[No secrets: What insurers know about you and how they use your personal data]

Insurance Quotes

Before they decide how much you have to pay for your auto insurance, carriers probe deep into your background to determine how likely you are to file claims.
Most consumers would be surprised to learn how much personal information is available to insurers, says Amy Bach, executive director of the United Policyholders insurance consumer advocacy group.
The rule of thumb is this: If there's anything in your background that could increase your risk of filing a claim, you can expect it to be factored in when rates are set.
What private data do insurers track?
Insurance companies consider these major factors:
How well you handle your personal finances.
Where you live.
Your driving record.
Your claims history.
Having access to information about you enables insurers to charge rates that accurately reflect the risk you represent, says Karl Newman, president of the Seattle-based NW Insurance Council trade group.
If insurers didn't analyze personal data, good drivers could end up subsidizing poor drivers whose risk went undetected, he adds.
Because underwriters examine information about all policyholders, they impose rates that accurately reflect each driver's risk of filing claims.
Some companies have strict privacy policies and don't share your information with anyone outside their company, Newman says.
Others share the information with business affiliates, such as banks and auto repair shops. It's important to read and understand your company's policies for privacy, he adds.
Newman notes that much of the information insurers gather, such as your address and marital status, comes from your own policy application.

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Other data, such as your credit history, comes from companies that compile databases on policyholders.
Insurers track your personal finances
The nonprofit Insurance Information Institute says studies show there is a connection between how you manage money and how likely you are to make an insurance claim.
Insurance companies have found that people who don't pay their bills on time tend to have more accidents, says Kevin Foley, a New Jersey insurance agent.
Most states allow insurance carriers use information from credit reports when they set auto premiums. The exceptions are California, Hawaii and Massachusetts.
Such reports consider the type of debts you have, whether you've paid your bills on time, and whether debt-collection actions have been taken against you.
What's an insurance score?
Each carrier creates "insurance scores" for its policyholders. These scores are based, in part, on each carrier's claims experience and on your credit history.
You should check your credit reports periodically and dispute errors, which can result in higher auto insurance premiums.
Your insurance score predicts the likelihood of your becoming involved in an accident or filing an insurance claim. Each insurance company has its own formula for calculating this score.
Typically, a higher insurance score means you are considered less likely to have insurance claims – and you'll pay a lower premium than someone with a lower score.
The largest credit-reporting companies are Equifax, Experian and TransUnion.
To check your score and ensure there are no errors on your credit report, which can increase your insurance rate, check your free credit report once a year through their shared website.
There are other free credit-monitoring services, such as Credit Karma, where you can access your score at any time.
Get a CLUE report)
In addition to your credit, insurers look at your past insurance claims to predict the likelihood of future losses. Newman says LexisNexis has a database called the Comprehensive Loss Underwriting Exchange CLUE), which tracks auto and property claims.
You can request a free CLUE report each year online from the LexisNexis website.
Insurance Services Office Inc. ISO) also tracks insurance claims. The company says its A-PLUS database contains claim reports from more than 1,490 insurance companies. If you dispute the accuracy of information in your A-PLUS report, ISO will contact the insurer that submitted the claim and ask for an

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investigation.
Discounts may be one phone call away
Janet Ruiz, spokeswoman for the III, says insurance companies typically rate auto policies yearly. Newman says there is no standard approach, however, and insurers may review your rates more or less often.
Rather than waiting to have your policy reviewed, report the following to your carrier to save money.
Good grades. If you have a teen on your policy, be sure to tell your insurer if he or she earns a 3.0 or higher grade-point average. This could earn a good-student discount of as much as 25 percent, says Carole Walker, executive director of the Rocky Mountain Insurance Information Association RMIIA).
Decreased driving. If you’re driving fewer miles, call your agent. The amount you save will vary by company and depend on how much your driving has decreased, Newman says.
Completion of a defensive driving course. If you take a class to improve your driving skills, you may qualify for a discount. Walker says the savings varies by company.
Students living away from home. If you have drivers under the age of 25 on your policy who are away from home attending college and not driving, you may qualify for a discount, Walker says.
Moving to a rural area. Moving from an urban to a rural area, where there are fewer crimes against property and fewer car accidents, often results in a discount.

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