

Boston Business Journal

September 17-23, 2004 Vol. 24, No. 33

boston.bizjournals.com

©2004 Boston Business Journal. All rights reserved \$2.75

16 Boston Business Journal

boston.bizjournals.com

CLF petitions for mileage-based automotive coverage

BY EDWARD MASON
JOURNAL STAFF

CLF Ventures, a nonprofit business incubator of the **Conservation Law Foundation**, is asking the state insurance commissioner to approve mileage-based insurance policies for sale in Massachusetts.

The policies, which are sold on an experimental basis by insurers in other states, would save consumers and insurers money while being environmentally friendly, according to **Bill Coleman**, CEO of CLF Ventures.

"From my perspective, it's a win-win-

win," said Coleman. "The environment wins because there's less pollution, (and) people who walk or take their bikes to work win because they pay lower premiums. Insurance companies win because if people drive less, there are fewer accidents and therefore fewer claims to pay."

Coleman said the policies would offer drivers a flexible, sliding scale of payments based on how much they drive in



Coleman: Less pollution and low premiums

a year. Current low-mileage discounts given by Massachusetts automobile insurers offer only fixed discounts within a wide range of miles driven — 10 percent off of premiums for driving 5,000 miles or less and 5 percent off for driving between 5,000 and 7,500 miles.

CLF Ventures will present its idea to the Romney administration's auto insurance reform task force in the next month.

Christopher Goetcheus, spokesman for the state **Division of Insurance**, described the proposal as interesting, but said there is a need for data before the policies can be approved. For instance, state reg-

ulators would want to know how mileage differences in city and urban areas would be accounted for.

Also, there is the issue of ensuring that drivers don't cheat. One possibility is to install global positioning systems in cars. Goetcheus suggested they might be a useful but cumbersome tool to monitor 3 million to 4 million vehicles.

Mileage-based insurance so far is being tested by Ohio-based **Progressive Corp.**, which does not have a presence in Massachusetts, and through a pilot program being run in Britain.

CLF also has a business interest in getting state approval for its low-mileage insurance program. Its insurance unit, the **Environmental Insurance Agency**, already sells about 400 low-mileage policies underwritten by Boston's **Plymouth Rock Assurance Corp.** They are sold to like-minded groups, such as the **Massachusetts Audubon Society** and the **Sierra Club**. Coleman said the group would like to sell more.

"We're looking to expand our insurance agency," Coleman said. "Obviously, if mileage-based insurance were an option in the commonwealth, it would be of value in terms of commissions for our agency. Our net revenue would get plowed back into CLF."

EDWARD MASON can be reached at
emason@bizjournals.com.