

HOUSE No. 1079

By Mr. Sciortino of Medford, petition of Carl M. Sciortino, Jr., and others relative to providing consumer choice and environmental protection by authorizing pay by the mile auto insurance. Financial Services.

The Commonwealth of Massachusetts

PETITION OF:

| | |
|-------------------------|-------------------|
| Carl M. Sciortino, Jr. | Jay R. Kaufman |
| Denise Provost | Thomas J. Calter |
| William N. Brownsberger | Robert L. Hedlund |
| Douglas W. Petersen | |

In the Year Two Thousand and Seven.

AN ACT PROVIDING CONSUMER CHOICE AND ENVIRONMENTAL PROTECTION
BY AUTHORIZING PAY BY THE MILE AUTO INSURANCE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 *Whereas* accident costs are primarily produced by driving cars
- 2 and not by owning them, and;
- 3 *Whereas* charging insurance as an ownership cost under the cur-
- 4 rent time period insurance method results in such serious problems
- 5 as unaffordable insurance, likely unreliable risk-cost data, and insuf-
- 6 ficient incentives to reduce vehicle miles traveled, and;
- 7 *Whereas* vehicle miles driven directly correlates with global
- 8 warming emissions and other pollutants,
- 9 *Therefore*, Section 113B of chapter 175 of the General Laws is
- 10 hereby amended by adding the following:—
- 11 The Commissioner of Insurance is authorized to base insurance
- 12 rates on a “pay as you drive” or “cost per mile” basis for coverage
- 13 for losses caused by collision or other driving related accidents.
- 14 The Commissioner of Insurance shall commission and fund a
- 15 study to assess the benefits of allowing drivers to purchase automo-
- 16 bile insurance on a “pay as you drive” or “cost per mile” basis. This
- 17 study shall analyze the correlation between miles driven, accident
- 18 frequency, and the cost of claims and shall utilize the Common-

19 wealth's existing mileage and claims data, which is maintained by
20 the Automobile Insurers Bureau. Said study shall be completed and
21 shall be submitted to the Joint Committee on Insurance no later than
22 January 1, 2008. The mileage and claims data and the results of this
23 study shall be made public.

24 In order to advance the goals of reducing pollution, traffic conges-
25 tion and accident rates through the creation of incentives for car
26 owners to reduce vehicle miles traveled, the Commissioner shall
27 integrate a "pay as you drive" pricing scheme into the state's rate
28 structure if the study of "pay as you drive" insurance required under
29 this chapter demonstrates that "pay as you drive" insurance is fea-
30 sible. At a minimum, beginning January 1, 2009 the Commissioner
31 of Insurance shall require insurance companies to maintain at least
32 5% of total policies sold within the Commonwealth as "pay as you
33 drive" policies through December 31, 2010. Beginning January 1,
34 2011 and for all subsequent years, the Commissioner of Insurance
35 shall require that at least 10% of total policies sold are "pay as you
36 drive" policies.

37 By January 1, 2011, the Commissioner of Insurance shall com-
38 mission and fund a study to evaluate the impacts of "pay as you
39 drive" insurance on drivers and insurance companies, based on expe-
40 rience in the Commonwealth to date. Said study shall be completed
41 and shall be submitted to the Joint Committee on Insurance no later
42 than January 1, 2012. If said study does not demonstrate that doing
43 so would cause undue disruption to the insurance market, the Com-
44 missioner of Insurance shall require insurance companies to offer
45 "pay as you drive" insurance to all drivers in the state beginning
46 January 1, 2013.