

# **Testimony in Support of SB 984.pdf**

Uploaded by: Alonzo Washington

Position: FAV



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.

**testimony2025sb984.pdf**

Uploaded by: Franz Schneiderman

Position: FWA



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**Testimony to the Senate Finance Committee**  
**SB 984 – Private Passenger Motor Vehicle Insurance – Use of Telematics Systems**  
**Position: Favorable With Amendments**

The Honorable Pam Beidle  
Senate Finance Committee  
3 East, Miller Senate Building  
Annapolis, MD 21401  
cc: Members, Senate Finance Committee

March 5, 2025

**Honorable Chair Beidle and Members of the Committee:**

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers,

We support **SB 984 with Amendments** because, with some modest changes, the bill could help drivers by disclosing more adequately the collection of “telematics” data by insurance companies and requiring the state to establish limits on the collection of such data that will help protect our privacy.

Car insurance rates have exploded in recent years, up an average of more than 50% over the last three years. Bankrate recently estimated the average cost of full car coverage in Maryland at \$2,793<sup>1</sup> – and many Marylanders, especially those in low-income or urban communities or who've had credit problems or are otherwise deemed higher risk must pay much more for the coverage they're required to carry.

In this environment, the telematics programs offered by leading car insurers have a strong appeal to drivers as a way they may save money and get rates more fairly tailored to their actual driving practices. Under such programs drivers agree to let insurers collect data about how they drive, in the hope that they'll be rewarded with significant discounts if they're viewed as safe drivers. Leading insurers claim that participants in these programs can save 15% to 40% on their insurance rate.<sup>2</sup>

While few drivers achieve discounts that large, many drivers do save some money. Consumer Reports estimates that participants in telematics programs save an average of about \$120, with younger drivers, African-American and Hispanic drivers on average saving even more.<sup>3</sup> A 2024 study by Cambridge Mobile Telematics found that 72% of customers saved at least \$100 and 21% reported saving more than \$300.<sup>4</sup> And while some participants do report seeing their costs go up, there is also some evidence that drivers who participate in such programs drive more safely, modifying unsafe driving practices like abrupt acceleration and stopping and looking at their phones while driving in an effort to earn lower rates.

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<sup>1</sup> <https://www.bankrate.com/insurance/car/the-true-cost-of-auto-insurance/>

<sup>2</sup> [https://consumerfed.org/press\\_release/consumer-reports-investigates-auto-insurance-telematics-programs-highlighting-whats-known-and-unknown-about-consumer-data-collected-and-used-by-insurers/](https://consumerfed.org/press_release/consumer-reports-investigates-auto-insurance-telematics-programs-highlighting-whats-known-and-unknown-about-consumer-data-collected-and-used-by-insurers/)

<sup>3</sup> <https://www.consumerreports.org/money/car-insurance/car-insurance-telematics-pros-and-cons-a5869096072/>

<sup>4</sup> <https://www.bankrate.com/insurance/car/are-telematics-programs-worth-the-discount/>



Unfortunately, there are serious problems with the collection and disposition of the data these programs collect. Many of the drivers who agree to participate have little idea just how much data is being collected and what may happen to their data once it is harvested. Part of the problem is that the programs themselves tend to describe the data they collect and the factors they weigh in vague terms that offer little transparency about what data they collect, how it is assessed or what may happen to it once it is collected.

Even more troublingly, many drivers have had their data collected and sold unwittingly or without any genuine consent. Last March, the New York Times reported on thousands of GM drivers who saw their insurance rates spike after GM sold detailed data about their driving habits, collected without their consent through OnStar and other apps GM offers.<sup>5</sup> In January, the FTC reached an agreement with GM that bars the car maker from collecting such driving data for five years; but other car manufacturers including Honda, Kia and Hyundai collect the same kind of data through apps they offer to drivers. Last June, the NY Times also reported that a company called Arity is reporting “driving scores” on tens of millions of drivers to insurance firms based on data scraped from such apps.<sup>6</sup>

And many newer cars now come with GPS and other connected features that drivers often do not realize are collecting all kinds of information about them; if that data is sold to insurers, it may strongly influence a driver’s future rates and access to coverage.

Privacy concerns are particularly vexing here because telematics programs sweep up not just data on how people drive but highly sensitive information about just where and when they drive. No federal law protects the privacy of that data or limits what insurers or data brokers can do with it. And most states, including Maryland provide little protection for that data.

By mandating that insurers “disclose to the insured any use of telematics” [Article 19-521(B)] and that the state develop rules “to limit the types and amount of data that may be collected by telematics systems” [Article 19-521(C)], **SB 984** would give Maryland drivers important new disclosure and privacy protection.

I do fear, however, that the blanket prohibition in the bill, as drafted, against using telematics “for establishing an insurance premium...” would prevent Marylanders from accessing badly-needed possible savings on their car insurance bill. For that reason, I’d favor amending the bill to strike that provision [Article 27-908(B)(1)] or perhaps to replace it with language that would allow telematics to be used to offer discounts but not to raise insurance rates (New York has a similar law).

Amended in that way, the bill would provide Maryland drivers important disclosure and privacy protections that would prevent some of the abusive ways telematics data is currently used.

**We support SB 984 with Amendments, and ask for an FWA Report.**

Sincerely,

Franz Schneiderman

Consumer Auto

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<sup>5</sup> <https://www.nytimes.com/2024/03/11/technology/carmakers-driver-tracking-insurance.html>

<sup>6</sup> <https://www.nytimes.com/2024/06/09/technology/driver-scores-insurance-data-apps.html>

**SB 984\_MIA\_FWA**

Uploaded by: Marie Grant

Position: FWA

WES MOORE  
Governor

ARUNA MILLER  
Lt. Governor



# Maryland

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MARIE GRANT  
Acting Commissioner

JOY Y. HATCHETTE  
Deputy Commissioner

**Date:** March 5, 2025

**Bill # / Title:** Senate Bill 984 - Private Passenger Motor Vehicle Insurance - Use of Telematics Systems

**Committee:** Senate Finance Committee

**Position:** Support with Amendments

The Maryland Insurance Administration (“MIA”) appreciates the opportunity to share its support for Senate Bill 984 with amendments.

Senate Bill 984 would require a private passenger automobile (“PPA”) insurer that uses a telematics system to: (i) disclose to insureds which data about insureds’ driving habits and/or vehicles is collected through the system; and (ii) establish a process by which insureds can contest the accuracy of data collected through the system. The bill would also prohibit an insurer from using data obtained through a telematics system to establish the premium for, cancel, nonrenew, or refuse to underwrite a PPA policy. Finally, the bill would direct the MIA to adopt regulations limiting the types and amount of data that PPA insurers can collect through telematics systems, and permit the MIA to require a PPA insurer to audit certain aspects of its telematics system.

The MIA has been working to better understand how insurers employ telematics systems. In December of 2024, the MIA issued a survey to the top 18 PPA insurers, accounting for approximately 81% of the Maryland market based on their total written premium in 2023. The purpose of the survey was to obtain preliminary insights into how many policyholders are currently enrolled in a telematics program, how these programs function, and what safeguards are in place to protect enrollees. Responses to the preliminary survey gave rise to new questions concerning telematics practices by PPA insurers. The MIA intends to gather additional data, likely through a follow-up survey, and publish a comprehensive report on its findings in the coming months. In the meantime, the MIA sees the provisions of the bill as an important start in consumer protection in transparency in relation to telematics programs. The MIA does recommend several amendments to the legislation, discussed below.

The phrase “a program that measures the operation of an insured vehicle,” as it is used in §§ 11-318(b)(3), 27-501(t), and 27-614(c) of the Insurance Article, has been interpreted to include a telematics system. These provisions, which address discrimination in underwriting, rate making



principles, and notices of premium increase, are not entirely consistent with the bill. The MIA recommends amendments that resolve inconsistencies between the bill and these provisions.

In regards to the disclosure requirement under the bill, it is not clear where and how the disclosure must be made, and whether it is required for both new policies and renewals. In regards to the regulatory action that the bill directs the MIA to take, it is not clear which types and amounts of telematics data that the MIA should permit PPA insurers to collect. The MIA recommends amendments that clarify these ambiguities.

The bill authorizes the MIA to require PPA insurers that use telematics systems to periodically audit their systems to ensure they collect and process data in a manner that is not unfairly discriminatory and does not produce premium rates that lack actuarial justification. The MIA recommends amendments that require a PPA insurer that utilizes a telematics system to: (i) integrate periodic audits of the system into its governance plan; and (ii) take action to mitigate and correct a finding that the system is collecting or processing data in a manner that is unfairly discriminatory, or is no longer producing actuarially sound premium rates.

For the reasons set forth above, the MIA recommends a favorable committee report on Senate Bill 984 with amendments, and thanks the Committee for the opportunity to share its support.

**2025 NAMIC Letter Opposing SB 984.pdf**

Uploaded by: Gina Rotunno

Position: UNF

March 3, 2025

Members of the Senate Finance  
Committee

*Via email*

**Re: NAMIC opposition to SB 984 - Private Passenger Motor Vehicle Insurance - Use of Telematics Systems**

Members of the Committee:

The National Association of Mutual Insurance Companies (NAMIC) is reaching out to express our concerns with Senate Bill 984, regarding telematics systems in private passenger motor vehicle insurance policies.

NAMIC is the largest property and casualty insurance trade association in the country, with more than 1,300 member companies. NAMIC supports regional and local mutual insurance companies as well as some of the country's largest national insurers. NAMIC member companies write \$383 billion in annual premiums nationally, and our members account for 61 percent of homeowners, 48 percent of automobile, and 25 percent of the business insurance markets.

NAMIC is a firm believer in transparency and fairness for all policyholders. SB 984's restrictions on using telematics data to determine premiums or take actions on policies undermines the effectiveness of these systems, which help promote safe driving and accurate premium pricing. Additionally, the requirement to establish an appeals process for challenging telematics data could lead to administrative burdens and increased operational costs, driving up premiums for all policyholders.

For these reasons, NAMIC strongly opposes Senate Bill 984 and respectfully requests that an unfavorable report be issued for the bill.

Sincerely,



Gina Rotunno  
Regional Vice President  
Mid-Atlantic Region

**[MD] SB 984\_vehicle telematics\_TechNet\_written.pdf**

Uploaded by: margaret durkin

Position: UNF



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INNOVATION ECONOMY

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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

# **State Farm Testimony on SB984 (Telematics).pdf**

Uploaded by: Marta Harting

Position: UNF

## STATE FARM INSURANCE COMPANIES

Senate Bill 984 (Private Passenger Motor Vehicle Insurance – Use of Telematics Systems)

Position: Opposed

State Farm opposes Senate Bill 984 (Private Passenger Motor Vehicle Insurance – Use of Telematics Systems). As drafted, this bill would restrict insurers' ability to use data variables that are highly predictive of losses. Specifically, it would impact insurers' ability to use telematics factors to make underwriting decisions and, overall, make it more difficult to administer telematics programs in the state. This would also require insurers to audit a telematics program using a vague "unfair bias" standard, contrary to the longstanding and well-understood "unfairly discriminatory" actuarial standard under Maryland law. Additionally, Maryland law already provides for regulatory oversight by the Maryland Insurance Administration and consumer protection around insurers' use of telematics, so this bill is unnecessary.



**SB0984 Telematics Systems UNF 030525 FIN APCIA .**

Uploaded by: Nancy Egan

Position: UNF



**American Property Casualty Insurance Association**

**Senate Finance Committee**

**SB0984 Private Passenger Motor Vehicle Insurance - Use of Telematics Systems**

**March 5, 2025**

**Unfavorable**

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 64% of the personal auto insurance market in Maryland. The bill. APCIA opposes this legislation which would at best discourage and at worse prohibit insurers from offering programs based on a person's actual driving behaviors as well as providing real time feedback for the driver that they can use to become a safer driver.

As the bill is currently drafted, it requires an insurer that issues, sells, or delivers private passenger motor vehicle insurance policies in the State to disclose the use of certain telematics systems and to establish an appeals process by which a policyholder may challenge data the policy holder believes to be erroneous; prohibiting an insurer from using data obtained through telematics systems to establish premiums or to take certain actions with respect to a policy. The bill is unnecessary as the Maryland Insurance Administration (MIA) already has and uses the authority it already has to review telematic rating plans to ensure they are compliant with current insurance laws.

The language of the bill is also vague in that it asks the MIA to limit the type of data that can be collected but provides no details on what those limits should be. In addition, Section 27-908 states that an insurer "may not use" telematic data from a specific vehicle to set a premium or cancel or non-renew a policy. This language appears to ban any use of telematics by insurers, and eliminate an increasingly popular, and cost saving option for Maryland drivers

For these reasons, APCIA urges the Committee to provide an unfavorable report on Senate Bill 984.

Nancy J. Egan, State Government Relations Counsel, Mid-Atlantic,

[Nancy.egan@APCIA.org](mailto:Nancy.egan@APCIA.org)

Cell: 443-841-4174