



Credit 101: Q&A

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1) **When would a carrier register debt?**

Response: As of now, it is mostly MGAs who have been using the debt functionality on APEXA. If an advisor has debt with a carrier (for a chargeback, for example), then the Carrier generally pushes this debt down to the MGA rather than logging it directly against the advisor.

2) **On APEXA, the credit score showed zero. What does this mean?**

Response: In most situations, a credit score may show 0 on APEXA due to multiple credit files for the Advisor at Equifax. The Advisor can have this corrected by contacting Equifax directly.

3) **Are consumer proposals reported in the same manner as bankruptcies – in a separate tab?**

Response: Consumer proposals in APEXA will appear under the 'Bankruptcies' tab. You can see this information under the 'Disposition' description.

4) **How many years of bankruptcy will it go back?**

Response: Bankruptcy stays on your Equifax credit report for 6 years after the discharge date, or 7 years after the date filed without a discharge date. If a second bankruptcy is filed, then the first re-appears on your Equifax credit report, and both bankruptcies remain for 14 years after the discharge dates.

5) **Currently noticed that bankruptcies and consumer proposals are not showing up in a separate tab, we have to drill down into the individual item – why is this happening?**

Response: Equifax reports consumer proposals under the same category as Bankruptcies. That is why they both show up under Bankruptcies in APEXA. In order to see the details, click on the icon to the right of the item

6) **How confident are you that the information from Equifax is correct? With personal experience, their records aren't always accurate and we find they are behind in updating their system.**

Response: We are confident in our vendor relationship with Equifax and the data they provide to APEXA. If there are delays, issues or discrepancies with the information populated on a credit report in APEXA, this can always be disputed by the Advisor contacting Equifax directly. Any updates made to a credit report once the dispute has been processed will be updated on APEXA once a full new credit report is requested by the MGA or Carrier. The information that Equifax receives is from the same sources as other credit providers; however, each provider has their own propriety algorithms for calculating values like credit score. As a result discretionary items like credit score will vary across providers.

7) **Is it possible to have the same rating information from Equifax displayed R1-R9?**

Response: The information currently available in APEXA under the 'Rate Changes' tab includes:

- Date Added
- Reported Date
- Rating (i.e. paid as agreed and up to date; not more than one payment past due, etc)

- Credit Limit
- Balance
- Past Due

When you drill down further, more information is available (example below). Currently, we do not have the specific R1 – R9 ratings within this section and instead there is a comment to indicate whether there are past due payments under ‘Rating’. In APEXA, instead of R1 – R9 we show a text description of the rating. The below

Rate Changes

Date Added	Reported Date	Rating	Credit Limit	Balance	Past due
2017-03-03	2017-Feb	Not more than one payment past due.	\$ 1,000.00	\$ 900.00	\$ 75.00
Member:	BMO 3213	Phone:		Account number:	11111111110001
Account Type:	Revolving - open/end account	Terms:		Date Opened:	2015-Mar
30 Day Count:	2	60 Day Count:		90 Day Count:	
Months reviewed:	2	Last Activity:	2017-Jan		
Previous Rating #1:	Not more than one payment past due.				
Previous Date #1:	2016-Dec				
Narrative #1:	Monthly Payments				
Narrative #2:	Amount In H/C Column Is Credit Limit				

table shows how the information is translated and displayed on the system:

Value	Text
R0	Too new to rate or open but not used.
R1	Paid as agreed and up to date.
R2	Not more than one payment past due.
R3	Not more than two payments past due.
R4	Three or more payments past due.
R5	At least 120 days overdue but not rated “9”
R7	Making regular payments under consolidation order or similar arrangement
R8	Repossession
R9	Bad debt; placed for collection;

- 8) **Our broker has a credit score of 565 and one insurer refused to provide him with a code. Does that mean that he will be refused by other carriers? If he cannot obtain any code his license and liability he paid for becomes useless. What should he do?**

Response: APEXA is a software platform which aggregates information on behalf of Carriers, MGAs, Corporations and Advisors. Carriers indicate contracting decisions based on their own business processes. The decisions made can reflect various factors. We are not able to confirm if the credit score was the reason for the refusal, a contributing factor to the decision, nor that the Advisor would be declined if a new contract was submitted with another Carrier. When an application is declined, we recommend reaching out to the Carrier partner directly if you require clarification on the reason for the decline or for information regarding whether the advisor has the potential for future consideration. Each carrier has their suitability requirements or credit thresholds for new contracting and they are the ones who would best be able to advise you on their considerations, but a single decision does not dictate what the outcomes of other decisions will be.

9) **Is there a way to set a trigger when there is a bankruptcy or a consumer proposal? Not just when credit score drops?**

Response: In order to set up additional credit triggers, navigate to Search > Advisors > Credit to review all available options. Under 'Credit Event' there is an option for Bankruptcy. Setting up this trigger will give you information about both new bankruptcies and consumer proposals. The next credit webinar will provide a tutorial on how to set up a variety of credit triggers and searches in APEXA.

10) **Is there a way to set a trigger for when credit utilization hits X%?**

Response: There is no option to customize a Trigger to show a specific percentage in the Credit Utilization field in APEXA. The Credit Utilization Trigger will generate a task ANY time a new credit utilization item is added to an advisor's profile. This includes when a full credit check is completed as well as the weekly credit utilization updates received from Equifax. Equifax will send a new item every time the advisor's utilization is 80% or higher.

11) **What does a bad debt that has been sent for collection mean?**

Response: This means that account payments have been past due for some time, and the credit grantor decided to send the account to collections for further action. The advisor will be contacted by a collections agency and this item will show under 'Collections' on their credit report. This will have a negative impact on their credit score.

12) **How often does information update such as balance due, etc?**

Response: APEXA completes one full credit check on an advisor when they set up their profile. After this time, MGAs & Carriers have the option to order an additional credit report at their cost. APEXA also subscribes to an Equifax trigger program that sends weekly updates to existing items on the credit report. The credit score is updated monthly.

13) **Can you confirm that these are 'soft inquiries' and do not affect advisor's credit scores?**

Response: This is correct. When an Advisor accepts an invite and completed their profile on APEXA, they consent to a one-time full credit check which will reflect on their profile. The 'soft inquiries' and feeds received from Equifax provide updates on specific data points relating to their initial full credit check and do not affect credit score.

14) **How does taking a second mortgage affect a credit score?**

Response: Equifax has an algorithm they use to produce their credit score, known as Equifax Risk Score (ERS). There are different segments and weightings for each segment that impact the score.

A second mortgage will impact different categories of the algorithm, therefore impacting their credit score.

It will not have the same impact on one person's credit file as it would another. This is because part of the credit score calculation includes length of credit history and the number of credit events someone has.

- A second mortgage would impact utilization (which is 30% of credit score)
- Type of credit product (number and type of accounts – this segment is 10% of credit score)

- Inquiry segment (as a credit inquiry would be made before issuing the mortgage – this segment is 10% of credit score)

You can find more detailed information about how credit score is calculated here:

<https://www.consumer.equifax.ca/personal/education/credit-score/how-are-credit-scores-calculated/>

15) Do we know which carriers or MGAs are logging debt publicly on APEXA?

Response: We do not have this information as it is based on each Carrier and MGAs current business process on debt monitoring. However, we do know that this feature is mostly used at the MGA level, as outstanding Advisor debt at the Carrier level is often downloaded to their MGA after a period of 1-3 months. We know that there are MGAs already using this feature, and that additional MGAs have indicated their process now includes this. As we have grown the user base significantly this year, we are seeing more and more new users on the system and we will be hosting a Compliance seminar to review best practices, including debt logging.

16) A new shareholder creates their profile and we see no credit completed. The credit status shows pending from several months ago. We were told they would have to go back in and add their SIN which is probably missing. Does the shareholder not get a notification that something is missing or required to complete their profile?

Response: If a credit report cannot be completed with the information on the APEXA profile, the advisor or shareholder is required to add additional information. No external notification is sent to the individual – usually the MGA would contact them and ask them to log into APEXA to provide additional information, preferably their SIN. When they log into their profile, they will see a screen titled Credit Check Request – Equifax. The most effective information to provide is their SIN. Any additional information provided here will only be used to help Equifax complete the credit check and not retained by APEXA.

17) Are Advisors notified when a debt has been added to their profile and shared with other MGAs?

Response: Yes, Advisors receive an email as soon as debt has been added to one of their contracts – while the debt is still private. Advisors can view their debts in their APEXA profile under the Industry Debt tab.

18) Do Carriers tell MGAs if they've ever had a bad debt repayment history with an advisor?

Response: Carriers can choose to log debts on an Advisor's contract or add comments to a Contract. It will depend on their business processes.