

Credit Score – Guiding Principles

Over the past few months, there has been a great deal of debate about the use of credit scores for insurance purposes in the media. Different companies also seem to interpret and apply the regulations governing credit scores in various ways.

The following statements and guiding principles will help staff and agents of The Co-operators smoothly implement the use of credit score for home insurance.

- Credit score is one of the most predictive indicators of future claims for property and casualty insurance. As such, it is a logical rating factor for home insurance.
- The use of credit score for insurance purposes is non-discriminatory. Research shows no significant links to age, income or other demographic factors. Credit score is simply a reflection of a person's level of responsibility and behaviour when it comes to managing their financial obligations.
- The Co-operators will follow all laws and regulations governing the use of credit score for insurance. Specifically, we will not use credit score to deny quotes or cancel/deny coverage. In addition, we will not use credit score to underwrite, rate or cancel coverage in a product line or jurisdiction where this is prohibited.
- In all situations where credit score will be used for rating, The Co-operators will obtain consent from clients and prospects. If a client chooses not to provide consent to check their credit score, we will honour their request; however, we may not be able to provide the most competitive rate (or premium).
- On the issue of credit scores and insurance, The Co-operators will be open and transparent with all stakeholders – clients, staff, agents, member owners and the media. Just as we have taken the time to study and understand credit score, we will help educate all interested parties.
- The Co-operators believes that the use of credit score for insurance purposes is an appropriate and ethical practice under appropriate regulations and enforcement. We will encourage regulators to continue – and even expand – the use of credit scores under clear regulations that create a level playing field for all insurers.
- The Co-operators will encourage industry associations to engage in an open and constructive dialogue with regulators and the media to foster better understanding of this issue. We will also encourage our fellow insurers to foster public trust by following both the letter and spirit of all related laws and regulations.