

## An Update from Cambridge's President

We at Cambridge have always been proud of our ability to adapt to the changing requirements of individuals seeking our assistance. We have been helping consumers since 1996 and, as I am sure you realize, a lot has changed since the first Clinton administration. Considering all of the changes we have undergone, especially recently, I decided to dedicate a portion of this edition of the Cambridge Quarterly to let everyone know what is happening.

Most significantly, we have added a housing counseling division to our organization. It's no secret that millions of Americans are struggling with a variety of housing problems. As the number of consumers contacting us considered their mortgage as a factor contributing to their hardship grew, it became clear that we had to help.

Cambridge is now a HUD-approved Housing Counseling Agency. Our goal for those we assist mirrors our mission for credit counseling – the creation of a better-educated public. We know that the more informed the consumer is about their options, the more likely they are to obtain and sustain homeownership. We currently offer the following types of counseling:

- Pre-Purchase
- Foreclosure Intervention and Default
- Financial Management/Budgeting
- Rental Counseling

If you, or anyone you know, could benefit from these types of services, please call us at (800) 757-1788.

Another exciting piece of news is the complete redesign of our agency's primary website, [www.cambridgecredit.org](http://www.cambridgecredit.org). This renovation was far more than just a new look. The new site now has:

- Better interactivity with our financial wellness center, [www.goodpayer.com](http://www.goodpayer.com)

- A new section exploring our Community Outreach efforts, including
  - \* Your Money 2.0
  - \* Money America Radio Program
  - \* Learn Now or Pay Later Guides
  - \* Community and In-House Seminar Seminars
- Links to our Facebook and Twitter pages
- New questions under Ask Bill
- A new Downloads page that makes it easier to find what you are looking for, including new items like recent quarterlies, goal development worksheets and more!

Finally, we have endeavored to adapt and improve our debt counseling services. We have expanded the availability of our Client Services staff. They are now available Monday through Thursday 8 AM to 5 PM and on Fridays from 9 AM to 5 PM. We are also now encouraging more people to contact us for additional counseling, letting everyone know our nationally certified counselors are always here to help if their situation changes.

That's not all, either - there are more changes on the horizon. As we continue to improve and expand our services, I will always keep you in the loop.



Christopher Viale  
President & CEO  
Cambridge Credit Counseling Corp.  
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*Help Cambridge accomplish its mission of educating America. If you know anyone who could benefit from our help, please have them call one of our certified counselors at (800) 235-1407.*

## The Cambridge Quarterly

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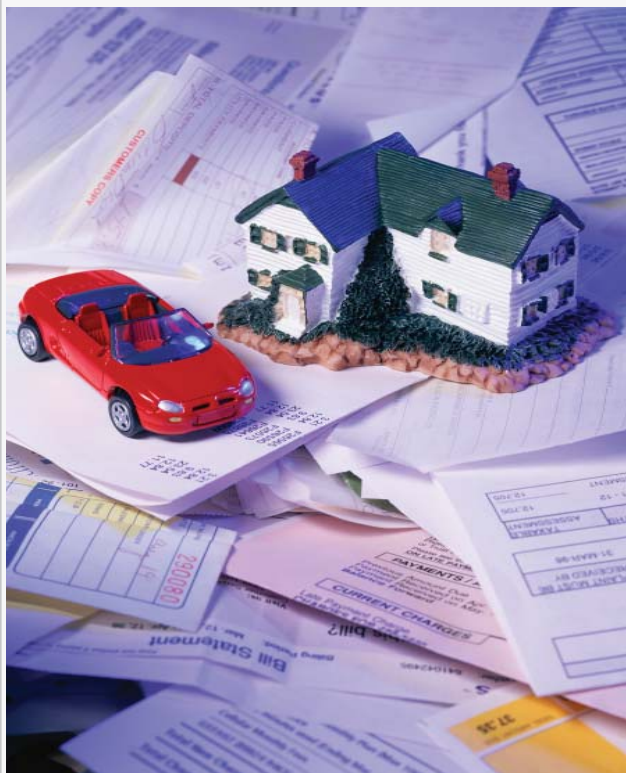
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A Professional Housing and Debt Counseling Agency

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# Car Insurance and your Credit

Many find no pleasure in shopping around for car insurance. The process can be mind numbing, confusing and downright annoying, but it's something you have to deal with if the state you live in requires that you carry an automobile policy. So, if you're going to put the time and energy into shopping around, you might as well do so armed with the knowledge that can help you save some money. We did a little digging, and found some interesting things that can affect your premiums - some of which may shock you.

These days, almost all insurers take a look at your credit report before extending coverage to you. Although some states have rules that prohibit the practice, many states allow it, much to the dismay of consumer advocates. What does your score have to say about your driving? It's very simple: studies have shown that people with lower



scores are more likely to file a claim. Because insurance companies are risk-based businesses, and would rather take in more money than they pay out, this makes sense. The credit score also tells your insurer a little bit about your stability. The logic here is that if your credit is in good shape, so are your faculties, reducing the likelihood of your driving around like Burt Reynolds in Smokey and the Bandit. The insurance company's perception, ultimately, is that if you pay your bills in a timely fashion and have had the same credit accounts for a long time, you're less of a risk than someone who pays late and frequently opens and closes accounts.

The information in your credit profile is used to create your "insurance risk score," which is one factor that can determine your auto-insurance rate. Unfortunately, your insurance-risk score is not available to you, but it may be similar to your credit score. If your credit score is low but you're a good driver, you may find a better rate with a company that weighs other factors more heavily, such as your driving record. You can find such a company by contacting an independent insurance agent or your state's department of insurance.

Now, some of you may be saying "Hey, I don't make any late payments, so I should be okay." Well, that may not be the case. Credit score issues don't just affect people with payment problems. Even borrowers with good credit can see their scores drop if they have multiple credit inquiries, carry too much debt, have their credit limits reduced by their lenders, or have errors on their credit reports.

Just like the experts say, you should examine your credit reports at least once each year to make sure the information contained in them is accurate. If your credit rating decreases right before your auto insurance renews and your insurance company takes the new rating into account, the lower scores could mean a higher premium.



On the other hand, if your credit scores have improved since you purchased an auto policy, you may find a better rate with an insurance company that considers credit scores when determining rates.

You should also be aware that your automobile model affects your premium. According to MSN, you won't get these numbers from your insurer; in fact, you may not be able to get them at all. But the auto insurers do have a rating system for every car make and model. Most use a system devised by the Insurance Services Office, which starts with the cost of the vehicle and then factors in safety and theft data. Cars are given a rating from 1 to 27, and the higher the number, the higher your premium.

Now, you may already know that bad driving can raise your premiums, but the amount of the potential increase may make you focus on the road like never before. The industry standard increase to your premium after your first at-fault accident is 40% of the insurer's base rate. So, if your base rate is \$1,000, you could receive an increase of \$400 after your first accident. Not every insurer has this policy, and 40% is just an average. The bottom line is that in the majority of cases, your rates will go up. What can you do beyond avoiding accidents? When you shop for a policy, be on the lookout for companies that have an accident forgiveness policy. You'll have to qualify for the coverage, so be sure to ask about the requirements.