

Press Release: Worst states for drivers with bad credit

Michigan, New Jersey and Arizona top the list of worst states for bad credit drivers. Bad credit can increase auto insurance rates more than an accident.

Foster City, CA: January 16, 2019 – CarInsurance.com, a one-stop destination for unbiased, expert advice on car insurance, released new research today ranking the worst states for insurance rates for drivers with bad credit.

The findings highlight the average percentage increase in car insurance rates for drivers with poor credit, compared to those with good credit, in the 47 states where credit is a factor in insurance rates.

Michigan (167 percent increase) tops the list of worst states for bad credit drivers by a wide margin. Auto insurance rates in that state are almost one-third higher than the next one on the list.

The average car insurance increase for a Michigan driver with bad credit is nearly \$4,000.

The top five worst states for insurance rates for drivers with bad credit, as a percentage compared to the rates paid by drivers with good credit in each state, includes:

- Michigan (167 percent)
- New Jersey (106 percent)
- Arizona (94 percent)
- Texas (93 percent)
- Utah (91 percent)

According to the research, drivers with bad credit pay on average 71 percent more nationally for car insurance than those with good credit. That average

rate hike is more than twice as much as the average insurance rate increase after an accident (32 percent).

“It may be hard to believe, but missing a few credit card payments may have a worse effect on your car insurance rate than crashing your vehicle,” said Michelle Megna, managing editor at CarInsurance.com. “However, drivers with bad credit can counterbalance ballooning rates by closely reviewing their options.

Every insurer uses its own formula to set rates, so by researching multiple insurers, it’s possible for those with bad credit to save up to \$2,000 a year on their insurance, helping to offset rising insurance costs in states like Michigan and others.”

The report also reveals other key insights, including:

- **Why Michigan tops the list:** The economic and political factors that play into making Michigan the worst state for bad credit drivers.
- **How and why car insurance companies use credit scores:** 90 percent of car insurance companies nationwide use credit information when determining insurance rates, based off a “credit-based insurance score” using the information contained in credit reports.
- **Options for bad credit drivers:** The best types of car insurance for bad credit, how to determine the right coverage and ways to improve credit scores and rates.
- **Nationwide average by company:** The average rates for bad credit drivers for six major insurers.
- **Rates from major carriers broken down by state:** The average rates for drivers with bad credit from top insurers, by each state.

To view the full report, and see where your state ranks, please visit CarInsurance.com to access it [here](#).

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Since 2003, CarInsurance.com has been educating consumers through its breadth of expert content, tools, and in-depth studies to help site visitors make informed decisions about their car insurance.

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