



April 14<sup>th</sup>, 2026

## **Re: Telematics Data Use in Automobile Insurance Regulation Amendment Act of 2025**

The Consumer Federation of America (CFA)<sup>1</sup> submits these comments on the Telematics Data Use in Automobile Insurance Regulation Amendment Act of 2025. We applaud the Department of Insurance, Securities, and Banking's (DISB) work on this proposal, which would adopt important protections regarding telematics. In this letter, we detail our views on this proposal, including elements that we believe could be strengthened in order to best protect D.C. drivers.

Many auto insurers offer policyholders and prospective customers the opportunity to participate in a telematics program that monitors their driving behavior to calculate insurance premiums. While these programs show some promise for encouraging safer driver behavior and reducing the number and severity of auto crashes, telematics programs need guardrails in place to prevent unfair pricing, privacy risks, abuse of personal consumer information, and racial bias. This proposed legislation offers an opportunity for DC to adopt the effective oversight needed to ensure these programs benefit and protect consumers and are not misused.

CFA supports the broad intent of the draft legislation, and we discuss our reasons for supporting it below. First, however, we propose some changes to the draft that we believe are critical to achieving the consumer protection that DISB seeks to establish with this effort.

We believe that the legislation would be clearer and the oversight more effective if the section incorporated a definition of "unfair discrimination" that incorporated both the actuarial and protected class

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<sup>1</sup> 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.

bases for unfair discrimination. We suggest the following additional definition in the proposed section **§ 31–2716. Definitions:**

8. *“Unfair Discrimination” means that one or both of the following are present in a telematics program:*

*a) after allowing for practical limitations, price differentials fail to reflect equitably the differences in expected losses and expenses; or*

*b) there is explicit use of protected class factors or proxy discrimination as defined herein, except that protected class factors may be used for the purposes of testing for proxy discrimination.*

If that change is not adopted, then it is necessary to add “proxy discrimination” to **Subsection 3 of § 31–2718. Premium credits for improved telematics risk profile.** As drafted, the section prohibits providing premium credits in a manner that is “unfairly discriminatory, including discrimination based on race, color, national origin, religion, sex, sexual orientation, gender identity or expression, disability, marital status, age, or any other protected characteristic under District or federal law.” That does not explicitly cover premium credits that lead to proxy discrimination, as defined in the legislation. Subsection 3 should be amended such that the final phrase reads as follows:

*... or any other protected characteristic under District or federal law or result in proxy discrimination.*

The proposed amendment above notwithstanding, we do not believe that it is reasonable to exclude premium credits from traditional rating factor evaluation methods. Telematics discounts should meet the same actuarial standards as other rating factors and DISB should have the means by which to evaluate these programs. Even if DISB determines that it does not want to require prior approval of premium credits, the section should be amended to read as follows:

(b) Premium credits issued under this section:

(1) *Shall be filed prior to the effective date of the schedule of discounts;*

(2) *Shall not require prior filing or approval by the Commissioner;*

~~(2) Shall not require actuarial justification; and~~

(3) Shall not be provided in a manner that is unfairly discriminatory, including discrimination based on race, color, national origin, religion, sex, sexual orientation, gender identity or expression, disability, marital status, age, or any other protected characteristic under District or federal law *or result in proxy discrimination.*

*(c) An insurer subject to this section shall maintain documentation of its testing to confirm the premium credit system does not violate subsection (b)(3) of this section, and that documentation shall be provided to the Commissioner within five business days of a request by the Commissioner.*

As with the above-referenced recommended addition of § 31–2718 (3)(c) regarding testing of premium credits for unfair discrimination and proxy discrimination, the telematics program in total should also be subject to a similar regime to protect consumers. We worry, for example, that the use of time of day as a component of telematics programs might disproportionately penalize people of color, who are more likely than others to work a night shift. The creation of a testing mandate would likely belong in proposed section **31–2717. Consumer protections.**

Aside from the prohibition of unfair discrimination or proxy discrimination through a telematics program, the draft bill does not explicitly affirm DISB’s regulatory authority and responsibility to ensure that insurance companies’ telematics programs, and the component elements that generate the factor or factors that are used in underwriting and rating, are actuarially justified. While we do not think that is necessary to repeat existing standards in this law, namely, the broader rules governing excessive, inadequate, and unfairly discriminatory rates, we believe it would be clarifying to include language that insurers must be able to actuarially justify to DISB both the telematics program as a whole and the use and weighting of individual components of the telematics program.

Finally, insurers assert that telematics allows for an individualized rating scheme that reflects policyholders’ actual driving risk. So, the DISB bill should prohibit insurers that use telematics programs from also rating

customers according to socioeconomic non-driving factors, such as credit-based insurance score, gender or marital status, occupation, education level, home ownership status, prior insurance coverage, prior coverage limits, prior insurer, or other factors that do not relate directly to their driving and the vehicle being insured.

### **Background on Telematics and the Need for Consumer Protections**

Telematics originated in the 1990s, with Progressive offering its Snapshot program to consumers starting in 1998.<sup>2</sup> Since then, these programs have expanded and are now offered by almost every major auto insurer. The insurers collect data via devices installed in cars, mobile apps on consumers' phones, and from smart technology in the cars themselves, and use that driving behavior data to calculate insurance premiums. The savings and surcharges vary by company, ranging from 10% to 40%. Many insurers give discounts to new enrollees in telematics programs, regardless of their driving behavior, as an incentive to participate, and may later remove those discounts and increase the prices that consumers must pay.

Telematics collects a wide range of information about consumers' driving behavior. Commonly collected factors include: 1) Hard braking, 2) the time of day or night during which a consumer drives, 3) the distance or miles driven, 4) acceleration, 5) speeding, 6) cornering (how quickly and sharply a driver goes around corners), and 7) driving location. However, there is substantial evidence that telematics programs collect considerably more data than the above-listed factors. For example, Liberty Mutual's RightTrack program gathers information such as a driver's odometer, battery level, fuel consumption, technology diagnostics, vehicle diagnostics, idle time, and battery level.<sup>3</sup> Liberty Mutual does not say what this information is used for.

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<sup>2</sup> "How Do Those Car Insurance Tracking Devices Work?" By John M. Vincent and Cherise Threewitt. U.S. News & World Report. February 26, 2018. Available at <https://cars.usnews.com/cars-trucks/car-insurance/how-do-those-car-insurance-tracking-devices-work>.

<sup>3</sup> "Telematics Data Collected and Transmitted to Liberty Mutual Group." Liberty Mutual Insurance. Retrieved on March 2<sup>nd</sup>, 2026. Available at <https://www.libertymutual.com/telematics-data>.

Insurance companies aggressively promote telematics through marketing, celebrity endorsements, and discounts for enrolling in these programs. Despite this pressure and increased adoption, most drivers still do not participate in telematics programs. A report by the Maryland Insurance Administration (MIA) found that in 2023 only 13% of Maryland drivers were enrolled in a telematics program.<sup>4</sup> This wariness is likely due to consumers' concerns about their privacy, corporate control over their information, the vulnerability of their personal data, and a general discomfort with their insurance company monitoring every turn they take. Additionally, telematics programs are complicated and frequently confusing for consumers, who typically do not have access to their driving data and do not have enough information to assess which insurer's program, if any, would be better for them.

While insurers claim that telematics will save consumers money, the results are more ambiguous. The recent report by the Maryland Insurance Administration concluded that most drivers did not save money on auto insurance by enrolling in telematics. In 2023, only 31% of Maryland drivers with telematics policies saw their premiums decline, while 24% of drivers with enrolled in telematics saw their premiums go up, and 45% of drivers saw no premium change.<sup>5</sup> This implies that the supposed savings from telematics are absent or exaggerated for many drivers.

In past reviews of telematics, CFA came to three overarching conclusions.<sup>6</sup> First, telematics programs have the potential to usher in new auto insurance pricing practices that can lower costs for safe drivers and incentivize safer driving. Second, insurers—and the third-party vendors that develop telematics systems—must explain and justify their algorithms, show that they are fair, and ensure consumer privacy. And third, state insurance departments must establish rules regarding the use

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<sup>4</sup> "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>.

<sup>5</sup> "Telematics Survey Report: Auto Insurance Market in Maryland," *ibid*.

<sup>6</sup> "Watch Where You're Going: What's Needed to Make Auto Insurance Telematics Work for Consumers." By Douglas Heller and Michael DeLong. Consumer Federation of America. May 26<sup>th</sup>, 2021. Available at <https://consumerfed.org/wp-content/uploads/2021/05/Insurance-Auto-Telematics-White-Paper-5-26-21.pdf>.

of telematics, pricing transparency, and consumer privacy to safeguard consumer data, prevent unfair discrimination, and hold insurers accountable.

For all the above reasons and for achieving these goals, DISB’s proposed regulation is a welcome beginning. To start, it states that telematics data collected by an insurer can only be used for auto insurance purposes—specifically rating and underwriting auto insurance policies, evaluating potential rating or underwriting criteria, and for claims settlement. When participating in a telematics program, consumers provide insurers access to personal data in exchange for an opportunity to be rated in a manner that more effectively estimates their risk of loss. The use of the data should be limited to that purpose, and the draft legislation does a good job of containing use of the data and preventing insurers from monetizing or otherwise exploiting their customers’ personal data.

These protections are not merely pre-emptive but are responsive to personal data abuses already seen in the market. In January 2025, for example, Texas sued Allstate and its subsidiary Arity for illegally tracking drivers through their phones, gathering their personal information, and selling it to insurance companies without their knowledge or consent.<sup>7</sup> Arity used the driving information of over 45 million Americans to give them driving risk scores, which insurers used to hike their auto insurance premiums, deny them coverage, or refuse to renew their policies.

Additionally, the regulation requires insurance companies to retain telematics data only as long as is needed for legitimate auto insurance purposes, and in order to retain any records. The insurers must take reasonable safeguards to protect telematics data against unauthorized access, use, or disclosure, and if data breaches do occur, they must alert the Insurance Commissioner and impacted consumers. We appreciate DISB’s effort to protect consumers as the frequency and scale of modern data breaches demand that insurers are subject to

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<sup>7</sup> “Texas Sues Allstate Over Its Collection of Driver Data.” By Kashmir Hill. The New York Times. January 13, 2025. Available at <https://www.nytimes.com/2025/01/13/technology/texas-allstate-driver-data-lawsuit.html>.



standards that will help prevent theft and other improper uses of consumer information.

DISB's proposal to create a publicly accessible webpage with consumer-friendly descriptions of each telematics program offered in the District of Columbia is very welcome. Consumers currently have to go through a clumsy and time-consuming process of visiting each insurer's website and attempting to find accurate information about each program—and many websites make this information difficult to find or offer only incomplete information. A central hub that lists the type of telematics data used by each insurer and how it is used will help educate consumers.

While telematics has great potential to help consumers, promote road safety, and make auto insurance more affordable, it can also result in significant misuse, major violations of consumer privacy, unfair bias and proxy discrimination, and poorly explained and arbitrary premium hikes. With strong guardrails, the District and DISB can ensure that telematics improves the auto insurance market, safeguards consumer data, and benefits drivers.

We look forward to further working with you on telematics. Please contact us at [mdelong@consumerfed.org](mailto:mdelong@consumerfed.org) with any questions.

Sincerely,

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