

March 16, 2020

The Honorable Delores G. Kelley
Chair, Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen Street, Annapolis, MD 21401-1991

Re: HB-267, Private Passenger Automobile Insurance – Use of Vehicle
Telematics

Dear Madam Chair:

On behalf of Root Insurance, I write for two reasons: (1) to express our strong opposition to House Bill 267 submitted by Delegates Courtney Watson and Kathleen M. Dumais (“HB 267”), and (2) to urge the members of the Senate Finance Committee to delay the passage of this bill for further discussion.

It appears that HB 267 may have merely intended to codify the general use of telematics by private passenger auto insurers. However, the effect of HB 267 will be to raise costs on the consumers, to stifle innovation, to unduly burden some insurers but benefit others, and to limit Maryland’s ability to offer a more fair and equal insurance marketplace.

Root Insurance is a telematics-based and mobile-enabled insurance company. Root measures driving behavior data to predict risk. We use this “telematics” data as the primary determinant in pricing our customers. We measure driving behavior to provide a far greater prediction of risk when compared to current rating factors. In return, customers get a fairer rate based primarily on their actual driving data.

Unlike other insurers that apply a telematics discount only at renewal, Root applies its telematics factor in the first policy period, so good drivers can benefit right away. By not insuring a small population of bad drivers, we are able to offer lower rates for our policy holders. As a result, we rely less on the traditional demographic factors that continue to be questioned by consumers and the industry alike.

Telematics makes car insurance fairer by placing an individual’s driving behavior ahead of reliance on demographic-based factors. Root’s telematics program can recognize unusual phone use patterns such as when and how frequently someone is engaging with their phone while driving. By incentivizing drivers to “put your phone



Letter to the Honorable Delores G. Kelley
Re HB 267
March 16, 2020
Page 2

down” while driving, companies like Root are helping change distracted driving habits and create safer roads.

Root requests a fair hearing on this bill, as we believe that the passage of it in the current form will have unintended negative consequences on the Maryland consumers. These consequences could be increased rates for consumers, discouraging innovative solutions for insurance products, and limiting use of telematics while favoring demographic-based factors. Maryland Insurance Administration, sponsors of the bill, and the industry all agree that this bill needs further deliberation and more work.

Thank you for your attention and consideration of this important matter.

Sincerely,

Dave Luketic
Director of Government Affairs
Root Insurance Company
dave.luketic@joinroot.com

