

If your credit score goes up, your insurance may go down— check with your insurance agent

Did you know that your credit score can affect your insurance rates?

It's true. In Connecticut, the law protects consumers. If your credit score improves, insurers can use that new score to offer you lower home and automobile insurance rates. A number of factors can improve your credit score. Chief among these is establishing a new pattern of responsible credit usage and bill payment. If you had credit trouble in the past but have, over an extended period, paid bills in a timely fashion, paid down consumer debt or reduced credit-card debt, your credit score may have improved. Many young applicants do not receive the best rates because of insufficient credit history. If you have recently opened a credit account, managed a credit card, or obtained a history of timely student loan payments, your overall credit picture may be improved. Other life events can improve your credit score, such as getting married and properly managing a mortgage.

If you think that your credit score may have improved, check with your insurance agent to see if you can receive the rates you deserve.

What is on my credit report and where does it come from?

In general, your report includes your name, address, employers, and credit history information about your credit as it has date opened, credit limit, current amount, balance, and payment pattern. It also includes past delinquencies and information on your credit score. The report is compiled by a credit bureau, which is a company to whom you may have applied for credit.

How can I raise my credit score?

Your credit score plays an important role when you apply for credit. It would be a good idea to know what is on your credit report before applying for credit. If you are unsure of this, we recommend you check your credit report annually.

What is a credit score?

A credit score is a report that is the foundation for another report—the insurance score—which insurers use to help them during the underwriting process in determining whether or not to provide you with insurance coverage. An insurance score is developed using elements of your credit history. However, it is not stored as part of your credit history. Typically, it is generated at the time a request for a credit report is made. Therefore, your credit score and your financial score change as the elements in your credit report change.

What is an insurance score and how does it affect my insurance purposes?

An insurance score is a number insurers use in developing the premium and it also is used to help them during the underwriting process. Many insurers will use the score as one of their rating variables. The better score you have, the better rates you could possibly have. Also, many insurers decide whether or not you are eligible for their insurance based upon your rating in combination with your driving history. A general rule of thumb is the higher the score, the better the score. A poor credit score (which could be indicative of previous payment issues) with a poor driving record could determine whether or not an insurer will provide you with insurance coverage.

How can I raise my score?

While you can improve your future score, it is unlikely that any single action you take will have a large impact on your score immediately.

That is because your score reflects credit patterns over time. There are things you can do now to improve your score in the future, such as:

- pay your bills on time—delinquent payments and collections can have a major negative impact on your score; and
- apply for new credit sparingly.



Your Professional Insurance Agent ... We want you to know about the insurance you're buying.

There is no single action that will raise your score. Each time a credit score is calculated, specific reasons are delivered along with the score. If you have received your score, you can ask for the reasons that came back with your score. These reasons, listed in order of importance, represent why your score was not higher. Addressing these reasons will most likely result in an improvement in your score.

How long is credit information kept?

Payment in full does not remove your payment history. The length of time information remains on your credit file is:

- credit and collection accounts—seven years from the date of last activity;
- courthouse records (judgments, liens and bankruptcies)—seven years from the date filed; Chapters 7 and 11 remain on file for 10 years from date filed;
- satisfied judgments—five years from date filed; and
- paid collections—five years from the date of last activity with original creditor.

What if the credit report has errors?

If an error is detected on your credit report, you should call all three credit bureaus of the error. The bureaus must re-investigate the disputed item. The three national credit bureaus are:

- Equifax—(800) 685-1200;
- TransUnion—(800) 685-1200; and
- Experian—(800) 421-3742.

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