



## TransUnion Insurance Risk Scores

# The industry's first transparent insurance risk score

Now carriers can get highly predictive insurance risk scores while helping agents and consumers gain a better understanding of the scoring process. TransUnion Insurance Risk Scores are available for auto insurance, property insurance, or a combination of the two. They are transparent, so agents, prospects, and policyholders will have an understanding of the items impacting the score and how they may be improved. Designed to support the industry's best practices for the use of credit, the models are open and may be filed with regulators, which can help lead to faster approval of rate filings.

### Demystify credit scores

TransUnion Insurance Risk Scores are open and thus help take the mystery out of how scores are calculated. The attributes used to create the score are available to the user, providing a clearer understanding of all the elements that impact a score.

Policyholders will receive four specific, detailed scoring factors, which indicate the action or condition that negatively affected the score. With each message, they will receive an explanation detailing what they can do to improve their score and the optimum value for that factor.

### A sample TransUnion Insurance Scoring factor:

Code Message

D02 4 or more accounts have had a late payment of 30 days or more within the last 24 months. Optimum value is 0; score will improve with 3 or fewer.

### Response to regulator concerns

The TransUnion Insurance Risk Scores were designed to address concerns over the use of credit data in insurance underwriting. Specifically, these models were built according to certain standards set by the National Conference of Insurance Legislators Model Act. Moreover, TransUnion continually

monitors legislative and regulatory activity and will promptly attempt to modify the scores to address new state laws. And because these models are open, they may be filed with state insurance departments.

### Discover the value of TransUnion

TransUnion combines analytics, technology and an in-depth understanding of business issues to deliver advantages to our customers around the world. This powerful combination of information and insight will help you improve efficiency and make better decisions at every stage of your policy lifecycle, from acquiring policyholders to strengthening and expanding your relationship with them.

For more information regarding TransUnion Insurance Risk Scores, call 1-800-566-8551, e-mail [insurance@transunion.com](mailto:insurance@transunion.com) or visit [transunion.com/insurance](http://transunion.com/insurance) today.



## Insurance Solutions Best Practices

# Best practices strengthen relationships at every point of the insurance lifecycle

Successful insurance transactions begin with solid relationships—between agents and policyholders, agents and carriers, and carriers and policyholders. Used properly, credit characteristics help to enhance each and every one of these relationships by facilitating transactions that can benefit all three parties.

Leveraging credit scores can help benefit all three parties to an insurance policy. Carriers can better manage risk levels and educate agents. Agents can better counsel policyholders and prospects and offer discounts to many customers. Policyholders, in turn, can save money and build long-term relationships with both agents and carriers.

To help the insurance industry offer all parties the benefits of using credit information, TransUnion developed the following seven best practices to promote transparency at every stage of the insurance cycle. By making the use of credit clear and accessible to all parties, these best practices help facilitate better, more productive communication between agents, carriers and policyholders.

### 1. Consumer Notifications

Notifying policyholders and prospects upfront that credit information will be used as one factor to determine their policy rates is a positive first step towards building a lasting, trust-based relationship. It opens the door for collaborative discussions between agents and customers, including the opportunity for agents to counsel customers about the extra discounts they can receive.

### 2. Agent Education

By educating agents on the positive benefits of using credit in the insurance process, carriers can empower those agents to better build policyholder trust, which in turn can strengthen the ties between independent agents and carriers. Policyholders can benefit because agents can better counsel them on how to take full advantage of their credit and receive policy rate discounts.

### 3. Consumer Report Impact Notice

TransUnion encourages transparency when using insurance scores so both policyholders and prospects know how their credit history affects their rates. And, with many customers receiving a discount because of their credit score, Consumer Report Impact notices present an opportunity to convey good news and build relationships.

### 4. Consumer Statement Exception Processes

Even the most stable policyholder can experience catastrophic life events, such as divorce, job loss or identity theft. Any of these can negatively impact credit standing and cause a credit report to unfairly reflect a policyholder's level of responsibility, which makes a robust Consumer Statements Exceptions process vital. TransUnion offers a full range of consultative services and support to help insurance carriers and agents develop manual review processes that take into account and apply alternative decision criteria to any reports containing consumer statements.

### 5. Automated Re-evaluation of Decision after Dispute

TransUnion is committed to striving for high levels of data hygiene, which is why we maintain that when a consumer files a dispute, it's in everyone's best interest to process it and re-evaluate decisions. Policyholders should always receive the rates they deserve. By working alongside the consumer to resolve disputes, agents can promote greater trust and increase approvals, and carriers can ultimately offer more accurate rates. TransUnion puts our full expertise, resources and experience at your disposal to help develop and implement the right automated e-evaluation process for your needs.

## 6. Reconsideration of Credit at Renewal

Just like any other insurance-relevant behavior, such as driving records or claim history, credit behavior changes over time. Reconsidering credit at the time of renewal can benefit all parties. The policyholder can receive better rates to reflect improved credit history. The carrier can more effectively track the risk rating in their book of business and agents can better facilitate the needs of both sides to offer fairer, more competitive rates.

## 7. Reinforcement of Benefit to Consumers

Policyholders can receive a benefit as a result of the use of credit in the policy-writing process. The value of educating the policyholder on how credit works extends beyond the insurance transaction and into almost every aspect of the consumer's financial life. As a result, the agent can add more value and build trust, which can ultimately help sell more products.

By following these seven best practices, carriers can better manage risk and build loyalty with agents. Agents can help get more policies approved by the carrier and offer more value to policyholders. And policyholders can receive fairer, more competitive rates from the carrier and build deeper, long-term relationships with their agents.

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For more information about how TransUnion can help you put these seven best practices to work, call 1-800-566-8551, e-mail [insurance@transunion.com](mailto:insurance@transunion.com) or visit [transunion.com/insurance](http://transunion.com/insurance) today.