

# PRESS RELEASE

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### **Department of Insurance Publishes New Consumer Guide To Understanding How Insurers Use Credit Information**

The Arizona Department of Insurance has published a new consumer guide entitled, "Understanding How Insurers Use Credit Information". Many insurance companies selling automobile and homeowners insurance are considering credit-related information to help evaluate the likelihood that an applicant or policyholder will have losses covered under their policy. This new brochure is designed to help insurance consumers learn about how an insurer uses their credit-related information, and about their rights when this happens. It is written in an easy to follow question and answer format.

Insurers consider many different kinds of information, called "underwriting criteria", when evaluating insurance risks. Credit-related information is often one of these criteria. Insurers consider credit when deciding what price to charge, whether to issue a new policy, and whether to limit coverage.

Recently enacted Arizona law requires that insurers disclose to consumers if credit information, including the lack of a credit history, was considered in making an "adverse action." An adverse action includes having coverage declined or terminated and in some cases, being charged more for coverage.

Not all insurers use credit information to the same degree or in the same manner. The Department strongly recommends that insurance consumers comparison shop. The Department also offers premium comparisons and complaint ratios for both homeowners and auto insurance, as well as general guides on these types of insurance.

"In this age of electronic transactions and access to data, credit related information has become one of the criteria insurers consider in underwriting and pricing auto and homeowners insurance," said Director of Insurance, Charles Cohen. "This brochure

is intended to inform consumers about this practice and their legal rights when their credit history is considered in an insurance transaction. By providing this information we hope to help consumers comparison shop more effectively and take advantage of the competitive markets for these products.”

To obtain a free copy of any Department of Insurance brochure, consumers can contact us by:

*Visiting our web site at [www.id.state.az.us](http://www.id.state.az.us),*

*Calling toll free 1-800-325-2548 (outside Phoenix), or 602-912-8444 in Phoenix,*

*Sending an email request to [consumers@id.state.az.us](mailto:consumers@id.state.az.us),*

*Writing to or coming by the Department of Insurance at 2910 N. 44<sup>th</sup> Street, 2<sup>nd</sup> Floor, Phoenix, AZ 85018.*

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