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March 3, 2025

The Honorable Pam Beidle
Chair
Senate Finance Committee
Maryland Senate
3 East Miller Senate Office Building
11 Bladen Street, Annapolis, MD 21401

RE: SB 984 (A. Washington) - Private Passenger Motor Vehicle Insurance - Use of Telematics Systems - Unfavorable

Dear Chair Beidle and Members of the Committee,

On behalf of TechNet, I'm writing to share our concerns on SB 984.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.

TechNet has reservations about SB 984 for several reasons. The bill bans the use of telematics data in insurers' usage-based insurance (UBI) programs to establish insurance premiums. UBI helps to align consumers' insurance policy costs with actual driving habits associated with a vehicle. Data collected by telematics systems allows premium pricing to be personalized to how vehicles are driven, and prohibiting the use will, in turn, limit a carrier's ability to offer a more personalized rate to a consumer. Because UBI provides more personalized pricing that is tailored to how the policyholder's household's vehicle is actually driven, policyholders generally enjoy lower premiums when their vehicles are monitored. Additionally, UBI helps ensure safer driving by incentivizing drivers included under an insurance policy to drive more safely.

Another benefit of UBI is that it provides insurance companies with more information on which to base underwriting and pricing policies for consumers, in

addition to traditional rating factors, such as socioeconomic, and non-driving factors such as gender, age, marital status, school grades, and homeownership.

The bill also includes a few problematic definitions. "Telematics" is defined as "a method of collecting data related to any of the following data points regarding a vehicle *or* driver using recording sensors or a telecommunications device for transmittal of the data...". Insurers assess risk on the vehicle, not the individual driving the vehicle. Accordingly, "or drive" should be stricken. Again, telematics data does not relate to a particular driver, but rather how a vehicle is driven. Additionally, the definition includes mileage and engine diagnostics, but these data points are not related to driving behavior, and in our view, shouldn't be included.

The bill grants the Maryland Insurance Administration the ability to require an insurer to audit the telematics systems. The audit provision is unnecessary and duplicative in light of FCRA protections already afforded to this data when provided through consumer reporting agencies.

The bill states that "an insurer that implements the use of a telematics system shall establish a process by which the policyholder may correct or appeal telematics data that the policyholder believes is erroneous." The FCRA already provides consumers with access, disclosure, and correction rights. Specifically, the FCRA provides consumers the right to dispute data they believe is inaccurate or incomplete. CRAs are equipped to handle the dispute and reinvestigation process. The bill's requirement for insurers to now handle this process would pose an undue burden on insurers, especially smaller insurers who may not have the resources, both monetarily and in terms of expertise, to undertake this obligation previously handled by CRAs.

For the above stated reasons, TechNet is opposed to this bill. Thank you for allowing us the opportunity to comment on SB 984.

Sincerely,



Margaret Durkin
TechNet Executive Director, Pennsylvania & the Mid-Atlantic