

November 24th, 2025

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Re: Clarification of Requirements for Insurers' Use of Telematics Programs

The Consumer Federation of America¹ (CFA) supports the Maryland Insurance Administration's (MIA) bulletin clarifying requirements that insurance companies must follow when utilizing telematics programs, especially the requirement that consumers be given notices of premium increases. At a time of rising auto insurance costs and increasing use of technology, transparency is essential for telematics to help consumers and more accurately price coverage. However, transparency is not enough on its own. We urge the MIA to take a holistic approach, collect additional information on these programs, and adopt broader telematics regulations intended to protect policyholders, their data, and overall consumer privacy.

Theoretically, telematics could more accurately match auto insurance rates to risk and promote safer driving behavior, bringing down costs and benefiting consumers. In practice, there are major concerns about transparency, accountability, and data privacy in these programs.

Maryland's insurance code currently requires that policyholders be given a notice of premium increase (NOPI) any time their premium is increased due to a telematics program. We thank the MIA for reiterating this requirement and for specifically mentioning that policyholders have the right to protest these premium increases if they believe the increases

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

have been incorrectly imposed. To get better deals and choose wisely between insurers, consumers need access to accurate and timely information about premium hikes and the reasons for those rate hikes.

We applaud the clarification that these notices must also be given if telematics-based discounts are removed, and if telematics is operated by a third-party partner or vendor. Many insurers give new enrollees in telematics programs discounts as an incentive to participate, and later they may remove those discounts and increase the prices that the enrollees must pay.

The MIA states that insurers that use telematics programs to set and increase premiums, and that are not issuing NOPIs to policyholders, will be the subject of market conduct examinations. We urge MIA to use its enforcement authority if companies fail to comply with the NOPI rules.

Transparency in telematics is important for consumers to be properly informed. As part of these efforts, Maryland should collect and issue information about these programs in regular reports. In July 2025, the MIA issued a report on the telematics market in Maryland which contained useful information on these programs, their scope, and how consumers are impacted by them.² The report found that in 2023, about 13% of Maryland auto insurance policies, or 303,845 policies, were enrolled in telematics. It further concluded that insurer claims of telematics benefitting consumers were exaggerated, or at least incomplete. The report determined that only 31% of Maryland drivers enrolled in telematics saw their premiums decrease, while 24% of drivers enrolled in telematics saw their premiums increase, and 45% of drivers enrolled saw no premium change.

To promote greater transparency, we urge the MIA to collect additional information in its next report on Maryland telematics, including the following data points:

² "Telematics Survey Report: Auto Insurance Market in Maryland." Maryland Insurance Administration. July 2025. Available at <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Telematics-Survey-Report-2025.pdf>.

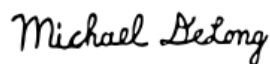
- The average premium increase for policyholders experiencing premium increases and the average premium decrease for policyholders experiencing premium decreases,
- Data reflecting the income distribution of policyholders who participate in the telematics program, broken out by policies that provide liability only coverage and by policies that also include physical damage coverage.
- Whether the insurers use telematics data for underwriting decisions, and if so, the number and percentage of customers and applicants who were deemed ineligible, non-renewed, or cancelled; and
- The average premium increase or decrease for participants in telematics programs by census tract or ZIP code.

Finally, the MIA should adopt specific regulations for telematics that protect consumers' data and privacy. These regulations should prohibit insurers from collecting data not specifically used in insurance underwriting, rating, or claims review, and from using the data collected for any purposes other than underwriting, rating, or claims review.

[Consumer Federation of America's paper on telematics](#) outlines a full range of telematics consumer protections that we believe are needed to make telematics programs work well enough to encourage participation and safer driving.

We look forward to working with you. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink that reads 'Michael DeLong'.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

