Insurance Credit Scoring
August 2006

Birny Birnbaum
Center for Economic Justice

The Center for Economic Justice (CEJ) is opposed to insurers use of consumer credit information for underwriting, tier placement, rating or conditioning payment plan eligibility because the practice:

- is inherently unfair;
- has a disproportionate impact on consumers in poor and minority communities;
- penalizes consumers for rational behavior and sound financial management practices;
- is an arbitrary practice; and
- undermines the basic insurance mechanism and public policy goals for insurance.

In today's presentation, I'll review the arguments that industry lobbyists have used to promote credit scoring and show that the various claims are factually incorrect. I will also show that insurers' insurance credit scoring practices and positions are profoundly anti-consumer.

Let's start with the claims made by insurers – these all come from insurer or insurer trade association publications.

Claim 1: Promotes Competition, Availability of Affordability of Insurance

Insurance scores can help make insurance more affordable.
Insurers have found that using insurance scores as a factor in the underwriting process helps them to more accurately price policies and actually write more policies. In some cases, consumers pay less for insurance. This information helps insurance companies determine a fair premium for each consumer that is related to their potential for filing a claim.

Insurance scoring can help increase the availability of insurance.
Many consumers, who might otherwise have less access to or have been denied coverage for a variety of reasons, are able to find coverage because insurance companies use credit history to underwrite policies.

Insurance scoring promotes competition

Facts:

Insurance Scoring decreases insurance availability by raising rates for those consumers for whom price increases make a difference in the ability to purchase insurance – low income consumers.

Objective measures indicate that insurance scoring has decreased competition and worsened insurance availability and affordability.

<u>Profitability:</u>
Private Passenger Automobile Loss Ratios, Countrywide

2000	71.2%
2001	72.6%
2002	67.5%
2003	62.8%
2004	58.6%
2005	60.0%

<u>Uninsured Motorists</u>
According to a recent Insurance Research Council (IRC) study, the estimated percentage of uninsured motorists increased nationally from 12.7 percent in 1999 to 14.6 percent in 2004. *Uninsured Motorists, 2006 Edition*

<u>Residual Market</u>
According to data from the Auto Insurance Plan Service Office, an organization that operates or assists in the operation of assigned risk plans across the country, the number of vehicles insured through assigned risk plans grew by about 70% from 217,200 in 2000 to 368, 831 in 2003 not including the New York assigned risk plan and 100% from 433,242 to 864,074 including New York.[1]

In addition, there is no evidence that insurers have restricted their writings in states that ban credit scoring. In California, credit scoring is not permitted for private passenger automobile insurance, yet there are many insurers offering insurance and, in 2003, the percentage of vehicles insured through the involuntary market (assigned risk plan) was 0.3% or 3 out of every 1,000 vehicles insured. In contrast, in 2003 in New York, where insurers use credit scoring, the assigned risk share of the market is 5.5% or 18 times higher than in California

[1] *Auto Insurance Report*, "Residual Market Growth Continues Despite Strong Voluntary Profit," August 29, 2005. Note, the cited AIPSO data covers 46 states.

Claim 2: Predictor of Loss

There's a strong connection between credit history and claim filing.
Independent studies have proven a 99 percent probability that there is a connection between insurance scores and the likelihood of someone filing a claim. One possible reason for this connection may be that people who are financially responsible act very responsibly in other areas of their lives. This careful behavior may lead to fewer accidents.

Insurance scores are a proven, reliable predictor of loss.
Experience has shown that policyholders with positive credit information are less likely to incur losses. The use of insurance scoring helps insurers allocate the cost of insurance more fairly and prevent people who pose less risk from subsidizing high-risk policyholders.

Facts:

Credit Scoring is a Predictor of Profitability, Not Claims

Ed Liddy of Allstate

> Tiered pricing helps us attract higher lifetime value customers who buy more products and stay with us for a longer period of time. That's Nirvana for an insurance company. That drives growth on both the top and bottom line.
>
> This year, we've expanded from 7 basic price levels to 384 potential price levels in our auto business.
>
> Tiered pricing has several very good, very positive effects on our business. It enables us to attract really high quality customers to our book of business.
>
> Make no mistake about it, the economics of insurance are driven largely by retention levels. It is a huge advantage. And our retentions are as high as they have ever been.
>
> The key, of course, is if 23% or 20% of the American public shops, some will shop every six months in order to save a buck on a six-month auto policy. That's not exactly the kind of customer that we want. So, the key is to use our drawing mechanisms and our tiered pricing to find out of that 20% or 23%, to find those that are unhappy with their current carrier, are likely to stay with us longer, likely to buy multiple products and that's where tiered pricing and a good advertising campaign comes in.

It (tiered pricing) has raised the profitability of the industry.[2]

Credit Scoring is a Proxy for Prohibited Factors: Race and Income

Credit Scoring is Part of a Trend to Rate Based on Economic Status
A recent risk classification filing in Texas provides a tier matrix based on the following factors:

- Prior insurer
- Prior liability limits
- Previous non-standard insurance
- Lapse status
- College education
- Occupation
- Age of vehicle
- Multi-car policy
- Years with current employer
- Home ownership
- Not-at-fault accidents
- Credit score

Insurance scores are a proven, reliable predictor of loss.
Experience has shown that policyholders with positive credit information are less likely to incur losses. The use of insurance scoring helps insurers allocate the cost of insurance more fairly and prevent people who pose less risk from subsidizing high-risk policyholders.

Correlation is Not Causation

Credit Scoring a Proxy for Other Factors: Income, Race, Miles Driven

<u>Claim 3: Most Consumers Benefit</u>

Most people benefit from insurance scoring.
Most people have good credit and can benefit from insurance scoring. It can help consumers qualify for lower insurance rates and in some cases, even offset a less than perfect driving record.

---

[2] Partial Transcript of Presentation to Edward M. Liddy, Chairman and CEO, The Allstate Corporation
Twenty-First Annual Strategic Decisions Conference, Sanford C. Bernstein & Co., June 2, 2005.

Most consumers pay less because of insurance scoring.
An NAII member company found that insurance scoring helps it offer lower premiums to nearly 70 percent of its policyholders. Insurance scores enable insurers to price products with greater accuracy, and with every customer paying according to his or her potential for loss.

Facts:

Credit Scoring Hurts All Consumers
There are two basic public policy purposes of insurance. The first is to provide individuals, businesses and communities with a financial security tool to avoid financial ruin in the event of a catastrophic event, whether that event is a traffic accident, a fire or a hurricane. The is essential financial security tool is accomplished by the spreading of risk over a large number of consumers and business and is typically performed by insurers accepting the transfer of risk from individuals and by spreading the individual risks through the pooling of very large numbers of individual risks. The pool or risks is diversified over many types of perils and many geographic locations.
The second essential purpose of insurance is to promote loss prevention. Insurance is the fundamental tool for providing economic incentives for less risky behavior and economic disincentives for more risky behavior. The insurance system is not just about paying claims; it is about reducing the loss of life and property from preventable events. Historically, insurers were at the forefront of loss prevention and loss mitigation. At one point, fire was a major cause of loss – no more, in large part due to the actions of insurers in the 20th century.

Credit scoring hurts all consumers by undermining the both goals of insurance. It hurts the goal of providing an essential financial security tool by making insurance less affordable and available to the consumers most in need of the tool. It undermines the loss prevention role of insurance by removing the ability of insurance rating to provide economic incentives for less risky behavior and economic disincentives for more risky behavior.

Good Credit Histories Don't Equate to Good Credit Scores
Credit scoring is inherently unfair because a good credit history does not equal a good credit score or favorable insurance treatment. This occurs because insurance credit scores are based not just on bankruptcies and delinquencies, but also on other factors unrelated to credit management. For example, credit scores are often based on the type of credit (consumer finance loans are less favorable than bank loans), the number of credit cards (there is a magic number that is optimal, even if the consumer only uses the retail store cards once to get the first time 10% purchase discount), length of time credit has been established (which is another way of charging younger people more), length of time since last account opened (which penalizes families that have just moved or refinanced their mortgage) and the number of inquiries (which penalizes consumers who shop around for the best rate – behavior that should be rewarded and not punished with

higher insurance rates.) While the insurance industry offers a rationale for each of these factors, the fact is that credit scoring casts too wide a net and penalizes people engaged in behavior we would all consider good financial management.

Over the course of the 1990's consumer debt grew dramatically as lenders made credit more easily available to many consumers. The number of credit card solicitations grew from 1 billion to 5 billion annually. Lenders moved to low- or no-down payment mortgages. Although lenders are certainly free to make business decisions about loaning money, consumers should not be penalized with higher homeowners or auto insurance premiums because of those decisions.

To illustrate the problem, Fannie Mae recently began requiring a 10% down payment for 30 year mortgages on manufactured homes. Previously, consumers could get a loan with no money down. In defending the proposal, Deborah Tretler, vice president of single family homes for Fannie Mae, stated, "We don't serve borrowers well when it is easy for a borrower to get into a home under very flexible terms, only to have them lose their home, their credit ruined and their homeownership dreams turned into a nightmare."[3]

It is not only lenders' <u>lending</u> decisions that make insurance scoring unfair, it is also lenders' <u>reporting</u> decisions to credit bureaus. In some cases, lenders report only partial information about loans to credit bureaus. For example, some major credit card vendors do not report card limits, to prevent competitors from learning about their customers. But by failing to report credit limits, the credit scoring models often use the current balance as the limit – with the result that the consumer appears to be maxing out his or her credit line. Which, in turn, lowers the insurance score.

In another example, Sallie Mae, the nation's largest lender for student loans with millions and millions of borrowers, has decided to report loan information to only one of the three major credit bureaus – again, to protect its customer list. If a consumer who has a good student loan payment history seeks auto insurance and the insurer happens to use a credit bureau that Sallie Mae has <u>not</u> reported to, the consumer gets a lower score than he or she should because a lack of information penalizes a consumer in an insurance score.

Every Consumer Organization and Most Agent Groups Want Credit Scoring Banned

> The National Association of State Farm Agents, Inc. (NASFA) hereby resolves that we are opposed to any insurance company using credit scoring for the purpose of property and casualty underwriting and rating. We believe credit scoring is part of a marketing scheme designed to curtail market share, avoid rate regulation and it improperly emphasizes credit as an underwriting characteristic without sufficient demonstration of its reliability for underwriting purposes.

---

3 "Mortgage regulations could stop some would-be homeowners," by Genaro C. Armas of the Associated Press in the September 12, 2003 issue of the *Austin American-Statesman*.

> There is tremendous opportunity to mischaracterize potential insurers and inadvertently or intentionally illegally discriminate. We further support legislation to prohibit credit scoring for the purpose of property and casualty underwriting and rating.

The National Association of Professional State Farm Agents and The United Farmers Agents Association and other agents' groups oppose insurers' use of credit scoring. Every consumer organization opposes insurance credit scoring – Consumer Federation of American, U.S. Public Interest Research Group, state PIRGs, Consumers Union, AARP and many more. Consumers Union recently wrote:

> Even though insurance companies cannot use race or ethnicity to decide who gets insurance and how much it will cost, evidence shows that insurance scores disproportionately affect certain minority groups and low-income consumers, which raises concern that scores can serve as a proxy for race or ethnicity. Research shows that people in areas with a high concentration of minorities are more likely to have lower credit scores.
>
> The consequences are far-reaching. The economic stability of our cities and our nation depends in part on access to fairly priced coverage. Insurance is based on the concept that spreading the risk helps society protect itself from economic devastation and more quickly recover from catastrophes. When insurance costs are inflated for the wrong reasons, people are unfairly cut off from access to its protection. The whole community suffers, and those who cannot afford insurance struggle to recover if disaster hits.
>
> Another hurricane season is already upon us. Based on past years with similar conditions, the National Oceanic & Atmospheric Administration estimates that two to four hurricanes could affect the U.S. in 2006. But there's more trouble on the horizon than just bad weather. In any state that allows insurers to use credit information to rate and underwrite homeowners- and auto-insurance policies, consumers are already in the middle of a storm, and most of them don't know it.
>
> The devastation caused by Hurricanes Katrina, Rita, and Wilma shows us that people without adequate insurance may face compounded tragedy. Since economic losses caused by catastrophe can send a credit score plummeting, even consumers who can afford insurance today may feel the repercussions of credit scoring in their premiums tomorrow.
>
> Consumers Union advocates have been urging legislators and regulators in several states to ban the practice, and we'll continue those efforts.

Polls Show the Public is Opposed to Credit Scoring
In a poll of Texas consumers conducted from April 28, 2003 through May 10, 2003, 68% voiced the opinion that the Texas Legislature should "ban insurance companies from using a homeowner's credit history to decide whether it will insure a person or to adjust a premium," compared to 23% who voiced support.

Insurers Hide their Use of Credit Scoring
If insurers really believed that the public supports the use of credit scoring, why don't we see any insurers' ads or marketing efforts that promote their use of credit scoring? Why don't we see any ads that even mention credit scoring?

Most Consumers Don't Get Lower Rates
Data from actual filings refute the industry claim – see appendix with example of actual filing.

Claim 4: Objective Tool

Insurance scoring provides an objective tool for decision-making.
This tool does not discriminate against any specific group of customers. It avoids subjective value judgments because the information is based solely on credit-related material.

It provides an objective tool for decision-making that does not discriminate against specific groups or individuals.
Insurers are interested in having available as many tools as possible to assist them in making a fair and objective decision about whom to insure and at what rate. The development of an insurance score only takes into account credit-related information and does not consider race, gender, religion, marital status and birthplace.

Insurance Scores are reliable.
The Consumer Data industry Association, formerly Association of Credit Bureaus, reports that less than 1 percent of all credit report challenges result in a change once the inquiry has been fully investigated. Studies have found that credit reports are more reliable than motor vehicle records. The use of credit reports is routine throughout the financial services industry and is widely accepted by consumers.

Insurance Scores are Not Correlated to Income
March 1999, Statement of the American Insurance Association, "On the Lack of Correlation Between Income and Credit Score When Tested Against the Average or Median Score"

The precise objective of the company analysis was to determine the extent to which the credit score is correlated to income. AIA presented important, new evidence that credit scores do unfairly discriminate against or even negatively impact lower income groups.

Indeed, research revealed that the lowest income groups have the highest average credit score.

The analysis concluded that credit score is not significantly correlated with the income for the AIA company's policyholders.

Facts:

Independent Studies Have Found A Clear Correlation Between Insurance Scores and Race and Income.

Missouri Department of Insurance Study

- ***The insurance credit-scoring system produces significantly worse scores for residents of high-minority ZIP Codes*.** The average credit score rank in "all minority" areas stood at 18.4 (of a possible 100) compared to 57.3 in "no minority" neighborhoods – a gap of 38.9 points. This study also examined the percentage of minority and white policyholders in the lower three quintiles of credit score ranges; minorities were overrepresented in this worst credit score group by 26.2 percentage points.

- ***The insurance credit-scoring systems produces*** [sic] ***significantly worse scores for residents of low-income ZIP Code.*** The gap in average credit scores between communities with $10,953 and $25,924 in *per capita* income (representing the poorest and wealthiest 5 percent of communities) was 12.8 percentiles. Policyholders in low-income communities were overrepresented in the worst credit score group by 7.4 percentage points compared to higher income neighborhoods.

- ***The relationship between minority concentration in a ZIP Code and credit scores remained after eliminating a broad array of socioeconomic variables, such as income, educational attainment, marital status and unemployment rates, as possible causes.*** Indeed, minority concentration proved to be the single most reliable predictor of credit scores.

- ***Minority and low-income individuals were significantly more likely to have worse credit scores than wealthier individuals and non-minorities*.** The average gap between minorities and non-minorities with poor scores was 28.9 percentage points. The gap between individuals whose family income was below the statewide median versus those with family incomes above the median was 29.2 percentage points.

Texas Department of Insurance Study

The individual policyholder data shows a consistent pattern of differences in credit scores among the different racial/ethnic groups. The average credit scores for Whites and Asians are better than those for Blacks and Hispanics. In addition, Blacks and Hispanics tend to be over-represented in the worse credit score categories and under-represented in the better credit score categories.

The individual policyholder data does not include information on individual income, as this data was not available. The Department performed some limited analysis of the relationship between credit score and median income using Census data by ZIP code. While the differences in average credit scores between income levels are not as large as they are for racial/ethnic groups, the data shows that the average credit scores for upper income level are better than those for lower and moderate income level populations. Additionally, the moderate income level populations tend to be over-represented in the worse than average credit score categories and underrepresented in the better than average credit score categories.

Selection of Factors Involves Judgment

- Because your credit score depends on having the "right" kind of information in your credit report, you can have a perfect credit history and still get a bad credit score. Contrary to insurer credit scoring myths, your credit score has nothing to do with your "financial responsibility."

- Because your credit report can vary dramatically among the three major credit bureaus, your credit score can vary from good to bad depending upon which bureau provided your insurer with information.

- Because your credit score is based on many things other than how timely you pay your loans, you score can vary dramatically depending on what time in the month your credit report was ordered.

- Because your credit score depends on what type of credit you have, you can get a low score even if you have a perfect payment record. If you have a credit card with a tire company, a loan from a consumer finance company like Household or Beneficial, or have an installment sales contract from a used car dealer, you get a lower score regardless of whether you pay on time. But if you have a gas station credit card, you score is higher!

- Because your credit score depends on the presence of loan information, you get a lower score if you pay in cash or don't borrow much or if you use lenders that don't report to credit bureaus. Many younger consumers were penalized with higher rates due to so-called "thin" credit files because the Sallie Mae – the student loan lender to millions – decided it would only report payment history to one of the three major credit bureaus.

- Because your credit score depends on the ratio of your debt to your credit card limit, a consumer who uses one credit card to maximize frequent flier miles gets a lower score than another consumer who charges the same amount but does it on three or four cards.

<u>Claim 5: One of Many Factors</u>

It's just one of many factors.
Most companies that use insurance scoring treat it as just one of several factors in the underwriting decision. Generally your insurance score alone is not likely to keep you from getting insurance or cause you to pay more for it, although it can help you get insurance.

Facts:

Credit Scoring Affects Your Rates – Why Else Would Insurers Use It?

If credit scoring is not likely to affect the insurer decision to offer insurance or affect the insurer decision about the price of insurance, why do they fight so hard to use it?

<u>Claim 6: Rewards Responsible Financial Behavior</u>

Insurance scores reward responsible financial behavior, not just the length of credit experience.
Insurance scoring is designed to examine credit management patterns and the process used provides an objective evaluation of a consumer's credit history whether it is long or short. When a consumer does not have enough history to generate a score, this information often will not be considered as a positive or negative characteristic.

Fact:

A Credit Score is Not a Measure of Financial Responsibility

- **Limited Info in Credit Report**
  - **No Utility Payment History**
  - **No Rental Payment History**
  - **No Savings Information**
  - **No Insurance Purchase Information**

- **Credit Score Factors Unrelated to Payment History**
    - **Type of Credit**
    - **Length of Credit**
    - **Inquiries**
    - **Balance to Limits**
    - **Thin Files**
- **After the Fact Rationale**

Credit Scoring Penalizes Victims of Economic and Medical Catastrophes

Credit scoring is inherently unfair because it penalizes consumers who are the victims of economic or medical catastrophes, such as job loss, divorce, dread disease or terrorist attack. For example, in the aftermath of the September 11 attack, hundreds of thousands of people working in the travel-related industry lost their jobs. Out of this group, thousands had to increase borrowing to offset loss of income or loss of health insurance. Many filed for bankruptcy. It is unfair for insurance companies to further penalize these victims by raising their homeowners and auto insurance rates.

One of the myths perpetrated by insurers to legitimize the use of insurance credit scoring to legislators is the myth of the immoral debtor. Insurers argue that good credit scores reflect the financial responsibility of consumers. And they ask why should financially responsible consumers subsidize the rates of consumers who are not financially responsible? As explained further below, this argument fails because a good credit history does not equate to a good credit score. Stated differently, an insurance score is simply not a measure of financial responsibility.

Regarding the "immoral debtor," data on the causes of bankruptcies reveal that the overwhelming majority of bankruptcies result from job loss, medical problems and divorce. Fully 87% of bankruptcies for families with children arise from these three reasons. And the remaining 13% includes reasons such as natural disaster or crime victim.[4]

In their recent book, *The Two Income Trap*, Elizabeth Warren and Amelia Tyagi study the growth, composition and causes of bankruptcy. They were astonished to find that the number of women filing for bankruptcy grew from 69,000 in 1981 to nearly 500,000 by 1999. As they researched the causes of this phenomenon, they documented the fact that financial strain on families – particularly families with children – resulted from dramatic increases in the cost of housing, health care and schooling combined with deregulation of interest rates for loans and business decisions made by lenders for easy credit. They found that married couples with children are more than twice as likely to file for divorce than couples without children and that a divorced woman raising a child is nearly three times more likely to file for divorce than a single woman without a child. They

[4] 2001 Consumer Bankruptcy Project, cited on page 81 of *The Two Income Trap*, Elizabeth Warren and Amelia Tyagi.

concluded that "having a child is the single best predictor that a woman will end up in financial collapse." Their research shows that the insurer rationalization for credit scoring – "financial responsibility" – is indeed a myth refuted by the facts.

Claim 7: Consumer Protections Exist

The NCOIL Law, as adopted in many states, provides necessary consumer protections.

The Fair Credit Reporting Act provides consumer protections

Facts:

The NCOIL Model Provides Little or No Consumer Protections.

Insurers Seek to Avoid Telling Consumers About Insurers Use of Credit Scoring

Adverse Action Notices: Insurers have resisted providing adverse action notices to consumers who suffered higher rates because of credit scoring. Insurers claimed that a new business customer – even a customer charged the highest rate because of her credit score – was not entitled to an adverse action notice.

Fact: Insurers Oppose Laws That Allow Consumers to Freeze Their Credit Information Because of Identity Theft

> "This security freeze acts as a barricade against those who would commit fraud," Senator Steve Saland (R-C, Poughkeepsie), co-sponsor of the legislation, said. "Identity thieves have already preyed on thousands of New York consumers, stealing personal information that leaves consumers severely at risk. This law enables consumers to avoid victimization by empowering them to place security freezes on their consumer reports."
>
> But the New York measure is the only credit freeze legislation passed in the nation this year that does not exempt insurers. Nine other states have passed credit freeze legislation in 2006, (Colorado, Florida, Illinois, Kentucky, Wisconsin, South Dakota, Utah, Kansas, and Vermont), and all of them allow insurers to continue to access credit information for underwriting and other legitimate business purposes, according to the Property Casualty Insurers Association of America (PCI), which has asked Gov. Pataki to veto credit freeze legislation.
>
> PCI says including insurers in the freeze provides no benefit to consumers while increasing costs for the industry.

> "While PCI supports the effort to prevent identity theft, the application of credit freeze legislation should be tailored to address areas in which there is a prevalence of identity theft," said Kristina Baldwin, regional manager and counsel for PCI. "The security provisions in this legislation have no practical application or consumer benefit in the context of insurance."
>
> According to Baldwin, it is "highly unlikely" that illegally procured credit information would be used to purchase insurance. She cites a Federal Trade Commission study in January that found that 99.6 percent of identity theft complaints were related to areas other than insurance.
>
> "Consumers obtain little or no benefit from having a security freeze which applies to insurers. The insurer and the consumer would experience increased burdens, costs and inconveniences associated with this credit freeze legislation. It is important to bear in mind that additional insurance company burdens and costs are ultimately borne by all policyholders through higher premiums. In short, the burdens associated with applying credit freeze provisions to insurers are not outweighed by the very limited consumer benefits which would be achieved through applying credit freeze provisions to insurers," Baldwin added.

The arguments are, of course, a non-sequitor. If a consumer has been a victim of identify theft, then an insurers' use of that that consumer's credit information can hard the consumer because the credit report has been damaged. Why would a consumer want an insurer to use her credit report when it has been damaged by identify theft? Why would an insurer want to use such a report? And why would insurers oppose giving consumers a tool to protect themselves from use of their credit information when they suspect they have been the victim of identify theft?

Insurers' actual credit scoring practices and policies are profoundly anti-consumer. The security freeze position is the latest example of insurers placing their interests above those of consumers.

Actual Impact of Credit Scoring -- Farmers in Ohio

Code	Policies	Factor	Discount	Rate Before Credit Scoring	Rate After Credit Scoring	Rate Increase After Base Rate Change		
E, N	3,054	1	0%	$100	$200.50	Yes		100.5%
Z	661	1	0%	$100	$200.50	Yes		100.5%
Y	594	1	0%	$100	$200.50	Yes		100.5%
X	740	1	0%	$100	$200.50	Yes		100.5%
W	1,038	1	0%	$100	$200.50	Yes		100.5%
V	1,326	1	0%	$100	$200.50	Yes		100.5%
U	1,652	0.75	25%	$100	$150.38	Yes		50.4%
T	1,992	0.75	25%	$100	$150.38	Yes		50.4%
S	2,385	0.75	25%	$100	$150.38	Yes		50.4%
R	2,635	0.75	25%	$100	$150.38	Yes		50.4%
Q	2,884	0.75	25%	$100	$150.38	Yes		50.4%
P	3,186	0.6	40%	$100	$120.30	Yes		20.3%
O	3,852	0.6	40%	$100	$120.30	Yes		20.3%
L	4,236	0.6	40%	$100	$120.30	Yes		20.3%
K	5,196	0.6	40%	$100	$120.30	Yes		20.3%
J	6,030	0.6	40%	$100	$120.30	Yes	41,461	20.3%
I	1,545	0.4	60%	$100	$80.20			-19.8%
H	7,086	0.4	60%	$100	$80.20	49.2%	Overall Rate Increase	-19.8%
G	9,506	0.4	60%	$100	$80.20			-19.8%
F	7,822	0.29	71%	$100	$58.15	50.8%	Overall Rate Decrease	-41.9%
D	8,221	0.29	71%	$100	$58.15			-41.9%
C	6,063	0.29	71%	$100	$58.15			-41.9%
B	2,617	0.29	71%	$100	$58.15			-41.9%
A	8	0.29	71%	$100	$58.15			-41.9%
Total	84,329							

New Rate Calculated by Multiply $100 Old Rate time 2.005 (to reflect 100.5% increase

SAMPLE REPORT

Personal insurance credit inquiry for John Doe

With your permission, Progressive reviews selected information from your credit history when you request a quote for insurance. Your rate is based on many factors: the car you drive, where you live, the amount and type of coverage you select, your driving and claims history, and your payment and credit history.

	You	Average
Experience you have with managing credit		
Months you have managed credit	48 Months	96 Months
Age at which you first established credit	16	21
Number of times a payment was past due more than 30 days	4	1
Current payment status of installment loans and revolving accounts		
Number of loans and accounts with a satisfactory current payment record	2	5
Number of credit card accounts currently past due more than 30 days	0	0
Use of available credit		
Percent of available credit limit currently being used on revolving accounts	88%	35%
Percent of available credit limit currently being used on all open accounts	70%	56%
Months since your most recent auto loan was made	12 Months	4 Months
Credit inquiries you initiated in the past 25 months	5	4
Insurance Credit Score	116	100

Your payment and credit history information was obtained from Experian. More detailed information can only be obtained by you by calling Experian at 1-888-397-3742. You may order a copy of your credit report free of charge.

Definitions

Installment loans have fixed terms with regular payments, such as a car loan, home loan, student loan, or personal loan. Revolving accounts have varying payments depending on the balance of the account. This includes all major credit cards and cards from department stores.