Consumer Federation of America

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August 5th, 2026

Chair Sabrina Cervantes
California Senate Appropriations Committee
Capitol Office
1021 O Street, Suite 7330
Sacramento, CA 95814-4900

Cc: Vice Chair Kelly Seyarto, Committee Members

Re: Oppose AB 311—Consumer Driving Data Protection Act of 2026

The Consumer Federation of America[1] (CFA) urges the Committee to oppose AB 311, which would allow the use of telematics in California's auto insurance market without adequate consumer protections, including testing for unfair discrimination or algorithmic transparency. While telematics programs show some promise for encouraging safer driver behavior and reducing the number and severity of auto crashes, they need strong guardrails and active regulation to prevent unfair pricing, privacy risks, abuse of personal consumer information, and racial bias. AB 311 lacks these guardrails and has loopholes that will harm consumers and undermine Proposition 103's protections.

In its introductory language, AB 311 invokes a paper published by CFA – *Watch Where You're Going: What's Needed to Make Auto Insurance Telematics Work for Consumers* – but the proposed legislation fundamentally ignores and contradicts a key feature of the model CFA proposes. Specifically, CFA notes that "Regulators, policymakers, consumer advocates, and the public should be able to see how the

[1] Founded in 1968, the Consumer Federation of America is an association of over 200 state and local organizations that works to advance consumer interests through research, advocacy, and education. Our organization has decades of experience working to make auto insurance more affordable and accessible. CFA's Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance as well as a Board member who helps oversee California's low-cost auto insurance program. CFA's Research and Advocacy Associate Michael DeLong is a funded Consumer Representative with the National Association of Insurance Commissioners and a member of the Nevada Advisory Committee on Property and Casualty Insurance.

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algorithms work, what goes into the calculations and what comes out." But AB 311 upends that and disregards Proposition 103's mandate for transparency of rating rules and models, by allowing insurers to submit its telematics programs confidentially.

CFA has worked on insurance consumer protection laws and rules and has monitored the market for decades, and consumers consistently fare worse when insurers are allowed to underwrite or price customers using black box algorithms. At its core, this law would allow insurers to hide their pricing models from the public, dismantling a central accountability mechanism of Proposition 103 and a standard that CFA deems essential for ensuring that telematics programs will accurately and fairly reflect and price drivers.

In the same paper cited in the findings of this legislation, CFA identifies a serious concern that telematics models – like so many black box models – could incorporate historic biases or socio-economic proxies that disproportionately harm people of color. Indeed, the bill cites concerns about disparities that can show up in insurance pricing models, but it does not propose to require disparate impact testing of telematics. As we state in the *Watch Where You're Going* paper," Insurers should also produce a disparate impact analysis of their telematics algorithms to identify the possibility that protected classes face less access or higher rates when the algorithms are applied in the market. Additionally, insurers and vendors must be required to take steps to obviate any disparate impacts of their telematics programs."

Again, as with the lack of transparency in the legislation, with respect to disparate impact testing, while the bill invokes CFA's model it does not adopt it.

Lastly, but importantly, AB 311 dismantles California's Good Driver Discount that ensures a 20% discount for drivers who don't cause crashes or accumulate points on their driving record. Under the bill, drivers who have never caused a crash and have never gotten a ticket can lose their 20% discount at the end of their first term with the telematics policy. After that first term, a Good Driver is no longer a standard tied to actual driving history, but a score that varies from company to company based

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on their algorithmic predictions, corporate objectives, and black box models.

CFA has presented a model for integrating telematics into the insurance market in a way that benefits *and* protects consumers. AB 311 ignores key parts of that model. It allows insurers to take away Californians' Good Driver Discount even if they've never caused a crash or gotten a ticket; it does not demand that insurers prove that their algorithms do not disproportionately harm communities of color; and it keeps insurance companies' pricing models hidden from public view and scrutiny. These omissions undermine consumer protection and market accountability.

For the above reasons, CFA opposes AB 311. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Douglas Heller
Director of Insurance
Consumer Federation of America

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America