1. **What is a credit-based insurance score?**

A credit-based insurance score, also known simply as an insurance score, is a snapshot of a consumer’s insurance risk picture at a particular point in time based on credit report information. Insurers use insurance scores along with motor vehicle records, loss history reports and/or application information to evaluate new and renewal auto and homeowner insurance policies. It helps them decide, “If we accept this applicant or renew this policy, will we likely be exposed to more losses than our collected premiums will allow us to handle?”

Insurance scores are based solely on information in consumer credit reports. The scores are dynamic, changing as new information is added to a consumer’s credit report. Insurers will typically ask for a current score when they receive a new application for insurance, or prepare to renew an existing policy, so they have the most recent information available.

2. **Where do insurance scores come from?**

FICO® Credit-Based Insurance Scores are calculated for insurers by the three major credit reporting agencies: Equifax, Experian and TransUnion, using FICO’s scoring formula. These scores are based on information provided by the consumer reporting agencies. Information from these consumer credit reports used in scoring in most states includes:

- Late payments, collections, bankruptcies
- New applications for credit
- Length of credit history
- Types of credit in use
- Outstanding debt

3. **What’s not included in an insurance score?**

FICO® Credit-Based Insurance Scores do not consider the following information:

- Ethnic group
- Age
- Nationality
- Gender
- Religion
- Marital Status
- Familial Status
- Income
- Handicap
- Address
- Medical Collections
- Occupation/Employment

4. **Why do insurance companies use FICO® Credit-Based Insurance Scores?**

Insurance companies use insurance scores to help them issue new and renewal insurance policies. Insurance scores provide an objective, accurate and consistent tool that insurers use with other applicant information to better anticipate claims, while streamlining the decision process so they can issue policies more efficiently. By better anticipating claims, insurers can better control risk, enabling them to offer insurance coverage to more consumers at a fairer cost.

5. **How do you know it works?**

Independent tests by government regulators, universities, actuarial consulting firms and insurance companies have consistently demonstrated that insurance scores very effectively predict the likelihood of claims.

6. **How can I find out my score?**

While you can get copies of your credit reports from credit reporting agencies, currently only insurance companies can obtain FICO® Credit-Based Insurance Scores. However, your insurance company or your agent can tell you the main factors behind your score.

Keep in mind that your score is one of many pieces of information an underwriter uses to review an application or a policy. Factors like motor vehicle reports and application information also impact the insurer’s decision to issue or renew a policy. Also, remember that the score changes as new information is added to your credit report.
7. How can I improve my score?
An insurance score is a snapshot of your insurance risk picture based on information in your credit report, with more emphasis on recent information. Your credit report reflects your credit payment patterns over time. To improve a score, you should:

- **Pay bills on time.** Delinquent payments and non-medical collections can have a major negative impact on a score.
- **Keep balances low on unsecured revolving debt like credit cards.** High outstanding debt can affect a score.
- **Apply for and open new credit accounts only as needed.**

You can increase your score over time by using credit responsibly. It’s also a good idea to periodically obtain a copy of your credit reports (www.annualcreditreport.com) from the three major credit reporting agencies to check for any inaccuracies.

8. What if I’m turned down for insurance or my rate is increased?
If consumer credit information played a role in an insurer’s decision to decline your insurance policy or increase your rate, the federal Fair Credit Reporting Act (FCRA) requires that the insurer tell you, and give you the name of the credit reporting agency that provided the information. In these situations, you are entitled by law to receive a free copy of your credit report to review, in order to help you understand how to better manage your credit or to challenge any errors that might appear on your report.

9. What if the information in my credit report is wrong?
If you find errors in your credit report, you should report the errors to the credit reporting agency. By law, the credit reporting agency must investigate and respond to your request within 30 days. If you are in the process of applying for an insurance policy, you should immediately notify your insurance company or agent about any incorrect information in your report. Small errors may have little or no effect on the score. If there are significant errors, the insurance company may choose to disregard the score and rely more on other underwriting information to make a decision on your application.