

2010 Carrier Survey Results for Pay-As-You-Drive®

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The September 29, 2009 Review of Pay-As-You-Drive® programs in Maryland concluded that:

even though it is unclear to what extent the Pay-As-You-Drive® Program will reduce GHG production, it is beneficial to encourage the expansion of these programs in the state in that they offer more options to consumers. Based on this, it is recommended that meetings be held with insurance carriers to discuss whether they would consider offering Pay-As-You-Drive® programs in the state.

In keeping with this recommendation, a survey was sent to the major carriers writing private passenger automobile insurance in the state (these carriers write policies which constitute approximately 74% of the premiums for calendar year 2009). The survey asked the following questions:

1. Does the company currently offer a mileage- based or Pay-As-You-Drive® insurance rating plan in Maryland? YES/NO – If NO, skip to question 4.
2. How long has the company been offering the plan in Maryland?
3. Has participation in the plan met, exceeded or fallen below projections?
4. Does the company currently offer a mileage-based or pay as you drive insurance rating plan in any State other than Maryland? YES/NO – If YES, which state(s)?
5. Is the company considering offering this type of plan in Maryland? YES/NO – If NO, skip to question 7.
6. If you answered YES to question 5, will the plan be offered within the next:
 - _____ six months
 - _____ twelve months
 - _____ eighteen months
 - _____ twenty four months?
7. If the company is not considering offering a mileage-based or pay as you drive insurance rating plan, please indicate why. Check all reasons that apply.
 - _____ cost to develop and implement plan
 - _____ regulatory environment in the State
 - _____ no interest
 - _____ competitive disadvantage
 - _____ other (please list)

The survey found that while a number of the carriers are considering Pay-As-You-Drive® in Maryland, they will not implement these programs for another two years.

The carriers that have indicated they will not offer Pay-As-You-Drive® cite to the cost of developing the product and the regulatory environment as the reason. As such, at this time, Progressive Insurance Group continues to be the only carrier that offers Pay-As-You-Drive® to Marylanders.

The Maryland Insurance Administration will continue to monitor the carriers and work with them to the extent that they would like to offer this product in the state; however, based on the carriers' timeframe, Pay-As-You-Drive® will not have an immediate impact on the reduction of GHG.