

**Clarifying oral remarks (below) and two items (following) presented
April 30, 2009 in conjunction with NOW's written testimony**

Patrick Butler, Insurance Project Director, National Organization for Women, concluded his testimony:

“This pamphlet describes odometer-mile insurance being made newly available in Texas as of October last year. [**MileMeter pamphlet attached.**] The company could go into all states, and wants to because it's web based. And this article [**National NOW Times article attached**] is something we're telling our members about—action to end group defamation by auto insurers.”

“I'll end by noting that the National Organization for Women . . . opposes attempts to ban or regulate credit score rating, education- and occupation-status rating and the like for auto insurance for this reason: these correlations are all just symptoms of the problem. Claim rates per 100 car years perversely increase apparently with *any* measure of decreasing ability to pay. However, attempting to regulate such symptoms simply delays attention to the cause of the correlations and prolongs their harm. Thank you.”

* * * *

Insurance Commissioner: “Mr. Butler, at the end you said NOW supports the use of credit scoring, and education and income, but you were somewhat rushed. Could you repeat what the reasons are for that?”

Mr. Butler: “What we're saying is we oppose efforts to regulate credit-score rating without understanding the source of the problem because it delays attention to what might be the real root cause of the problem. That's why I put out two theories [in NOW's written testimony]. The default theory if you don't state a cause, then you actually blame the drivers as being negligent or being bad drivers, high risk drivers. I've seen all sorts of derogatory terms. We have proposed an alternative to that idea, which in our view can't be avoided. When people have reasons to save—and they can even be high income people who have four cars for two drivers—they're going to get rid of some of their surplus cars. So relative to the other folks in the neighborhood, they're going to be [producing] more claims per 100 car years because they simply reduced the cars. . . . If people reduce driving but they reduce the number of cars used in that driving proportionally more, then the average miles per car goes up and so does the cost per car to insurers.”

Action to End Group Defamation by Auto Insurers

By **Patrick Butler**
Insurance Project Director

An emerging hot topic in state legislatures will be addressed in a workshop at the NOW conference in June. The focus will be on a shocking practice auto insurers increasingly employ—charging higher premiums to drivers on the basis of lower-status education and occupation.

The workshop—Classist, Racist, Sexist Auto Insurance: An End is in Sight—will review misinterpreted facts and circular reasoning behind stereotyping lower-status groups as “high risk” drivers.

In a nutshell, today’s premiums are charged

like a fixed tax on each car owned, whether it is driven a little or a lot. Therefore, financially-stressed drivers have only one way to economize—own fewer cars to drive the same miles.

When people have to share cars, those cars average more miles on the road and therefore, as a group, average more accidents. The result: insurers blame more claims (per 100 car years) on low-status drivers instead of on more miles driven per car and raise the premium “tax” on each car.

To stop the premium increases, and the group defamation that falsely justifies them, insurers must offer a way to save that doesn’t make owners give up cars—and then have to pay ever-higher premiums on the remaining cars they are sharing.

Texas lawmakers did the right thing in 2001 by enacting HB 45, drafted by NOW’s Insurance Project and argued by Texas NOW.

The law validates the cents-per-odometer-mile option, which is the only workable remedy in a competitive market. Buying miles of insurance in advance to add to the odometer reading is like buying gasoline

as needed.

With this end in sight, the workshop will provide information on a new company in Texas, MileMeter.com, whose start last fall was guided by HB 45 and whose venture capital backing was assisted by NOW’s endorsement. The company sells insurance at cents-per-mile prices according to coverage, residence location, and driver age—not by driver sex or financial status.

To enable insurance companies like MileMeter to serve low-income customers, NOW is urging legislators to clarify mandatory insurance laws that might be misinterpreted to force per-mile companies to maintain coverage after a car has exceeded the miles purchased. When the odometer limit is exceeded, all coverage must be considered cancelled for non-prepayment of premium—as currently done when a monthly installment is not paid when due.

Workshop participants will learn the tricks and truths of auto insurance rating, and how cents-per-mile rates eliminate discrimination. One example is legislators’ use of stereotyping by driver sex to argue against the Equal Rights Amendment. ERA opponents contended that men drivers as a group are a greater risk than women. What they didn’t tell the public was that men have more accidents simply because their cars are driven more miles on average than women’s cars.

Upcoming opportunities to inform both legislators and the public include a July 11 meeting of insurance legislators in Philadelphia to consider the pros and cons of status rating.





“I use public transportation and don’t drive much. It’s nice to know I only pay for the miles I do drive.”

MileMeter can save you up to 75% on auto insurance!



Auto insurance buy the mile

The less you drive, the less you pay... cha-ching.

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M I L E M E T E R

AUTO INSURANCE BUY THE MILE

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MileMeter: Auto insurance that’s fair, affordable, and makes sense.

MileMeter’s auto insurance by the mile is a revolutionary idea: The less you drive, the less you pay.

MileMeter can save you money.

MileMeter’s fair, sensible pricing can provide substantial savings for many motorists. Here are just a few situations where you’ll find our insurance by the mile especially beneficial:

- You work at home or telecommute
- You carpool or use public transportation
- You don’t have a long daily commute
- You live in a small town
- You have a child in college
- You have one or more vehicles that aren’t driven frequently
- You are concerned about the environment

Go to MileMeter.com and see how MileMeter can save you up to 75% on auto insurance!

Tell your insurance company to take a hike. Cancel your existing auto insurance today, get a refund, and start saving with MileMeter.



Savings from the word go.

For starters, with MileMeter's "insurance buy the mile" you only pay for the insurance you need. With typical insurance that charges per auto, per year, you're paying for insurance all the time — when your car is stopped, parked at work, even when it's safe in the garage. With MileMeter, you only pay for insurance on the miles you actually drive. **Customers can save up to 75%!**

Purchase between 1,000 and 6,000 miles of coverage at a time.

Policy rates are quoted in cents per mile. You may purchase between 1,000 and 6,000 miles of coverage and pay by credit card. The miles purchased are good for six months or until driven — which ever comes first. You may purchase more miles at any time. Comprehensive and collision coverage are combined into a single coverage option called Physical Damage.

Pick, purchase and print.

We sell insurance directly to motorists through our web site, www.milemeter.com. This keeps our operating costs low and our service level high. **Customers can get quotes, purchase insurance, and even print their insurance cards, all in five minutes or less.**



"We went to milemeter.com, got a quote, purchased insurance, and printed our insurance card, all in just a few minutes."

Cancel your existing auto insurance policy today and start saving with MileMeter!

Did you know you can cancel your existing auto insurance policy and get a prompt refund for the time remaining? (But be sure you cancel the policy, don't just stop paying for it. Some companies will continue to bill you and then cancel you for non-payment. No kidding!)

Auto insurance that makes sense.

MileMeter was founded by some insightful entrepreneurs who saw a great opportunity in providing something completely different — auto insurance that's fair, affordable, and makes sense.

Time for a change.

In 2001, the Texas House passed Texas HB 45, the cents-per-mile choice law, authorizing insurance companies to offer a cents-per-mile alternative to their dollars-per-year prices. Texas was the first state to change its insurance laws; others are now considering similar changes.

MileMeter — the world's first.

MileMeter was the first company in the world to develop and get approval to offer an insurance-by-the-mile program. But we also made sure to do it right. The MileMeter team includes people who are experts in every aspect of the insurance industry and are using that expertise to offer an innovative, cost-saving product.

MileMeter Insurance Company is a fully licensed insurance carrier regulated by the Texas Department of Insurance. The company is well-capitalized and deeply reinsured, with the backing of industry leaders.

Hassle-free claims.

Reporting a claim to MileMeter is as simple as a phone call. We promise to do our best to treat you fairly, and to resolve your claim as quickly and simply as possible.

Trust, don't track - we respect your privacy.

MileMeter takes privacy matters very seriously. That's one reason we worked so hard to create per-mile insurance without any GPS or vehicle-installed tracking technology — tracking devices infringe upon consumer privacy, and they also raise the cost of insurance. Similarly, we don't use credit scoring and the associated collection of Social Security numbers, since we believe that credit scoring is both invasive and unnecessary to sell insurance.

MileMeter: A good value, and good values.

MileMeter auto insurance by the mile is not just a better way to buy insurance — it makes the world a better place.

Insurance that doesn't discriminate.

MileMeter's insurance product does not discriminate between male and female drivers,¹ rather we differentiate between low- and high-mileage drivers by assigning a cost-per-mile for insurance. The National Organization for Women has endorsed MileMeter "because charging for insurance in this way is non sexist, helps the environment, and helps enable lower income people to retain their cars. In a word, it's fair."² "[We are] gratified that MileMeter is offering an insurance alternative based on odometer miles, not on stereotype averages."³

Traditional auto insurance can discriminate against lower income families.

If a family can't afford insurance for all the vehicles they need in order to drive to their jobs, they may be forced to use one covered vehicle and drive it more miles, or, in some unfortunate situations, decide to drive an uninsured vehicle. Insurance by the mile allows any family to insure the vehicles they need while only paying for insurance for the miles they need to drive.⁴

MileMeter makes the roads safer.

Implementing insurance by the mile nationally could prevent up to 3,100 traffic fatalities and 210,000 traffic injuries per year.⁵

"Pay-As-You-Drive Insurance is predicted to reduce mileage an average of 10% among participants, while crash costs and fatalities decline 15-20%."⁶

"The accident savings net of lost driving benefits from per-mile premiums would be \$12.7 billion per year nationwide."⁷

MileMeter auto insurance by the mile is not just a better way to buy insurance — it makes the world a better place.



MileMeter is good for the environment.

Insurance by the mile provides an economic incentive to drive less. This leads to fewer tailpipe emissions, less toxic road runoff, and less demand for road and parking lot construction. Think of it as a way to reduce urban sprawl, improve our air quality, and fight climate change.

"The EPA and the Federal Highway Administration have cooperated in promoting Pay-As-You-Drive insurance... (that) could cut air pollution and traffic congestion by 10 to 12 percent or more."⁸



"I'm not a tree-hugger, but I do care about the environment. With MileMeter, I get great rates and help the environment."

The Environmental Defense Fund has praised MileMeter, stating

"Texas drivers now have a choice to do the right thing by their pocketbooks as well as by the environment... Pay-as-you-drive insurance policies help to increase our awareness of how many miles we're driving and therefore, think twice before making an optional trip to the store, or better yet, walk, bike or use public transportation to get there instead."⁹

1. Patrick Butler, "Automobile Insurance Pricing: Operating Cost versus Ownership Cost; the Implications for Women." Proceedings, Women's Travel Issues Second National Conference, Federal Highway Administration.
2. National Organization for Women, "Vote for Non Sexist Car Insurance" action alert (3 December, 2007)
3. Hannah Riddering, Texas N.O.W. spokesperson (14 November, 2008).
4. Patrick Butler, "Why The Standard Automobile Insurance Market Breaks Down In Low Income Zip Codes." Report to the Texas House Committee on Insurance, July, 2000.
5. Jason Bordoff and Pascal Noel, "Pay-As-You-Dive Auto Insurance: A Simple Way to Reduce Driving Related Harms and Increase Equity" (2008).
6. Todd Litman, "Evaluating Safety and Health Impacts, TDM Impacts on Road Safety, Personal Security and Public Health" (2001, 2004).
7. Aaron Edlin. "Per-Mile Premiums for Auto Insurance. Economics for an Imperfect World" (2003).
8. "Financing Transportation: Wise Stewardship Demands a Level Playing Field" Testimony of Michael A. Replegle, Transportation Director. Environmental Defense, before the Congressional Joint Economic Committee May 6, 2003.
9. Ramon Alvarez, "Texas Environmentalists Praise By-the-Mile Auto Insurance Option." Environmental Defense Fund press release (12 November, 2008).