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## Insurers Offer Low-Mileage Discounts

By **M.P. MCQUEEN**  
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Car owners who are changing their driving habits because of soaring gas prices may be able to save a few dollars on auto insurance.

Major car insurers including State Farm Mutual Insurance Cos., Travelers Cos. and Farmers Insurance Group say that drivers who log less than about 7,500 miles a year may be eligible for "low mileage" programs that reduce premiums an average of about 10% to 12%. State Farm's program earns drivers discounts ranging from 12% to 18%, says spokesman Dick Luedke.



Car owners who drive more than that but less than they used to -- perhaps because they have started using public transportation or walking to work -- may also save on premiums, according to a study by the Consumer Federation of America. The group released a study Tuesday showing consumers could save 5% to 15%, amounting to \$47 to \$142 a year based on 2005 rates, when the average U.S. premium was \$949, by cutting their mileage enough to drop into a different ratings category, say, from "drive to work" to "pleasure driving," says J. Robert

Hunter, insurance director for the Consumer Federation of America.


"Most insurance companies have a scale, and you pay more based on how much you drive. Each time you drive more, they charge you more," Mr. Hunter says. Depending on ratings factors allowed by state regulators, the savings can be even greater, he says.

In California, for example, companies charge motorists based mainly on their driving history and miles driven, so driving more or fewer miles significantly affects the premium drivers there pay. Consumers should inform their agents of any big changes in their driving habits, says Mr. Hunter.

A few insurers in some states also give discounts to drivers who enroll in programs that use an installed monitoring device to track driving habits. The insurers charge drivers according to when, how, and how many miles they drive, so that those who log fewer miles pay less.

Progressive Group of Insurance Cos. pioneered its "MyRate" program, formerly known as "TripSense," in Minnesota, Oregon and Michigan several years ago, and anticipates rolling it out

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in six more states in the next few months, pending regulatory approval. In those states, drivers get a 25% discount off regular rates for participating. The discount is expected to be even larger in the expanded program, says Richard Hutchinson, usage-based insurance general manager. Progressive also offers a low-mileage discount in four states. Since July 2007, GMAC Insurance from **General Motors** Corp. has offered eligible On-Star subscribers who drive less than 15,000 miles savings of up to 54% on their premiums, including an automatic 11% discount. The program is available in 34 states.

Several insurers, including Travelers and Farmers Insurance Group, a unit of **Zurich Financial Services**, also have rolled out discounts for drivers who switch to hybrid and other gas-saving vehicles. Since 2005, Travelers recently started offering a 10% discount on most coverages for owners of hybrid or other gas-saving cars in 44 states. The company says that hybrid-car owners are generally good risks. Farmers also offers an average 5% discount nationally on all major coverages including liability and property damage, says spokesman Jerry Davies.

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