

House Environment and Transportation Committee

HB 1447: Motor Vehicles – Autonomous Vehicles – Standards, Requirements, and Prohibited Acts

UNFAVORABLE | March 5, 2024

Chair Korman and Members of the Committee:

On behalf of the National Association of Mutual Insurance Companies¹ (NAMIC) thank you for the opportunity to submit this statement to express our concerns with House Bill 1447.

NAMIC consists of nearly 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

This is a timely issue under consideration at the local, state, and federal levels, and it is crucial for lawmakers to make informed policy decisions that consider all affected stakeholders, especially insurers and their policyholders who will share roads with self-driving vehicles (SDVs) for decades to come. A data-driven approach is important as most questions surrounding SDVs still need to be answered.

Safety Must be Paramount:

NAMIC supports automated driving system (ADS) innovation and technological advancements to the extent that they improve safety, save lives, and reduce injuries from vehicle crashes. These technologies continue to show great promise – and many in this space argue that unlike some humans, SDVs do not drive while intoxicated, distracted, or tired – arguments that carry great weight, especially in light of ongoing road safety challenges that result in more than 6 million crashes, 4.5 million injuries, and nearly 43,000 deaths in the United States per year. In addition to the tragic nature of these statistics, in many instances our policyholders are forced to deal with the financial stress of these crashes. The National

¹ NAMIC member companies write \$357 billion in annual premiums and represent 69 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.



Highway Traffic Safety Administration (NHTSA) estimates these crashes cost American society as much as \$340 billion per year.²

Some industry analysts estimate that there may be as many as 3.5 million self-driving vehicles on U.S. roads by 2025, and 4.5 million by 2030 – a number that seems large until one considers that will still be less than 1.5% of the nearly 300 million vehicles on those roads. Additionally, not all of these vehicles will be fully autonomous, but will instead likely have autonomous capabilities under certain conditions. Proper planning demands a consistent and precise framework of definitions, standards, and legal requirements to protect both SDVs themselves and the more than 200 million licensed drivers they will share the roads with.

NAMIC believes a better understanding of SDV safety and risks will be important for all stakeholders as the relevant technology, laws, and regulations mature. More research is needed to develop formal standards and analyze operations of SDV human machine interfaces, sensors, privacy, software, and cybersecurity. Further, it is necessary to develop predictable legal standards of duty and care; one key problem we continue to see in HB 1447 and similar proposed legislation in other states is the phrase “capable of performing the entire dynamic driving task.” NAMIC believes this language is inadequate, since merely being “capable” of operating safely or in compliance with applicable traffic and motor vehicle safety laws within the operational design domain leaves significant room for error and allows for non-compliance.

It is important to understand that no self-driving vehicle exists today that has been truly proven to be safe. A typical SDV is composed of a sensor-based perception system, an algorithm-based decision system, and an actuator-based actuation system, as well as the interconnections between systems, where ideally, all components function well and consistently so that the SDV safety can be ensured. Without that assurance, SDVs may be less safe than human drivers.

Driver training and public awareness are key pieces of the puzzle. Drivers need to know what their vehicle can and cannot do. As more vehicles with self-driving features are deployed on the road, fully understanding the appropriate use of this technology should be prioritized as consumers and insurers deal with the impacts, especially when the technology does not function as intended. It is unfair to make other drivers on the road part of an experiment and subject them to these new risks if existing regulations and laws do not ensure and require that these vehicles operate safely.

NAMIC is first and foremost committed to road safety. In the last two years, we have joined the Governors Highway Safety Association, the National Alliance to Stop Impaired Driving, and the Partnership for Autonomous Vehicle Education, and adopted an updated set of policy principles affirming our efforts to reduce the frequency and severity of crashes to better protect policyholders and claimants. We were among the first to support the U.S. Department of Transportation’s 2022 National Roadway Safety Strategy, and we are actively engaged in these discussions with stakeholders at the state level,

² National Highway Transportation Safety Administration: The Economic and Societal Impact of Motor Vehicle Crashes, 2019.



where registration, licensing, and road operation laws are most appropriately enacted and enforced. Additionally, for years NAMIC has participated in industry efforts including serving on the boards of the Advocates for Highway and Auto Safety and the Insurance Institute for Highway Safety /Highway Loss Data Institute.

In addition, NAMIC has written several white papers on autonomous vehicle safety, including, "[Validating Safety: The Next Phase in Developing Autonomous Driving Systems](#)". NAMIC staff and members will also make ourselves available to participate in your discussions moving forward to help Maryland remain at the forefront of these important policy developments.

A Path Forward:

NAMIC believes the development of answers to the questions raised in this testimony will be key as a framework for SDVs is developed and considered. The property / casualty insurance industry is committed to performing its risk identification, assessment, and pricing role as this technology is developed. NAMIC member companies will serve as a resource to help inform and educate lawmakers and SDV manufacturers about how this technology and these vehicles are playing out on the ground, and what the current challenges are for policyholders and insurers alike.

NAMIC fully supports innovation and development that enhances safety. As the development of SDVs goes forward, the insurance industry will continue to play a leadership role as it has done historically to promote safety and the protection of persons and property.

For these reasons, NAMIC opposes House Bill 1447 in its current form and respectfully requests an unfavorable report of the bill and allow for continued work on the numerous outstanding unknowns that surround SDVs.

Sincerely,

Matt Overturf, NAMIC Regional Vice President
Ohio Valley/Mid-Atlantic Region