



Credit Balance Insurance

Find out what credit balance insurance is, including:

- How you are protected
- What it costs
- How to make a claim



What Is Credit Balance Insurance?

Credit balance insurance is a form of insurance for your credit card that can protect you against unexpected events such as a serious injury, disability, accidental death or job loss.

To qualify for credit balance insurance, you must be 70 years of age or under. However, you may still qualify for limited coverage if you are over 70.

How Credit Balance Insurance Protects You

If you become injured, disabled or lose your job and have trouble paying your credit card bill, the insurance company will make the minimum payments on your credit card for you. This can help you keep a good credit rating while you are unable to make your payments. The following terms and conditions usually apply:

- The insurance company will make your **minimum payment** until you return to work (in some cases for a limited time period of up to 24 months) or until a maximum benefit is reached (usually between \$5,000 and \$20,000) – whichever comes first.
- At the time of your injury, disability or job loss, you must have been permanently employed for a minimum number of hours a week (usually at least 20).
- Your account must be in good standing.

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, so that your family members do not have to pay. The following terms and conditions usually apply:

- The insurance company will pay off your credit card debt up to a maximum amount (usually between \$5,000 and \$20,000).
- Coverage is usually limited to critical illnesses such as cancer, multiple sclerosis, paralysis, muscular dystrophy and other serious conditions.
- You must not have had a pre-existing condition before you applied for the insurance coverage.

The complete list of injuries or illnesses covered by the insurance and the terms and conditions of coverage will be included in your credit balance insurance contract or certificate.

Do You Need Credit Balance Insurance?

Credit balance insurance is usually more expensive than regular forms of disability or life insurance. It might not be appropriate for you if:

- you are covered by another life insurance plan that will help pay off your debts in case of death or a disability (for example, through your employer);
- you think you will have enough income from other sources (for example, from rental property, accumulated savings, or investments) to make your minimum credit card payments if you fall ill or lose your job.

The Cost of Credit Balance Insurance

Like other forms of insurance, you must pay a monthly fee, called a “premium”. This premium varies from issuer to issuer (from \$0.69 to \$1.49 for each \$100 of outstanding balance on your credit card). It is charged directly to your credit card every month. To find out exactly how much your credit card issuer charges for coverage, see the comparison table in this booklet.

The premium will change each month depending on your outstanding balance: the lower the balance, the lower the premium. If you carry a large balance from

month to month on your credit card, the credit balance insurance premiums can quickly add up. The example provided below shows how the premium is calculated for different outstanding balances and how much it is per year, assuming your monthly balance remains the same.

Example: How Much Credit Balance Insurance Costs

Previous Month's Outstanding Balance (\$)	Monthly Premium ¹ (previous month's outstanding balance ÷ \$100 x \$0.95) (\$)	Approximate Yearly Cost ² (monthly premium x 12 months) (\$)
—	0.00	0.00
100	0.95	11.38
500	4.74	56.88
1,000	9.48	113.75
2,500	23.70	284.38
5,000	47.40	568.75
10,000	94.79	1,137.50

¹ Based on a June 2005 industry average of \$0.95 per \$100 of outstanding balance.
² Assuming your monthly balance remains the same.

If you are close to the limit on your credit card, you should be very careful – the monthly premium charge for your credit balance insurance may put you over your credit limit. If this happens, your credit card issuer may charge you an “over-the-limit” fee. To find out if your credit card issuer charges this fee, see the following comparison tables included in this kit: *Service Fees on Visa, MasterCard and American Express Credit Card Transactions* and *Service Fees on Retail Credit Card Transactions*.

How to Make a Claim

If you die, fall critically ill, lose your job or have an accident, you (or someone acting on your behalf) must notify the insurance company right away. The insurance company will then ask you or your representative to complete a “claim” form, usually within 90 days of the death, involuntary job loss or health diagnosis.

Before filing a claim, you or your representative should read the insurance contract or certificate carefully to make sure that all the necessary information to support the claim is available. In most cases, proof of your death, injury, disability or involuntary unemployment must be provided in the form of an autopsy report, or a letter from your doctor or former employer. Although a medical examination is not necessary when you apply for credit balance insurance, an insurance company may request that you undergo a medical exam by a doctor of its choice before it pays out any benefits.

Benefits normally begin 30 calendar days after disability or loss of employment.

How to Get Credit Balance Insurance

You can obtain credit balance insurance through your credit card issuer when you sign up for a new credit card. You can also ask your credit card issuer to start the insurance coverage on your existing card at any time.

When coverage starts, there is usually a 30-day “risk-free” trial period, during which time you can cancel the policy and obtain a refund of any premiums you have paid. You may cancel your credit balance insurance at any time by contacting your credit card issuer.

Credit balance insurance is optional and is not a condition for obtaining a credit card.

Tips Before Applying for Credit Balance Insurance

Before signing up for credit balance insurance, make sure you understand the cost per \$100 of outstanding balance, the age required to qualify for benefits and the maximum amount that the insurance company will pay. Also, ask your credit card issuer (or check your insurance agreement within 30 days of obtaining coverage) to find out:

- what the insurance covers;
- what the conditions are for obtaining benefits;
- what illnesses or disabilities are covered by the insurance;
- whether or not your spouse or the supplementary cardholder is covered;
- when and how benefits are paid;
- what the maximum period of time is for which benefits are paid.

Credit Balance Insurance

Credit Card Issuer ¹	Name of Insurance Plan	Monthly Premium ² (per \$100 of outstanding balance)	Age to Qualify ³	Maximum Benefit
Alterna Bank	Payment Protection Plan	\$0.99	Under 70	\$15,000
Alterna Savings	Payment Protection Plan	\$0.99	Under 70	\$15,000
Amex Bank of Canada	Balance Payment Insurance	\$0.89	Under 66	\$10,000
BMO Bank of Montreal	Balance Insurance (critical illness)	\$0.94	Under 65	\$10,000
Canadian Tire	Credit Protector (<i>Options MasterCard</i>)	\$0.99	Under 66	\$10,000
	Charge Gard (<i>retail card</i>)	\$0.99	Under 66	\$5,000
Capital One Bank	Account Balance Coverage (Gold & secured card)	\$0.94	Under 70	\$10,000
	Account Balance Coverage (Platinum card)	\$0.75	Under 70	\$10,000
CIBC	Payment Protector	\$0.89	Under 65	\$10,000
Citibank Canada	Credit Shield	\$0.89	Under 65	\$10,000
Citizens Bank of Canada	Balance Protection Plan	\$0.83	Under 70	\$15,000
Desjardins	Credit Balance Insurance	\$0.75	Under 65	\$30,000
HBC	AccountGard Protection	\$1.49	Under 70	Unlimited
Irving Oil	Credit Balance Insurance	\$0.89	Under 66	\$5,000
Laurentian Bank	Assurpayment	\$0.82	Under 65	\$15,000
MBNA Canada Bank	Payment Protection Plan	\$0.99	Under 70	\$15,000
National Bank	Balance Insurance	\$0.99	Under 65	\$50,000
President's Choice Bank	Balance Protection	\$0.99	Under 65	\$15,000
Royal Bank	Balance Protector	\$0.89 ⁴	Under 65	\$15,000
Scotiabank	Balance Insurance	\$0.75	Under 65	\$20,000
Sears Canada	Credit Protection Plan	\$1.29	Under 70	\$10,000
TD Canada Trust	Balance Protection	\$0.69	Under 65	\$10,000
Vancity Credit Union	Balance Protection Plan	\$0.83	Under 70	\$15,000

¹ Diners' Club International, Home Trust, HSBC and Peoples Trust do not offer credit balance insurance.

² For joint or supplementary coverage (for example, for a spouse), the premium could be higher. Check your insurance certificate for the terms and conditions of your coverage.

³ You may still qualify for death, accidental death or dismemberment benefits if you are older than the age indicated. Check your insurance certificate or ask your credit card issuer.

⁴ Monthly premium based on "per \$100 of average daily balance" calculated at statement date.



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