



October 7, 2021

Mr. Thomas J. Wilson
Chief Executive Officer
Allstate
2775 Sanders Road
Northbrook, IL 60062

Dear Mr. Wilson,

Over the past two decades, auto insurers have been increasingly adopting telematics systems to gather consumer-generated driving data via mobile apps and devices, and using this data for insurance pricing. These programs, referred to as telematics or usage-based insurance (UBI), have substantial potential to ensure premiums are accurately based on risk, to encourage safer driving behavior, and to make auto insurance more affordable. However, without greater transparency and effective oversight, the unchecked use of telematics can also create additional risks of unfair or exorbitant pricing, racial bias, abuse of consumers' personal information, unfair practices in claims handling, and other unfair or anti-competitive insurance practices.

Insurers should take steps to make their telematics programs more transparent and accountable. When using these new technologies, companies should reduce auto insurance premiums, safeguard consumer privacy, and operate programs free from unfair discrimination. Such business practices will both benefit drivers and help insurers in the long run by demonstrating their commitment to ethical behavior. Specifically, insurers should:

- Make public all the categories of consumer-generated driving data collected by mobile apps and devices—both the information used to calculate premiums and additional information gathered;
- Provide actuarial justification for the specific data factors that are relevant to risk and auto insurance pricing, including information on each individual factor such as hard braking, speed, sharp cornering, and other factors, and limit data collection to only those elements;
- Test their telematics algorithms for unintended bias and disparate impacts, and make the complete results available to elected officials, regulators, and policyholders. If unfair discrimination is found, they should take steps to end it;
- Ensure that data collected from consumers for telematics will not be used for other purposes, including advertising, or be monetized or sold, shared or transferred to other companies; and

- Enact strong privacy, security, and consumer protection standards so that personal information is not revealed or misused.

Today, Consumer Reports published an online article, "[Telematics Programs Offer Car Insurance Discounts—If You're Willing to Be Watched](#)," available on [ConsumerReports.org](#). The article discusses the nature and types of data collected for telematics programs by the ten largest companies using them. The article found that 4 most common driving behaviors used by insurers to calculate premiums were: 1) the number of miles driven; 2) the amount of hard braking done by drivers; 3) the time of day driven; and 4) any phone use that occurred while driving. This investigation also provides consumers with a chart for comparing the pricing approaches of different companies, and notes that the scale of data collection poses substantial privacy and discrimination concerns for consumers.

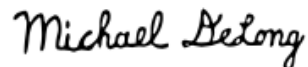
In a recent white paper, [Watch Where You're Going: What's Needed to Make Auto Insurance Telematics Work for Consumers](#), Consumer Federation of America (CFA) examined telematics and issued a number of additional recommendations. If insurers make their telematics programs more transparent and accountable, both they and consumers will benefit. Analysts and CEOs predict that telematics programs will grow in the coming years and become more widespread and complex.

Please contact us if you have any questions.

Sincerely,



Chuck Bell, Programs Director
Consumer Reports
www.ConsumerReports.org
chuck.bell@consumer.org
(914) 378-2507



Michael DeLong, Research and Advocacy Associate
Consumer Federation of America
www.ConsumerFed.org
mdelong@consumerfed.org
(202) 387-6121