

HOUSE No. 1079

The Commonwealth of Massachusetts

PETITION OF:

Carl M. Sciortino, Jr.
Denise Provost
William N. Brownsberger
Douglas W. Petersen
Jay R. Kaufman

Thomas J. Calter
Robert L. Hedlund

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:*

Whereas accident costs are primarily produced by driving cars and not by
owning them, and;

Whereas charging insurance as an ownership cost under the current time period
insurance method results in such serious problems as unaffordable insurance,
likely unreliable risk-cost data, and insufficient incentives to reduce vehicle
miles traveled, and;

Whereas vehicle miles driven directly correlates with global warming emissions
and other pollutants,

Therefore,

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

Section 113B of chapter 175 of the General Laws is hereby amended by adding the following:-

The Commissioner of Insurance is authorized to base insurance rates on a “pay as you drive” or “cost per mile” basis for coverage for losses caused by collision or other driving related accidents.

The Commissioner of Insurance shall commission and fund a study to assess the benefits of allowing drivers to purchase automobile insurance on a “pay as you drive” or “cost per mile” basis. This study shall analyze the correlation between miles driven, accident frequency, and the cost of claims and shall utilize the Commonwealth’s existing mileage and claims data, which is maintained by the Automobile Insurers Bureau. Said study shall be completed and shall be submitted to the Joint Committee on Insurance no later than January 1, 2008. The mileage and claims data and the results of this study shall be made public.

In order to advance the goals of reducing pollution, traffic congestion and accident rates through the creation of incentives for car owners to reduce vehicle miles traveled, the Commissioner shall integrate a “pay as you drive” pricing scheme into the state’s rate structure if the study of “pay as you drive” insurance required under this chapter demonstrates that “pay as you drive” insurance is feasible. At a minimum, beginning January 1, 2009 the Commissioner of Insurance shall require insurance companies to maintain at least 5% of total policies sold within the Commonwealth as “pay as you drive” policies through December 31, 2010. Beginning January 1, 2011 and for all subsequent years, the Commissioner of Insurance shall require that at least 10% of total policies sold are “pay as you drive” policies.”

By January 1, 2011, the Commissioner of Insurance shall commission and fund a study to evaluate the impacts of “pay as you drive” insurance on drivers and insurance companies, based on experience in the Commonwealth to date. Said study shall be completed and shall be submitted to the Joint Committee on Insurance no later than January 1, 2012. If said study does not demonstrate that doing so would cause undue disruption to the insurance market, the Commissioner of Insurance shall require insurance companies to offer “pay as you drive” insurance to all drivers in the state beginning January 1, 2013.