

Courtney Thomas, Counsel

State Farm

One State Farm Plaza

Bloomington, IL 61710

309-660-1988

courtney.thomas.ux0g@statefarm.com

November 4, 2024

Kathryn Callahan, Director of Policy Initiatives

Maryland Insurance Administration

200 St. Paul Place, Suite 2700

Baltimore, MD 21202

kathryn.callahan1@maryland.gov

Re: Proposed Bulletin: Notice Requirements for Premium Increases Based on Factors Measured through a Telematics Program

Dear Director Callahan:

Thank you for providing State Farm the opportunity to respond to Proposed Bulletin: Notice Requirements for Premium Increases Based on Factors Measured through a Telematics Program (“Telematics Bulletin”). As one of the largest automobile insurance carriers in Maryland, we have a keen interest in the application of this Telematics Bulletin. We appreciate the Maryland Insurance Administration’s (MIA) willingness to clarifying the expectations for insurers when using telematics in Maryland and how this gets reflected on their Notice of Premium Increases (NOPIs).

In the second paragraph, the MIA lists examples of driving behaviors, which includes “distance driven”. Is the intent of including this factor to capture odometer annual mileage? Based on previous discussions with the MIA, State Farm understood that the MIA does not consider annual mileage to be a telematics factor, rather it is a general rate increase. We would appreciate if the MIA could provide clarity on whether or not, going forward, mileage needs to be included as a telematics factor for the purposes of inclusion on a NOPI.

State Farm respectfully requests the removal of the first bullet point in the list on page two which indicates, “*Must identify each driving behavior that was measured through the program and included in the calculation of the premium increase*”. The Bulletin states we need to comply with § 27-614 of the Insurance Article, which requires companies to provide the following information if the increase is due to a telematics program: (A) a specific description of the factor or factors in the program resulting in the premium increase and (B) the amount of the premium increase that is attributable to the program. The statute does not require insurers to provide a full listing of all driving behaviors, rather only those that resulted in the increase. We believe this bulletin would broaden the statutory requirements. Alternatively, the bullet could be amended to state, “*Must identify each driving behavior that resulted in the premium increase and was measured through the program and included in the calculation of the premium increase.*”

In footnote 2, it mentioned that an insurer must warrant that each factor listed in the NOPI was measured. Some factors measured may be very technical or incorporate multiple behaviors and insurers will instead include simplified statements on the NOPI. Does the MIA foresee this being an issue? If so, it may be worth providing clarity on what exactly needs to be listed. Additionally, State Farm interprets this footnote to mean that the insurer warrants on the NOPI only those factors which resulted in a premium increase were measured by the telematics program and thus included in the NOPI, not warranting all potential factors measured by the telematics program and listing all potential factors within the NOPI.

In the paragraph following the bulleted list, it states, “An insurer is not required to specify in the notice which share of the telematics-based increase is attributable to each factor that was measured by the telematics program, as long as each listed factor was measured.” State Farm would like to see additional clarity indicating that each factor does not need a monetary or percentage breakdown and the statute only requires the collective percentage and amount for the telematics program in totality to be reflected on the NOPIs. Further, as previously mentioned above, the factors should also be limited to those factors that attribute to the increase, not all factors measured by the telematics program.

Also in that same paragraph, State Farm would appreciate clearer parameters around what an insurer is required to produce to the MIA in a protest hearing. As drafted, it requests “all relevant data”. State Farm proposes limiting the data requested to the timeframe of that particular complaint’s policy term or maximum of 1 year. We do not maintain telematics information indefinitely and want to be clear on what we need to retain. The company can provide a step-by-step calculation of the telematics discount for the current and prior term, using all elements that were part of the calculation and the scores by trip associated with the driving behaviors measured by the program.

Additionally, in order to comply with the new expectations within the Bulletin, some insurers may need to make modifications to how their NOPIs currently generate. In order to do so, insurers will need to provide the MIA with an updated filing along with implementing system changes and workflows. State Farm respectfully requests nine months to allow insurers to complete the necessary updates to their programs.

For these reasons, State Farm respectfully requests the aforementioned modifications to the Telematics Bulletin.

Please feel free to contact me with any questions or would like to discuss any of these items further.

Sincerely,

Courtney Thomas
Counsel, State Farm Mutual Automobile Insurance Company