

and a mailing address through which you can order your free annual report. To order your report, visit www.annualcreditreport.com, call 1-877-322-8228, or write to Annual Credit Report Request Services, P. O. Box 105281, Atlanta, GA 30348-5281.



You may order your reports from each of the three nationwide consumer reporting companies at the same time, or you can order your report from each of the companies one at a time. The law allows you to order one free copy of your report from each of

the nationwide consumer reporting companies every 12 months.

Who can I call if I have other questions or wish to file a complaint?

If you have any additional questions or need more information, please contact the Bureau of Insurance's Property and Casualty Consumer Services Section by phone, letter, fax, or email.

If you wish to file a complaint with the Bureau of Insurance, you may do so by letter, by fax, or you may file a complaint electronically. If you would like to file a complaint with us



electronically, please visit our website for instructions on how to file a complaint on-line. Please remember that your insurance agent or your insurance company should always be the first place you go for information pertaining to your insurance policy.



This brochure is designed to help you understand how your credit information is being used by insurance companies writing private passenger automobile and homeowners insurance in Virginia. It also explains how your credit information affects your insurance purchases and what your rights are under Virginia insurance law.



Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218

(804) 371-9185
(877) 310-6560
Fax:
(804) 371-9349

Website:
<http://www.scc.virginia.gov/boi>

E-mail:
bureauofinsurance@scc.virginia.gov

Credit Scoring

How It Affects Your Automobile and Homeowners Insurance



Prepared by

Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218



(804) 371-9185
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Website: www.scc.virginia.gov/boi
E-mail: bureauofinsurance@scc.virginia.gov

Why are credit scores used?

Many insurance companies believe that credit scores help them underwrite better. This is because insurance companies have shown that a direct relationship exists between a person's credit score and that person's likelihood to file a claim. In other words, the better the credit score, the fewer the claims filed.

What is the difference between a credit report and a credit score?

Your credit report is a detailed history of your financial behavior. It contains specific information on your payment history, outstanding debt, length of credit history, bankruptcies, foreclosures, types of credit used, and recent applications for credit. A credit score is a summary of that information shown as a single number.

How is a credit score determined?

A credit score is determined by placing numerical weights on different aspects of your credit report and applying a mathematical formula to develop the final score.

Do all insurance companies use the same score?

No. Each insurance company customizes the weights it places on the different aspects of its insureds' credit reports based on the company's loss experience. By shopping around for insurance coverage, you might find differences in companies' credit scores and their premiums.

When is the insurance company or agency required to advise me that my credit report was ordered?

This must be disclosed to you during the application process. If your insurance company uses your credit report to rate or underwrite your policy, it must advise you at the time of application that you have the right

to request that your credit report be updated (no more than once during any policy term) and that you have the right to question the accuracy of the credit information.

In addition, any time your insurance company takes an adverse action based on your credit report, it must notify you. An adverse action includes not receiving the company's most favorable rate or having the insurance coverage denied or terminated as a result of credit.

The insurance company or agency is not required to advise you that your credit report was ordered when it was used only to provide a premium quotation.

Does my insurance company need my permission to pull my credit report?

No. This is allowed by federal law.

Can my credit score affect my premium?

Some insurance companies use credit scores to determine how much premium they will charge you, or which company within their group of companies will insure you. If you have a good credit score, you may see a reduction in your insurance premiums.



What if I don't have any credit history?

If an insurance company cannot obtain sufficient credit information on you to produce a credit score, the law gives the insurance company several options:

- The insurance company can treat you in a neutral fashion as though you had an average credit score;
- The insurance company can disregard your lack of credit history and not use this as a rating or underwriting factor; or
- The insurance company can underwrite or rate you in accordance with its established rules and rates or in accordance with its underwriting criteria.

Can an insurance company refuse to issue me a policy or increase my premium if I have bad credit or if someone in my household has bad credit?

Yes, but your insurance company cannot nonrenew your policy solely on the basis of your credit report. If an insurance company takes an adverse action based in whole or in part on your credit report, the insurance company must tell you the primary characteristics that were used as the basis for the adverse action or tell you that you have the right to request this information.



Are there any factors that my insurance company cannot consider when evaluating my credit?

Certain factors may not be used when evaluating your credit information such as your income, gender, address, zip code, ethnic

group, race, color, religion, marital status, and nationality. Other factors are prohibited, too, such as information shown on your credit report as being in dispute, insurance inquiries, non-consumer initiated inquiries, and those indicated as being medical industry accounts.

What can I do to improve my credit score?

It can take time, but you can improve your score by changing the way you handle your debt and access to credit. Paying bills on time, reducing the amount of debt to the amount of credit available, limiting the number of credit cards and other lines of credit, and not applying for new ones can improve your credit score.

How can I check my credit history to be sure that it is correct?

The Fair Credit Reporting Act requires each of the nationwide reporting companies – Equifax, Experian and TransUnion – to provide you with a free copy of your credit report, at your request, once every 12 months. These three companies have set up a central website, a toll-free number,

