Fair Isaac Corporation

[redacted]

FICO® Credit-Based Insurance Scores

1. Most consumers benefit from the use of insurance scores—

Lower premiums—In its July 2007 report, "Credit-Based Insurance Scores: Impacts on Consumers of Automobile Insurance," the Federal Trade Commission noted "if credit-based insurance scores are used, more consumers (59%) would be predicted to have a decrease in their premiums than an increase." According to insurers, up to 75 percent of their policyholders pay lower premiums because of the insurers' use of

- Drivers with the best credit history are involved in about 40 percent fewer accidents than those with the worst credit history.

Scores are based on most accurate data—The data at credit bureaus is one of the most accurate sets of consumer data available to insurers. Based on studies, the error rate in credit reports is considerably lower than the error rate found in motor vehicle records.

3. It's common sense that credit habits relate to insurance risk—

Overall behavior is consistent—In general, people with good credit habits demonstrate careful behavior overall. This crosses over into their driving habits, care of their automobiles, and care taken in the maintenance and safety of their homes.

4. For insurers the issue is risk, not race—

FTC finds scores are not a proxy for race—In its July 2007 report, "Credit-Based Insurance Scores: Impacts on Consumers of Automobile Insurance," the Federal Trade Commission wrote, "Credit-based insurance scores appear to have little effect as a 'proxy' for membership in racial and ethnic groups in decisions related to insurance. ...Tests also showed that scores predict insurance risk within racial and ethnic minority groups. ...This within-group effect of scores is inconsistent with the theory that scores are solely a proxy for race and ethnicity."

Scores are color-blind and objective—An independent study by the Texas Department of Insurance confirmed that credit-based insurance scoring does not discriminate racially or by income. According to that study, a higher percentage of adults in low-income groups and certain minority groups (African-American and Hispanic) have somewhat lower scores compared with the rest of the adult population. However, the study also showed that each

poor driving record, thereby enabling someone to get insurance who might otherwise have been denied or charged more.

8. FICO® Credit-Based Insurance Scores are different from FICO® credit-risk scores—

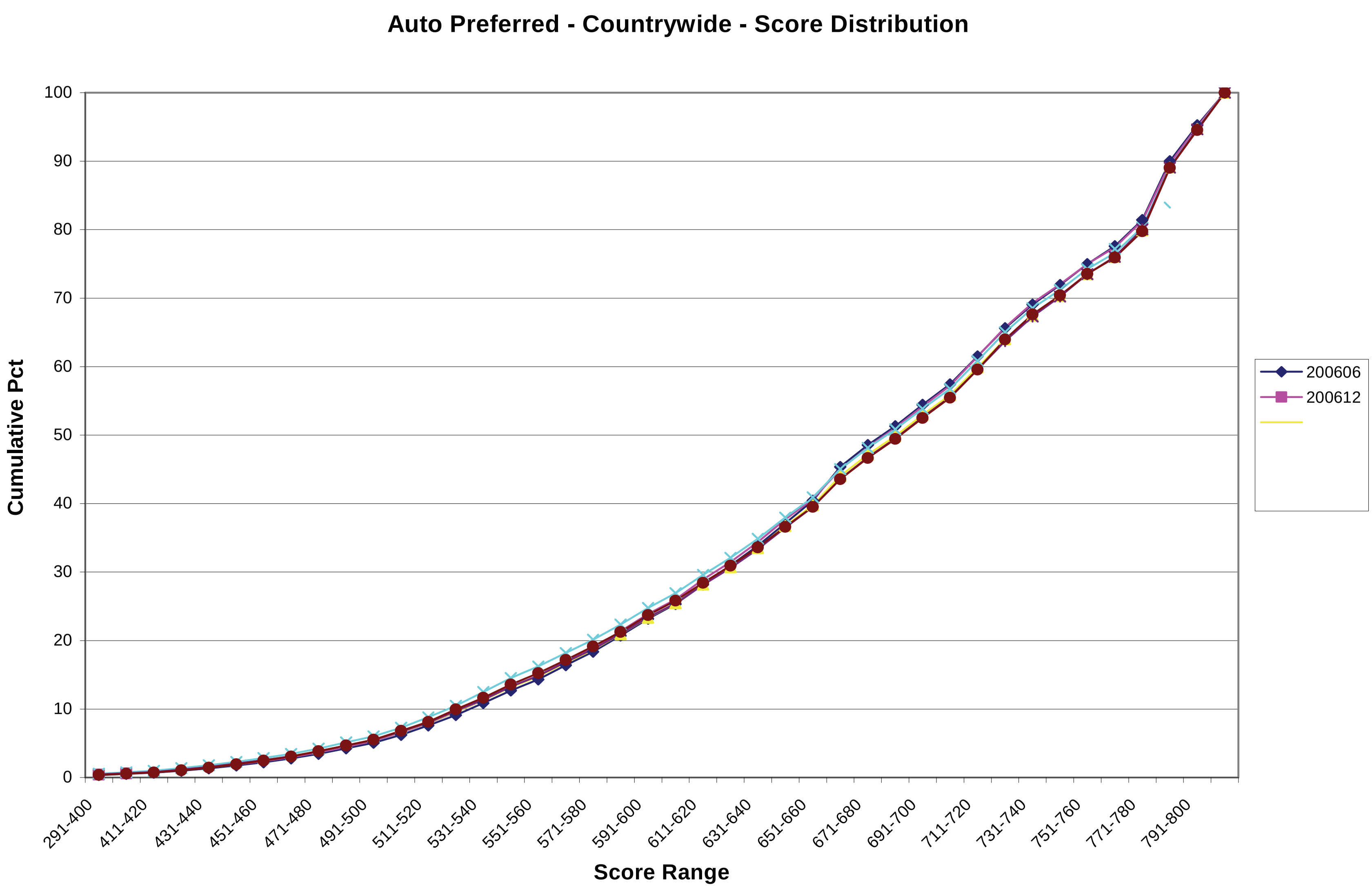
Predict very different things—While both types of scores use information from consumer credit bureau files, they predict very different outcomes. Credit-risk scores such as FICO® scores are built to predict the likelihood of delinquency or non-payment of credit obligations. Insurance scores, by contrast, are built to predict whether a consumer is likely to result in more (or less) insurance losses than the average consumer.

reported delinquent. Overdue bills can significantly lower your score, including unpaid non-medical debts sent to collection agencies.

Keep credit card balances low—Individuals with good scores come from every income level, and in tough times they tend to scale back their use of credit cards and pay down their debts. If your credit card balances are close to your credit limits, budget your finances to make debt reduction a top priority. Your indebtedness is the second most important factor for scores.

Open new credit cards or loans only when necessary—Opening new credit accounts may cause your score to go down so be cautious about taking on new debt. This includes thinking twice before opening a retail store card just to get an extra 10 percent off your current purchase.

Get your free annual credit report from each national credit reporting agency through www.AnnualCreditReport.com, and check your credit history carefully for errors. Contact the reporting agency if you spot an error so they can investigate it.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80
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60
50
40
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20
10
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Score Range
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