SENATE BILL 984

C4   5lr2907

By: **Senator A. Washington**
Introduced and read first time: January 28, 2025
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 28, 2025

CHAPTER _____

1   AN ACT concerning

2   **Private Passenger Motor Vehicle Insurance – Use of ~~Telematics Systems~~**
3   **Programs That Measure the Operation of an Insured Vehicle**

4   FOR the purpose of requiring an insurer that issues~~, sells,~~ or delivers private passenger
5   motor vehicle insurance policies in the State to disclose the use of ~~certain telematics~~
6   ~~systems~~ a program that measures the operation of an insured vehicle and to
7   establish ~~an appeals~~ a process by which a policyholder may ~~challenge~~ correct or
8   appeal data the policyholder believes to be erroneous; requiring the Maryland
9   Insurance Administration to adopt regulations limiting the types and amounts of
10   data that may be collected through ~~telematic systems~~ a program that measures the
11   operation of an insured vehicle for use by a private passenger motor vehicle insurer;
12   prohibiting an insurer that issues, sells, or delivers private passenger motor vehicle
13   insurance policies in the State from using data ~~obtained~~ collected through ~~telematics~~
14   ~~systems~~ a program that measures the operation of an insured vehicle ~~to establish~~
15   ~~certain premiums or~~ to take certain actions with respect to a policy; prohibiting
16   insurers with respect to certain private passenger motor vehicle insurance policies
17   from initiating a premium increase in increments of less than a certain number of
18   months from the date the policy goes into effect; and generally relating to private
19   motor vehicle insurance and the use of ~~telematics~~ programs that measure the
20   operation of an insured vehicle.

21 BY repealing and reenacting, without amendments,
22   Article – Insurance
23   Section 12–106(b)
24   Annotated Code of Maryland

1   (2017 Replacement Volume and 2024 Supplement)

2   BY adding to
3   Article – Insurance
4   Section 12–307 and 19–521 ~~and 27–908~~
5   Annotated Code of Maryland
6   (2017 Replacement Volume and 2024 Supplement)

7   BY repealing and reenacting, with amendments,
8   Article – Insurance
9   Section 27–501(t)
10   Annotated Code of Maryland
11   (2017 Replacement Volume and 2024 Supplement)

12   SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
13 That the Laws of Maryland read as follows:

Article – Insurance

15 12–106.

16   (b)   This section applies only to a binder or policy, other than a renewal policy, of
17 personal insurance, commercial property insurance, and commercial liability insurance.

18 **12–307.**

19   **EXCEPT AS PROVIDED IN § 12–106 OF THIS TITLE, WITH RESPECT TO PRIVATE**
20 **PASSENGER   MOTOR   VEHICLE   INSURANCE   POLICIES   THAT   MEASURE   THE**
21 **OPERATION OF AN INSURED VEHICLE, AN INSURER MAY NOT INITIATE A PREMIUM**
22 **INCREASE IN INCREMENTS OF LESS THAN 6 MONTHS FROM THE DATE THE POLICY**
23 **GOES INTO EFFECT.**

24 **19–521.**

25   ~~(A)   IN THIS SECTION, "TELEMATICS" MEANS A METHOD OF COLLECTING~~
26 ~~DATA RELATED TO ANY OF THE FOLLOWING DATA POINTS REGARDING A VEHICLE OR~~
27 ~~DRIVER USING RECORDING SENSORS OR A TELECOMMUNICATIONS DEVICE FOR~~
28 ~~TRANSMITTAL OF THE DATA, AND A SECURED SERVER TO STORE THE DATA:~~

29   ~~(1)   VEHICLE SPEED, LOCATION, MILEAGE, AND OPERATING HOURS;~~

30   ~~(2)   DRIVER ACCELERATION, BRAKING, AND CORNERING HABITS;~~

31   ~~(3)   ENGINE DIAGNOSTICS; AND~~

1 ~~(4)~~ ~~ANY OTHER DATA POINT RELATED TO THE USE AND OPERATION~~
2 ~~OF THE INSURED VEHICLE THAT HAS BEEN FILED WITH AND APPROVED BY THE~~
3 ~~COMMISSIONER.~~

4 ~~(B)~~ (A) (1) AN INSURER THAT ISSUES~~, SELLS,~~ OR DELIVERS PRIVATE
5 PASSENGER MOTOR VEHICLE INSURANCE POLICIES IN THE STATE SHALL DISCLOSE
6 TO THE ~~INSURED~~ APPLICANT AT THE TIME OF APPLICATION OR THE POLICYHOLDER
7 AT THE TIME OF RENEWAL ANY USE OF ~~TELEMATICS TO OBTAIN DATA OF THE~~
8 ~~INSURED'S DRIVING HABITS OR~~ A PROGRAM THAT MEASURES THE OPERATION OF AN
9 INSURED VEHICLE.

10 (2) THE DISCLOSURE REQUIRED UNDER PARAGRAPH (1) OF THIS
11 SUBSECTION SHALL BE PROVIDED IN THE MANNER SPECIFIED BY THE
12 ADMINISTRATION.

13 (B) AN INSURER THAT IMPLEMENTS THE USE OF A PROGRAM THAT
14 MEASURES THE OPERATION OF AN INSURED VEHICLE SHALL ESTABLISH A PROCESS
15 BY WHICH THE POLICYHOLDER MAY CORRECT OR APPEAL DATA COLLECTED
16 THROUGH THE PROGRAM THAT THE POLICYHOLDER BELIEVES IS ERRONEOUS.

17 (C) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO LIMIT THE
18 TYPES AND AMOUNT OF DATA THAT MAY BE COLLECTED BY ~~TELEMATICS SYSTEMS~~ A
19 PROGRAM THAT MEASURES THE OPERATION OF AN INSURED VEHICLE FOR USE BY
20 AN INSURER THAT ISSUES~~, SELLS,~~ OR DELIVERS PRIVATE PASSENGER MOTOR
21 VEHICLE INSURANCE POLICIES IN THE STATE.

22 (D) THE ADMINISTRATION MAY REQUIRE AN INSURER THAT USES A
23 ~~TELEMATICS SYSTEM~~ PROGRAM THAT MEASURES THE OPERATION OF AN INSURED
24 VEHICLE TO ~~PERIODICALLY~~ ESTABLISH AND IMPLEMENT A GOVERNANCE PLAN
25 THAT INCLUDES:

26 (1) ~~AUDIT THE TELEMATICS SYSTEM TO ENSURE THAT IT COLLECTS,~~
27 ~~PROCESSES, AND CALCULATES THE IMPACT OF DATA ON INSURER-WIDE PREMIUM~~
28 ~~RATES IN A MANNER THAT IS ACTUARIALLY SOUND AND FREE OF UNFAIR BIAS~~
29 MONITORING THE PROGRAM TO ENSURE THAT IT DOES NOT COLLECT OR PROCESS
30 DATA IN A MANNER THAT IS UNFAIRLY DISCRIMINATORY, IMPACTS PREMIUM RATES
31 IN A MANNER THAT LACKS ACTUARIAL JUSTIFICATION, OR OTHERWISE VIOLATES
32 THIS ARTICLE;

33 (2) CORRECTING OR MITIGATING A FINDING THAT THE PROGRAM
34 COLLECTS OR PROCESSES DATA IN A MANNER THAT IS UNFAIRLY DISCRIMINATORY,
35 IMPACTS PREMIUM RATES IN A MANNER THAT LACKS ACTUARIAL JUSTIFICATION,
36 OR OTHERWISE VIOLATES THIS ARTICLE; AND

1   ~~(2)~~ **(3)**   ~~SUBMIT A REPORT~~ PERIODICALLY REPORTING TO THE
2 ADMINISTRATION ~~SUMMARIZING~~ ON:

3   **(I)**   THE SCOPE, METHODOLOGIES, AND FINDINGS OF THE
4 ~~AUDIT~~ PROGRAM MONITORING IN ACCORDANCE WITH THE GOVERNANCE PLAN; AND

5   **(II)**   ANY CORRECTIVE ACTION OR MITIGATION MEASURE TAKEN
6 IN ACCORDANCE WITH THE GOVERNANCE PLAN.

7 27–501.

8   (t)   With respect to private passenger motor vehicle insurance, an insurer may
9 not:

10   **(1)**   require an applicant or a policyholder to participate in a program that
11 measures the operation of an insured vehicle as a condition for underwriting a private
12 passenger motor vehicle insurance risk [unless the insurer:

13   (1)   only offers private passenger motor vehicle insurance products that
14 require insureds to participate in a program that measures the operation of an insured
15 vehicle;

16   (2)   discloses the information in item (1) of this subsection to:

17   (i)   the applicant at the time of application; and

18   (ii)   the policyholder at the time of renewal; and

19   (3)   includes the information in item (1) of this subsection in any advertising
20 materials for the insurance products offered by the insurer]; OR

21   **(2)**   USE DATA COLLECTED THROUGH A PROGRAM THAT MEASURES
22 THE OPERATION OF AN INSURED VEHICLE TO CANCEL, REFUSE TO RENEW, OR
23 REFUSE TO UNDERWRITE A PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY
24 RISK.

25 ~~27–908.~~

26   ~~(A)   IN THIS SECTION, "TELEMATICS" HAS THE MEANING STATED IN § 19–521~~
27 ~~OF THIS ARTICLE.~~

28   ~~(B)   AN INSURER THAT ISSUES, SELLS, OR DELIVERS PRIVATE PASSENGER~~
29 ~~MOTOR VEHICLE INSURANCE POLICIES IN THE STATE MAY NOT USE DATA OBTAINED~~
30 ~~THROUGH TELEMATICS FROM A SPECIFIC VEHICLE, WHOLLY OR PARTLY:~~

1 ~~(1)~~ ~~FOR ESTABLISHING AN INSURANCE PREMIUM FOR THE POLICY~~
2 ~~THAT INSURES THAT VEHICLE; OR~~

3 ~~(2)~~ ~~TO CANCEL, REFUSE TO RENEW, OR REFUSE TO UNDERWRITE A~~
4 ~~PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY.~~

5 ~~(C)~~ ~~AN INSURER THAT IMPLEMENTS THE USE OF A TELEMATICS SYSTEM~~
6 ~~SHALL ESTABLISH A PROCESS BY WHICH THE POLICYHOLDER MAY CORRECT OR~~
7 ~~APPEAL TELEMATICS DATA THAT THE POLICYHOLDER BELIEVES IS ERRONEOUS.~~

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
9 Administration shall adopt the regulations required under § 19–521(c) of the Insurance
10 Article, as enacted by Section 1 of this Act, on or before ~~December 31, 2025~~ July 1, 2026.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 October 1, 2025.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.