



Testimony of the Consumer Federation of America in Support of SB 351—
Private Passenger Motor Vehicle Insurance—Use of Programs That
Measure the Operation of an Insured Vehicle

February 9th, 2026

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Cc: Vice Chair Antonio Hayes, Committee Members

The Consumer Federation of America (CFA) urges your support for [SB 351](#)—Private Passenger Motor Vehicle Insurance—Use of Programs That Measure the Operation of an Insured Vehicle. Sponsored by Senator Alonzo Washington, this bill would establish basic and badly needed consumer protections for drivers who participate in insurance company telematics programs. Currently, Maryland has few safeguards to ensure that these programs help consumers and that consumer data is not misused by insurers.

Telematics, also known as usage-based insurance (UBI), collects data about consumers' driving behavior via mobile apps, plug-in devices, and from the cars themselves. Insurance companies then analyze that data and use it to assess consumer patterns and calculate insurance premiums. The premium savings and surcharges vary by insurer, with some insurers discounting rates to high scorers but not surcharging those with worse scores, while others raise rates on poor scoring drivers. Driving behaviors used in these telematics programs often include: 1) hard braking, 2) the time of day or night driven, 3) in-vehicle phone use, 4) distance or miles traveled, 5) acceleration, 6) speed, and 7) cornering (how quickly and sharply a driver goes around corners). However, CFA's research, and the research of other consumer advocates, indicates there are several other data points collected and used by insurers including, possibly, location of driving.

With proper regulation and oversight, telematics/UBI can benefit consumers by more accurately matching insurance rates to risk, promoting safer driving behavior, and reducing insurers' use of unfair socioeconomic factors like credit scores in auto insurance pricing and underwriting. But there are major concerns about accountability and transparency in these programs, so telematics programs demand guardrails including consumer privacy protections, limits on the data that can be collected and how it can be used by insurance companies, and stronger oversight of the algorithms used for pricing and whether other rating factors with less or no connection to driving continue to be used in conjunction with the driving monitoring of telematics programs.

Over the past few years, companies have aggressively promoted telematics through traditional advertising, jingles, celebrity endorsements, and subtle conditioning. Despite this promotion, most consumers do not participate in these programs, and many have substantial concerns about them. These concerns include questions about the accuracy and privacy of the data collected by telematics, what data points are collected and how insurers use them, vulnerability to hacks and data breaches, concerns about the use of data in the claims process, and a belief that telematics may not lead to savings.

Consumers' concerns are well-founded. The Maryland Insurance Administration (MIA) issued a 2024 report on telematics, which found that out of the 2,296,713 Maryland drivers with auto insurance policies, 303,845 are enrolled in telematics programs, or 13% of all drivers in the state. The report also found that most Maryland drivers did *not* save money on auto insurance by enrolling in telematics. Instead, 31% of drivers enrolled in these programs saw their premiums go down, 24% of drivers saw their premiums go up, and 45% of drivers saw no premium change.¹

SB 351 would implement several basic consumer protections regarding telematics programs. First, it requires insurance companies to establish a clear process by which consumers can correct or appeal data

¹ "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>.

collected by these programs that they believe is incorrect. There have been anecdotes of telematics programs gathering data that is incomplete or incorrect, and as a result insurers have charged consumers higher premiums. One example includes consumers being penalized for using their phones when they were passengers in a car, while the telematics program thought they were drivers. Maryland Insurance Commissioner Marie Grant stated that Maryland receives a lot of complaints about limited options for consumers to challenge erroneous information gathered by these programs,² and this provision will help solve this problem.

Second, the Maryland Insurance Administration will adopt regulations to limit the type and amount of data that can be collected by telematics programs in Maryland. We applaud this section because currently Maryland does not have specific safeguards for consumer data. There should be strict limits on data collection and use by telematics—data collected by these programs should only be used for auto insurance rating and effective management of the insurance policies. Insurance companies should only collect data needed to calculate premiums in accordance with the approved programs. And the data gathered should not be sold, loaned, rented, monetized, or used in any way beyond the approved auto insurance purposes.

Third, the Maryland Insurance Administration may require insurance companies to establish and implement governance plans. These plans must ensure that telematics programs do not collect or process data that results in unfair discrimination or that is not actuarially justified (meaning that insurance premiums aren't based on accurate data, good risk analysis, and reasonable costs and benefits). If the data collected by the telematics program does result in unfair discrimination or isn't justified, that needs to be corrected. The MIA can also require periodic reports from insurance companies on these governance plans.

This section is especially important because while telematics programs could result in benefits, they also have grave potential for unfair

² "Maryland Insurance Commissioner Backs Insurer-Opposed Telematics Regulation Bill." By Lurah Lowery. Repairer Driven News. March 7th, 2025. Available at <https://www.repairerdrivennews.com/2025/03/07/maryland-insurance-commissioner-backs-insurer-opposed-telematics-regulation-bill/>.



discrimination and overcharging for various drivers. To give one possible example: most telematics programs regularly charge higher premiums based on the time of day or night driven, meaning policyholders who drive during the night get charged more. Insurers' use of this factor could result in higher premiums for many Black or Latino drivers because Black and Latino consumers are more likely to have jobs where they have to work late hours, work an overnight shift, or start work very early in the morning. We hope that the MIA will consider this possible example of racial bias, and stress that insurers' use of the time of day or night driven, or other data and factors, must not result in unfair discrimination.

Lastly, the bill prohibits insurance companies from using data collected by telematics programs to cancel, refuse to renew, or refuse to underwrite drivers.

SB 351 will establish elementary consumer protections and stronger regulation of telematics programs in Maryland. It will help ensure that drivers benefit from these programs, that their driving data is protected, and that they are not unfairly discriminated against.

The Consumer Federation of America urges a favorable report on SB 351. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

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