

Why does my insurance company use my credit to determine my premium?

The industry agrees that statistical evidence has convinced the insurance industry that a person's propensity to take risks in meeting financial obligations has a powerful correlation to expected insurance losses. For example, those individuals with the worst insurance scores are 55% more likely to have a collision claim than individuals with the best scores. Individuals with the worst insurance scores are 70% more likely to have a comprehensive claim than individuals with the best scores.

I would also tell you there is the difference between an Insurance Score and a Credit Score.

A credit based insurance score is used to evaluate and predict expected insurance losses.

Also, credit is used as a rating factor in auto insurance. The better a person's credit history, the lower the premium charged.

But Homeowners uses credit when determining eligibility. The insurance score (which credit is a factor) influences price (premium).

Call us to find out what you need to know and how to have the best insurance credit score possible.