

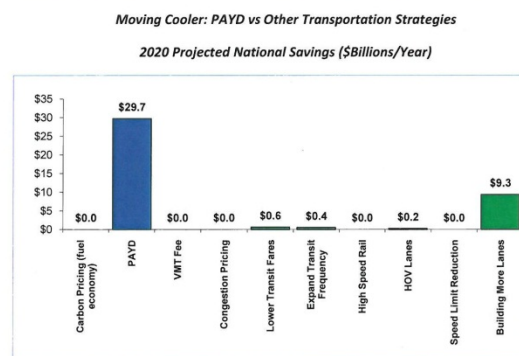
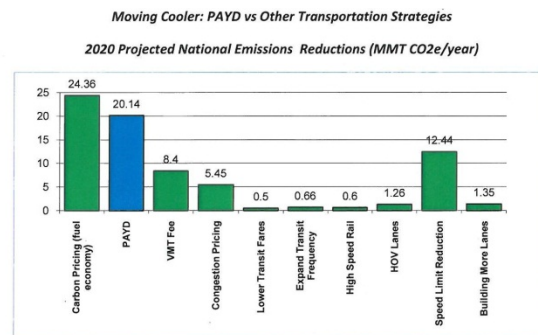
Mileage Based Insurance: Drive Less, Pay Less for Auto Insurance

Mileage based insurance ties car insurance rates to the number of miles people drive, so the less they drive the less they pay. On top of existing pricing factors, it links premiums to how much people use their vehicles, offering a way to save money by driving less. Rep. Ryu's MBI bill allows insurers to offer mileage based insurance to their customers by removing existing barriers preventing these products being offered in Washington State. It does not create a mandate for insurers to offer this product.

Policies offering insurance by the mile are good for families' budgets, and for the environment. A recent [Brookings Institution report](#) estimates that if all motorists bought accident insurance per mile, rather than conventional, lump-sum insurance:

- **Driving would decline by 8 percent nationwide**, translating into a savings of about \$50 billion to \$60 billion a year in driving accidents and other car-related damage.
- **Total U.S. carbon dioxide emissions would go down by 2 percent** and oil consumption by about 4 percent, helping to stabilize our climate and reducing America's dependence on foreign oil.
- **Two out of three households would pay less for auto insurance**, with each of those households saving an average of \$270 per car.

Mileage based insurance (also known as Pay as You Drive or PAYD) is one of the more effective and efficient ways to reduce pollution, while saving money as shown in the graph below.



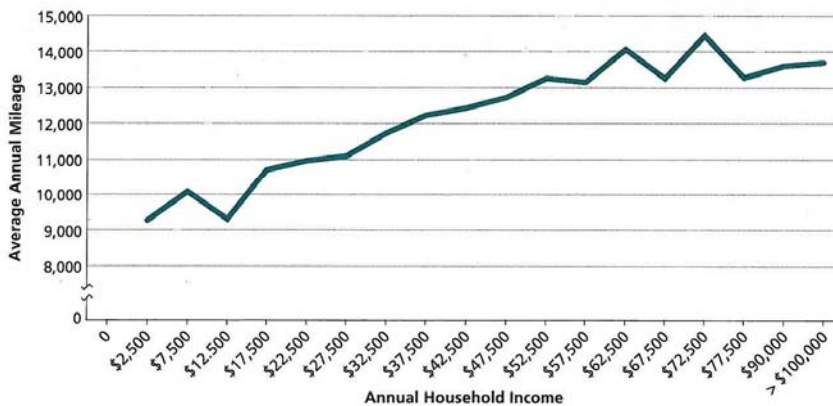
This bill allows Washington consumers the opportunity to experience the benefits of mileage based insurance. Join us in supporting this important bill.

Mileage Based Insurance: Benefits for Low Income Drivers

In addition to providing substantial environmental and public safety benefits, Mileage Based Insurance (MBI) can directly reduce auto-related costs for low income drivers.

Low income drivers drive fewer miles on average than high income drivers, as the table below indicates. Low income drivers are therefore disproportionately overpaying to subsidize higher income drivers, who in turn benefit from a subsidy from low-mileage and low-income drivers.

Average Mileage per Vehicle, by Household Income Level



By making actual miles traveled the basis for auto insurance premiums, MBI can provide cost savings to low income drivers by eliminating this subsidy. The Brookings Institute studied this issue and found that **every income group below \$47,000 per year stands to save money with MBI**, with some of the lowest income brackets saving the highest amounts in both total dollars and percentage of income. The study further showed that **2/3 of all households save** an average of \$270 per vehicle. Although low mileage and low income drivers stand to gain more from MBI, the study shows that a majority of all households in every income category will save some money on premiums if they choose mileage based insurance.

Other benefits of MBI to low income drivers include:

- By lowering the overall cost of driving, MBI can make vehicle ownership more affordable;
- By lowering the cost of insuring a vehicle, MBI can free up money for routine vehicle maintenance and other auto-related expenses;
- By directly tying insurance premiums to miles traveled, MBI offers low income drivers a clear and easy way to save money on auto expenses;
- As low income drivers are most likely to drive less in response to high gas prices, MBI provides additional savings for each mile not driven due to high gas prices;
- MBI can significantly improve air quality standards by reducing the amount driven. As low income Washingtonians disproportionately suffer from pollution-related illnesses, efforts to improve air quality are inherently efforts to increase equity and justice for lower-income communities.