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69

“As drivers struggle with high gasoline prices, some auto insurance companies are offering lower rates to customers – in exchange for information about their driving habits.

Progressive began offering MyRate. The program monitors not only how many miles customers drive, but also when they drive and how they brake and accelerate.

Progressive gathers driver information using a small wireless device under the steering column, Hutchinson said. There is no GPS tracking on the Progressive device, Hutchinson said.

Currently, Progressive Corp. offers MyRate in four states and hopes to offer the program in nine states by the end of the year. Hutchinson expects the program will come to Indiana during its proposed national rollout next year.

Progressive isn’t the only insurance company keeping tabs on drivers.

American Family Insurance began offering a monitoring system for new drivers called the Teen Safe Driver program in Indiana in March 2007, but the information is not used to set insurance rates (Peterson, 2008).”

Progressive provides each customer with a small box that they install in the car’s diagnostic port.  What the device does is records the driving habits of the customer.  It logs how far their drive, what time of day they drive and many sudden stops and starts they make.  All this data is wirelessly sent to Progressive, where it is tabulated.

Therefore, “As you drive” insurance may be the wave of the future and could differentiate yourpristine driving skills from your peers and earn a discount on insurance.

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69

“In the U.S., [Progressive](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=pgr) Corp. and GMAC Insurance, a unit of GMAC Financial Services, are the first and the largest companies to roll out this type of plan (MyRate). At least two smaller companies, including Unigard Insurance Co. of Bellevue, Wash., a unit of [QBE Insurance Group](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=QBE.AU) of Australia, also are poised to start similar ones soon. Companies in Canada and Italy also have programs, and [Hartford Financial Services Group](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=hig) Inc. is testing the same technology in Connecticut.

When Progressive's new usage-based program, known as "MyRate," is launched, the technology will require less driver effort. This program uses a telematic device, which gathers driver data and wirelessly transmits it over a cellphone network. Progressive says it will also track how often and how hard drivers brake and use the braking information when calculating rates. This system doesn't include a global positioning system, so it won't track a driver's whereabouts. Drivers get back a periodic report that tells them how many miles they've logged and other feedback about their driving habits. Based on the data, they'll receive discounts ranging as high as 60%, depending on the state.

About 20,000 drivers currently participate in the GMAC low-mileage program with OnStar, says John O'Donnell, vice president of business development at GMAC Insurance, out of five million OnStar clients.

At this point, OnStar only relays odometer readings to GMAC Insurance, Mr. O'Donnell said. OnStar doesn't continuously track drivers' location and only pinpoints a car's whereabouts at certain times -- when the device is activated by a crash or the police receive a stolen-vehicle report, for example. "There is an opportunity to get other information, and as we do we will be able to correlate risk to actual driving behavior itself rather than more predictive factors," Mr. O'Donnell says (McQueen, 2008).”

Testimonials on the website stipulate that if a driver is proven to be a safe, reliable driver, and they will save on their insurance.  What makes for a safe driver? One who stops slowly and early at stop signs, always stop at yellow lights, never speed up to run a red light or stick to consistent driving routines so they are aware of their environment.

Therefore, “As you drive” insurance may be the wave of the future and could differentiate yourpristine driving skills from your peers and earn a discount on insurance.