering), and engaging stakeholders and policy makers so that the right information is in the hands of those in charge of making policy decisions. It is also in alignment with CCIR's risk-based approach to regulation.

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