

Prescreened Offers Of Credit And Insurance

(NAPS)—If you're a typical consumer, chances are your mail often looks something like this: bills, a letter from a friend or relative, a circular from a local department store, your monthly bank statement and an offer for a new credit card that says you've been "prescreened" or "prequalified."

Here is information from the Federal Trade Commission, the nation's consumer protection agency, about those prescreened offers of credit and insurance you get.

Q. A "prescreened" offer of credit? What's that?

A. Many companies that solicit new credit card accounts and insurance policies use prescreening to identify potential customers for the products they offer. Prescreened offers—sometimes called "preapproved" offers—are based on information in your credit report that indicates you meet criteria set by the offerer. Usually, prescreened solicitations come via mail, but you may also get them in a phone call or in an e-mail.

Q. How does prescreening work?

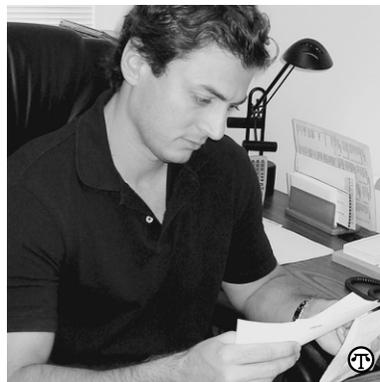
A. Prescreening works in one of two ways:

1. A creditor or insurer establishes criteria, like a minimum credit score, and asks a consumer reporting company for a list of people in the company's database who meet the criteria; or

2. A creditor or insurer provides a list of potential customers to a consumer reporting company and asks the company to identify people on the list who meet certain criteria.

Q. Can prescreening hurt someone's credit report or credit score?

A. No. There will be "inquiries" on your credit report showing which companies obtained your information for prescreening, but those inquiries will not have a negative effect on your credit



MAIL CALL—If you don't want to receive unsolicited credit card offers, call 1-888-5-OPTOUT.

report or credit score.

Q. Can people reduce the number of unsolicited credit and insurance offers they get?

A. Yes. If you decide that you don't want to receive prescreened offers of credit and insurance, you have two choices: You can opt out of receiving them for five years or opt out of receiving them permanently. Call 1-888-5-OPTOUT (1-888-567-8688) toll-free or visit www.optoutprescreen.com for details.

As you consider opting out, know that prescreened offers can provide many benefits, especially if you are in the market for a credit card or insurance. Prescreened offers can help you learn about what loan or insurance products are available, compare costs, and find the best product for your needs. Because you are preselected to receive the offer, you can be turned down only under limited circumstances. The terms of prescreened offers also may be more favorable than those that are available to the general public. In fact, some credit card or insurance products may be available only through prescreened offers.

For more information about credit-related issues, visit ftc.gov/credit.