

There is an awful lot of talk these days about credit scores. You see the ads with the people walking around with a number over their head, indicating their particular credit score. While these ads really have more to do with borrowing money or protecting your credit, a little known fact is that these scores also have a huge impact on your [auto insurance policy rates](#) and your [home insurance rates](#).

Now, to clarify, most insurance companies don't work straight off of your credit score, but rather a more complicated formula that is called your insurance score. They pool data that includes but is not limited to your credit score from database companies like [Experian](#) and [Equifax](#). And your insurance score can actually vary from company to company. Add to this the fact that your rates are directly affected by your credit score. Insurance companies now have so many different rating tiers that it is almost as if they have a specific rate for you that is different from the rate that any other customer might receive.

So why is this important? I was recently at an annual meeting for a very large insurance company that specializes in auto insurance and home insurance. One of the graphs that came up on the overhead showed the percentage of policies that they wrote in many different insurance score bands. I guess that is no real surprise, but then they showed which bands of insurance score they wanted to grow in next year. And guess what, it wasn't the highest score band. Now what that should tell you is that most insurance companies are not just trying to write all the policies they can, far from it. In fact, they are trying to write policies for people who fit their niche in the insurance score universe.

So this got me thinking. If every insurance company has a sweet spot in terms of insurance score, and almost every insurance buyer has his or her own unique insurance score, how in the world can the two match up so that the insurance company gets just the consumer that it is targeting and of course the consumer, by being in that company's sweet spot, gets the best possible rate? There is no place where people can go and have their insurance score run and then plug those numbers into a data base that sorts them to the best insurance company. So, at best, this is an inexact science. But it does underscore the need for you to have an experienced advocate working for you in the process of buying your auto or your home insurance. And if you use an independent agent, then their access to and experience with the multiple insurance companies that they represent will give you a huge edge over the direct writers who only have access to one insurance company. So, who are the direct writers who are not independent? Well, they will be names that you recognize, State Farm, Allstate, Nationwide, Progressive and Geico. These companies spend a lot of money on TV talking about saving money and low prices, all designed to steer the conversation away from their weak

Does Your Credit Score Match Your Insurance Company's Appetite?

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point, the fact that they have only their one product to offer you and thus they minimize your chances of making a good match between your insurance score and your insurance company.

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