

Worst states for drivers with bad credit

By Michelle Megna

You jingle-bell rocked your credit card spending during the holidays. Now, the bills are coming. Make sure you pay those bills on time. If not, your holiday retail hangover could extend to your car insurance rates, too.

Even if you stayed within your budget, if you maxed out your credit cards or opened up new lines of credit, your credit score may still sink. That could cause your car insurance rates to rise. Surprising to some, credit is one of the major factors car insurance companies consider when calculating your premium.

Drivers with poor credit pay a rate that is 71 percent higher on average than a driver with good credit. That's about \$1,000 more a year, a new CarInsurance.com rate analysis shows. It's more than twice as much as the average premium hike (32 percent, or \$455 annually) for an accident, according to CarInsurance.com's data.

That's right, missing credit card payments could result in your auto insurance rates rising higher than if you crashed your car.

Top 5 worst states for drivers with bad credit

The situation is much worse in some states. For example, in the following states, drivers with bad credit will pay a rate that is higher by:

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

In nine other states, drivers with bad credit pay an average of least 75 percent more than drivers with good credit.

State	Average rate	Rate with poor credit	% increase	\$ increase
Michigan	\$2,368	\$6,316	167%	\$3,948
New Jersey	\$1,419	\$2,925	106%	\$1,506
Arizona	\$1,399	\$2,711	94%	\$1,312
Texas	\$1,644	\$3,170	93%	\$1,526

State	Average rate	Rate with poor credit	% increase	\$ increase
Utah	\$1,212	\$2,316	91%	\$1,104
Nevada	\$1,578	\$2,986	89%	\$1,408
Illinois	\$1,176	\$2,198	87%	\$1,022
New York	\$1,214	\$2,255	86%	\$1,041
Minnesota	\$1,339	\$2,471	85%	\$1,132
Pennsylvania	\$1,438	\$2,572	79%	\$1,134
Vermont	\$1,166	\$2,070	78%	\$904
South Carolina	\$1,353	\$2,386	76%	\$1,033
Alabama	\$1,304	\$2,296	76%	\$992
Tennessee	\$1,339	\$2,342	75%	\$1,003
Florida	\$2,250	\$3,926	74%	\$1,676
Maine	\$884	\$1,540	74%	\$656
Rhode Island	\$2,011	\$3,496	74%	\$1,485
Montana	\$1,589	\$2,756	73%	\$1,167
Colorado	\$1,675	\$2,890	73%	\$1,215
Kentucky	\$1,611	\$2,766	72%	\$1,155
Nebraska	\$1,287	\$2,203	71%	\$916
Idaho	\$1,019	\$1,742	71%	\$723
Indiana	\$1,057	\$1,806	71%	\$749
Missouri	\$1,288	\$2,197	71%	\$909
Louisiana	\$2,228	\$3,797	70%	\$1,569
Delaware	\$1,838	\$3,128	70%	\$1,290
South Dakota	\$1,250	\$2,119	70%	\$869
Arkansas	\$1,556	\$2,621	68%	\$1,065
Oklahoma	\$1,469	\$2,468	68%	\$999
Ohio	\$959	\$1,610	68%	\$651
Georgia	\$1,815	\$3,040	67%	\$1,225
DC	\$1,887	\$3,153	67%	\$1,266
North Dakota	\$1,123	\$1,873	67%	\$750
Oregon	\$1,325	\$2,193	66%	\$868
Kansas	\$1,412	\$2,320	64%	\$908
Washington	\$1,307	\$2,117	62%	\$810
Iowa	\$1,073	\$1,728	61%	\$655
Virginia	\$993	\$1,595	61%	\$602
New Mexico	\$1,498	\$2,404	60%	\$906
Maryland	\$1,541	\$2,464	60%	\$923
Wisconsin	\$1,147	\$1,832	60%	\$685

State	Average rate	Rate with poor credit	% increase	\$ increase
New Hampshire	\$1,156	\$1,846	60%	\$690
Mississippi	\$1,504	\$2,358	57%	\$854
Connecticut	\$1,980	\$3,095	56%	\$1,115
West Virginia	\$1,467	\$2,167	48%	\$700
Alaska	\$1,246	\$1,789	44%	\$543
Wyoming	\$1,577	\$2,179	38%	\$602
North Carolina	\$1,170	\$1,317	13%	\$147
California	\$1,783	\$1,783	0%	\$0
Hawaii	\$1,255	\$1,255	0%	\$0
Massachusetts	\$1,616	\$1,616	0%	\$0

Why Michigan tops the list

There are multiple factors driving insurance costs in Michigan that go beyond poor credit, says Dyck Van Koevering, general counsel of the Insurance Alliance of Michigan. That includes a law requiring drivers to purchase unlimited, lifetime medical benefits with their auto insurance.

“This one-of-a-kind mandate is driving up the cost of auto insurance for drivers across the state, making Michigan the most expensive state in the nation for auto insurance,” he says.

He also notes that drivers in neighboring states such as Ohio and Indiana – which also use credit information for setting insurance rates – pay only half as much for insurance as drivers in Michigan.

How insurance companies use your credit history information

Technically, insurers don’t use your credit score to determine your rates. Instead, they calculate what is known as a “credit-based insurance score” using the information contained on your credit report.

Both scores are based on information in a credit report, but “they predict very different things,” says Christine O’Brien, president of the Insurance Council of New Jersey.

While a credit score predicts the likelihood that a person will repay what is borrowed through loans and credit cards, a credit-based insurance score predicts the likelihood that a person will have future accidents or file claims.

Why do car insurance companies use credit scores?

Most insurers use credit-based insurance scores as a way of gauging the risk that a policyholder might pose. Ninety percent of car insurance companies nationwide use credit information when determining insurance rates, according to the National Association of Insurance Commissioners.

“Research has shown that people who manage their credit well have fewer insurance claims,” says Lynne McChristian, a communications consultant with the Insurance Information Institute.

For example, a 2018 study by the Texas Department of Insurance analyzed policyholder data and found a "strong relationship" between poor credit scores and a higher level of insurance claim activity. Typically, drivers with the worst credit scores file 1.5 to 2 times more claims than those with the best credit scores, says Ben Gonzalez, of the Texas Department of Insurance public affairs office.

That’s likely because people with high credit scores may be less likely to file relatively small claims. For example, if you caused \$2,000 in damage to someone’s car, you might opt to pay out of pocket to keep your rates from rising. Someone with a lower credit score might not have the resources to do that, Gonzalez says.

States that don’t use credit scores

It’s important to note that some states don’t use your credit information in setting rates. Three states – California, Hawaii and Massachusetts – have laws that prevent insurance companies from using your credit information to determine your rates.

Other states may have certain protections that prevent your credit record from impacting your auto insurance rates in some circumstances.

For example, O’Brien says the New Jersey Department of Banking and Insurance requires insurers to provide exceptions for consumers whose credit information has been hurt by extraordinary life events, such as:

- Catastrophic illness or injury
- Death of a spouse, child or parent
- Temporary loss of employment
- Divorce
- Identity theft

What’s the best type of car insurance company for bad credit?

While you work to improve your credit, it pays to shop around for auto insurance coverage, because you can still save money, even if you’re considered a high-risk driver. CarInsurance.com data show the average driver with bad credit can trim \$2,000 from their yearly policy cost.

Insurers use different methods to assess risk and price policies, so no two companies will raise your rates the same amount. By comparing rates from multiple carriers will save you, can see which one has the lowest price. But not all insurance companies are the same. Here we'll explain the benefits and drawbacks of comparing rates from a variety of carriers.

Companies that don't do credit checks

For drivers with bad credit, it may seem like the best way to get cheap rates is to find an insurance company that doesn't look at credit scores. That's not typically the best route to take.

Auto insurers who don't check credit specialize in high-risk drivers. These drivers cost insurers more than drivers with good credit and clean records, because they are more likely to file more claims that insurers have to pay. That means even though these companies skip a credit check, they may still be more expensive than traditional carriers, says Penny Gusner, CarInsurance.com consumer analyst.

“If you have bad credit, the best way to find the cheapest rates is to compare quotes from traditional companies as well as those that cater to high-risk drivers,” says Gusner. “Each insurer uses its own formula to set rates. So a traditional company that has a low surcharge for bad credit may be less expensive than a company that primarily serves high-risk drivers and doesn't do a credit check.”

Insurance companies that don't account for credit when determining rates are typically smaller, regional carriers that have fewer resources than the big companies. Gusner says be sure to check complaint filings with your state department of insurance website or at the National Association of Insurance Commissioners (NAIC) website. “And be sure to check their financial rating with a company such as A.M Best to be sure they are solvent enough to pay claims,” says Gusner.

Companies that cater to high-risk drivers but check credit

There are also car insurance companies that serve high-risk drivers that use credit scores. These companies may have comparable rates to traditional carriers, or rates that may be even cheaper. Many of these are separately branded companies owned by major carriers. Notable ones include:

- Victoria, owned by Nationwide
- Titan, owned by Nationwide
- The General, owned by American Family Insurance
- Bristol West, owned by Farmers

Traditional carriers

Some of the major insurance companies own subsidiaries that focus on high-risk drivers. Geico Casualty, owned by Geico, is one example. Progressive also generally provides high-risk drivers non-standard policies at affordable rates, compared to other big players in the industry, says Gusner.

“When you ask for quotes and go to buy a policy, you do so like any other driver,” she says, “but if deemed high-risk, you’d be assigned to the division that serves those drivers, likely without even knowing it.”

The bottom line is that you can still pay a lower rate with some traditional carriers’ coverage for drivers with bad credit.

You’ll see in the table below that Geico’s national average rate for drivers with bad credit is the cheapest among insurers studied by CarInsurance.com.

Bad credit car insurance rates by company

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- Good credit yearly rate
- Poor credit yearly rate
- Monthly rate / bad credit

Cheapest car insurance companies for bad credit: Comparing rates to save

To find the best rate, Gusner recommends getting at least three price quotes from multiple insurance companies. CarInsurance.com’s rate analysis found that drivers with bad credit can save, on average, \$167 a month by comparing rates.

“Credit checks by car insurance companies are considered a ‘soft pull,’ so they don’t affect your credit score,” says Gusner. “That means you can compare quotes from multiple insurers without having your credit score dinged.”

Below you’ll see how major carriers compare on rates for bad credit drivers in your state.

State

Company

Monthly rate with bad credit

State	Company	Monthly rate with bad credit
Alaska	State Farm Mutual Auto	\$128
Alaska	GEICO General	\$137
Alaska	Progressive Direct	\$167
Alaska	Progressive Specialty	\$198
Alabama	GEICO Cas	\$91
Alabama	GEICO General	\$108
Alabama	Nationwide Mutual Fire	\$169
Alabama	Allstate P&C	\$185
Alabama	Mid-Century Ins Co	\$201
Alabama	Progressive Specialty	\$254
Alabama	State Farm Mutual Auto	\$331
Arkansas	GEICO General	\$154
Arkansas	Farmers Ins Co	\$193
Arkansas	State Farm Mutual Auto	\$198
Arkansas	Nationwide Mutual	\$230
Arkansas	Allstate P&C	\$253
Arkansas	Progressive NorthWestern	\$284
Arizona	GEICO General	\$96
Arizona	GEICO Cas	\$119
Arizona	Progressive Advance Ins	\$172
Arizona	NICOA PPNM	\$233
Arizona	Farmers Ins Co of AZ	\$258
Arizona	Allstate F&C	\$299
Arizona	State Farm Mutual Auto	\$406
Colorado	GEICO Cas	\$122
Colorado	State Farm Mutual Auto	\$197
Colorado	AMCO Insurance	\$207
Colorado	GEICO General	\$260
Colorado	Progressive Direct	\$280
Colorado	Allstate F&C	\$299
Colorado	Farmers Ins Exchange 2.0	\$320
Connecticut	GEICO General	\$142
Connecticut	State Farm Mutual Auto	\$193
Connecticut	Nationwide Mutual	\$233
Connecticut	Progressive Casualty	\$273
Connecticut	Allstate F&C	\$322

State	Company	Monthly rate with bad credit
Connecticut	Foremost Ins Co. Grand Rapids	\$386
DC	GEICO General	\$139
DC	State Farm Mutual Auto	\$256
DC	NICOA	\$272
DC	Progressive Direct	\$291
DC	Allstate P&C	\$356
Delaware	GEICO General	\$178
Delaware	Progressive Direct	\$230
Delaware	Nationwide Mutual	\$246
Delaware	State Farm Mutual Auto	\$298
Delaware	Allstate P&C	\$351
Florida	State Farm Mutual Auto	\$225
Florida	GEICO General	\$265
Florida	21st Century Centennial	\$279
Florida	Allied P&C PPCM	\$316
Florida	Allstate F&C	\$434
Florida	Progressive Select	\$444
Georgia	GEICO General	\$151
Georgia	Progressive Premier	\$228
Georgia	Progressive Mountain	\$240
Georgia	Nationwide Mutual	\$269
Georgia	Allstate F&C	\$300
Georgia	State Farm Mutual Auto	\$332
Iowa	GEICO Cas	\$85
Iowa	GEICO General	\$123
Iowa	Nationwide Agribusiness Ins	\$127
Iowa	Progressive Universal	\$133
Iowa	State Farm Mutual Auto	\$151
Iowa	Farmers Ins Co	\$159
Iowa	Progressive Northern	\$175
Iowa	Allstate F&C	\$198
Idaho	GEICO General	\$91
Idaho	State Farm Mutual Auto	\$109
Idaho	Farmers Ins Co Of ID	\$138
Idaho	Allied Depositors PPXM	\$142
Idaho	Progressive NorthWestern	\$183

State	Company	Monthly rate with bad credit
Idaho	Allstate F&C	\$209
Illinois	GEICO Cas	\$130
Illinois	GEICO General	\$147
Illinois	State Farm Mutual Auto	\$152
Illinois	Progressive Northern	\$184
Illinois	Illinois Farmers Ins Co	\$216
Illinois	Allstate F&C	\$271
Indiana	GEICO Cas	\$76
Indiana	Nationwide Mutual	\$100
Indiana	Progressive Paloverde	\$147
Indiana	State Farm Mutual Auto	\$175
Indiana	Illinois Farmers Ins 2.0	\$193
Indiana	Allstate P&C	\$212
Kansas	Allied NW Affin PPBM	\$130
Kansas	GEICO General	\$140
Kansas	State Farm Mutual Auto	\$188
Kansas	Farmers Ins Co	\$211
Kansas	Allstate F&C	\$238
Kansas	Progressive NorthWestern	\$253
Kentucky	State Farm Mutual Auto	\$185
Kentucky	GEICO General	\$188
Kentucky	Progressive Direct	\$218
Kentucky	Nationwide P&C	\$264
Kentucky	Allstate P&C	\$297
Louisiana	GEICO Cas	\$173
Louisiana	State Farm Mutual Auto	\$313
Louisiana	Allstate P&C	\$339
Louisiana	Progressive Security Ins.	\$441
Maryland	GEICO Cas	\$120
Maryland	State Farm Mutual Auto	\$203
Maryland	Progressive Select	\$215
Maryland	NAICOA	\$241
Maryland	Allstate Indemnity	\$247
Maine	GEICO General	\$62
Maine	United Financial Casualty	\$117
Maine	State Farm Mutual Auto	\$135

State	Company	Monthly rate with bad credit
Maine	Progressive NorthWestern	\$160
Maine	Allstate F&C	\$168
Michigan	GEICO Ind	\$177
Michigan	Progressive Marathon	\$277
Michigan	State Farm Mutual Auto	\$603
Michigan	Farmers Ins Exch	\$709
Michigan	Allstate F&C	\$866
Minnesota	State Farm Mutual Auto	\$152
Minnesota	GEICO General	\$167
Minnesota	Allied P&C	\$183
Minnesota	Progressive Preferred	\$210
Minnesota	Illinois Farmers Ins	\$215
Minnesota	Allstate Indemnity	\$309
Missouri	GEICO General	\$131
Missouri	GEICO Cas	\$137
Missouri	State Farm Mutual Auto	\$153
Missouri	Allied P&C PPCM	\$156
Missouri	Farmers Ins Co	\$214
Missouri	Progressive Casualty	\$232
Missouri	Allstate F&C	\$259
Mississippi	GEICO General	\$134
Mississippi	Nationwide P&C	\$171
Mississippi	State Farm Mutual Auto	\$192
Mississippi	Allstate P&C	\$240
Mississippi	Progressive Gulf Ins	\$245
Montana	GEICO General	\$161
Montana	State Farm Mutual Auto	\$170
Montana	Allied Depositors PPXM	\$229
Montana	Allstate F&C	\$246
Montana	Mid-Century Ins Co	\$277
Montana	Progressive NorthWestern	\$295
North Carolina	GEICO Govt Employees	\$89
North Carolina	Progressive Southeastern	\$99
North Carolina	Nationwide Mutual	\$108
North Carolina	Allstate P&C	\$126
North Carolina	State Farm Mutual Auto	\$126

State	Company	Monthly rate with bad credit
North Dakota	GEICO General	\$91
North Dakota	Allied P&C PPCM	\$130
North Dakota	Mid-Century Ins Co	\$143
North Dakota	State Farm Mutual Auto	\$159
North Dakota	Progressive NorthWestern	\$188
North Dakota	Allstate Insurance	\$226
Nebraska	GEICO General	\$114
Nebraska	Allied P&C	\$130
Nebraska	State Farm Mutual Auto	\$171
Nebraska	Allstate F&C	\$202
Nebraska	Mid-Century Ins Co	\$204
Nebraska	Progressive Northern	\$281
New Hampshire	GEICO General	\$90
New Hampshire	Progressive Universal	\$120
New Hampshire	Nationwide Mutual	\$132
New Hampshire	State Farm Mutual Auto	\$134
New Hampshire	Allstate F&C	\$191
New Hampshire	Progressive Northern	\$256
New Jersey	21st Century Centennial Ins Co	\$183
New Jersey	Prog Garden State Ins Co	\$201
New Jersey	GEICO Govt Employees	\$220
New Jersey	State Farm Ind	\$303
New Jersey	Allstate NJ P&C	\$313
New Mexico	Progressive Direct	\$154
New Mexico	State Farm Mutual Auto	\$166
New Mexico	GEICO General	\$192
New Mexico	Allied AMCO	\$196
New Mexico	Progressive Northern	\$205
New Mexico	Farmers Ins Co of AZ	\$218
New Mexico	Allstate F&C	\$270
Nevada	GEICO Cas	\$132
Nevada	Victoria F&C	\$183
Nevada	Progressive Northern	\$234
Nevada	Mid-Century Ins Co	\$252
Nevada	Allstate F&C	\$287
Nevada	State Farm Mutual Auto	\$406

State	Company	Monthly rate with bad credit
New York	GEICO General	\$103
New York	Allstate F&C	\$120
New York	State Farm Mutual Auto	\$236
New York	Progressive Casualty	\$293
Ohio	GEICO Cas	\$61
Ohio	Nationwide Mutual	\$112
Ohio	GEICO General	\$125
Ohio	Progressive Direct	\$131
Ohio	State Farm Mutual Auto	\$137
Ohio	Farmers Ins of Columbus	\$152
Ohio	Progressive Specialty	\$167
Ohio	Allstate F&C	\$188
Oklahoma	GEICO Cas	\$126
Oklahoma	GEICO General	\$179
Oklahoma	State Farm Mutual Auto	\$194
Oklahoma	Farmers Ins Co	\$222
Oklahoma	Allstate F&C	\$234
Oklahoma	Progressive Northern	\$280
Oregon	GEICO Cas	\$104
Oregon	GEICO General	\$130
Oregon	State Farm Mutual Auto	\$170
Oregon	Farmers Ins Co Of OR	\$193
Oregon	Progressive Universal	\$204
Oregon	NICOA	\$231
Oregon	Allstate F&C	\$248
Pennsylvania	GEICO General	\$124
Pennsylvania	GEICO Cas	\$137
Pennsylvania	Nationwide Property & Casualty	\$170
Pennsylvania	State Farm Mutual Auto	\$172
Pennsylvania	Progressive Advanced	\$230
Pennsylvania	Allstate F&C	\$289
Pennsylvania	Progressive Specialty	\$378
Rhode Island	State Farm Mutual Auto	\$186
Rhode Island	Nationwide Mutual	\$235
Rhode Island	GEICO General	\$251
Rhode Island	Progressive Direct	\$286

State	Company	Monthly rate with bad credit
Rhode Island	Allstate F&C	\$382
Rhode Island	Progressive Casualty	\$409
South Carolina	Nationwide Mutual Fire	\$151
South Carolina	State Farm Mutual Auto	\$197
South Carolina	GEICO Govt Employees	\$205
South Carolina	Progressive Northern	\$213
South Carolina	Allstate F&C	\$228
South Dakota	GEICO General	\$141
South Dakota	Allied AMCO PPAM	\$151
South Dakota	Mid-Century Ins Co	\$165
South Dakota	State Farm Mutual Auto	\$178
South Dakota	Progressive Northern	\$212
South Dakota	Allstate Insurance	\$213
Tennessee	GEICO General	\$152
Tennessee	Mountain Laurel Assurance	\$160
Tennessee	State Farm Mutual Auto	\$166
Tennessee	Progressive Hawaii	\$199
Tennessee	Nationwide Mutual	\$216
Tennessee	Mid-Century Ins Co	\$217
Tennessee	Allstate P&C	\$256
Texas	State Farm Mutual Auto	\$195
Texas	Progressive Cty Mtl	\$247
Texas	Nationwide CCMIC	\$251
Texas	GEICO County Mutual Ins Co.	\$295
Texas	Allstate F&C	\$333
Utah	GEICO General	\$118
Utah	GEICO Cas	\$131
Utah	Allied P&C	\$160
Utah	Mid-Century Ins Co	\$192
Utah	Progressive Classic	\$212
Utah	Allstate F&C	\$220
Utah	State Farm Mutual Auto	\$320
Virginia	GEICO General	\$92
Virginia	Nationwide P&C	\$104
Virginia	State Farm Mutual Auto	\$130
Virginia	Progressive Gulf Ins	\$136

State	Company	Monthly rate with bad credit
Virginia	Allstate P&C	\$202
Vermont	GEICO General	\$94
Vermont	Nationwide Mutual	\$115
Vermont	Progressive Direct	\$133
Vermont	Allstate F&C	\$177
Vermont	State Farm Mutual Auto	\$195
Vermont	Progressive Northern	\$320
Washington	NICOA	\$131
Washington	Progressive Direct	\$148
Washington	GEICO General	\$159
Washington	State Farm Mutual Auto	\$169
Washington	Allstate F&C	\$210
Washington	Farmers Ins Co of WA	\$243
Wisconsin	GEICO Cas	\$64
Wisconsin	GEICO General	\$94
Wisconsin	State Farm Mutual Auto	\$128
Wisconsin	Progressive Universal	\$145
Wisconsin	Mid-Century Ins Co	\$159
Wisconsin	Artisan and Truckers Casualty	\$176
Wisconsin	Allstate P&C	\$201
Wisconsin	Allied AMCO PPA	\$254
West Virginia	GEICO General	\$135
West Virginia	NICOA	\$153
West Virginia	State Farm Mutual Auto	\$160
West Virginia	Nationwide Mutual	\$185
West Virginia	Progressive Max	\$204
West Virginia	Allstate P&C	\$246
Wyoming	State Farm Mutual Auto	\$144
Wyoming	GEICO General	\$158
Wyoming	Mid-Century Ins Co	\$169
Wyoming	Allstate F&C	\$255

Also keep in mind that a good credit score alone will not guarantee you a low rate on your car insurance.

“Drivers with good credit may get lower rates, but their driving record is not ignored,” McChristian says.

To get the lowest rates, you need to avoid accidents and violations. Other tips for lowering your rates include:

- Raising your deductible
- Dropping collision and comprehensive coverage on older vehicles
- Bundling your auto, homeowners and other types of insurance with one company
- Consider a usage-based policy, such as SnapShot from Progressive or DriveWise from Allstate
- Asking for discounts, such as paperless, good driver, good student, low mileage

Tips on improving your credit score

Of course, it always makes sense to maintain the highest credit score possible.

“Maintaining a good credit history pays off in many ways, including helping to lower your insurance costs,” McChristian says.

For example, people with good credit typically get the best rates when applying for a home mortgage or a car loan. For those reasons and more, maintaining a good credit score is crucial. A FICO score of 670 to 739, out of 850, is considered “good” credit.

“Think about protecting your credit rating in the same way you’d protect other valuables,” McChristian says.

Among other things, that means:

- Paying bills on time every time
- Thinking twice before opening new lines of credit
- Keeping a low balance on your credit cards, under 30 percent of your limit is recommended, for example \$300 for a \$1,000 credit limit
- Use your tax refund, if you get one, to pay down debt
- Consider using a secured credit card, which requires a refundable security deposit in exchange for a line of credit, to build a strong credit history

You should also review your credit report for accuracy. You can request free copies of your credit reports from the three national credit reporting agencies through AnnualCreditReport.com, the only authorized website for free credit reports. Follow directions from the agencies to fix any errors. Be aware that credit scores are not included in your reports. You have to pay a fee to the credit reporting agencies to obtain your credit score. The Consumer Financial Protection Bureau advises you check with your credit card company first, as some will share your credit score with you for free or even note it on your monthly statement.

If your credit report is not in the best shape, don't despair. Handling your finances responsibly should help you eventually turn things around.

"Over time, insurance scores can be improved," O'Brien says.

-with reporting by: Chris Kissell

Methodology:

CarInsurance.com commissioned Quadrant Information Services to field rates from 10 ZIP codes in each state from up to six major insurers, for a driver with good credit and a driver with poor credit, for full coverage. National average is based on states where credit is used in pricing policies.