



March 27, 2026

The Honorable J. Sandy Bartlett, Chair
The Honorable Debra Davis, Vice Chair
House Judiciary Committee
100 Taylor House Office Building
Annapolis, Maryland 21401

Re: Opposition to Senate Bill 351 – Private Passenger Motor Vehicle Insurance – Use of Programs that Measure the Operation of an Insured Vehicle

Dear Chair Bartlett, Vice Chair Davis, and members of the House Judiciary Committee:

Thank you for the opportunity to submit written testimony in opposition to Senate Bill (SB) 351, which would prohibit carriers using telematics programs from imposing premium increases more often than every six months, subject to an existing carve-out for the 45-day underwriting period; require carriers to disclose the use of a telematics program to applicants and policyholders; require carriers to offer policyholders a process for correcting or appealing data they believe is wrong; require the Maryland Insurance Administration (MIA) to adopt regulations limiting the types and amounts of data that can be collected by carriers via telematics; and require the MIA to instruct carriers using telematics programs to establish and implement a governance plan to:

- Monitor for the collection or processing of data in a way that is unfairly discriminatory or affects premium rates in a way that lacks actuarial justification
- Correct or mitigate a finding that the program collects or processes data in a way that lacks actuarial justification
- Periodically report to the MIA on:
 - The scope, methods, and findings of its governance program, and
 - Any corrective action or mitigation steps taken in accordance with its governance plan

The bill would also amend the existing unfair trade practice rule to remove an exception that allowed mandatory participation if a carrier only offers telematics products and adds a prohibition on using telematics to cancel, refuse to renew, or refuse to underwrite a PPA risk. On behalf of the Allstate Insurance Company enterprise, I respectfully urge the members of this Committee to issue an unfavorable report on SB 351.

1. Prohibition on increasing premiums more often than every six months will hamper the ability of private passenger auto insurers to conduct business in Maryland.

If passed as currently written, the bill would impose numerous requirements on carriers offering telematics programs as part of their suite of private passenger automobile (PPA) insurance

products. First, the bill would prohibit carriers from using telematics to implement premium increases more often than every six months, except during the 45-day underwriting period, which begins on the effective coverage date. The underlying law governing that 45-day period permits carriers to recalculate the premium based on the discovery of a material risk factor during that time. This language would limit carriers' ability to increase the premium of a telematics program participant to the first 45 days, and, even then, the bill would permit a premium increase only in the event that the telematics data reveals a "material risk factor."

The underlying law defines a material risk factor as one that was "in existence on the date of the application," was "incorrectly recorded or not disclosed" in the application, and would change the "premium charged on the policy ... in accordance with the rates and supplementary rating information filed by the insurer."

In this context, carriers would not be permitted to raise premiums mid-term if the policyholder seeks to add a driver to a telematics policy, and that driver would normally be rated on available telematics data. Such data might be considered "not disclosed" at the time of the application, but, presumably, it would not constitute data "in existence" on the date of the application. Additionally, if an insured fails to comply with the requirements of a telematics program, a carrier would be prohibited from removing any discounts from the policy based on the policyholder's noncompliance.

2. Overly broad provisions are too vague to be actionable and will foment economic uncertainty among PPA insurance carriers.

a. Establishment of appeals process

Many of the provisions in SB 351 are vague and so broad as to be impossible to properly prepare for or even accurately assess for business impact. For example, the requirement that carriers offer policyholders and consumers a process for correcting or appealing data they believe is wrong offers nothing in the way of a list of elements such a process would have to require. Plus, the bill does not direct the MIA to promulgate regulations on this topic, meaning that carriers cannot anticipate the development of parameters to govern this requirement. Ultimately, this ambiguity will make it impossible for carriers to develop appeals processes that are predictably compliant with the law and will leave them susceptible to subjective evaluations of their appeals processes and arbitrary requests for corrective action.

b. Limitation on types and amount of data collected

Likewise, the bill would require carriers to limit the types and amount of data collected by a telematics program is open-ended, making its impact on the Maryland PPA insurance market all but impossible to predict.

c. Establishment of governance plan

The bill would also require carriers offering telematics programs to "periodically" report information to the MIA regarding such programs' scope, methodologies, and findings, as well as any corrective actions or mitigation measures taken in accordance with their governance plans.

The bill is silent as to the frequency of such reports, making their impact on carriers difficult to gauge.

3. Prohibition on use of telematics data to cancel, nonrenew, or refuse to underwrite a policy risk is impractical and overly restrictive.

As currently drafted, the bill would not allow a carrier to cancel or nonrenew a policy or to refuse to underwrite a policy risk on the basis of a carrier's collected telematics data. This would inoculate policyholders against the consequences of their own risky driving behavior. Riskier drivers would never face telematics-related consequences for their behaviors, meaning that carriers will not be able to use the best available information about the degree of risk a driver poses to accurately price for that risk. This will impair carriers' ability to underwrite in an actuarially sound way and will ultimately either deter carriers from offering telematics programs or compromise the solvency of such carriers operating in Maryland.

For these reasons, we respectfully urge Committee members to issue an unfavorable report on SB 351.

Allstate appreciates the opportunity to provide written comments in opposition to SB 351. Thank you for your time and consideration of this important issue.

Sincerely,



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