

Massachusetts' Transportation Turmoil - "Pay-As-You-Drive" Insurance Is Part of the Solution

- EIA Director David Thayer

Massachusetts currently faces a tremendous challenge of dealing with the double burden of aging transportation infrastructure and an outmoded approach to transportation financing. The picture is bleak: the state faces a \$19 billion budget shortfall over the next 20 years and unsustainable debt burden at the MBTA means that service may be cut even as fares increase. Unless new, bold ideas emerge, there is a very good chance that transportation in the Commonwealth will take a step backward.

CLF has long been at the forefront of alternative transportation policy, seeking ways to achieve public transportation priorities through equitable financing arrangements. In the late 1990s, CLF recognized that mileage-based pay-as-you-drive (PAYD) automobile insurance could be an instrumental part of the solution because it links miles driven to the policy premium, creating a strong incentive for consumers to drive less. Environmentalists see PAYD as a way to reduce vehicle miles traveled and the corresponding environmental impacts of those miles; consumer advocates favor PAYD because it can save consumers money, as these programs incorporate a variable rating factor (mileage) that individuals can influence through driving behavior; and transportation planners view PAYD as a way to address congestion and reduce the need for building new roads. In sum, CLF saw that establishing statewide PAYD in Massachusetts could make a big difference for the environment and consumers.

As a result, CLF established the Environmental Insurance Agency (EIA) with the dual mission of offering "green" insurance in Massachusetts while advocating for mileage-based insurance reform in the Commonwealth. While not a strictly mileage-based program, EIA currently markets the only auto insurance in Massachusetts that incorporates mileage as a rating factor. EIA began operations over ten years ago. Since then, EIA has expanded into New Hampshire and mileage-based insurance products and pilots can be found across the country. Environmentalists, consumer advocates, insurance companies, regulators and planners are all working together to make mileage-based insurance a reality.

Transportation reform in Massachusetts requires money, time and new ideas. Mileage-based auto insurance is no silver bullet, but giving consumers the power to make better decisions for themselves and the Commonwealth is a step in the right direction. And with the current turmoil over transportation reforms, not considering this innovative concept for Massachusetts is a missed opportunity that we cannot afford.

Be a part of the solution – get EIA insurance! Call us at 877-999-9342. Learn more about the Environmental Insurance Agency at www.clfventures.org/eia