

# Pay as you go auto insurance: Available in Oregon?

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INSURANCE *Tips*

## Free help with your insurance questions or complaints

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Oregon consumers can find auto insurance that provides discounts based on mileage, or "pay as you go" insurance. In fact, the state encourages this by offering tax credits for insurance companies with a mile-based or time-based rating plan.

Insurance companies that seek to qualify for the tax credits establish formal programs that count miles, time of day, or some combination of those factors to calculate premium. Many other companies consider mileage when setting rates but to a lesser extent.

The key to the "pay as you go" plans is to reward people who drive less and thus reduce the exposure to accidents, greenhouse gases and oil consumption.



## What is available?

Of the more than 130 companies that offer personal auto insurance in Oregon, a growing number offer "pay as you drive" options for personal-use autos. Options are also available for business vehicles. The business programs are geared to small-to-medium fleets, ranging from heavy trucks to business-use passenger vehicles. These include fleets of vehicles for local service, maintenance and delivery.

## How does it work?

For most current plans, your car must have a data logging device (DLD), which is plugged into an onboard diagnostic port called an OBDII. The port was available in cars made in the U.S. from 1996 on. For personal insurance, the insurer will normally provide you with the necessary equipment.

## Companies with programs

- ▶ **Allstate Fire and Casualty:** This company offers a driving-based discount that considers both mileage and driving behavior. The discount can be as much as 40 percent for liability and collision coverage and up to 10 percent for comprehensive coverage. There is also a one-time 10 percent participation discount available.
- ▶ **Liberty Mutual Insurance:** This company offers two driving-based discounts plans - one based on mileage and the other based on driving behavior. The low-mileage discount plan provides a discount of 5 percent to 15 percent for people who drive less than 10,000 miles a year. The "right track" discount of 5 percent to 30 percent considers mileage and driving behavior. Behavior includes such items as acceleration and hard braking, and time of day the vehicle is driven.

- ▶ **MetroMile (Dallas National Insurance Company):** In this program, half of the premium is a fixed charge based on traditional factors such as age and driving record. The other half is based on mileage. People who drive less than the average 10,000 miles a year will have a lower periodic charge from a mileage discount. The mileage amount is updated regularly.
- ▶ **National General Assurance Company:** This program is available for OnStar customers and includes six, mileage-based discount levels. Discounts range from 50 percent if you drive less than 2,500 miles a year to 5 percent discount for driving 12,000-15,000 miles.
- ▶ **Progressive Universal Insurance Company:** The company offers premium discounts of 5 percent to 25 percent, depending on when you drive, your driving behavior, and your total mileage. A base discount applies when you begin the program. After the initial period, the discount is based on the mileage and time of day data from your logging device and is reviewed and applied at each subsequent renewal.
- ▶ **State Farm Mutual Automobile Insurance Company:** The program offers a discount that ranges from 1 percent to 50 percent based on your total mileage, time of day your vehicle is driven, and driving behavior. The data logging device remains in your vehicle, and the discount is recalculated every renewal.
- ▶ **The Travelers Home and Marine Insurance Company:** This program is similar to Progressive's. You receive a 3 percent discount for participating in the program. The additional discount is based on the average weekly mileage driven. The discount can be as high as 20 percent if you drive less than six miles a week (312 miles a year) to no discount if you drive more than 196 miles a week (10,000 miles a year).



## Business Auto

The following companies offer special programs in the commercial auto market based on a safety score developed with information from the data recorder: Safeco, American States, First National, General Insurance, Ohio Casualty Insurance Company, West American and American Fire and Casualty.

The rating plan for these companies uses an Onboard Advisor™ Discount for customers who choose to purchase the Onboard Advisor™ telematics product. The product measures velocity, turning, braking, time of day and day of week data. The results enable business customers to proactively manage driver performance and reward safe driving.

Many factors influence what you pay for auto insurance. The amount you drive is considered by most companies but to varying degrees.

## TIP

"Pay as you go" insurance is designed to reward limited driving exposure, based on time of day and mileage. Track your actual mileage for a typical month and see if you will benefit from this type of plan.

Talk to your agent or the insurance companies for information. If you have general questions about auto insurance, call the Insurance Division's consumer advocates. All companies that sell auto insurance in Oregon must be authorized by the Oregon Insurance Division.

**Call an Insurance Division consumer advocate: 1-888-877-4894.**