

Maintain a Robust Credit Score

One factor in determining the premium of a personal auto policy or a homeowners policy has nothing to do with your driving record or claims history—it's your credit record. According to Conning and Company, more than 90 percent of insurers use an insurance applicant's credit history—his or her insurance risk score—to slot him or her into a certain program.

When you apply for auto or homeowners insurance, the insurance company typically asks for permission to pull your credit information. The insurer then secures a credit report from one of the credit bureaus. Credit scores range from 300 to 850. If your score is below 650, you may have trouble getting insurance, or you may have to pay a higher premium. In order to improve your credit score, keep in mind the following factors that influence the score.

- Payment history: The largest factor is credit and loan account payment history. A steady record of on-time payments going back several years shows responsibility.
- Debts owed: The number of accounts you currently have, including type and balance. Try to have just a few active accounts with low balances.
- Length of credit history: The longer your credit history, the better.
- New accounts: Every time you apply for a new account, a record of that application appears on your credit report and drops your score. Limit the number of applications you submit.
- Balance of accounts: It is best to have between two and six open credit cards and one or two loans.
- Negative records: Collections, judgments, and bankruptcy filings will drop your score.

Copyright 2011

[International Risk Management Institute, Inc.](#)