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INSIDE THIS ISSUE:
WHAT DO I NEED TO KNOW ABOUT CREDIT REPORTS AND SCORES?

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P&C *Insider*

STEERING INNOVATIVE SOLUTIONS FOR INDIVIDUALS AND BUSINESSES TO REAP THE BENEFITS OF A COMPETITIVE EDGE IN TODAY'S WORLD WITH SECURITY FOR TOMORROW'S...

What Do I Need To Know About Credit Reports and Scores?

What is on my credit report and where does it come from?

In general, your report includes your name, address, employers and more specific information about your accounts such as date opened, credit limit or loan amount, balance and payment patterns during the past several years. The information provided on your report comes from companies with whom you do business.

Should I check my credit report regularly?

Since your credit report plays an important role when you apply for any type of credit, it would be a good idea to know what is on your credit report before applying for credit.

What is a credit score?

A credit score is a number insurers use to help them, during the underwriting process, in determining whether or not to provide you with insurance coverage. A score is developed using elements of your credit history, however it is not stored as part of your credit history. It typically is generated at the time a request for a credit report is made. Therefore, your credit score changes as the elements in your credit report change.

What's a good score to get?

It is not that easy to answer since every company using scores decides for itself which scores are good and which are not, based upon the company's goals. The score is a tool, not a recommendation; the insurer makes the decision. That decision may be to offer lower-scoring people a different product, rather than turning them down.

How can I raise my score?

While you can improve your future score, it is unlikely that any single action you take will have a large impact on your score immediately. That is because your score reflects credit patterns over time. There are things you can do now to improve your score in the future. Such as:

- Pay your bills on time; delinquent payments and collections can have a major negative impact on your score.
- Pay down your balances; high outstanding debt can affect your score. And...
- Apply for new credit sparingly.

There is no single action that will raise your score. Each time a credit score is calculated, specific reasons are delivered along with the score. If you have received your score, you can ask for the reasons that came back with your score. These reasons, listed in order of importance, represent why your score was not higher. Addressing these reasons will most likely result in an improvement in your score.

How long is credit information kept?

Payment in full does not remove your payment history. The length of time information remains on your credit file is:

- credit and collection accounts— seven years from the date of last activity;
- courthouse records (judgments, liens and bankruptcies)—seven years from the date filed; Chapters 7 and 11 remain on file for 10 years from date filed;
- satisfied judgments—five years from date filed; and
- paid collections—five years from the date of last activity with original creditor.

What if the credit report has errors?

If an error is detected on your credit report, you should notify all three credit bureaus of the error. The credit bureaus must re-investigate the disputed item. The three national credit bureaus are: Equifax (800) 685-1111, Trans Union (800) 916-8800 and Experian (888) 397-3742.

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