Credit or~~and~~ loan insurance

From: Financial Consumer Agency of Canada

On this page

What to know about credit or loan insurance

Credit or loan insurance -- also known as credit protection insurance, creditor insurance, creditor's group insurance, or credit insurance -- is insurance that can pay down or pay off the balance on a mortgage, line of credit, loan, or credit card (up to the maximum specified in the certificate of insurance) or to make/postpone debt payments on the insured's behalf in the event of death, disability, job loss, or critical illness. It can be obtained for a variety of debt obligations, including mortgages, consumer loans, lines of credit, and credit cards.~~Credit and loan insurance can be expensive. It's often marketed and sold in a way that does not take all your needs and circumstances into consideration. It may not offer you the best insurance coverage.~~

If you already have enough term life insurance, disability insurance, job loss insurance, critical illness insurance, and rainy-day funds in place, you may decide that you do not need credit or loan insurance. However, if you or your family wouldn't have enough money to continue making payments on your loan or to pay off your loan if you died or your income was reduced by unforeseen circumstances, credit or loan insurance is an option to consider.

Compare the credit or loan insurance coverage you are being offered and its cost with other insurance options which you already have in place or could purchase, to determine if this coverage is right for you and is within your budget. For example, a term life insurance policy, disability insurance policy, or the insurance provided by your employee benefits plan may already provide you with similar coverage, but there may be a difference in cost.

Many consumers acquire credit or loan insurance as complementary coverage to other insurance coverage. By directly covering a specific debt obligation, it frees up other individual

Commented [BW1]: Use Credit or Loan Insurance consistently throughout, to avoid any possible confusion

Commented [BW2]: This opening assertion does not take into account the legal and regulatory restrictions which FRFIs face in distributing insurance products to consumers. Banks are only permitted to promote Authorized Insurance Products; they are not permitted to conduct insurance needs assessments with consumers, nor can they refer consumers to licensed insurance agents or insurance companies who would be able to provide other types of insurance products. The tone of this opening assertion may mislead consumers into thinking that banks have the ability to offer other types of insurance products (such as term life insurance or individual disability insurance) or have the ability to conduct an insurance needs analysis with consumers but choose not to do so, when that is not the case.

This opening statement may also deter consumers from even considering creditor insurance altogether, including those consumers who may not be eligible for other types of ... [1]

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and group insurance coverage to protect a family's quality of life by covering such costs as medical, education, child care, and burial expenses; capital gains taxes, etc.

Credit or loan insurance is not sold by a licensed insurance representative; therefore, it does not include a full analysis of your financial circumstances and insurance protection needs as financial institutions are not legally permitted to offer consumers advice when offering credit or loan insurance. As with the purchase of any type of insurance coverage, you should consider whether it is appropriate insurance coverage for you.

Your financial institution may~~ suggest~~ offer you~~ take~~ the opportunity to apply for credit or~~or~~ loan insurance when you get a mortgage, line of credit, credit card or other loan with them. ~~This type of insurance is also known as:~~

- ~~creditor insurance~~
- ~~balance protection insurance~~
- ~~balance insurance~~
- ~~debt insurance~~

Credit or loan insurance is optional insurance that's a separate product from a loan or credit card. You don't need to apply for this insurance in order to be approved for a loan or credit card.

~~Credit and loan insurance is a separate product from a loan or credit card. You do not have to take this insurance to be approved for a loan or activate your credit card.~~

Credit or~~and~~ loan insurance may help make your loan payments in the event of your~~you cover your loan payments if you can't make payments due to~~ illness, accident, or death, usually up to a maximum amount. Benefits are paid to your creditor~~s~~. Your creditors are the companies to which~~hat~~ you owe money~~ to~~. For example, if you have credit insurance on your mortgage~~card balance insurance~~, your mortgage balance (up to the maximum specified in the certificate of insurance) will be paid out in the event of your death, relieving your family of the financial obligation to pay the mortgage.~~, a benefit is paid to the financial institution that issued you the credit card to pay part, or all, of your credit card balance usually up to a maximum amount.~~

Not all credit or~~and~~ loan products~~ will~~ offer the same type of insurance coverage. For example, you may be able to get life insurance and critical illness insurance coverage on a line of credit, but not disability insurance.

As with all types of insurance, it is important that you read the certificate of insurance for the credit or loan insurance you're being offered, to ensure that you fully understand the coverage provided and any limitations and exclusions. Ask questions if you don't understand what's

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~~There are important exclusions on credit and loan insurance that determine if your claim will be approved. Exclusions are anything that aren’t covered by your insurance policy. For example, certain types of cancer will not be eligible for coverage.~~ Understand the terms and conditions before purchasing credit or~~or~~ loan insurance to make sure it’s the right type of insurance for you.

~~In most cases, c~~Credit or~~and~~ loan insurance applies to a specific loan~~ or specific credit card~~. If you'd like insurance on multiple loans~~ or credit cards~~, ~~you'd need to get insurance for each loan or card.~~you must enrol in credit or loan insurance separately for each loan.

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Commented [BW4]: It is not correct to refer to the fact that not all types of cancer would be covered under credit or loan critical insurance as an “exclusion.” Rather, it is correct to say that certain types of cancer “are not within the scope of the coverage.”

Did you enrol for insurance coverage when you took out your loan?~~Find out if you have credit or loan insurance~~

You must apply for and be enrolled in credit or loan insurance before you can be charged for it. This is known as giving your express consent.

Sometimes people have second thoughts about credit or loan insurance after they have applied for the coverage and subsequently provided express consent to be enrolled in it. Financial institutions and other credit issuers therefore offer a "free look period" or "review period" for credit or loan insurance, which is usually a 30 day period after your coverage starts (except in Quebec where the review period may be shorter). This period provides you with the opportunity to consider the coverage in light of your financial needs and circumstances.

During the review period, you can cancel the credit or loan insurance and get a full refund of any premiums you've paid to that point. After 30 days, your financial institution will continue to charge you an insurance premium for the credit or loan insurance and the premiums will not be refunded if you decide to cancel at a later date.

~~You may have credit or loan insurance on a loan or credit card. This type of insurance is an optional and separate product. It is not a feature of a loan or credit card.~~

~~Even if you didn't purchase this type of insurance when taking out a loan or applying for a credit card, you may have agreed to a trial period that usually lasts for 30 days. You have to cancel the trial within the first 30 days to be refunded any premium you've paid. If you don't ask your financial institution to cancel credit or loan insurance after the 30 day trial, you will continue to be charged a premium for it.~~

You can find out if you have credit or loan insurance by:

- checking your credit or loan agreement for information about optional services
- contacting the financial institution or other issuer where you took out your loan or credit card

Find out how to check for balance protection insurance on your credit card.

How to cancel credit or~~and~~ loan insurance.

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Commented [BW5]: It doesn't make sense to include this here as these pages are for credit or loan insurance. We recommend that all references to credit card balance protection insurance be removed from this document, save and except for an initial mention that balance protection insurance is one form/kind of credit or loan insurance.

Commented [KM6]: This will link to "How to cancel" section in this document

Decide if you need credit or~~and~~ loan insurance

Before you apply for credit or loan insurance, ~~take a trial or sign up for insurance on your credit or loans~~, make sure you receive and review information about this type of insurance. Important information about the cost of the insurance, what's covered and what isn't covered, and the ~~type of~~ benefit you may receive is included in the certificate of insurance. You can ask for~~get~~ a certificate of insurance for the optional credit or loan insurance from the financial institution or other issuer that is providinges you with a loan~~ or credit card~~ or mortgage. You don't need to agree to sign up for ~~for~~ this type of insurance~~ or take a trial~~ in order to get a sample~~the~~ certificate of insurance.

You can determine if this insurance provides the best coverage and is affordable for you by:

- ~~checking to see if you already have insurance coverage through an individual plan or your employer in case of death, illness or disability, which could be used to pay off outstanding debts~~
- ~~comparing the coverage offered by other insurance products, such as term life and health insurance, to see which product meets your needs and offers the best value~~
- understanding what's covered and what isn't covered (e.g. the exclusions) by reading the certificate of insurance
- understanding if you are ~~'ll be~~ eligible for credit and loan insurance by reading the terms and conditions~~about exclusions~~ in the certificate of insurance

~~Exclusions are anything that aren't covered. Be aware that credit and loan insurance coverage can change over time depending on your age and whether you develop certain medical conditions.~~

Be sure to review the certificate of insurance to ensure that you understand the exclusions – things that aren't covered – as well as the maximum benefits payable. For example, if you were to die, credit or loan insurance can pay out your mortgage or loan balance, but only up to the maximum specified in the certificate of insurance. Also, your certificate of insurance might also limit the insurance coverage when you reach a certain age or when a claim is accepted for a specific medical condition.

~~You can also check the certificate of insurance for the maximum benefit you'd be eligible for if you make a claim. For example, if you lose your job or become injured or disabled, balance insurance may pay 5% to 10% of your credit card balance up to a maximum amount every month, for a certain number of months, usually 10 to 24 months. Or, if you become critically ill or die, balance insurance will pay off your balance in full or up to a maximum amount.~~

Commented [BW7]: Many consumers prudently decide to have both individual insurance and credit insurance. The individual insurance is intended to cover lost income, final expenses, survivor support, children's education, etc. The credit insurance, in contrast, is purposefully chosen to provide coverage for paying down or paying off a debt obligation. Please see "CAFII Outreach Questions & Answers on Creditor's Group Insurance and Alternate Distribution" which is an integral Appendix A to this submission. CAFII would like to meet with FCAC officials to discuss and clarify the content of that Appendix, as it addresses many misperceptions and misunderstandings which were evident in the first draft of this FCAC consumer education document.

Commented [BW8]: Eligibility and exclusions are two separate issues. Eligibility determines whether or not a consumer meets the requirements to be insure under the creditor insurance group policy. Exclusions determine whether or not a claim will be payable.

Commented [BW9]: This is not an accurate statement. Please see "CAFII Outreach Questions & Answers on Creditor's Group Insurance and Alternate Distribution" which is an integral Appendix to this submission. CAFII would be pleased to meet with FCAC officials to discuss and clarify the content of that Appendix, as it addresses many misperceptions and misunderstandings which were evident in the first draft of this FCAC consumer education document.

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Commented [BW10]: Credit and loan insurance is underwritten based on the customer's age, health, etc. as stated at the date of the application. Once coverage has been issued coverage, it does not change based on age or health until it expires. The only thing that could limit coverage is if a medical condition is considered to be pre-existing or if there are limits for certain specified medical conditions in the coverage -- which would have been specified in the certificate of insurance at the time the consumer enrolled in the insurance.

If the customer seeks to increase his/her coverage, or make another application for insurance at a later date and now has new medical conditions, then that may affect his/her coverage.

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Commented [BW11]: This is repetitive of the content in the credit card balance protection document; and therefore redundant. If retained, it should be amended to reflect the corrections/edits provided on the same content in that document.

If you have any questions about being approved or what the credit or loan insurance will cover, contact the insurance company directly before applying for ~~buying credit or loan insurance~~ coverage. The insurance company will be listed on the certificate of insurance. It is a different company than the financial institution or other credit issuer that is providing you with the~~a~~ loan or credit card.

Getting credit or~~and~~ loan insurance

You usually get credit or loan insurance at a~~the~~ financial institution or other credit issuer where you can obtain a~~get your~~ loan, line of credit, ~~credit card~~ or mortgage. This includes:

- banks
- credit unions
- caisse populaires
- ~~stores that offer credit cards~~

Commented [BW12]: Do not mix credit card balance insurance content into this credit or loan insurance document. Doing so will only confuse the consumer.

This type of insurance is optional. Be aware that federally regulated financial institutions, such as federally chartered banks, which are distributors of credit or loan insurance~~financial institutions~~ aren't allowed to pressure you into taking this type of insurance as a condition for getting a loan ~~or credit card~~ from them. This practice, called coercive tied selling, is illegal in Canada.

~~At federally regulated financial institutions, such as banks, you must give your permission to purchase credit or loan insurance before you can be charged for it. This is known as giving your express consent.~~

Commented [BW13]: Better to mention this fact about express consent earlier on in the document.

Giving your express consent means that you clearly agree to apply for and subsequently to ~~purchase~~ be enrolled in credit or loan insurance. You can give consent~~:~~

- verbally, such as over the phone
- in writing on paper, such as face-to-face with a financial institution employee in a branch
- in writing using an electronic format, such as through a website

Using a product or service does not mean that you've given express consent.

Distributors of credit or loan insurance~~Federally regulated financial institutions~~, such as banks, also can't mislead you about credit or loan insurance when you give consent. This means that credit or loan insurance must be explained to you in a way that is accurate, clear and simple.

Learn more about coercive tied selling.

Learn more about giving your express consent for financial products and services.

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Understand the terms and conditions of credit and loan insurance

The terms and conditions of credit or~~and~~ loan insurance can vary depending on the insurer. The terms and conditions will also tell you what types of coverage is provided under the certificate of insurance~~ of claims you can make~~. Make sure you understand the terms and conditions before you sign up for credit or loan~~balance~~ insurance.

Depending upon the credit or loan insurance product you're considering,~~T~~the terms and conditions will tell you the following:~~:~~

- the maximum benefit payable~~you may get~~
- for critical illness coverage, the specific conditions that will be covered by the insurance~~the illnesses covered by the insurance policy~~
- for disability coverage, the definition of~~what is considered a~~ disability
- for job loss and disability coverage, if there's a minimum number of hours you need to work to qualify for a benefit~~you need to work to qualify for a benefit after you lose your job or become injured~~
- for job loss coverage, whether you'd qualify for a job loss benefit if you're self-employed~~whether you'd qualify for a job loss benefit if you're self employed~~

Even after~~once~~ you've been enrolled in the credit or loan insurance, not all claims may be payable.~~approved, not all injuries, illnesses or periods of unemployment will be covered~~. For example, your claim may not be paid if~~ might not be covered if~~:

- it is a life insurance, disability insurance, or critical illness insurance claim that relates to a~~you have a~~ pre-existing medical condition ~~that gets worse~~
- ~~you had symptoms of a disease when you applied~~
- it is a job loss claim and you were fired from your job with cause
- it is a job loss claim and you resigned from your job
- ~~you were working on a contract~~

If you have any questions, contact the insurance company before agreeing to apply for ~~buying~~ credit or loan~~card balance~~ insurance coverage.

Eligibility for credit or~~and~~ loan insurance

You may~~will~~ be required to answer a short health questionnaire of 'yes' or 'no' questions to determine if you're eligible for credit or~~and~~ loan insurance. Based on your answers, you may be approved right away or you might need to take a medical exam or answer more health questions before you can be approved.

Commented [BW16]: Some credit or loan insurance products do not require health questions if the amount to be insured falls below a certain threshold. The application process for creditor or loan insurance is generally one of "simplified underwriting" which does not require the consumer to provide much information to the insurer. For creditor's life insurance, for example, the applicant may be required to answer only one question. In contrast, in order to qualify for term life insurance, the applicant will generally be required to answer many more questions, including questions about his/her health, travel history, criminal record, finances, and sporting or related activities; and provide more detailed personal information such as height, weight, and smoking status. Some consumers would be declined for individual coverage by an insurer but would be accepted for coverage under a credit or loan insurance group policy. There are many factors other than cost which should be considered by consumers in deciding what type of insurance product meets their needs.

Your insurance may not~~won't~~ be valid if you do not provide accurate answers on this questionnaire. This means a claim will not be paid even if you have paid premiums. ~~you won't get any money if you try to make a claim, even if you have paid premiums.~~ Take your time to understand if you're eligible for coverage; answer all eligibility questions carefully and truthfully; and ask questions if you have any. Take the documents home with you or consult with a medical professional if necessary~~eded~~.

As with nearly all types of life and health insurance, ~~C~~credit or loan insurance often has exclusions relating to ~~pre-existing~~ health conditions that existed before you applied for the coverage. That means if you have any signs or symptoms of an illness (even if undiagnosed) before you became covered, the insurance may not provide coverage for that particular illness. ~~This means the insurance may not provide coverage for certain illnesses. For example, asthma, high blood pressure or heart disease might be excluded from coverage. An exclusion is anything not covered by your policy~~.

Depending on the type of insurance product design~~loan you're insuring~~, you may not be eligible to claim for credit or loan insurance if any of the following apply:

- you have not worked the minimum number of hours required to qualify for a benefit, are self-employed or a seasonal employee
- ~~you have a pre-existing medical condition~~
- you're above the maximum age to qualify (often between 65 and 70 years old)
- you're under the minimum age to qualify (often 18 years old)
- ~~you're over your credit limit~~
- ~~you owe any payments that are past the due date~~
- ~~you have recent dishonoured payments on your account (dishonoured payment happens if an automatic payment does not go through because you've reached your credit limit)~~

~~Keep in mind that after you make a claim, the insurance company that provides insurance can more fully investigate and change your coverage. This means that the insurance company may take a close look at whether you are eligible to receive money after you make a claim. In some cases, your claim may not be approved for something you thought would be covered.~~

Just as in the adjudication of claims in other types of insurance, the insurance companies that underwrite credit or loan insurance perform a review of all claims to ensure that they are payable under the terms and conditions stated in the certificate of insurance. An analysis is done to verify that the circumstances of the incident triggering the claim meet the terms of the contract signed by the insured. As with any life and health insurance, misrepresentation on the application can make the insurance void and no claim would be payable. Details of any

Commented [BW17]: Not all of these are eligibility conditions. A pre-existing medical condition is not an eligibility condition – you can still get the insurance, but if your claim relates to the pre-existing condition it will not be paid. Any other claim likely would be, though.

Commented [BW18]: These three situations are not germane to this list, as they don't relate to "eligibility for coverage" but rather they are grounds for "termination of coverage".

Commented [BW19]: This paragraph is inaccurate and implies that post-claims underwriting occurs, which is false. What occurs in credit or loan insurance, as with all types of insurance, is claims adjudication.

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limitations and exclusions are disclosed to you at the time of application and set out in the certificate of insurance.

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Cost of credit or loan insurance

When you get credit or loan insurance, you either pay ~~a monthly~~ recurring premiums based on the frequency of your loan payments or a one-time premium, ~~depending on the product you’re insuring and the financial institution that is providing your insurance.~~ If you’re charged a one-time premium, you usually pay this at the time your credit or loan insurance~~loan~~ is approved. Recurring~~Monthly~~ premiums are ~~usually~~ calculated based upon a number of factors which may include the initial amount of your loan, the amount of time it will take to pay off your loan, your age, your gender, your health status, and, for some products, your average daily balance during the previous month.~~the average daily balance of the previous month.~~

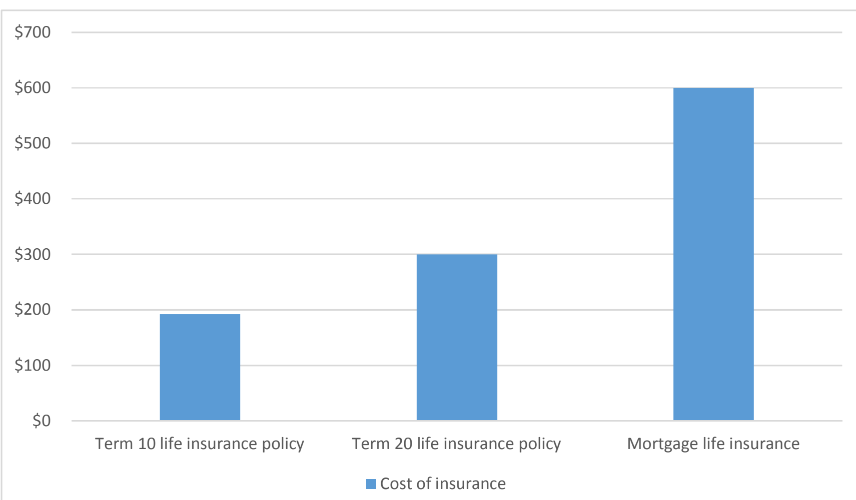
~~Credit or loan insurance may be more expensive than other types of insurance coverage.~~

Figure 1: Comparing the annual cost of mortgage loan insurance and term life insurance

For example, on a $250,000 mortgage with a fixed term of 5 years, at an interest rate of 5%, a 37-year-old woman would pay $600 a year to get mortgage life insurance, a type of credit or ~~and~~ loan insurance.

Commented [BW20]: CAFII believes that the example provided here is not credible and potentially misleading. The term life premiums quoted here assume that the insured is not in sub-standard health. While the term life premium quoted may be accurate for some 37 year old women, it would not be accurate for a significant proportion of such consumers. There are other examples which could be used in which the cost of term insurance would be much higher than creditor mortgage life insurance. For example, a 50 year old male smoker would generally pay much more for $250,000 term life policy than for an equivalent amount of creditor mortgage life insurance. Consumers may get the false impression from Figure 1 that term life insurance is always less expensive than creditor mortgage life insurance and, based on that misinformation, could decide to decline creditor mortgage life insurance without investigating the cost for themselves. CAFII would like to meet and work with the FCAC to develop a credible example, drawn from recent independent, third party actuarial research on the Consumer Value Proposition of Creditor Mortgage Life Insurance Versus Term Life Insurance, research which CAFII has at its disposal and would be pleased to share.

To insure the same amount, the woman would pay $190 a year for a life insurance policy with a 10-year term or $300 a year for a life insurance policy with a 20-year term.



Keep in mind that for loans that have fixed amounts, such as a mortgage, the premiums are based on the original amount of the loan. As you pay down your loan, the premiums generally remain the same even though you'll owe less on your loan. The death benefit will decrease as you make payments and the outstanding balance is reduced.

Types of credit or~~and~~ loan insurance

Life insurance to pay off credit or loan obligations

This type of life insurance pays a lump sum to pay down or pay off your loan.~~covers your loan payments in the event of your death~~. Your insurance company will use the death benefit to pay down or pay off the remaining balance on the loan, up to the maximum specified in the certificate of insurance, if you meet the claim requirements. The money from your death benefit will go to your creditor. The money won't go to your family or beneficiaries, although they may benefit indirectly from your loan being paid down or paid off~~.~~

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If you want your family or beneficiaries to receive a death benefit in the event of your death, you'd need to buy a separate life insurance policy.

Learn about the types of life insurance available.

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Critical illness insurance on credit or loans

This type of insurance can help to pay ~~will ensure~~ down or pay off the outstanding balance on your ~~credit or~~ loan ~~will be paid~~ if you're diagnosed with one of the critical illnesses specified in your certificate of insurance~~insurance policy~~.

Your certificate of insurance will~~policy~~ list~~s~~:

- which illnesses are covered
- what you need to do make a claim~~qualify~~ for the insurance benefits

For example, cancer is usually one of the illnesses covered. However, some policies may cover only ~~for~~ certain types of cancer.

Pre-existing medical conditions ~~illnesses~~ are usually not covered. However, some certificates of insurance~~policies~~ will pay benefits if you've been free of the medical condition~~illness~~ for a period of time. This will be defined in the ~~your policy's~~ terms and conditions found in your certificate of insurance.

Commented [BW22]: On this point, please see Question and Answer #7 in Appendix A: "CAFII Outreach Questions & Answers on Creditor's Group Insurance and Alternate Distribution," which is an integral Appendix to this submission.

Learn about supplementary health insurance to help you replace your income in the case of critical illness.

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Disability insurance on credit or loans

This type of insurance can help to ensure that your regular payments~~ensures that the required minimum payments~~ on your loan, mortgage, or credit arrangement ~~or credit card will be made~~ will be made for a specified~~certain~~ period of time if you become ill~~get an unexpected illness~~ or have an accident that leaves you unable to work and earn an income. It generally doesn't pay off the full outstanding balance of your loan.

You'll still be responsible for paying the balance on your loan when~~:~~

- ~~when~~ you recover OR
- ~~after~~ the benefit~~coverage~~ period ends (whichever occurs first)

Your certificate of insurance~~policy~~ will set out all the ~~define the disabilities that would make you eligible for benefits. It will also have other~~ terms and conditions of coverage. These include:

- the amount of the payments the insurance company will make toward your ~~credit or~~ loan
- the length of time the insurance company will make payments toward your ~~credit or~~ loan

Some certificates of insurance ~~policies~~ will include job loss insurance in addition to disability insurance. Job loss insurance may make the minimum payment if you can't work because of involuntary job loss. Involuntary job loss usually means if you were laid off~~,~~ or ~~dismissed~~ without cause~~, or if you're involved in a legal strike or walk out~~.

Learn about disability insurance to replace your income if you become unable to work.

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~~If you become injured, disabled or lose your job, credit card balance insurance may make the minimum payments on your credit card or pay a specified percentage of your monthly balance.~~

Commented [BW25]: Do not mix credit card balance insurance content into this credit or loan insurance document. Doing so will only confuse the consumer.

~~If you die or have a critical illness, the insurance company will pay off the credit card balance owing at the time of your illness or death.~~

~~Make sure you read your policy carefully and understand what is covered and what is not.~~

~~Learn more about credit card balance insurance.~~

How to make a claim

Check your certificate of insurance~~policy~~ for the steps to make a claim.

Usually, you start your claim either online or over the phone through your financial institution or insurance company. You will likely be asked to complete claims forms and you may be required to provide more information~~ and take a medical exam~~.

Most certificates of insurance~~policies~~ require that claims are made within a certain timeframe, usually ranging from 90 days to a year from the date on which the injury, disability, or critical illness was diagnosed or which death occurred, depending on the type of claim you're making. You'll find information about the timeframe to make your claim in your certificate of insurance~~policy~~. It's important that you begin your claim during this timeframe or your claim might be denied~~clined and you will not be paid any insurance benefits~~.

Commented [BW26]: The consumer is not paid the insurance benefits. The insurer pays the benefits to the financial institution to be applied against the insured loan or debt.

Keep in mind that even if your claim is accepted, you will not be refunded the premiums you've already paid.

Commented [BW27]: While true, this statement could potentially confuse consumers and raise false expectations in their minds. Insurers generally do not refund premiums for any type of insurance when a claim is paid.

Find out more information about making an insurance claim.

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Cancelling credit or~~and~~ loan insurance

You can cancel credit or~~and~~ loan insurance at any time. Check your certificate of insurance~~policy~~ for the steps to take.

Usually you need to contact the insurance company. Keep in mind that the insurance company is often a different company than the financial institution or other credit issuer through which ~~where~~ you signed up for the credit or loan insurance.

Financial institutions offer a "free look period" or "review period" for credit or loan insurance, which is usually a 30 day period after your coverage starts (except in Quebec where the review period may be shorter). This period provides you with the opportunity to consider the purchase in light of your financial needs and circumstances.

During the review period, you can cancel the credit or loan insurance and get a full refund of any premiums you've paid to that point. After 30 days, your financial institution will continue to charge you an insurance premium and the premiums will not be refunded if you decide to cancel at a later date.
~~Some financial institutions offer trial periods for credit card balance insurance. When your coverage starts, there's usually a 30-day trial period. During this time, you can cancel the policy and get a refund for any premiums you have paid. If you don't want credit or loan insurance you are responsible for cancelling it. After 30 days, your financial institution will start charging you the premiums every month.~~

Commented [BW29]: The offering of a review period should apply to all financial institutions as doing so is required under provincial insurance legislation in most provinces; and under CLHIA Guideline G7: Creditor's Group Insurance.

[Find out more information about cancelling your insurance.]

Commented [BW30]: Will the content at this link be shared with industry Associations for review and feedback?

Making a complaint about credit or loan insurance

Distributors of credit or loan insurance~~Federally regulated financial institutions~~, such as~~-~~ banks, can't charge you for credit or loan~~card balance~~ insurance if you don't clearly agree to sign up and be enrolled in it~~it~~.

If you notice a debit related to an insurance premium payment ~~credit card balance insurance charge~~ on your ~~credit card~~ bank statement~~,~~ but you don't recall agreeing to ~~didn't~~ sign up for it, contact the financial institution that issued your bank statement~~that issued your credit card~~.

Find out the steps to make a complaint.

[Make a complaint about your insurance provider.]

Related links

- [Credit card balance insurance]
- [Getting an insurance policy]

Commented [BW31]: Will the content at this link be shared with industry Associations for review and feedback?

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This opening assertion does not take into account the legal and regulatory restrictions which FRFIs face in distributing insurance products to consumers. Banks are only permitted to promote Authorized Insurance Products; they are not permitted to conduct insurance needs assessments with consumers, nor can they refer consumers to licensed insurance agents or insurance companies who would be able to provide other types of insurance products. The tone of this opening assertion may mislead consumers into thinking that banks have the ability to offer other types of insurance products (such as term life insurance or individual disability insurance) or have the ability to conduct an insurance needs analysis with consumers but choose not to do so, when that is not the case.

This opening statement may also deter consumers from even considering creditor insurance altogether, including those consumers who may not be eligible for other types of insurance coverage. There are many factors which a consumer should consider in deciding upon the insurance option that best meets their needs. For example, some consumers with health complications would be declined for individual insurance coverage but may be accepted under a creditor's group insurance policy. Consumers should be encouraged to review their options and should be given guidance on how to equip themselves to make an informed decision.

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