

For further information contact:
Professional Insurance Agents of Wisconsin
6401 Odana Road
Madison, WI 53179
ATTN: Ron Von Haden
Phone: (800) 261-7429
www.piaaw.org

FOR IMMEDIATE RELEASE

Your Credit Rating Can Affect Insurance Coverage

The Professional Insurance Agents of Wisconsin Offer the Following information About How Credit Information Can Affect Insurance Premiums

MADISON, Wisconsin (September 1, 2005) – An increasing number of personal, auto and homeowners insurance companies are using consumer credit information as a key factor in determining insurance premiums and to issue, renew or decline insurance policies. But why should your credit score matter to your insurance company?

Your credit score is based on a number of things, such as payment history and the amount of debt you carry. Insurance companies use it as an indicator of how likely you are to make on-time payments. Also, consumers with a good credit rating are likely to have fewer, less costly claims and as a result, are viewed as better risks by insurance companies. Consumers who are less fiscally responsible have more claims that cost more and as a result, may pay more for insurance.

“The Fair Credit Reporting Act allows insurance companies to access credit information without permission from the consumer because they are requesting an insurance quote,” says Ron Von Haden, Executive Vice President of the Professional Insurance Agents of Wisconsin (PIAW). “Although this is a federal law, insurance companies must also comply with state insurance laws in how they apply this credit information.”

“In Wisconsin, state law prohibits insurance companies from using credit information as the *sole* factor in declining coverage or not renewing a policy,” states Von Haden. “However, it’s

- more -

important for consumers to be aware that their credit status can affect their insurance coverage.”

Here are some tips to help Wisconsin consumers understand how credit scoring can affect their insurance coverage:

- Insurance companies use credit information such as bankruptcy, collections, foreclosures, payment history, length of credit history, home ownership, number of credit applications, number of open credit lines, types of credit in use and outstanding debt.
- Insurance companies must advise consumers if their credit rating has adversely affected insurance coverage, including rate increases, policy cancellations or denial of coverage. In addition, consumers must be informed which national credit bureau supplied the adverse information.
- Obtain annual credit reports from all three credit bureaus to ensure there are no errors or if there are, they can be caught before they become big problems. Credit reports can be obtained annually for a modest fee. The three national credit bureaus are Equifax (www.credit.equifax.com), Experian (www.experian.com) and TransUnion (www.transunion.com).
- Educate yourself about the use of credit information. Ask your agent or insurance company if they have educational materials about their use of credit information. Contact the Federal Trade Commission for their consumer brochures on credit by calling 1-877-382-4357 or via the web at www.ftc.gov. Contact Wisconsin’s Office of the Commissioner of Insurance at 1-800-236-8517 or via the web at www.oci.wi.gov.

For more information about credit scoring, to request a brochure on credit scoring or to locate a PIA member near you, look for the PIA logo or go to www.PIAW.org.

#