



**Testimony of the**  
**American Property Casualty Insurance**  
**Association**  
**House Judiciary Committee**  
**SB 351 Private Passenger Motor Vehicle Insurance - Use of Programs That Measure the**  
**Operation of an Insured Vehicle**

**March 31, 2026**

**Unfavorable**

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 67.4% of the personal auto insurance market in Maryland. APCIA is concerned about this legislation which would at best discourage and at worst prohibit some insurers from offering programs based on a person's actual driving behavior as well as providing real time feedback for the driver that they can use to become a safer driver. The bill would be the most extensive set of restrictions on telematics-based auto insurance programs in the country. Companies will be forced to look long and hard at their existing programs in terms of cost benefit and, as currently written, could likely discourage others (especially smaller companies) from offering such programs.

In addition, as drafted, companies that only offer telematics-based auto insurance programs would no longer be able to operate as they currently do in Maryland, forcing them to either do business in a completely different way (incurring significant expense to do so) or to forgo doing business in the state. To have vibrant personal auto marketplace with many options for consumers, companies should not be discouraged from offering different options in the marketplace. Especially a product that has the added benefit of helping Marylanders be safer drivers.

Another concern is the language that a company cannot initiate a premium increase in increments of less than 6 months. As it is currently drafted companies that have an initial test drive period would be unable to operate its program. In addition, if an insured fails to comply with the requirements of the program, a company would be unable to remove any discounts for a policyholder non-compliance.

As Senate Bill 351 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 ; requires an insurer to establish an appeals process by which a policyholder may challenge data the policy holder believes to be erroneous; requires the Maryland Insurance Administration (MIA) to set regulations limiting the types and amount of data collected; sets up a separate governance program targeting telematics; bans companies that use telematics to operate in the state if they only offer telematics; and prohibits all insurers from using telematics information to cancel or refuse to renew or underwrite a risk for private passenger insurance.

### **ABILITY TO INCREASE PREMIUM Page 1 lines 17-22**

The concern is the language that a company cannot initiate a premium increase in increments of less than 6 months. As it is currently drafted, companies that have an initial test drive period and then offer a rate based on policyholder's driving would be unable to operate. In addition, if an insured fails to comply with the requirements of the program, a company would be unable to remove any discounts for a policyholder's non-compliance.

### **APPEALS PROCESS 19-521 (B) Page 1-2 Lines 34 & 1-3**

APCIA members are concerned with understanding the appeals process envisioned by the MIA. There is already an active consumer complaint process in place for consumers. This adds another cost to offering telematics in the state that measures actual driving. Most telematics auto insurance programs provide ride by ride feedback to the driver, with the opportunity to make corrections for if an individual was a passenger, rather than a driver for that ride. Does that qualify as an appeals process? Companies are concerned that this could result in volumes of MIA complaints and challenges which would be time-consuming and costly to both the MIA and the insurer.

APCIA suggestion: **A PROGRAM THAT MEASURES THE OPERATION OF AN INSURED VEHICLE SHALL ESTABLISH A PROCESS BY WHICH THE POLICYHOLDER MAY REQUEST A CORRECTION ~~OR APPEAL~~ OF DATA COLLECTED THROUGH THE PROGRAM THAT THE POLICYHOLDER BELIEVES IS ERRONEOUS.**

### **REGULATION Page 3 lines 4-8 & Page 4 13-15**

This section should be deleted. The Maryland Insurance Administration (MIA) already has the authority to draft regulations regarding telematics. As currently drafted, it is requiring the MIA to limit the data collected without any discretion of the insurance regulator.

### **GOVERNANCE STANDARD CONCERNS PAGE #3 19 -521 (D)**

The standard being advanced in this amendment is technically more stringent than what is required under the Maryland Underwriting Discrimination Statute. Insurers are already required to meet these standards when submitting their rating plan and which are reviewed and approved by the MIA. What isn't clear is if companies have an existing governance plan in place, would that qualify? There is no audit procedure in place for any other rating feature; this process should be established so as not to be arbitrarily initiated and overly burdensome to insurers. The language needs to be amended to the current underwriting standards. This has been discussed with the MIA.

APCIA suggestion: Delete on page 2 -lines 9 -26.

### **THE LEGISLATION WOULD PUT COMPANIES THAT ONLY OFFER TELEMATICS OUT OF BUSINESS IN MARYLAND**

Page 3-4 4 - 27-501. **See the brackets removing the language. APCIA requests the brackets be removed to permit companies to continue to operate.**



Those companies that only offer telematics programs and inform the applicant as such would no longer be able to operate as they don't offer alternate pricing plans. Participating in a telematic program is voluntary for any applicant. This is covered by the marketplace - if the consumer does not wish to have a telematics-based insurance plan, they can go to a traditional carrier. It should not require that insurance providers must offer both a telematics and non-telematics product. This has been discussed with the MIA.

## **INABILITY TO UNDERWRITE A RISK DUE TO BAD DRIVING BEHAVIOR**

### **Page 4 Section 27-501 Lines 21-22 ~~DELETE CANCEL, NON-RENEW~~**

These amendments would not permit a company based on an insured's data of driving history to cancel or non-renew due to their risky behavior. Risker drivers would not face any consequences. This defeats the purpose of rewarding safer drivers and not rewarding bad drivers. If insurers only offer telematics, how do they stop writing a risk? The blanket prohibition on using the data to refuse to renew/cancel can be troublesome. The data collected can speak to substantial increase in hazard, misrepresentation, fraud, etc. Those are generally proper bases for cancellation/non-renewal.

In its current posture, APCIA is opposed to the legislation.

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

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

Cell: 443-841-4174