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## **Insurance Regulators Highlight Risks of Credit Scoring** *Ontario Broker Association Welcomes Report and Cautions Consumers*

(Toronto, Ontario) Today, the Insurance Brokers Association of Ontario (IBAO) welcomed the release of the Canadian Council of Insurance Regulators (CCIR) issues paper entitled “Use of Credit Scores by Insurers”. The paper examines the use of credit scoring in the context of the considerable media attention about the use of consumer credit information by insurance companies.

Most importantly, the regulators formally highlighted the types of consumer risks that can arise. These dangers include:

1. Inadequate consumer consent
2. Unreliable credit data
3. Availability and affordability of insurance for consumers
4. Insufficient consumer disclosure
5. Undue impact on certain consumer groups
6. Privacy breaches
7. Lack of understanding by consumers

“Regulators should be commended for the release of this issues paper because it acknowledges the risks to consumers that the IBAO has been raising with government and consumers,” said IBAO CEO Randy Carroll. “All consumers should provide input on this stakeholder process and should consult our website [www.SoaringInsuranceRates.ca](http://www.SoaringInsuranceRates.ca) to learn more about making their voices heard.”

The issues paper also referenced a survey commissioned by IBAO in 2010, which showed that 3 out of 4 Ontario consumers were not aware that their credit scores were being used to determine how much they pay for their home insurance. Further findings revealed that 76% of those polled support extending the credit score ban to home insurance.

IBAO also pointed out that other jurisdictions in Canada are acting to protect consumers. The Government of Newfoundland and Labrador has banned the use of credit scoring in personal property and private passenger auto insurance. In addition, the Information & Privacy Commissioner for British Columbia ruled that a major insurer failed to give consumers adequate notice and consent for the use of credit scores.

The current use of credit scoring to measure a person’s insured risk is affecting those who can least afford it. This includes retired seniors, newcomers to Canada, the unemployed, single income families and small business owners utilizing lines of credit. “We are asking the Ontario government to respond to the concerns of Ontarians and ban this unfair and deceptive practice in our province,” concluded Carroll.

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*The Insurance Brokers Association of Ontario (IBAO) is a ‘not for profit’ association that represents and serves the interests of over 11,500 independent Property & Casualty Insurance Brokers in the Province of Ontario. For information about IBAO, visit [www.ibao.org](http://www.ibao.org)*

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