

Credit history really does relate to insurance risk

Attitude is everything. We've all known someone who maintains a sense of humor and positive spirit even in the face of devastating illness or personal hardship. Attitude in one part of a person's life often carries into other parts – a sunny outlook, cautious approach, even *risk taking*.

Insurance companies discovered several years ago that people who are responsible about their credit are usually responsible about other things – including the serious responsibility of driving a vehicle. It's a remarkably accurate predictor of future driving incidents. It doesn't matter how much money they have, nor what their race or religion might be, nor where they live, nor their marital status. It just happens that people who pay their bills on time and are careful about their credit also tend to be careful about driving. They also tend to be more responsible home owners, protecting their investment by keeping up on a home's maintenance needs and filing fewer insurance claims.

Since that important discovery was made, most insurance companies have started including credit history — along with other factors such as driving history and type of vehicle for auto insurance, and a property's characteristics and past claims for homeowners insurance — into their underwriting systems. It has become part of the formula companies use for classifying policyholders and setting insurance rates.

We encourage all our clients to be financially smart and savvy. This includes suggesting they check their credit histories from time to time to know how they rank and correct any errors. In the event that a person's credit history has room for improvement, we can point you toward available resources.

Recognize that taking good care of your credit history is important. It'll help you not only get the best possible price for insurance, but also when you apply for a loan or mortgage, or even for telephone service. It's all part of smart financial management.

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