

What is Credit Card Insurance?

Credit Card Insurance, sometimes known as balance protection insurance, pays out your outstanding balance (subject to any limits in the policy) or makes monthly payments on your behalf to your credit card issuer if your income is interrupted by unforeseen events.

What are the benefits of Credit Card Insurance?

Credit Card Insurance can reduce the burden of making payments to your credit card issuer and help protect your good credit rating, should your income be interrupted by unplanned circumstances such as job loss, disability, critical illness, or death.

What does Credit Card Insurance Cover?

The specific range of benefits provided by this insurance will vary with the financial institution that issued your credit card, but benefits generally include coverage for disability, critical illness, job loss and accidental death and/or dismemberment. There are also plans tailored for specific client segments (e.g. students and spouses of the primary insured cardholder). The benefit amount also varies by credit card, with some paying the minimum monthly payments on your credit card if you lose your job or are disabled, and paying out the entire credit card balance if you are diagnosed with a critical illness, are dismembered or die.



Is Credit Card Insurance Worth It?

If you already have enough term life insurance, disability insurance, job loss insurance, critical illness insurance, and rainy day funds in place, you may not need Credit Card Insurance. However, if you

wouldn't have enough money to continue making your minimum monthly payments on your credit card if your income was reduced or interrupted by unforeseen circumstances, Credit Card Insurance is something you should consider.



How much does Credit Card Insurance Cost?

The premium you pay for this type of insurance is based on how much you owe on your credit card, and the type of coverage you have. There is usually a maximum limit on the amount of debt that can be covered (in many cases, a maximum of \$25,000). Typically, the monthly cost for this type of insurance is about 99 cents (plus taxes) per \$100 of your average daily credit card balance; or 59 cents per \$100 of your average daily credit card balance if you're 66 years of age or older.

All types of credit protection insurance coverage, including Credit Card Insurance, are provided under a group policy rather than being individually underwritten. This means that more Canadians can be insured at economical standard group rates.