MEDIA ADVISORY: I.I.I. Available for Questions about CFA Report on Auto Insurers' Use of Credit-based Insurance Scores

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NEW YORK, December 11, 2013 ? Reporters with questions about today?s Consumer Federation of America (CFA) report on how U.S. auto insurers use credit-based insurance scores when pricing policies are encouraged to contact the Insurance Information Institute (I.I.I.).

An insurance score is a numerical ranking based on a person?s credit history. Actuarial studies show?and insurance regulators agree?that insurance scores are an accurate predictor of insurance claims.

Credit-based insurance scores, like dozens of other factors considered by insurers, are used to help insurers differentiate between lower and higher insurance risks and thus charge a premium that accurately reflects the risk they are assuming. Statistically, individuals with good insurance scores are less likely to file claims than people with poor insurance scores. Credit-based insurance scores do not include information about a consumer?s race, income or any other socioeconomic or demographic factor.

The use of credit-based insurance scores is common in the insurance industry, and financially benefits most consumers. ?Insurers have been using credit information to assess risk in auto insurance for nearly 20 years. Over that time, numerous studies by federal and state regulators, universities, independent auditors and insurance companies have shown that an individual?s credit history is a proven, accurate indicator of how likely that person is to file a future claim, and the potential cost of that claim,? said Dr. Robert Hartwig, CPCU, president of the I.I.I, and an economist. ?A driver?s moderate-to-strong credit history may also offset otherwise negative underwriting factors they might have, such as a poor driving record,? Hartwig added.

?Because the majority of people have good credit, most drivers will pay less for insurance when credit-based insurance scores are considered,? said Dr. Hartwig. ?Credit-based insurance scores enable insurers to price auto insurance more accurately, resulting in a rating system that is fair and equitable for all drivers.?

Interviews with Dr. Robert Hartwig are available immediately. His office phone number is 212-346-5520; and his cell phone 917-453-1885. Dr. Hartwig?s email is bobh@iii.org.

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