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**Written Testimony to the Senate Business & Transportation Committee
on Senate Bill 317, up for a hearing on March 12, 2013**

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Oregon Environmental Council**

Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. We advance innovative, collaborative solutions to Oregon's environmental challenges for today and future generations.

Oregon Environmental Council supports SB 317, which extends the sunset on the tax credit for provision of motor vehicle insurance policies based on mile-based or time-based rating plans, so-called "pay-as-you-drive" insurance.

Pay-as-you-drive insurance "unbundles" one of the current fixed costs of driving (auto insurance) so that drivers have more control over their insurance premiums. This pocketbook-friendly auto insurance option better reflects a person's risk of being in an accident and encourages less driving, which, in turn, reduces our impact on the climate, makes our water and air cleaner, and reduces the need to build expensive new roads as well as maintain the roads we currently have.

A pure pay-as-you-drive insurance product converts liability and collision insurance from dollars-per-year to cents-per-mile (or cents-per-minute/hour if advanced tracking technology is utilized). All existing rating factors required by state law (such as a driver's crash and moving violation history, vehicle type, and geographic territory) are incorporated into the per-mile or per-minute price. Within any given insurance pool, anyone who reduces their driving can save, whether they live in a rural or an urban area.

The 2003 Oregon Legislature approved a tax credit for insurance companies who pilot the concept. This tax credit was re-upped in 2009 with a new sunset date of 2015. A number of large insurance companies have done R&D and some are offering "pay-as-you-drive lite" (steep discounts within mileage bands), but none have yet qualified for the tax credit because their proposed product has not met the intent of the tax credit, which was to encourage companies to offer an insurance product that is at least 70% mile-based or time-based.

We're pleased to share that pay-per-mile auto insurance is, however, finally available in Oregon courtesy of a brand new company, MetroMile. MetroMile customers pay a base fee of \$30 to \$60 per month along with a mileage charge that typically ranges between three and six cents a mile. MetroMile's product is designed for people who drive less than 10,000 miles a year, and the company claims lower-mileage drivers can save as much as 20-30% percent compared to purchasing conventional auto insurance. MetroMile is offering this product first in Portland and intends to expand if successful. MetroMile has not applied for the tax credit (as a brand-new company they likely have no tax liability), but we surmise the fact that the tax credit was on the books helped bring MetroMile to Oregon. The tax credit was an indication to MetroMile that Oregon is "open for business"—that we're a state that values this type of innovative thinking and is pleased when the private sector steps up to help us meet our environmental goals.

OEC urges you to keep this tax credit on the books so that Oregon continues to send this powerful signal.