



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB 984 - Private Passenger Motor Vehicle Insurance - Use of Telematics Systems**

SB 984 aims to prohibit insurance companies from altering consumer insurance rates or establishing certain premiums based on driving data collected through telematic systems or car tracking devices. The bill seeks to establish clear regulations on the use of such data to prevent discriminatory practices and protect consumer privacy.

Telematics systems, including GPS tracking and vehicle diagnostics, have gained traction in the insurance industry. These systems collect extensive data on drivers' behaviours', ranging from mileage and speed to braking patterns. While proponents argue that these technologies encourage safer driving, the reality is far more complex. SB 984 aims to address the critical concerns associated with telematics-based insurance pricing by ensuring consumer protections, preventing rate hikes based on collected data, and upholding privacy rights.

**Consumer Privacy and Data Protection**

A major concern surrounding telematics devices is data privacy. Insurance companies can track consumers' locations, and driving patterns, even while they are not driving. The Consumer Federation of America (CFA) found that 68% of Americans refuse to install telematics devices due to privacy concerns.

**Potential for Discriminatory Practices**

Without regulation, rate increases resulting from telematics programs could disproportionately impact low-income individuals and rural residents, who may have a longer commute due to limited public transportation. States such as New Jersey, Maine, Utah, have passed regulations on telematics, SB 984 aligns with broader efforts in other states to promote fair and equitable insurance policies. Despite these advancements, no state has explicitly banned insurance companies from using telematics data to alter rates, making Maryland a leader in insurance consumer protection if this bill is enacted.

## **Lack of Consumer Choice and Transparency**

Insurance companies need to be more transparent, and give consumers control over their data and regular disclosures about how telematics influence their insurance rates. Senate Bill 984 addresses these concerns by mandating transparency in telematics-based insurance models and ensuring consumers are not subject to hidden biases.

Senate Bill 984 is a necessary step to ensure fairness in insurance pricing and to protect consumer rights in an era of increasing data collection. By preventing insurance companies from adjusting rates based on telematics data, this bill promotes transparency, prevents potential discrimination, and upholds consumer privacy.

Therefore, I respectfully request a favourable report on Senate Bill 984.