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As an independent insurance agent for the past 30 years, I have seen a variety of underwriting rules and pricing practices employed by insurance companies. This is all in an effort to try to distribute their products to the insurance buying public at the most equitable and competitive price. A wide variety of rating plans and discounts are in place. Employer groups to non-drinker discounts have been used in a continuing effort to offer the best possible price.

Financial stability scoring is yet another tool to offer our clients additional discounts for home and auto insurance, if they qualify. As an agent, I like the fact that financial stability scoring cuts across the entire social/economic spectrum. It does not discriminate on the basis of age, race, income, address, marital status or gender.

I am able to offer financial stability discounts to a majority of the clients that come through my door. In most cases, discounts start at the 650 score and 76% of the current United States population meet or exceed that score.¹

Financial stability scoring does not ignore sound insurance underwriting practices. It has been independently validated that there is a direct correlation between the financial stability score and risk of loss.² The higher the financial stability scores, the better the loss ratio, therefore justifying the available discounts.

¹ Capital Rating Software, Lansing, Michigan.

² Independently validated by Tillinghast-Towers Perrin Consulting Firm.

The insurance industry is following the financial services industry. Risk lending base on credit scores has been used for years for loan acceptance and to arrive at an interest rate to be charged. This is widely accepted by the public as a justifiable practice.

In summary, scoring is a valid tool to be used by my agency and the insurance industry in the pricing of insurance. The use of scoring has not impacted negatively on my daily agency operations, but has provided additional cost savings to many of my clients. I am confident that financial stability scoring/underwriting is a correct approach to discounts for my clients, and is also a means of profitability for companies I represent.