

## **How a CLUE report can affect your insurance.**

CLUE reports are records on people and properties generated by a national insurance industry databank called Comprehensive Loss Underwriting Exchange, nicknamed CLUE. The system contains a five-year history of claims and payments, along with records of inquiries concerning coverage, these reports are maintained by ChoicePoint Asset Co., the data management firm that runs CLUE.

Using a CLUE report an insurance company can rate the risk of insuring a property based on prior claims either as a result of claims due to damage to the property or claims by an individual at the property. To better align customer risk with insurance cost, more than 90% of insurers use CLUE's database of 170 million auto loss claims and 40 million homeowner loss claims.

The problem with the CLUE reporting system for home buyers is that insurance companies rate the risk of insuring a property based on prior claims and inquiries. Any loss, even those paid by the owner or refused by

the insurance company can still show up as a claim in a CLUE report. They're just listed as zero-paid claims. This means that your insurance premium as a new owner is impacted by actions of the prior owner.

A buyer in Los Angeles reported that he found out that the house they were buying had a blot on its CLUE record: a theft during the previous owner's tenure. "We expected to pay about \$650 a year (for insurance). The first and second company we contacted wouldn't insure us; the third quoted a \$1,200 premium. We were two days away from closing, in danger of falling out of escrow, so we finally took what we could get, and it cost about \$900," he said.

Once you find a house that you want to bid on, you'll want to learn more about the house's history. To obtain a copy of its CLUE report, go to [www.choicetrust.com](http://www.choicetrust.com) or call ChoicePoint - (866) 527-2600.

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