

Client Communications

Credit Rating – Homeowners and Personal Auto Policies

Why does my credit rating affect how much my insurance costs?

This is a great question, and one that our customers ask frequently.

There have been a number of studies in Texas and other states that have shown a direct relationship between credit and claims. The state of Texas allows credit as a rating factor because the impact of credit can be proven like other factors including prior claims, driving experience or the age of a home.

For example, we know that more young drivers will have accidents than experienced drivers. Even though not every young driver will have an accident, they all pay more for insurance. And everyone else pays less. The same is true when credit ratings are used to develop premium for auto and homeowners policies. Those with good credit ratings typically pay less for their policies.

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