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Issue No. 18 – May 2011

## BULLETIN

### TO ALL PROPERTY AND CASUALTY INSURANCE COMPANIES, AGENTS AND BROKERS

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#### CREDIT INFORMATION PROHIBITED IN PERSONAL PROPERTY INSURANCE AND PRIVATE PASSENGER AUTOMOBILE INSURANCE


Pursuant to the provisions of the *Insurance Companies Act* insurance companies are prohibited from using credit information

- (i) to decline to issue, terminate or refuse to issue a contract of personal insurance or a contract of automobile insurance for a private passenger vehicle, or refuse to provide or continue a coverage or an endorsement with respect to these contracts; and
- (ii) in its risk classification system for personal insurance or automobile insurance for private passenger vehicles.

The prohibition for personal insurance came into effect on May 2, 2011. A copy of Newfoundland and Labrador Regulation 46/11 is attached.

The prohibition for automobile insurance for private passenger vehicles comes into effect on June 1, 2011. Copies of Ministerial approvals of credit information being added as a prohibited ground and a prohibited element are attached.

Please direct any questions you may have to Superintendent of Insurance at (709) 729-4909.

  
Douglas J. Connolly, C.G.A.  
Superintendent of Insurance

Att. (5 pages)

**This is an official version.**

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**Important Information**

(Includes details about the availability of printed and electronic versions of the Statutes.)

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**NEWFOUNDLAND AND LABRADOR  
REGULATION 46/11**

*Insurance Prohibited Underwriting Regulations*  
under the  
*Insurance Companies Act*  
(O.C. 2011-126)

*(Filed May 10, 2011)*

Under the authority of section 107 of the *Insurance Companies Act*, the Lieutenant-Governor in Council makes the following regulations.

Dated at St. John's, May 2, 2011.

Robert Thompson  
Clerk of the Executive Council

**REGULATIONS**

*Analysis*

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**Short title**

1. These regulations may be cited as the *Insurance Prohibited Underwriting Regulations*.

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**Definitions**

2. In these regulations

- (a) "Act" means the *Insurance Companies Act*;
- (b) "credit information" means information about a person's creditworthiness, and includes
  - (i) a person's credit score,
  - (ii) a person's credit based insurance score,
  - (iii) a person's credit rating, and
  - (iv) information about or derived in whole or in part from a person's
    - (A) occupation,
    - (B) previous places of residence,
    - (C) number of dependents,
    - (D) educational or professional qualifications,
    - (E) current or previous places of employment,
    - (F) estimated income,
    - (G) outstanding debt obligations,
    - (H) past debt payment history,
    - (I) cost of living obligations, or
    - (J) assets; and
- (c) "personal insurance" means a contract of
  - (i) fire insurance,
  - (ii) property insurance, or
  - (iii) both fire insurance and property insurance,

the premiums for which would be reported as "Property-Personal" in the Provincial and Territorial Exhibit of Premiums Written in the Annual Return P&C-1 or P&C-2 or that would be reported as "Property-Personal" in those exhibits where the insurance company is not required to use the Annual Return P&C-1 or P&C-2, but which is not considered to be a class of insurance for the purpose of the Act.

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### **Prohibited use of credit information**

3. For the purpose of section 95.2 of the Act, an insurer shall not use credit information to decline to issue, terminate or refuse to renew a contract of personal insurance or refuse to provide or continue coverage or an endorsement with respect to that contract.

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### **Prohibited use of credit information, risk classification system**

4. For the purpose of section 95.3 of the Act, an insurer shall not use credit information in its personal insurance risk classification system.

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#### **Minister's determination**

5. Where a question arises as to whether a contract of fire insurance or a contract of property insurance is personal insurance, the minister may determine the question and that determination is final and effective for the purpose of this regulation.

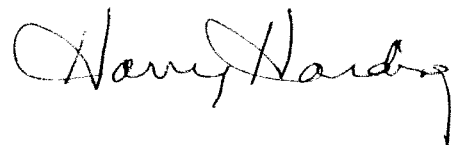
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**PROHIBITED GROUND**

**under the**

**AUTOMOBILE INSURANCE PROHIBITED UNDERWRITING REGULATIONS**

1. Pursuant to paragraph 3. (1) (c) of the *Automobile Insurance Prohibited Underwriting Regulations*, I hereby approve **credit information** as a prohibited ground for private passenger automobiles with effect from June 1, 2011.
2. For the purposes of section 1,
  - (a) "credit information" means information about a person's creditworthiness, and includes
    - (i) a person's credit score,
    - (ii) a person's credit based insurance score,
    - (iii) a person's credit rating, and
    - (iv) information about or derived in whole or in part from a person's
      - (A) occupation,
      - (B) previous places of residence,
      - (C) number of dependents,
      - (D) educational or professional qualifications,
      - (E) current or previous places of employment,
      - (F) estimated income,
      - (G) outstanding debt obligations,
      - (H) past debt payment history,
      - (I) cost of living obligations, or
      - (J) assets: and
  - (b) "private passenger automobile" refers to vehicles used for the purposes listed under the heading "Type of Use-Private Passenger" in the automobile insurance statistical plan prepared under section 82 of the *Insurance Companies Act*.



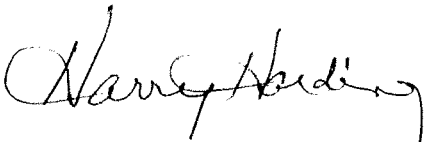
Harry Harding, MHA  
Minister of Government Services

**PROHIBITED ELEMENT**

**under the**

**AUTOMOBILE INSURANCE PROHIBITED UNDERWRITING REGULATIONS**

1. Pursuant to paragraph 4. (1) (f) of the *Automobile Insurance Prohibited Underwriting Regulations*, I hereby approve **credit information** as a prohibited element in an insurer's risk classification system for private passenger automobiles with effect from June 1, 2011.
2. For the purposes of section 1,
  - (a) "credit information" means information about a person's creditworthiness, and includes
    - (i) a person's credit score,
    - (ii) a person's credit based insurance score,
    - (iii) a person's credit rating, and
    - (iv) information about or derived in whole or in part from a person's
      - (A) occupation,
      - (B) previous places of residence,
      - (C) number of dependents,
      - (D) educational or professional qualifications,
      - (E) current or previous places of employment,
      - (F) estimated income,
      - (G) outstanding debt obligations,
      - (H) past debt payment history,
      - (I) cost of living obligations, or
      - (J) assets: and
  - (b) "private passenger automobile" refers to vehicles used for the purposes listed under the heading "Type of Use-Private Passenger" in the automobile insurance statistical plan prepared under section 82 of the *Insurance Companies Act*.



Harry Harding, MHA  
Minister of Government Services