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Howard County

Economic Matters Committee

*Subcommittees*

Banking, Consumer Protection,  
and Commercial Law

Property and Casualty Insurance



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## THE MARYLAND HOUSE OF DELEGATES

ANNAPOLIS, MARYLAND 21401

February 12, 2020

Hon. Delegate Dereck E. Davis  
Chair, Economic Matters Committee  
Hon. Delegate Kathleen M. Dumais  
Vice Chair, Economic Matters Committee  
House Office Building, Room 231  
6 Bladen Street  
Annapolis, MD 21401

### **Re: HB-267, Private Passenger Automobile Insurance – Use of Vehicle Telematics**

***Position: Favorable with Amendments***

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Good afternoon Chairman Davis and members of the committee. This is a consumer protection bill that covers the use of personal data collected through vehicle telematics. According to the Maryland Insurance Commission, there are currently no laws governing the use of data derived from telematics.

The bill establishes clear guardrails for insurance companies for the use of personal data that is collected from drivers.

Telematics is a method of collecting data regarding a vehicle or a driver using a recording sensor in a vehicle. The information collected can include such data points as vehicle speed, location, mileage, hours the vehicle is driven, acceleration and braking habits.

The bill allows the insurer to use the data to establish an insurance premium for the vehicle as long as the owner of the vehicle consents to the data collection. The insurer can also use the data for claims investigation. The bill also states that the data may not be shared with another person (or entity) without the driver's consent.

Finally the bill states that vehicle telematics data may not be used to refuse to underwrite, cancel, or nonrenew a private passenger automobile insurance policy.

The amendments you have at your desk were suggested by the Maryland Insurance Administration (MIA) to help clarify the bill's intent, and to be sure that the language in the bill is enforceable from a regulator's standpoint. The MIA also suggested the amendment that a policy may not be nonrenewed or refused for underwriting based on telematics.

I have met with representatives of insurance carriers, and the revised bill with the MIA amendments should satisfy concerns of insurers while protecting personal data of drivers that could otherwise be sold or shared without their consent. Besides these amendments, I am willing to consider other ideas to be sure that the guardrails we put up for the use of data strikes a good balance between consumer privacy and appropriate use of the data.

As we struggle to create an overarching consumer privacy framework in Maryland and in the United States, it is important that we begin to put common sense guardrails in place where we can, as early as possible, throughout the evolution of uses of data.

This bill is supported by the Maryland Consumer Rights Coalition and the Attorney General's Consumer Protection Division.

BY: Maryland Insurance Administration

**AMENDMENTS TO HOUSE BILL 267**  
(First Reading)

**AMENDMENT NO. 1**

On page 1, Line 23, strike “AND SHARING”

*Rationale: By removing this language it makes clear that insurers that presently do not share telematics data are still subject to requirements of the bill.*

**AMENDMENT NO. 2**

On page 2, Line 1, strike “MAY INCLUDE” and insert “SHALL INCLUDE SOME OR ALL OF THE FOLLOWING DATA POINTS:”

*Rationale: This would limit the data to be collected to some or all of the 8 data points explicitly listed.*

**AMENDMENT NO. 3**

On page 2, Line 9, strike “;AND” and insert “IF THE VEHICLE OWNER CONSENTS TO THE DATA COLLECTION; AND”

On page 2, strike lines 10 and 11

*Rationale: This grammatically clarifies the intent of the language.*

**AMENDMENT NO. 4**

On page 2, after Line 12, insert “(2) MAY NOT USE VEHICLE TELEMATICS DATA TO REFUSE TO UNDERWRITE, CANCEL OR NOT RENEW A PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY;”

On page 2, Line 13, strike “(2)” and insert “(3)”

On page 2, Line 14, strike “AND”

On page 2, Line 15, strike “(3)” and insert “(4)”

On page 2, Line 16, after “CONSIDERATION” and “;AND”

On page 2, after Line 16, insert “**(5) MAY NOT SHARE THE DATA COLLECTED THROUGH VEHICLE TELEMATICS WITH ANOTHER PERSON WITHOUT THE VEHICLE OWNER’S CONSENT**”

*Rationale: This would prohibit an insurer from using telematics data to refuse to underwrite, cancel or not renew a policy. Additionally, it would allow a consumer to take their data to another insurer upon the consumer’s request.*

# HOUSE BILL 267

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By: **Delegates C. Watson and Dumais**  
Introduced and read first time: January 20, 2020  
Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Private Passenger Automobile Insurance – Use of Vehicle Telematics**

3 FOR the purpose of authorizing an insurer that issues, sells, or delivers private passenger  
4 automobile insurance policies in the State to use data obtained through vehicle  
5 telematics from a specific vehicle only for establishing an insurance premium for a  
6 policy that insures that vehicle and if the vehicle owner consents to the data  
7 collection and sharing, or for claims investigation; prohibiting an insurer that issues,  
8 sells, or delivers private passenger automobile insurance policies in the State from  
9 selling data obtained through vehicle telematics to another person or providing data  
10 obtained through vehicle telematics to another person for consideration; defining  
11 “vehicle telematics”; and generally relating to the use of data obtained through  
12 vehicle telematics by private passenger automobile insurers in the State.

13 BY adding to  
14 Article – Insurance  
15 Section 27–908  
16 Annotated Code of Maryland  
17 (2017 Replacement Volume and 2019 Supplement)

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

20 **Article – Insurance**

21 **27–908.**

22 (A) IN THIS SECTION, “VEHICLE TELEMATICS” MEANS A METHOD OF  
23 COLLECTING AND ~~SHARING~~ DATA REGARDING A VEHICLE OR DRIVER USING  
24 RECORDING SENSORS IN THE VEHICLE, A TELECOMMUNICATIONS DEVICE FOR  
25 TRANSMITTAL OF THE DATA, AND A SECURED SERVER TO STORE THE DATA, WHICH

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.

**\*hb0267\***

1 ~~MAY INCLUDE~~ SHALL INCLUDE SOME OR ALL OF THE FOLLOWING DATA POINTS:  
 VEHICLE SPEED, LOCATION, MILEAGE, AND OPERATING HOURS;  
 2 DRIVER ACCELERATION, BRAKING, AND CORNERING HABITS; AND ENGINE  
 3 DIAGNOSTICS.

4 (B) AN INSURER THAT ISSUES, SELLS, OR DELIVERS PRIVATE PASSENGER  
 5 AUTOMOBILE INSURANCE POLICIES IN THE STATE:

6 (1) MAY USE DATA OBTAINED THROUGH VEHICLE TELEMATICS FROM  
 7 A SPECIFIC VEHICLE ONLY:

8 (I) ~~1.~~—FOR ESTABLISHING AN INSURANCE PREMIUM FOR  
 9 THE POLICY THAT INSURES THAT VEHICLE; ~~AND-IF THE VEHICLE OWNER CONSENTS~~  
 TO THE DATA COLLECTION; AND

10 ~~2.~~ IF THE VEHICLE OWNER CONSENTS TO THE DATA  
 11 COLLECTION AND SHARING; OR

12 (II) FOR CLAIMS INVESTIGATION;

(2) MAY NOT USE VEHICLE TELEMATICS DATA TO REFUSE TO  
 UNDERWRITE, CANCEL OR NOT RENEW A PRIVATE PASSENGER  
 AUTOMOBILE INSURANCE POLICY;

13 ~~(2)~~ (3) MAY NOT SELL DATA OBTAINED THROUGH VEHICLE  
 TELEMATICS  
 14 TO ANOTHER PERSON; AND

15 ~~(3)~~ (4) MAY NOT PROVIDE DATA  
 OBTAINED THROUGH VEHICLE  
 16 TELEMATICS TO ANOTHER PERSON FOR CONSIDERATION; AND

(5) MAY NOT SHARE THE DATA COLLECTED THROUGH VEHICLE  
 TELEMATICS WITH ANOTHER PERSON WITHOUT THE VEHICLE  
 OWNER'S CONSENT

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 18 October 1, 2020.