

Title: Telematics Data Use in Automobile Insurance Regulation Amendment Act of 2025

To be codified in Title 31, Chapter 27, Subchapter III of the D.C. Official Code

Subchapter II. Telematics Data in Automobile Insurance

§ 31–2715. Purpose.

The purpose of this subchapter is to establish a regulatory framework for the use of telematics data in automobile insurance in the District of Columbia. This framework is intended to:

1. Encourage the responsible use of telematics technology to more accurately assess risk and set premiums;
2. Promote fairness and transparency in automobile insurance underwriting and rating practices involving telematics;
3. Provide incentives for drivers to adopt safer driving behaviors and reduce their insurance costs;
4. Protect consumer privacy and ensure that telematics data is collected, used, and retained in a manner that respects individual rights; and
5. Ensure that the Department of Insurance, Securities, and Banking has the tools necessary to oversee telematics programs and provide consumers with clear, accessible information.

§ 31–2716. Definitions.

For the purposes of this subchapter, the term:

1. **“Commissioner”** means the Commissioner of the Department of Insurance, Securities, and Banking, or the Commissioner’s designee.
2. **“Continuous telematics program”** means a telematics program that collects data on an ongoing basis throughout the policy period for the purpose of rating, underwriting, or providing incentives based on driving behavior.

- 30 3. **“Discreet telematics program”** means a telematics program that collects data for
31 a limited duration, typically for evaluation or initial underwriting purposes, and does
32 not involve continuous monitoring.
- 33 4. **“Occasional driver”** means an individual who operates a vehicle covered under a
34 policy on an infrequent or incidental basis and is not listed as a primary or regular
35 driver on the policy.
- 36 5. **“Proxy discrimination”** means the use of a factor, variable, or data element in
37 insurance rating, underwriting, or pricing that is not itself a protected characteristic,
38 but is so closely correlated with a protected characteristic that its use results in a
39 disparate impact on individuals or groups based on race, color, national origin,
40 religion, sex, sexual orientation, gender identity or expression, disability, marital
41 status, age, or any other characteristic protected under District or federal law. Proxy
42 discrimination may occur even if the factor appears facially neutral and is not
43 intended to discriminate.
- 44 6. **“Telematics”** means the integrated use of telecommunications and informatics to
45 collect, transmit, and analyze driving behavior and vehicle operation data through
46 devices installed in a vehicle or mobile applications.
- 47 7. **“Telematics data”** means data collected through telematics technology, including
48 but not limited to speed, acceleration, braking, cornering, mileage, time of day,
49 location, and other driving behavior metrics.

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51 **§ 31–2717. Consumer protections.**

52 **(a) Permissible uses.**

53 Telematics data collected by an insurer, whether directly or through a third party, shall be
54 used solely for the following purposes:

- 55 (1) Rating automobile insurance policies;
56 (2) Underwriting automobile insurance policies;
57 (3) Evaluating potential rating or underwriting criteria; and
58 (4) Claims settlement.

59 **(b) Prohibited uses.**

60 Telematics data shall not be:

- (1) Sold, licensed, or otherwise transferred to any affiliate, third party, or data broker for any purpose other than those identified in subsection (a) of this section;
- (2) Used for marketing, advertising, or cross-selling of non-insurance products or services;
- (3) Used to determine non-driving-related characteristics such as creditworthiness, employment status, or personal lifestyle.
- (4) Used in a manner that results in unfair discrimination or proxy discrimination based on race, ethnicity, gender, income, or other protected characteristics.

(c) Consumer consent and disclosure.

(1) Insurers shall obtain written affirmative, informed consent from the policyholder or applicant prior to enrolling them in a telematics program.

(2) The consent form shall clearly disclose:

(A) The types of telematics data to be collected;

(B) The methods of data collection (e.g., mobile app, plug-in device, OEM integration);

(C) The specific purposes for which the data will be used;

(D) The duration of data collection;

(E) The consumer's right to opt out of the program at any time without penalty, except as it may affect eligibility for telematics-based discounts.

(d) Data retention and security.

(1) Insurers shall retain telematics data only for as long as necessary to fulfill the purposes identified in subsection (a) of this section and any record retention requirements.

(2) Insurers shall implement and maintain reasonable administrative, technical, and physical safeguards to protect telematics data from unauthorized access, use, or disclosure.

(3) In the event of a data breach involving telematics data, insurers shall notify affected consumers and the Commissioner in accordance with applicable District data breach notification laws.

(e) Transparency and consumer access.

(1) Upon request, an insurer shall provide a policyholder with access to their own telematics data and a plain-language explanation of how the data has been used in underwriting or rating.

(2) Insurers shall provide consumers with a summary of how telematics data affects their premium, including the relative weight of telematics data compared to other rating factors.

(f) Departmental oversight and public information.

(1) The Commissioner shall establish and maintain a publicly accessible page on the Department's website that:

(A) Summarizes the requirements of this subchapter in plain language;

(B) Provides consumer-friendly descriptions of each insurer's telematics program offered in the District, including:

(i) The types of telematics data collected;

(ii) How the data is used in underwriting or rating;

(iii) The relative weight or influence of telematics data in determining premiums;

(iv) Whether the program is a discreet telematics program or a continuous telematics program;

(v) The process for opting in or out of the program; and

(vi) A description of the insurer's program for providing telematics-related incentives, including eligibility criteria, types of incentives offered, and how they are calculated or awarded.

(2) Insurers shall submit to the Commissioner, in a form and manner prescribed by the Commissioner, an annual report summarizing their telematics program(s), including participation rates, average premium impacts, and any material changes to data collection or use.

(g) Treatment of occasional driver trips.

(1) Insurers shall provide policyholders with an accessible method, such as a mobile app or secure online portal, to identify and designate trips that were driven by an occasional driver.

(2) Telematics data from trips identified as being driven by an occasional driver shall not be used in the telematics-based rating or underwriting of the policy unless:

123 (A) Occasional drivers account for more than 5% of the total miles driven
124 during the policy period; or

125 (B) The insurer reasonably determines that the trip was not driven by an
126 occasional driver and documents the basis for that determination.

127 (3) If an insurer rejects a policyholder's designation of a trip as being driven by an
128 occasional driver, the insurer shall:

129 (A) Provide the policyholder with a written explanation of the basis for the
130 rejection; and

131 (B) Inform the policyholder of their right to challenge the rejection by filing a
132 complaint with the Commissioner.

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134 **§ 31-2718. Premium credits for improved telematics risk profile.**

135 (a) An insurer that utilizes a continuous telematics program may provide premium credits
136 to policyholders who demonstrate improved driving behavior as reflected in their
137 telematics risk profile.

138 (b) Premium credits issued under this section:

139 (1) Shall not require prior filing or approval by the Commissioner;

140 (2) Shall not require actuarial justification; and

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

145 **§ 31-2719. Penalties.**

146 (a) If the Commissioner determines that the insurer has violated this chapter, or any rule or
147 order promulgated under this chapter, after notice and opportunity to be heard, the
148 Commissioner may order:

149 (1) A penalty not exceeding \$2,500 for the 1st violation;

150 (2) A penalty not exceeding \$5,000 for each successive violation; and

151 (3) Revocation or suspension of the insurer's license.

152 (b) This section shall not affect the right of the Commissioner to impose any other penalties
153 provided for in any acts relating to insurance which are codified in this title.

154 (c) Nothing in this subchapter is intended to or shall in any manner limit or restrict the
155 rights of policyholders or other third parties.

156 **§ 31-2720. Rulemaking.**

157 The Commissioner may, in accordance with subchapter I of Chapter 5 of Title 2, issue rules
158 and regulations to implement the provisions of this subchapter.