Testimony of Birny Birnbaum
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Before the Colorado House Finance Committee

Insurance Credit Scoring: An Unfair Practice

February 18, 2004

Representative Cloer has asked to provide the committee with some information on insurance credit scoring.

Insurance credit scoring is the practice by insurers of using consumers' credit information for underwriting, tier placement, rating and/or payment plan eligibility. The problems with insurance scoring are so great that the practice should be prohibited. Insurance scoring should be prohibited because it:

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

Let me preface my remarks by saying that there are hundreds of agents who want to come forward and tell why they are opposed to credit scoring, why credit scoring has worsened insurance availability and how credit scoring has a disproportionate impact on poor and minority consumers. But they won't be here today because of their fear of reprisal by the insurance companies they represent. To hear from these agents, the agents must be given protection against these reprisals. To give you a sense of who these agents are, the following agent organizations have come out against credit scoring – National Association of State Farm Agents, National Association of Professional Allstate Agents and the United Farmers Agents Association.

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[1] CEJ is a Texas 501(c)3 non profit organization that advocates on behalf of low income consumers on insurance, credit and utility matters. CEJ seeks to improve the availability and affordability of basic goods and services to low income consumers. Birny Birnbaum, CEJ's Executive Director, has extensive experience with credit scoring, having worked on the issues for 12 years as an insurance regulator (Associate Commissioner for Policy and Research and Chief Economist at the Texas Department of Insurance) and as a consulting economist to consumer organizations and public agencies. A more detailed description of his experience is attached.

My testimony will cover the following topics:

- Problems with insurance scoring
- Response to insurance industry claims about insurance scoring
- Review of the National Conference of Insurance Legislators model law on credit scoring and why that model provides few, if any, substantive consumer protections.

1. Problems with Insurance Credit Scoring Warrant a Prohibition

You've just been laid off from your job. Or your daughter has a major medical problem that your health insurance (if you have any) doesn't fully cover. Or you've just gotten a divorce. These three life events account for 87% of family bankruptcies. To "help" you out in this stressful time, your insurance company will raise your homeowners and auto insurance rates because of credit scoring.

The disagreements about insurance credit scoring really boil down to what "fair" means. For insurers, "fair" means that an insurer can produce some kind of data showing a statistical relationship between credit scores and insurance losses. For consumer groups, such a statistical relationship is a necessary, but not sufficient, definition of fair insurance practices. Fair rating factors must also not penalize consumers for rational behavior, for factors outside of their control and for arbitrary practices of insurers and lenders. Fair means that consumers who are the victims of some economic or medical catastrophe are not penalized because they were unlucky enough to lose their jobs, have a family member get sick or get divorced.

When it comes to the real world understanding of fair, insurance credit scoring is terribly unfair.

- 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.

1.1 Insurance Scoring Penalizes Victims or Economic or 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.[2]

[2] 2001 Consumer Bankruptcy Project, cited on page 81 of *The Two Income Trap*, Elizabeth Warren and Amelia Tyagi.

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 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.

1.2 A Good Credit History Does Equal a Good Credit Score

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.

1.3 Credit Scoring Produces Arbitrary Results

Credit scoring is unfairly discriminatory and violates actuarial standards for risk classification because it is an arbitrary process. For example, your score can vary from very bad ("high risk") to very good ("low risk") depending on which credit reporting agency provides the credit information to the insurer because a consumer's information varies among the big three bureaus. A representative from ChoicePoint admitted this in a hearing before the Georgia Insurance Commissioner in 2001. I recently ordered my three-bureau credit report and found different inquiries in each of the three bureaus – not one single inquiry was reported by more than one bureau.

Credit scoring is arbitrary because a score can change dramatically over a short time frame for no apparent reason. My auto credit score in November 2002 (obtained from www.choicetrust.com) was very low – around the 17th percentile. When I check my score again in May 2003, I was now in the 82nd percentile. In six months (or perhaps a shorter period), my score went from very high risk to very low risk. No other insurance risk factor is so arbitrary.

1.4 Consumers Penalized for Lenders' Business Decisions

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]

Warren and Tyagi, in *The Two-Income Trap*, explain how lenders make lots of money off of problem borrowers through higher interest rates and substantial penalty fees.

It is not only lenders' lending decisions that make insurance scoring unfair, it is also lenders' reporting 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 not 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.

[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.*

These examples of how lenders' business decisions can dramatically affect an insurance consumer's insurance score further illustrate the arbitrary and unfair nature of insurance credit scoring.

1.5 Credit Scoring Penalizes Consumers in Poor and Minority Communities

In addition to being arbitrary, credit scoring also has a systematic bias against consumers in poor and minority communities, described further below. ***It is important to state clearly that the claim that credit scoring has a disproportionate impact on consumers in poor and minority communities is NOT an argument that poor people are poor financial managers. The two arguments are unrelated because good financial management / good credit history does NOT equate to a good insurance credit score. It is the structure of insurance credit scoring models – and not the financial management habits of low-income consumers – that creates the bias against consumers in poor and minority communities.*** Further, it is unclear how anyone who has actually examined the factors and structure of credit scoring models could legitimately assert that the claim of systematic bias against consumers in poor and minority communities is a critique of the financial management habits of low-income consumers.

1.6 Credit Scoring Undermines the Basic Insurance Mechanism

Credit scoring undermines the basic insurance mechanism and thwarts insurance public policy. Insurance is fundamentally a social mechanism designed to protect consumers from catastrophic loss – either as victims of a catastrophic event, such as a home fire or being hit by another driver, or as citizens who are responsible for causing an automobile accident. Insurance is essential for protecting consumers' most valuable assets and health. Consequently, insurance public policy goals include universal coverage and loss prevention. The public policy of universal coverage is reflected in automobile financial responsibility laws that seek to ensure that all drivers, through insurance, can make whole the victims of an accident. And insurance is a de facto requirement for all homeowners borrowing money to pay for the home. As a society, we have an interest in insurance availability and affordability – and also in loss prevention. It is through the insurance mechanism that consumers are presented economic incentives to pursue less risky behavior (such as discounts installing theft prevention devices and taking driver training courses) and economic disincentives for risky behavior (such as surcharges for speeding or poorly maintained properties).

Credit scoring undermines the basic insurance public policy goals because it worsens insurance availability and affordability for those consumers who already have a difficult time with insurance costs. As described further below, credit scoring has a disproportionate impact on poor consumers and raises costs for all consumers. Credit scoring has no loss prevention capability. Since credit scoring does not result in any reduction in claims – unlike an anti-theft device which reduces theft claims – insurers must pay for discounts to some consumers with surcharges for other consumers. Good insurance public policy should require insurers to use risk classification factors that

promote loss prevention and should prohibit risk factors that ignore loss prevention and/or create insurance availability problems. Credit scoring is the poster child for the type of risk classification factor that should be prohibited as contrary to public policy.

Credit scoring undermines the basic insurance risk spreading mechanism because it enables insurers to develop virtually unlimited market segmentation. For example, a recent Progressive filing in Florida introduces a 'continuous underwriting model'. Instead of 7 final price points or market levels, this model uses a finer segmentation of credit score to arrive at 126 different rate levels. This represents a market failure. While rational from the insurer perspective, market forces do not produce – via the invisible hand – the core public policy goals sought by the Legislature and the public.

2. The Impact of Credit Scoring on Poor and Minority Consumers

Despite insurers' claims to the contrary, it is clear that insurer underwriting and rating practices now emphasize a consumer's economic status rather than their driving record.

2.1 Prior Bodily Injury Limits

For example, several insurers now charge higher rates to consumers because of their prior liability limits. If your previous policy was a basic limits policy, you will be charged more than if your previous policy was, say, 50,000/100,000 limits. The use of prior liability limits by insurers to determine assignment to a rating tier clearly penalizes low income consumers because of their income. Given that insurers are completely willing to use underwriting and rating factors that penalize consumers because of economic status, it should be no surprise that credit scoring has a disproportionate impact on consumers in low-income and minority communities.

2.2 Insurance Credit Scoring Penalizes Consumers in Low-Income and Minority Communities

Despite insurer protests, there is no ample evidence that insurance credit scoring penalizes consumers in low-income and minority communities.

2.2.1 Fair Isaac Admission

On the issue of credit scoring versus income and race, the Executive Vice President of Fair, Isaac and Company, Peter McCorkell, admitted that credit scoring has a disparate impact based upon race and income:

Doesn't scoring result in higher reject rates for certain minorities than for whites?

Again, the short answer is, "Yes," but it is the wrong question. The question ought to be: "Does credit scoring produce an accurate assessment of credit risk regardless of race, national origin, etc.?" Studies conducted by Fair, Isaac, and Company, Inc. (discussed in more detail below) strongly suggest that scoring is both fair and effective in assessing the credit risk of lower-income and/or minority applicants. Unfortunately, income, property, education, and employment are not equally distributed by race/national origin in the United States. Since all of these factors influence a borrower's ability to meet financial obligations, it is unreasonable to expect an objective assessment of credit risk to result in equal acceptance and rejection rates across socioeconomic or race/national origin lines. By definition, low-income borrowers are economically disadvantaged, so one would not expect their score distributions to mirror those of higher-income borrowers.[4]

2.2.2 Freddie Mac Study

In its 1999 National Consumer Credit Survey, Freddie Mac found:

> Having a poor credit record is a relatively common problem in today's society. Using the combined results from the CCS (i.e., African-Americans, Hispanics and Whites) we estimate that:
>
> 30% of these groups have "bad" credit records
> 13% of these groups have "indeterminate" credit records
> 57% of these groups have "good" credit records
>
> Credit problems persist across income groups. We estimate that:
>
> 36 % of consumers with incomes under $25,000 had "bad" credit records
> 33 % of consumers with incomes of $25,000 to $44,999 had "bad" credit records
> 25 % of consumers with incomes of $45,000 to $64,999 had "bad" credit records
> 22 % of consumers with incomes of $65,000 and $75,000 had "bad" credit records
>
> Minority borrowers are more likely than white borrowers to experience credit problems. For African-Americans we estimate that:

[4] Page 15, Fall 2000 Issue of *Profitwise*, a publication of the Federal Reserve Bank of Chicago.

48% of African Americans have "bad" credit records
16% of African Americans have "indeterminate" credit records
36% of African Americans have "good" credit records

For Hispanics we estimate that:

34% of Hispanics have "bad" credit records
15% of Hispanics have "indeterminate" credit records
51% of Hispanics have "good" credit records

For Whites, in contrast, we estimate that:

27% of Whites have "bad" credit records
12% of Whites have "indeterminate" credit records
61% of Whites have "good" credit records

It is unclear how the quality of credit histories can vary by income and race, but the insurance industry still maintains insurance credit scoring has no disparate impact based upon income and race.

2.2.3 Data from the Survey of Consumer Finances

Statistics the Survey of Consumer Finances, reported in the 2000 Statistical Abstract of the United States reveal that credit characteristics vary not only by age and income, but also over time within age and income segments. Table 792 – *Financial Assets Held by Families by Type of Asset: 1992 to 1998* shows the ownership of any financial assets varies dramatically by age and income. The ownership of financial assets is related to the ability of a family to withstand an economic or medical catastrophe.

Table 796 – *Ratios of Debt Payments to Family Incomes: 1992 to 1998* shows higher ratios of debt payments to family income and much higher ratios of families with payments 60 or more days due for younger and lower income families. The table also shows how these ratios – both of which figure prominently in insurance credit scores – vary over time.

Table 817 – *Usage of General Purpose Credit Cards by Families: 1992 to 1998* shows that younger and poorer families are much less likely to pay off credit card balances each month and far more likely to hardly ever pay off the balance than older or more affluent families. Again, these characteristics – which vary by age and income – figure prominently in insurance credit scores.

2.2.4 The University of Texas Study

Further evidence of the disproportionate impact of insurance credit scoring on poor and minority consumers comes from the report prepared by the University of Texas Bureau of Business Research on the relationship between insurance credit scoring and insurance losses. The authors' analysis of the correlation between credit scoring and insurance losses is unreliable – it relies upon a simple loss ratio methodology that the NAIC credit scoring working group rejected in 1996 as "misleading and counterproductive." However, the report does reveal other important findings.

The authors found that average and median credit scores were much higher in the standard market than in the nonstandard (so-called "high risk") market. But the scores were taken from policies issued in 1998 – before the insurers were using credit history to underwrite consumers in the standard and nonstandard markets. Consequently, if credit history was unrelated to underwriting risk factors used by insurers, we would expect average scores to be similar in the standard and nonstandard markets. The fact that the scores were so different between the two markets means that insurers were already using some underwriting factor or factors to distinguish risk of consumers that is correlated to credit.

Standard Auto Insurance Market Rejection Rates in Texas versus Race and Income

Automobile Rejection Rate	1996 Average of Non-Anglo Population Percentage	1996 Average of Median Household Income	1996 Number of ZIP Codes
0.0% to 5.2%	4.7%	$22,414	1
5.3% to 10.4%	12.1%	$44,042	74
10.5% to 15.6%	13.6%	$30,565	317
15.7% to 20.8%	20.7%	$24,871	413
20.9% to 26.0%	29.4%	$24,523	280
26.1% to 31.1%	43.0%	$23,456	142
31.2% to 36.3%	54.6%	$21,549	79
36.4% to 41.5%	68.5%	$19,954	65
41.6% to 46.7%	82.7%	$17,682	45
46.8% to 51.9%	83.7%	$16,441	38
Over 51.9%	92.3%	$14,015	26

In addition to showing that credit scores are a proxy for other risk factors used by insurers, the difference in credit scores between the standard and nonstandard markets also indicates that credit scores are correlated to race and income of consumers. Just as low credit scores are more prevalent in the nonstandard market, the likelihood of being denied coverage in the standard market and ending up in a high-cost county mutual grows dramatically as the neighborhood becomes less affluent and less white.

2.2.5 Factors Used in Credit Scoring Models are Biased Against Consumers in Low-Income and Minority Communities

A review of the factors contained in insurance scoring models – and the information missing from consumer credit reports and scoring models – further documents the disproportionate impact of credit scoring against poor and minority consumers.

Reason codes for insurance models from ChoicePoint include factors that systematically discriminate against consumers in poor and minority communities. In the ChoicePoint models, a consumer's score is affected by the type of credit and/or the type of lender -- regardless of whether the consumer is current on the payments. A consumer who gets a loan from a consumer finance company gets a lower score than a consumer who gets a loan from a bank – even if the consumer has a perfect payment record. A consumer who has a credit card from a tire store -- such as Goodyear -- gets a lower score just for having that account. A consumer who buys a car through an installment sales contract gets a lower score -- even if the payment record is perfect. Clearly, consumers in less affluent neighborhoods are far more likely to use these types of credit mechanisms than consumers in more affluent communities.

The fact is that the financial institutions in poor and minority communities are different from those in more affluent white communities. And this difference results in a systematic bias in insurance credit scoring models. As a further example, consider payday lenders, check cashing lenders and rent-to-own businesses – which target poor consumers. Even if a consumer was able to pay the extraordinarily high interest rates from these businesses, it would not help the consumer’s insurance score – because these institutions do not report to credit bureaus. And the absence of information in a credit report is a credit score negative. Consequently, consumers who pay in cash or who use financial institutions that do not report to a credit reporting agency are penalized with lower scores. Finally, consider a consumer who demonstrates financial responsibility by paying all her utility bills on time for decades. This actual financial responsibility is not rewarded in insurance credit scoring models because these payments do not appear in credit reports.

2.2.6 The Missouri Department of Insurance Study

A few weeks ago, the Missouri Department of Insurance released a study that specifically examined the impact of insurance credit scoring on the availability of insurance coverage in poor and minority communities. This is the first independent study based on detailed credit scoring data using rigorous statistical analysis. The Department collected credit score data aggregated at the ZIP Code level from 12 insurers for the study period of 1999 to 2001. For each Missouri ZIP Code, the Department obtained:

- Mean credit score
- The number of exposures for each of five equal credit score intervals

The Department then utilized a variety of multi-variate statistical techniques to isolate the relationship of income and race to credit scoring, independent of other factors. The study found:

- ***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.

Based upon the results of this study, the Governor of Missouri has called for a ban on insurance credit scoring.

2.2.7 Agents' Experience

Because of fear of reprisal by insurance companies, no insurance agent will come before you today to explain their negative experiences with credit scoring: how credit scoring has limited their ability to write business and how credit scoring has reduced the availability of preferred rates in poor and minority communities. I have spoken with hundreds of agents across the country and have heard time and time again from agents how the introduction of insurance credit scoring has made insurance more expensive in low-income and minority communities.

2.3 Conclusion

In conclusion, the problems with credit scoring are apparent and even acknowledged by the industry, as evidenced by their "compromise" proposal (the NCOIL model) with a variety of purported restrictions and regulatory oversight. But what are the great benefits to consumers that warrant the use of this problematic factor and intense regulatory resources? Ultimately, there are none. Moreover, all the benefits alleged by the insurance industry come down to one claim – the purported statistical relationship between credit scores and loss ratios. And while a definitive statistical relationship is a necessary justification for the use of certain information as an underwriting or rating factor, such a statistical relationship can not be sufficient justification. If it were, then race would be a legitimate rating factor. But lawmakers across the country have decided that race is not a legitimate basis for underwriting for rating insurance. If race can not be used directly by insurers, then insurers should not be permitted to use race indirectly through credit scoring.

3. Insurer Misinformation about Credit Scoring

Insurers have provided a tremendous amount of misinformation in the credit scoring debate.

"The majority of consumers benefit from credit scoring. A ban on credit scoring would raise rates for most consumers."

This is perhaps the most insidious argument because it contains an implied threat to regulators and legislators – don't mess with credit scoring or insurers will raise rates and blame regulators and legislators. However, the facts show that the majority of consumers do not benefit and that all consumers lose. First, my own research shows that 50% or fewer consumers actually get a discount. Attached please find a good example of how one insurer – Farmers had to double the base rates to pay for credit scoring discounts and that even consumers who got a 40% "discount" paid more after credit scoring than before. Because credit scoring has no ability to reduce claim costs, there is no free lunch. Beware of proposals to allow insurers to offer only discounts – consumers are not protected from credit-based rate increases.

Second, since not all insurers use credit scoring in the same way, a ban on credit scoring does not mean that any consumer must get a rate increase. By shopping around, consumers will be able to find an insurer providing a rate the same or lower than their current rate. The insurer threats about rate increases assume a static, non-competitive market – a complete contradiction to the insurer claims about a vibrant, competitive market they use in other situations. The bottom line is that, by banning credit scoring, the Legislature is not forcing any insurer to raise the rates for a single consumer. If rates go up for some consumers, it is because of decisions made by insurers.

Third, there is no guarantee that today's beneficiaries will be tomorrow's beneficiaries. An insurer can change the cutoff score for a discount and change the percentages of who benefits.

Fourth, why is this argument relevant? The issue is whether credit scoring is an unfair practice and counter to insurance public policy goals. It is profoundly un-American to justify an unfair practice because the (alleged) majority benefits.

Fifth, insurance credit scoring raises the costs for everyone. There is no reduction in insurance claims, but there is an increase in insurance administrative costs to pay for developing or licensing the scoring model, for obtaining the credit history and for complying with the Fair Credit Reporting Act adverse action notice requirements. Further, because credit scoring has such major rate impacts, particularly on poor consumers, the number of uninsured grows with credit scoring. Consumers pay more with greater numbers of uninsured drivers – higher uninsured motorist rates and higher taxes to pay for emergency room services for uninsured drivers.

"We can write more business with credit scoring."

If this were the case, why are major agents groups opposed to credit scoring? Groups like the National Association of State Farm Agents, the National Association of Professional Allstate Agents and, the United Farmers Agents Association have called for a prohibition on credit scoring. My research has shown an increase in auto insurance residual markets in the past few years.

"There is a statistical correlation between credit scores and loss ratios."

Since at least 1995, when the National Association of Insurance Commissioners (NAIC) started examining credit scoring, the key issue has not been whether there is a simple correlation between credit scores and loss ratios, but whether credit scores are a proxy for other factors already used by insurers or a proxy for prohibited factors such as race and income.

Interestingly, the industry has started to cite a study by the University of Texas Bureau of Business Research as providing "definitive" evidence on the correlation of credit to loss. I am well acquainted with this UT report and can provide the following facts. First, the

study failed to effectively address the question of correlation to loss because the authors relied upon a methodology that the NAIC working group dismissed in 1996 as being "counterproductive and misleading." Second, the study did show that credit is a proxy for other factors already used by insurers. This study looked at policies issued before insurers started using credit and found that the average score in the standard and preferred (low risk) market were much higher than the average score in the nonstandard (high risk market). Because the policies examined were from a period before insurers used credit, the difference in average scores shows that credit replicates other underwriting factors already used by insurers. Third, my own research shows that the likelihood of being placed in the nonstandard market is very highly correlated with race and income, indicating that credit scores are, in turn, biased against poor and minority consumers.

Beyond the technical problems with the correlation argument is the bigger policy issue – why should a simple correlation be sufficient justification for the use of a consumer characteristic as a rating factor? From the insurers' perspective, anything that allows them to further segment the market is good. But from a public policy perspective, why would we want insurers to use your check writing habits as the basis for pricing your insurance? If insurers found a correlation between eye color and risk of loss, should that be allowed?

4. The NCOIL Model Fails to Provide Meaningful Consumer Protections

The insurance industry pushes the NCOIL model throughout the states, calling the model a balanced approach that represents a compromise among various stakeholders. In fact, the NCOIL model is neither balanced nor a compromise.

The NCOIL model was the result of a negotiation between insurer trade associations and one or two of the large independent agent groups. In exchange for a liability shield from insurers, the agents group endorsed credit scoring. And then it was rubber-stamped by NCOIL members who historically have been a very friendly forum for insurers.

A recent analysis by the Consumer Federation of America documents the excessive influence of the insurance industry on NCOIL decision making and many pro-insurance industry and anti-consumer actions by NCOIL. The development and vote of the NCOIL credit scoring model in the NCOIL Property Casualty Committee illustrates how biased the NCOIL process is towards the insurance industry.

In November 2002, the NCOIL P/C Committee adopted the credit scoring model by a vote of 20-5. Those in favor of adoption were:

Rep. Jay Bradford, AR **Chairman of the Board and CEO, First Arkansas Insurance Democrat**
Rep. Rich Golick, GA **Georgia Counsel for Allstate Republican**
Rep. Timothy Osmond, IL **Insurance Agents Republican**
Rep. Ronald Crimm, KY **Insurance, Thoroughbred Associates Republican**
Rep. Shirley Bowler, LA **Staunch Defender of Insurers Republican**
Rep. Dan Flavin, LA **Licensed Real Estate Broker Republican**
Sen. Bill Bullard, Jr., MI **Republican**
Rep. Stephen Ehardt, MI **Republican**
Rep. Andrew Richner, MI **Republican, Member Federalist Society**
Sen. Alan Sanborn, MI **Republican**
Sen. Cal Larson, MN **"Consultant" Republican**
Rep. George Keiser, ND **Owner Printing Service Republican**
Rep. Frank Wald, ND **Insurance and Securities Broker Repub**
Rep. Leo Fraser, NH **Claim Auditor Repub**
Sen. Neil Breslin, NY **Elected Official, Lawyer, Democrat**
Assem. Nancy Calhoun, NY **Elected Official Republican**
Rep. David Evans, OH **Retired State Farm Insurance Underwriter Republican**
Rep. Brian Kennedy, RI **Real Estate Broker Democrat**
Rep. Mark Young, VT **Banker, Republican**
Rep. Phil Montgomery, WI **Gov't Affairs Manager Green Bay CoC Republican**

Those opposed to adoption were:

Assem. Clare Farragher, NJ Legislator, **Republican**
Assem. Alexander Grannis, NY **Legislator, Democrat**
Assem. Ivan Lafayette, NY **Legislator, Democrat**
Rep. Kathleen Keenan, VT **Democrat**
Rep. Virginia Milkey, VT **Democrat**

Representatives from only 15 states voted on the credit scoring model. 3 states alone (MI, NY and VT) accounted for 44% for the votes. 5 states (MI, NY, VT, ND, and LA) accounted for 60% of the votes. North Dakota had 8% of the votes – and 0.2% of the population – 40 times more voting weight than share of population.

Republicans were disproportionately represented – 18 out of 25 votes. Seventeen (17) Republicans voted yes and one (1) voted not. Three Democrats voted yes and four (4) voted no.

The voting members were disproportionately employed by the insurance industry – at least seven (7) were employed directly by the insurance industry, including one legislator who is employed by Allstate as their counsel in Georgia.

The bottom line is that the industry-friendly credit scoring model was a product of a process biased towards the insurance industry and unrepresentative of states and consumers.

The NCOIL model is not a compromise and does not balance the interests of consumers with those of insurers. I testified before NCOIL and every one of my recommendations was ignored. Further, the NCOIL model allows insurers to continue their current practices virtually unchanged, allows insurers to hide credit scoring from the public and places an unrealistic burden on insurance regulators. The NCOIL model is “pretend” consumer protection because it includes a series of provisions that purport to provide consumer protection but, in fact, do nothing to change insurer practices.

5. Consumer Protections Missing from the NCOIL Model

Any effort to provide meaningful consumer protections must include the following provisions, all of which are missing from the proposed regulation. This list is not exhaustive.

1. The use of credit scoring is prohibited for conditioning payment plan eligibility. Payments plans are an essential tool for making insurance available to consumers by making insurance affordable to consumers. Insurers who require full policy payment up front are denying coverage to large numbers of insurers. Payment plan eligibility should be conditioned only a consumers' payment history with the insurer offering the policy. There is no reason to use credit scores for payment plan eligibility. Insurance scores, in theory, predict risk of loss and not likelihood of making a payment. Insurers stress this repeatedly in their efforts to distinguish lending credit scoring from insurance credit scoring. Further, even a lending credit score is irrelevant for insurance because the insurer is never in a position to provide coverage without payment. The proposed regulation does not address the use of credit information to condition payment plan eligibility.

2. An adverse action should be defined as any underwriting, tier placement or rating activity that results in an insurer failing to offer the most favorable terms of coverage and premium to a existing policyholder or new applicant who, if he or she had a more favorable consumer credit report, would have been eligible for the more favorable treatment. The proposed regulation fails to address insurer's abuse of the FCRA's adverse action language – the failure to provide adverse action notices to most or all new business applicants who failed to receive more favorable terms of coverage and rates because of the insurers' consideration of the consumer credit report. Insurers have mistakenly and inappropriately relied upon the "increase in any charge" language of the FCRA to argue that new customers cannot suffer an adverse action because there can be no increase in a charge for that consumer.

   For purposes of this regulation an "adverse determination" includes, but is not limited to, the following situations:

   a. An offer of insurance in an insurance company that is affiliated with an insurance company with lower rates, if the consumer does not qualify for coverage in the lower-rated insurance company because of the consumer's credit score. The lower-rated insurance company has taken an adverse action.

   b. An offer of insurance in an insurance company by an independent agent who also represents an insurance company with lower rates, if the consumer does not qualify for coverage in the lower-rated insurance company because of the consumer's credit score. The lower-rated insurance company has taken an adverse action.

c. An offer of insurance at a premium or rate that is higher than the premium or rate the consumer would pay if the consumer had the best possible credit score, all other factors being the same. The company charging the higher premium or rate has taken an adverse action.

3. Insurance scores should be defined as numerical or categorical designations because some insurers simply develop assign credit tiers or categories instead of an actual credit score.

4. The scoring models should be filed with the Division of Insurance and be public information. In this way, credit scoring would be treated like any other rating factor used by insurers – the factor is part of a rate filing and the filing is public information. Allowing insurers to keep credit scoring models secret would be like allowing the Insurance Services Office to hide both the derivation of its loss costs and the loss costs themselves because ISO claimed the analytic model and output as a trade secret. No insurance regulator would permit such an action by ISO, yet the proposed regulation contemplates the same type of secrecy for credit scoring models. Further, the trade secret claim made insurers and vendors for the various credit scoring models is without merit. In some states, insurers and vendors file credit scoring models and the models are public information. Yet, the insurers and vendors file the models and use them in those states, demonstrating that public availability of the models does not put one insurer at a competitive disadvantage to other insurers. In addition, by not making the models public information, the only people who don't know what is in the models are consumers. Any insurer who has worked with or used credit scoring models – and certainly the insurers who have developed their own models – knows what credit characteristics go into the models. There will be no great revelation among insurers by making the models public information – only enlightenment of consumers.

5. The relevant statistical plans should be amended to capture credit scoring information. The statistical plans based on transaction-detail reporting should add two data fields – one for the raw credit score for the consumer and another for the credit score category or tier assigned to the consumer based on the raw score. The collection of statistical data that includes credit scoring information is necessary for the Commissioner to fulfill her responsibility of enforcing rate standards and is both authorized and required by the statistical plan statutes cited as authority for the proposed regulation. Further, the Commissioner should collect and analyze statistical data that includes credit scoring data elements prior to approving insurers' use of credit scoring. It is only in this manner that the Commissioner can perform an independent analysis of the statistical relationship of credit scoring to risk of loss that fully accounts for interrelationship of credit scoring with all other rating factors. See attachment for discussion of statistical plans.

6. The statistical justification for the use of credit scoring should specify that a simple loss ratio analysis is not acceptable and that a multivariate analysis that analyzes credit simultaneous and explicitly with all other known rating factors be required. See attached detailed discussion in the review of the University of Texas Bureau of Business Research Study.

7. Consideration in credit scoring models of the following types of credit information should be prohibited: inquiries, length of time credit has been established, type of lender, vehicle service accounts, the number of credit cards. The use of inquiries should be prohibited because the number of inquiries can be unrelated to efforts by a consumer to increase his or her credit amounts. For example, inquiries occur when a consumer sets up new telephone, cell phone or utility service. Inquires occur when a consumer gets a new credit card with a 0% teaser rate to transfer current debt. Inquiries occur when a consumer shops around for the best auto loan rate, the best insurance rate, the best mortgage refinancing rate. A statistical relationship between inquiries and risk of loss is insufficient justification for the use of inquiries because of how unrelated an inquiry can be to expanding a consumer's debt load. Length of time credit has been established should be prohibited because it is a proxy for age. Type of lender should be prohibited because it discriminates against consumers who live in neighborhood where the primary financial institution is a consumer finance company and not a bank branch. Vehicle service accounts – consumers are penalized if they have, say, a credit card for a tire store – should be prohibited because a consumer should not be penalized for having an account with a tire store. The number of credit cards should be prohibited because the credit evaluation should focus on management of actual debt, not on the fact that a consumer has a large number of cards that were used once and never again. As the models are made available to the public, this list may grow.

8. Insurers should be required to obtain and use a three-bureau merged credit report in developing credit scores. Consumers should not be penalized because of differences in credit information maintained by the different bureaus.

9. Insurers should be required to confirm the consumer's credit score two weeks after the initial credit score. Consumers should not be penalized because credit scores can depend upon the point in the credit card cycle that the credit report is generated.

10. Consumers should be provided with their credit score, the list of factors included in the credit score, the consumers' value for each of the factors and optimal value for each of the factors. It is only through the provision of this information that a consumer can meaningfully understand the insurer's credit evaluation and check the credit report for errors of commission and omission. The provision of reason codes is simply inadequate information for a consumer to understand an adverse action and review the credit report for errors and omissions.

11. Insurers should be prohibited from penalizing a consumer for a collection account or delinquency report resulting from a catastrophic or life event and should be required to establish a procedure for consumers to inform the insurer of such events. There must be greater consumer protection that a prohibition against consideration of collection accounts or delinquency reports identified with a medical industry code. This is insufficient protection for consumers who are the victims of a medical catastrophe because most medically-related delinquencies or collection accounts are not coded as medical industry. Rather, a consumer will likely pay medical bills with either a credit card or other form of credit and the collection or delinquency will show up on these other types of credit. The proposed regulation should prohibit insurers from considering collection accounts or delinquency reports resulting from a catastrophic event and provide the consumer with a procedure to inform the insurer about such events. For example, something along the lines of:

EFFECT OF EXTRAORDINARY EVENTS.

(a) Notwithstanding any other law, an insurer shall, on written request from an applicant for insurance coverage or an insured, provide reasonable exceptions to the insurer's rates, rating classifications, or underwriting rules for a consumer whose credit information has been directly influenced by a catastrophic illness or injury, by the death of a spouse, child, or parent, by temporary loss of employment, by divorce, or by identity theft. In such a case, the insurer may consider only credit information not affected by the event or shall assign a neutral credit score.

(b) An insurer may require reasonable written and independently verifiable documentation of the event and the effect of the event on the person's credit before granting an exception. An insurer is not required to consider repeated events or events the insurer reconsidered previously as an extraordinary event.

(c) An insurer may also consider granting an exception to an applicant for insurance coverage or an insured for an extraordinary event not listed in this section.

12. There should be a collar on the rate impact of credit scoring. There should be a maximum percentage differential of 25%, for example, between the rates (including consideration of rating tiers) for two consumers with, respectively, the best and the worst credit scores and with otherwise identical underwriting and rating characteristics. Credit scoring should not have greater impact on premiums than factors providing loss prevention incentives to consumers.

13. Insurers who use credit scoring should be required to file the following information with their credit scoring underwriting and rating plan:

a. Any underwriting guidelines or tier placement guidelines based in whole or in part on consumer credit information;

b. A complete description of any rating factor based in whole or in part on consumer credit information;

c. A multivariate analysis of the relationship between credit and expected losses and which simultaneously considers the impact of all other rating, tier placement and underwriting factors on expected losses.

d. An analysis of the expected impact on consumers of the insurer's use of consumer credit information, including the number of consumers paying less and the number of consumers paying more for insurance when consumer credit information is used compared to when consumer credit information is not used by the insurer. The analysis shall also include the number of consumers moving from one rating tier to another because of the insurer's use of consumer credit information.

e. A report of the number of consumers in each credit score category used by the insurer by ZIP Code.

With this information, the Commissioner and the public will be able to analyze the impact of credit scoring on insurance markets.

6. Qualifications of Birny Birnbaum

Birny Birnbaum is a consulting economist whose work focuses on community development, economic development and insurance issues. Birny has served as an expert witness on a variety of economic and actuarial insurance issues in California, New York, Texas and other states. Birny serves as an economic adviser to and Executive Director for the Center for Economic Justice, a Texas non-profit organization, whose mission is to advocate on behalf on low-income consumers on issues of availability, affordability, accessibility of basic goods and services, such as utilities, credit and insurance. Birny has authored reports on insurance markets, insurance credit scoring, insurance redlining and credit insurance abuses for CEJ and other organizations. Birny serves on the NAIC Consumer Board of Trustees.

Birny has worked on insurance credit scoring issues for 12 years as both an insurance regulator and consumer advocate. Birny has recently authored a report on insurance credit scoring for the Ohio Civil Rights Commission and served on the Florida Insurance Commissioner's Task Force on Credit Scoring.

Birny served for three years as Associate Commissioner for Policy and Research and the Chief Economist at the Texas Department of Insurance. At the Department, Birny provided technical and policy advice to the Commissioner of Insurance and performed policy research and analysis for the Department on a variety of topics. His particular areas of insurance expertise include:

- Homeowners and Automobile Insurance Availability and Affordability
- Evaluation of Underwriting and Rating Factors, including Credit Scoring
- Data Strategy, Collection and Analysis
- Analysis of Insurance Markets and Availability
- Review of Rate Filings and Rate Analysis
- Loss Prevention/Cost Drivers
- Regulatory Policy and Implementation

Prior to coming to the Department, Birny was the Chief Economist at the Office of Public Insurance Counsel (OPIC), working on a variety of insurance issues. OPIC is a Texas State agency whose mission is to advocate on behalf of insurance consumers. Prior to OPIC, Birny was a consulting economist working on community and economic development projects. Birny also worked as business and financial analyst for the Port Authority of New York and New Jersey. Birny was educated at Bowdoin College and the Massachusetts Institute of Technology.

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

Farmers Insurance Company of Columbus / Farmers Insurance Exchange

Ohio Fire (Excluding Mobile Homes)

Derivation of FPRA Code Discount Factors

FPRA Score	FPRA Code	Current PIF	Total Premium	Total Loss	Loss Ratio	Loss Ratio Relativity	Rebased Loss Ratio Relativity	Proposed Discount Factor	Premium Spread by Group
NA	E & N	3,054	4,544,004	1,996,307	43.9%	0.724	0.264	1.000	0.040
226-375	Z	661	596,468	993,183	166.5%	2.742	1.000	1.000	0.005
376-400	Y	594	533,863	860,884	161.3%	2.656	0.968	1.000	0.005
401-425	X	740	734,950	902,181	122.8%	2.022	0.737	1.000	0.006
426-450	W	1,038	1,029,330	1,332,899	129.5%	2.133	0.778	1.000	0.009
451-475	V	1,326	1,321,730	1,568,696	118.7%	1.955	0.713	1.000	0.012
476-500	U	1,652	1,723,258	1,631,864	94.7%	1.560	0.569	0.750	0.015
501-525	T	1,992	2,108,336	2,392,179	113.5%	1.869	0.681	0.750	0.019
526-550	S	2,385	2,490,593	2,393,096	96.1%	1.583	0.577	0.750	0.022
551-575	R	2,635	2,908,825	2,792,033	96.0%	1.581	0.576	0.750	0.026
576-600	Q	2,884	3,126,207	2,941,839	94.1%	1.550	0.565	0.750	0.028
601-625	P	3,186	3,727,179	2,438,888	65.4%	1.078	0.393	0.600	0.033
626-650	O	3,852	4,470,625	3,355,325	75.1%	1.236	0.451	0.600	0.039
651-675	L	4,236	5,224,379	4,617,989	88.4%	1.456	0.531	0.600	0.046
676-700	K	5,196	6,484,066	5,204,246	80.3%	1.322	0.482	0.600	0.057
701-725	J	6,030	7,774,172	5,511,778	70.9%	1.168	0.426	0.600	0.069
NA	I	1,545	1,795,786	943,923	52.6%	0.866	0.316	0.400	0.016
726-750	H	7,086	9,638,670	5,531,973	57.4%	0.945	0.345	0.400	0.085
751-775	G	9,506	13,675,321	6,775,538	49.5%	0.816	0.298	0.400	0.121
776-800	F	7,822	12,074,421	5,002,925	41.4%	0.682	0.249	0.290	0.107
801-825	D	8,221	13,112,538	4,898,344	37.4%	0.615	0.224	0.290	0.116
826-850	C	6,063	9,986,690	3,447,613	34.5%	0.569	0.207	0.290	0.088
851-875	B	2,617	4,259,923	1,293,453	30.4%	0.500	0.182	0.290	0.038
876-900	A	8	17,775	1,617	9.1%	0.150	0.055	0.290	0.000
Total	Total	84,325	113,359,109	68,828,774	60.7%	1.000	0.365		1.000

Notes: 1) Total Premium and Total Loss are from IMPACT 1996 to February 2001 YTD data.
2) Base rate will be increased uniformly by 100.5% to achieve revenue neutrality.

Exhibit 3

Farmers Insurance Company of Columbus
Ohio Homeowners and Landlords Protector
Summary of Premium Effects -- Effective September 16, 2001

Type of Change	Special/Protector Plus	Renters/Condos	HO Total
Base Rate Changes by Territory	19.3%	11.4%	19.0%
FPRA Discount	-50.1%	-50.1%	-50.1%
Required FPRA Base Rate Offset	100.5%	100.5%	100.5%
Crossover correction	0.0%	0.0%	0.0%
Sewer & Drain Rate Change	2.6%	0.1%	2.5%
Overall Rate Change Effect	22.5%	11.5%	22.1%
Annual 2000 Premium	$ 25,108,816	$ 940,929	$26,049,745
Annual Dollar Effect	$ 5,646,465	$ 108,225	$ 5,754,689
Indicated Change	21.7%	11.4%	20.2%

HOMEOWNERS PACKAGE
FARMERS INSURANCE COMPANY
FARMERS INSURANCE EXCHANGE

RATING RULES (cont.)

★ FIRE REVISED PRICING MECHANISM DISCOUNT

Insureds may be eligible for a discount based on their **Farmers Property Risk Assessment (FPRA) code.** The FPRA code for the head of the household will apply to all Property policies in the household. The discount will apply to all policy types except Mobile Home.

FPRA CODE	FACTOR
A	0.29
B	0.29
C	0.29
D	0.29
E	1.00
F	0.29
G	0.40
H	0.40
I	0.40
J	0.60
K	0.60
L	0.60
M	1.00
N	1.00
O	0.60
P	0.60
Q	0.75
R	0.75
S	0.75
T	0.75
U	0.75
V	1.00
W	1.00
X	1.00
Y	1.00
Z	1.00

No. 791. Flow of Funds Accounts—Assets of Households: 1980 to 1999

[As of December 31 (6,563 represents $6,563,000,000,000). Includes nonprofit organizations]

Type of instrument	Total (bil. dol.)							Percent distribution		
	1980	1985	1990	1995	1997	1998	1999	1980	1990	1999
Total financial assets	**6,563**	**10,100**	**14,963**	**21,834**	**27,628**	**30,583**	**34,948**	**100.0**	**100.0**	**100.0**
Deposits	1,517	2,484	3,265	3,366	3,807	4,165	4,338	23.1	21.8	12.4
Foreign deposits	-	8	13	23	42	42	45	-	0.1	0.1
Checkable deposits and currency	251	342	409	505	445	461	442	3.8	2.7	1.3
Time and savings deposits	1,203	1,941	2,477	2,388	2,725	2,924	3,013	18.3	16.6	8.6
Money market fund shares	62	193	365	449	595	738	838	0.9	2.4	2.4
Credit market instruments	425	849	1,503	1,885	1,873	1,781	1,960	6.5	10.0	5.6
Open-market paper	38	35	63	48	59	63	69	0.6	0.4	0.2
U.S. Government securities	166	270	529	822	721	552	659	2.5	3.5	1.9
Treasury issues	160	251	462	700	511	391	347	2.4	3.1	1.0
Savings bonds	73	80	126	185	187	187	186	1.1	0.8	0.5
Other Treasury	88	171	335	515	325	204	160	1.3	2.2	0.5
Agency issues	5	19	67	122	209	162	312	0.1	0.4	0.9
Municipal securities	104	346	574	458	464	475	528	1.6	3.8	1.5
Corporate and foreign bonds	30	77	192	448	521	581	596	0.5	1.3	1.7
Mortgages	87	120	144	109	109	109	110	1.3	1.0	0.3
Corporate equities [1]	875	1,058	1,807	4,122	5,690	6,339	8,009	13.3	12.1	22.9
Mutual fund shares	46	198	468	1,265	2,057	2,501	3,104	0.7	3.1	8.9
Security credit	16	35	62	128	215	277	319	0.2	0.4	0.9
Life insurance reserves	221	264	392	566	665	718	772	3.4	2.6	2.2
Pension fund reserves [2]	971	2,087	3,462	5,768	7,894	9,079	10,360	14.8	23.1	29.6
Investment in bank personal trusts	265	384	552	803	943	1,001	1,117	4.0	3.7	3.2
Equity in noncorporate business	2,154	2,607	3,230	3,640	4,172	4,395	4,630	32.8	21.6	13.2
Miscellaneous assets	74	133	224	292	312	327	339	1.1	1.5	1.0

- Represents zero. [1] Only those directly held and those in closed-end funds. Other equities are included in mutual funds, life insurance and pension reserves, and bank personal trusts. [2] See also Table 846.

Source: Board of Governors of the Federal Reserve System, *"Federal Reserve Statistical Release, Z.1, Flow of Funds Accounts of the United States"*; published: 10 March 2000; <http://www.bog.frb.fed.us/releases/Z1/20000310/data.htm>.

No. 792. Financial Assets Held by Families by Type of Asset: 1992 to 1998

[**Median value in thousands of constant 1998 dollars (13.1 represents $13,100).** Constant dollar figures are based on consumer price index data published by U.S. Bureau of Labor Statistics. Families include one-person units; for definition of family, see text, Section 1, Population. Based on Survey of Consumer Finance; see Appendix III. For definition of median, see Guide to Tabular Presentation]

Age of family head and family income	Any financial asset [1]	Transaction accounts [2]	Certificates of deposit	Savings bonds	Stocks [3]	Mutual funds [4]	Retirement accounts [5]	Life insurance [6]	Other managed [7]
PERCENT OF FAMILIES OWNING ASSET									
1992, total	90.2	86.9	16.7	22.3	17.0	10.4	39.6	34.9	4.0
1995, total	91.0	87.0	14.3	22.8	15.2	12.3	45.2	32.0	3.9
1998, total	**92.9**	**90.5**	**15.3**	**19.3**	**19.2**	**16.5**	**48.8**	**29.6**	**5.9**
Under 35 years old	88.6	84.6	6.2	17.2	13.1	12.2	39.8	18.0	1.9
35 to 44 years old	93.3	90.5	9.4	24.9	18.9	16.0	59.5	29.0	3.9
45 to 54 years old	94.9	93.5	11.8	21.8	22.6	23.0	59.2	32.9	6.5
55 to 64 years old	95.6	93.9	18.6	18.1	25.0	15.2	58.3	35.8	6.5
65 to 74 years old	95.6	94.1	29.9	16.1	21.0	18.0	46.1	39.1	11.8
75 years old and over	92.1	89.7	35.9	12.0	18.0	15.1	16.7	32.6	11.6
Less than $10,000	70.6	61.9	7.7	3.5	3.8	1.9	6.4	15.7	(B)
$10,000 to $24,999	89.9	86.5	16.8	10.2	7.2	7.6	25.4	20.9	4.9
$25,000 to $49,999	97.3	95.8	15.9	20.4	17.7	14.0	54.2	28.1	3.9
$50,000 to $99,999	99.8	99.3	16.4	30.6	27.7	25.8	73.5	39.8	8.0
$100,000 and more	100.0	100.0	16.8	32.3	56.6	44.8	88.6	50.1	15.8
MEDIAN VALUE [8]									
1992, total	13.1	2.6	12.6	0.7	9.1	18.3	16.0	3.5	22.8
1995, total	16.5	2.3	10.6	1.1	9.6	21.2	18.1	5.3	31.9
1998, total	**22.4**	**3.1**	**15.0**	**1.0**	**17.5**	**25.0**	**24.0**	**7.3**	**31.5**
Under 35 years old	4.5	1.5	2.5	0.5	5.0	7.0	7.0	2.7	19.4
35 to 44 years old	22.9	2.8	8.0	0.7	12.0	14.0	21.0	8.5	25.0
45 to 54 years old	37.8	4.5	11.5	1.0	24.0	30.0	34.0	10.0	39.3
55 to 64 years old	45.6	4.1	17.0	1.5	21.0	58.0	46.8	9.5	65.0
65 to 74 years old	45.8	5.6	20.0	2.0	50.0	60.0	38.0	8.5	41.3
75 years old and over	36.6	6.1	30.0	5.0	50.0	59.0	30.0	5.0	30.0
Less than $10,000	1.1	0.5	7.0	1.8	14.0	6.0	7.5	3.0	(B)
$10,000 to $24,999	4.8	1.3	20.0	1.0	10.0	26.0	8.0	5.0	30.0
$25,000 to $49,999	17.6	2.5	14.5	0.6	8.0	11.0	13.0	5.0	15.0
$50,000 to $99,999	57.2	6.0	13.3	1.0	15.0	25.0	31.0	9.5	32.0
$100,000 and more	244.3	19.0	22.0	1.5	55.0	65.0	93.0	18.0	100.0

B Base figure too small. [1] Includes other types of financial assets, not shown separately. [2] Checking, savings, and money market deposit accounts, money market mutual funds, and call accounts at brokerages. [3] Covers only those stocks that are directly held by families outside mutual funds, retirement accounts and other managed assets. [4] Excludes money market mutual funds and funds held through retirement accounts or other managed assets. [5] Covers IRAs, Keogh accounts, and certain employer-sponsored accounts. [6] Cash value. [7] Includes personal annuities and trusts with an equity interest and managed investment accounts. [8] Median value of financial asset for families holding such assets.

Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, January 2000, and unpublished revisions.

No. 793. Flow of Funds Accounts—Liabilities of Households: 1980 to 1999

[As of December 31 (1,426 represents $1,426,000,000,000). Includes nonprofit organizations]

Type of instrument	Total (bil. dol.)							Percent distribution		
	1980	1985	1990	1995	1997	1998	1999	1980	1990	1999
Total liabilities	**1,426**	2,326	3,679	4,982	5,708	6,206	6,841	**100.0**	**100.0**	**100.0**
Credit market instruments	1,374	2,236	3,554	4,783	5,438	5,910	6,467	96.4	96.6	94.5
Home mortgages	905	1,408	2,461	3,252	3,698	4,058	4,480	63.5	66.9	65.5
Consumer credit	355	604	805	1,123	1,264	1,332	1,429	24.9	21.9	20.9
Municipal securities	17	81	87	98	115	127	137	1.2	2.4	2.0
Bank loans, n.e.c. [1]	28	31	18	57	67	73	65	2.0	0.5	1.0
Other loans	55	79	101	160	191	204	219	3.8	2.7	3.2
Commercial mortgages	15	33	83	92	104	117	137	1.0	2.2	2.0
Security credit	25	51	39	79	131	153	222	1.7	1.1	3.3
Trade payables	14	24	69	103	120	126	133	1.0	1.9	1.9
Unpaid life insurance premiums [2]	13	15	16	18	19	17	19	0.9	0.4	0.3

[1] Not elsewhere classified. [2] Includes deferred premiums.

Source: Board of Governors of the Federal Reserve System, *"Federal Reserve Statistical Release, Z.1, Flow of Funds Accounts of the United States"*; published: 10 March 2000; <http://www.bog.frb.fed.us/releases/Z1/20000310/data.htm>.

No. 794. Financial Debt Held by Families by Type of Debt: 1992 to 1998

[Median debt in thousands of constant 1998 dollars (19.9 represents $19,900). See headnote, Table 792]

Age of family head and family income	Any debt	Home-secured debt [1]	Installment	Other lines of credit	Credit card balances [2]	Other residential property	Other debt [3]
PERCENT OF FAMILIES HOLDING DEBTS							
1992, total	73.2	39.1	46.0	2.3	43.7	5.7	8.4
1995, total	74.5	41.0	45.9	1.9	47.3	4.7	8.5
1998, total	**74.1**	**43.1**	**43.7**	**2.3**	**44.1**	**5.1**	**8.8**
Under 35 years old	81.2	33.2	60.0	2.4	50.7	2.0	9.6
35 to 44 years old	87.6	58.7	53.3	3.6	51.3	6.7	11.4
45 to 54 years old	87.0	58.8	51.2	3.6	52.5	6.7	11.1
55 to 64 years old	76.4	49.4	37.9	1.6	45.7	7.8	8.3
65 to 74 years old	51.4	26.0	20.2	(B)	29.2	5.1	4.1
75 years old and over	24.6	11.5	4.2	(B)	11.2	1.8	2.0
Less than $10,000	41.7	8.3	25.7	(B)	20.6	(B)	3.6
$10,000 to $24,999	63.7	21.3	34.4	1.2	37.9	1.8	7.0
$25,000 to $49,999	79.6	43.7	50.0	2.9	49.9	4.1	7.7
$50,000 to $99,999	89.4	71.0	55.0	3.3	56.7	7.7	12.2
$100,000 and more	87.8	73.4	43.2	2.6	40.4	16.4	14.8
MEDIAN DEBT [4]							
1992, total	19.9	50.2	5.3	2.3	1.1	28.5	2.9
1995, total	23.4	54.9	6.4	3.7	1.6	31.9	2.1
1998, total	**33.3**	**62.0**	**8.7**	**2.5**	**1.7**	**40.0**	**3.0**
Under 35 years old	19.2	71.0	9.1	1.0	1.5	65.0	1.7
35 to 44 years old	55.7	70.0	7.7	1.4	2.0	40.0	3.0
45 to 54 years old	48.4	68.8	10.0	3.0	1.8	40.0	5.0
55 to 64 years old	34.6	49.4	8.3	4.9	2.0	41.0	5.0
65 to 74 years old	11.9	29.0	6.5	(B)	1.1	56.0	4.5
75 years old and over	8.0	21.2	8.9	(B)	0.7	29.8	1.7
Less than $10,000	4.1	16.0	4.0	(B)	1.1	(B)	0.6
$10,000 to $24,999	8.0	34.2	6.0	1.1	1.0	34.0	1.3
$25,000 to $49,999	27.1	47.0	8.0	3.0	1.9	20.0	2.2
$50,000 to $99,999	75.0	75.0	11.3	2.8	2.4	42.0	3.8
$100,000 and more	135.4	123.8	15.4	5.0	3.2	60.0	10.0

B Base figure too small. [1] First and second mortgages and home equity loans and lines of credit secured by the primary residence. [2] Families that had an outstanding balance on any of their credit cards after paying their most recent bills. [3] Includes loans on insurance policies, loans against pension accounts, borrowing on margin accounts and unclassified loans. [4] Median amount of financial debt for families holding such debts.

No. 795. Percent Distribution of Amount of Debt Held by Families: 1995 and 1998

[See headnote, Table 796]

Type of debt	1995	1998	Purpose of debt	1995	1998	Type of lending institution	1995	1998
Total	**100.0**	**100.0**	**Total**	**100.0**	**100.0**	**Total**	**100.0**	**100.0**
Home-secured debt	73.3	71.9	Home purchase	70.4	68.1	Commercial bank	35.1	32.6
Installment loans	11.8	12.8	Home improvement	2.0	2.0	Savings and loan	10.8	9.6
Credit card balances	3.9	3.8	Investment, excluding real estate	1.0	3.2	Credit union	4.5	4.2
Other lines of credit	0.6	0.3	Vehicles	7.5	7.5	Finance or loan company	3.2	4.2
Other residential property	7.5	7.4	Goods and services	5.7	6.0	Brokerage	1.9	3.7
Other debt	2.8	3.7	Investment real estate	8.2	7.8	Real estate lender	32.7	35.9
			Education	2.7	3.4	Individual lender	5.0	3.4
			Other loans	2.4	1.9	Other nonfinancial	0.8	1.3
						Government	1.3	0.6
						Credit and store cards	3.9	3.8
						Other loans	0.9	0.7

Source of Tables 794 and 795: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, January 2000, and unpublished data.

No. 796. Ratios of Debt Payments to Family Income: 1992 to 1998

[In percent. Constant dollar figures are based on consumer price index data published by U.S. Bureau of Labor Statistics. Families include one-person units; for definition of family, see text, Section 1, Population. Based on Survey of Consumer Finance; see Appendix III. For definition of median, see Guide to Tabular Presentation]

Age of family head and family income (constant (1998) dollars)	Ratio of debt payments to family income						Percent of debtors with—					
	Aggregate			Median			Ratios above 40 percent			Any payment 60 days or more past due		
	1992	1995	1998	1992	1995	1998	1992	1995	1998	1992	1995	1998
All families	14.1	13.6	14.5	16.1	16.1	17.6	10.9	10.5	12.7	6.0	7.1	8.1
Under 35 years old	16.5	17.1	16.6	16.6	16.9	17.4	10.5	11.0	11.8	8.3	8.7	11.1
35 to 44 years old	17.8	16.6	17.0	19.0	18.1	19.4	11.6	9.2	11.6	6.8	7.7	8.4
45 to 54 years old	14.6	14.6	16.3	16.1	16.6	17.8	10.2	10.4	11.6	5.4	7.4	7.4
55 to 64 years old	11.4	11.5	12.9	14.5	14.0	16.7	14.3	14.5	13.9	4.7	3.2	7.5
65 to 74 years old	7.8	6.9	8.5	10.6	12.2	13.9	7.8	7.8	17.5	1.0	5.3	3.1
75 years old and over	3.4	2.9	3.9	5.0	3.4	8.9	8.7	8.9	20.9	1.8	5.4	1.1
Less than $10,000	16.8	19.5	19.4	19.5	15.4	20.3	28.4	27.6	32.0	11.6	8.4	15.1
$10,000 to $24,999	14.8	16.1	16.2	15.3	17.7	17.8	15.5	17.3	19.9	9.3	11.3	12.3
$25,000 to $49,999	16.5	16.2	17.4	16.3	16.6	18.1	9.6	8.0	13.8	6.3	8.6	9.2
$50,000 to $99,999	15.3	16.0	17.4	17.0	16.9	18.3	4.4	4.2	5.7	2.2	2.7	4.5
$100,000 and more	10.7	8.7	10.0	13.7	11.1	13.1	2.2	1.7	2.1	0.5	1.3	1.5

Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, January 2000, and unpublished data.

No. 797. Household Debt-Service Payments as a Percentage of Disposable Personal Income: 1980 to 1999

[In percent. As of end of year. Seasonally adjusted. The household debt-service burden is an estimate of the ratio of debt payments to disposable personal income. Debt payments consist of the estimated required payments on outstanding mortgage and consumer debt]

Year	Total	Consumer	Mortgage
1980	12.41	7.99	4.42
1981	12.34	7.62	4.72
1982	12.33	7.47	4.85
1983	12.33	7.46	4.88
1984	12.83	7.80	5.03
1985	13.74	8.29	5.44
1986	14.18	8.50	5.69
1987	13.71	7.92	5.79
1988	13.34	7.58	5.77
1989	13.51	7.57	5.94
1990	13.24	7.11	6.14
1991	12.56	6.51	6.05
1992	11.70	6.03	5.67
1993	11.59	6.13	5.46
1994	12.01	6.52	5.49
1995	12.70	7.05	5.65
1996	13.09	7.44	5.65
1997	13.17	7.47	5.70
1998	13.29	7.57	5.72
1999	13.51	7.58	5.93

Source: Board of Governors of the Federal Reserve System, "Household Debt Service Burden;" published: 24 March 2000; <http://www.bog.frb.fed.us/releases/housedebt/default.htm>.

No. 798. Banking Offices by Type of Bank: 1980 to 1999

[As of December 31. Includes Puerto Rico and outlying areas. Covers all FDIC-insured commercial banks and savings institutions. Commercial banks include insured branches of foreign banks. Data for 1980 include automatic teller machines which were reported by many banks as branches]

Item	1980	1985	1990	1994	1995	1996	1997	1998	1999
All banking offices	(NA)	82,367	84,332	81,135	81,273	82,466	83,514	84,332	85,404
Number of banks	(NA)	18,033	15,192	12,641	12,002	11,478	10,945	10,483	10,238
Number of branches	(NA)	64,334	69,140	68,494	69,271	70,988	72,569	73,849	75,166
Commercial banks	53,172	57,660	62,710	65,055	65,827	66,733	68,691	69,873	71,142
Number of banks	14,434	14,407	12,377	10,489	9,972	9,553	9,165	8,794	8,598
Number of branches	38,738	43,253	50,333	54,566	55,855	57,180	59,526	61,079	62,544
Savings institutions	(NA)	24,707	21,622	16,080	15,446	15,733	14,823	14,459	14,262
Number of banks	(NA)	3,626	2,815	2,152	2,030	1,925	1,780	1,689	1,640
Number of branches	(NA)	21,081	18,807	13,928	13,416	13,608	13,043	12,770	12,622

NA Not available.

Source: U.S. Federal Deposit Insurance Corporation, *Statistics on Banking*, annual and *The FDIC Quarterly Banking Profile Graph Book*.

No. 815. Consumer Credit Outstanding and Finance Rates: 1980 to 1999

[In billions of dollars, except percent (349.4 represents $349,400,000,000). Estimated amounts of seasonally adjusted credit outstanding as of end of year; finance rates, annual averages]

Type of credit	1980	1985	1990	1993	1994	1995	1996	1997	1998	1999
Total	349.4	593.2	789.3	839.2	960.7	1,096.0	1,182.4	1,234.1	1,300.5	1,395.4
Revolving	55.1	124.7	238.6	310.0	365.6	443.2	499.5	531.3	560.7	596.0
Nonrevolving [1]	294.3	468.5	550.7	529.2	595.1	652.8	682.9	702.8	739.8	799.4
FINANCE RATES (percent)										
Commercial banks:										
New automobiles (48 months) [2]	14.32	12.91	11.78	8.09	8.12	9.57	9.05	9.02	8.72	8.44
Other consumer goods (24 months)	15.48	15.94	15.46	13.47	13.19	13.94	13.54	13.90	13.74	13.39
Credit-card plans	17.31	18.69	18.17	16.83	16.04	15.90	15.63	15.77	15.71	15.21
Finance companies:										
New automobiles	14.82	11.98	12.54	9.48	9.79	11.19	9.83	7.12	6.30	6.66
Used automobiles	19.10	17.58	15.99	12.79	13.49	14.48	13.53	13.27	12.64	12.60

[1] Comprises automobile loans and all other loans not included in revolving credit, such as loans for mobile homes, trailers, or vacations. These loans may be secured or unsecured. [2] For 1980, maturities were 36 months for new car loans.

Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, monthly.

No. 816. Credit Cards—Holders, Numbers, Spending, and Debt, 1990 and 1998, and Projections, 2000

[The complete publication including this copyright table is available from the U.S. Government Printing Office and the National Technical Information Service]

No. 817. Usage of General Purpose Credit Cards by Families: 1989 to 1998

[General purpose credit cards include Mastercard, Visa, Optima, and Discover cards. Excludes cards used only for business purposes. All dollar figures are given in constant 1998 dollars based on consumer price index data as published by U.S. Bureau of Labor Statistics. Families include one-person units; for definition of family, see text, Section 1, Population. Based on Survey of Consumer Finance; see Appendix III. For definition of median, see Guide to Tabular Presentation]

Age of family head and family income	Percent having a general purpose credit card	Median number of cards	Median new charges on last month's bills	Percent having a balance after last month's bills	Median balance [1]	Percent of cardholding families who—		
						Almost always pay off the balance	Sometimes pay off the balance	Hardly ever pay off the balance
1989, total	56.0	2	$100	52.1	$1,300	52.9	21.2	25.8
1992, total	62.4	2	100	52.6	1,100	53.0	19.6	27.4
1995, total	66.4	2	200	56.0	1,600	52.4	20.1	27.5
1998, total	**67.5**	2	**200**	**54.7**	**1,900**	**53.8**	**19.3**	**26.9**
Under 35 years old	58.3	2	200	71.6	1,500	39.0	22.5	38.5
35 to 44 years old	71.3	2	200	62.5	2,000	46.5	19.1	34.4
45 to 54 years old	75.3	2	200	59.2	2,000	48.2	22.7	29.1
55 to 64 years old	76.0	2	200	48.8	2,300	61.0	20.1	18.9
65 to 74 years old	71.2	2	200	33.9	1,000	74.0	14.9	11.1
75 years old and over	50.8	1	100	16.7	700	86.3	7.8	5.9
Less than $10,000	23.2	2	100	64.0	900	46.4	19.9	33.8
$10,000 to $24,999	50.8	2	100	56.9	1,200	52.3	19.3	28.4
$25,000 to $49,999	73.2	2	100	58.2	1,700	48.3	20.5	31.2
$50,000 to $99,999	89.6	2	200	55.9	2,400	53.9	20.2	25.9
$100,000 and more	97.9	2	800	36.4	3,100	72.0	13.8	14.1

[1] Among families having a balance.

Source: Board of Governors of the Federal Reserve System, unpublished data.

SAMPLE REPORT

Personal insurance credit inquiry for John Doe

PROGRESSIVE®

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

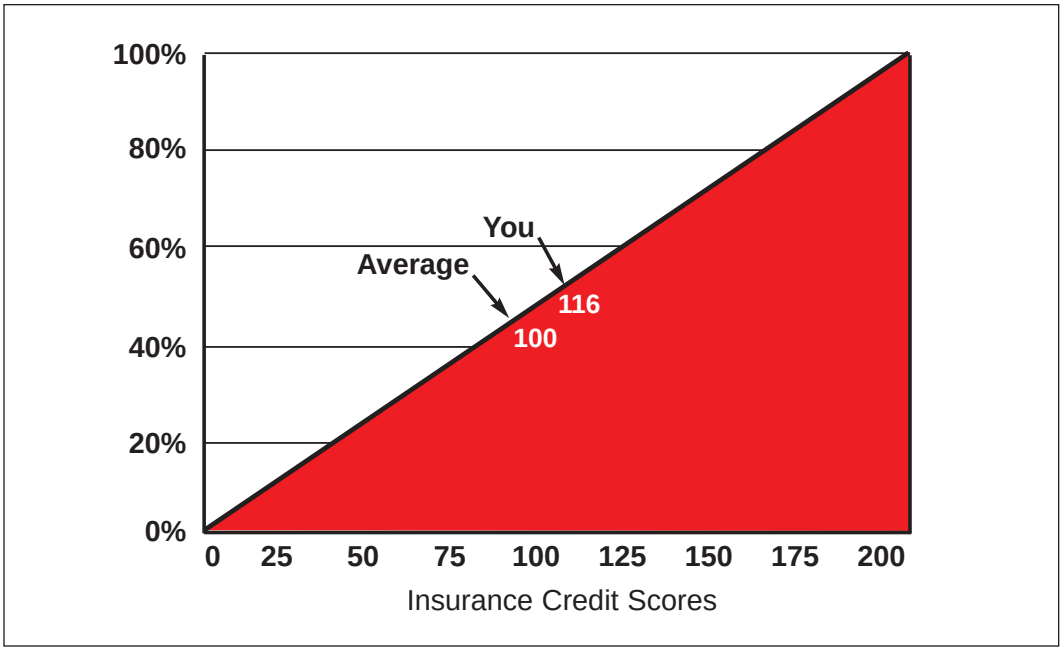
Installment loans have fixed terms with regular payments, such as a car loan, home loan, student loan, or personal loan. Revolving accounts have varying payments depending on the balance of the account. This includes all major credit cards and cards from department stores.

Personal insurance credit inquiry for John Doe

How your insurance credit score is determined

A lower score is better, as it indicates that you have carefully and consistently managed credit over many years. Consumers who use credit responsibly are statistically less likely to be involved in auto accidents and may be eligible for lower rates. To determine your insurance credit score, we subtract points for items that are better than average and add points for items that are worse than average.

Every consumer starts with the same number of points		**100**
Items better than average:		
First established credit at age 16	-10	
12 months since last auto loan was made	-7	
Total of all better than average items		**-17**
Items worse than average:		
Managed credit for 48 months	18	
2 loans and accounts that are current	8	
88% of available credit in use	4	
5 credit inquiries in the past 25 months	3	
Total of all worse than average items		**33**
Your insurance credit score =		**116**



Consumers who received a quote from Progressive in the past 6 months had an average insurance credit score of 100.

Your insurance credit score is 116 and is lower than 44% of consumers who received a quote from Progressive in the past 6 months, but is higher than the average.