

STATEMENT OF PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA
Subcommittee on Commerce, Manufacturing, and Trade,
House Committee on Energy and Commerce
Hearing on

“Disrupter Series: Self-Driving Cars.”

There is a fundamental mismatch between the public perceptions that auto accidents and insurance costs are decreasing with the stark reality that our roads are becoming increasingly dangerous and rising costs. According to the National Highway Transportation Safety Administration (NHTSA), 17,775 people died on our nation’s road in the first half of 2016. Traffic deaths are increasing at the fastest rate in 50 years, with a 10.4% increase the first six months of this year. Even adjusted for the increase in vehicle miles traveled (VMT), the fatality rate increased 6.6 percent to 1.12 per 100 million VMT. Non-fatal injuries are on the rise as well, increasing 28 percent since 2009 according to the National Safety Council. Someday in the future self-driving cars may reduce the number of accidents and deaths. However, the potential of automated vehicle technology stands in sharp contrast to what is happening on our roads today.

The Property Casualty Insurers Association of America (PCI) is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write \$202 billion in annual premium, 35 percent of the nation's property casualty insurance. That figure included over \$97 billion, or 42 percent of the auto insurance premium written in the United States. PCI’s analysis has found that since 2013, auto claims frequency has increased nearly 5 percent, increasing the overall cost of claims by more than 18 percent. PCI’s has analyzed the recent increase in auto insurance claim frequency and found strong correlations with traffic congestion and distracted driving, weaker correlations from increasing populations of novice and older drivers, and some correlation with liberalized marijuana laws.

While it is important to prepare for the automated vehicle of the future, we urge policymakers to continue to focus on the auto safety challenges that face us today such as distracted and impaired driving. H.R. 22, the FAST Act, provides for continuing efforts to increase public awareness and improving enforcement as well as establishing an enforceable impairment standard for drivers under the influence of marijuana are critically important to reducing accidents, injuries and deaths on our nation’s roads. The importance of addressing these issues was also the subject of a bipartisan letter from 23 members of congress to Transportation Secretary Foxx urging prompt implementation of these provisions of the FAST Act.

NHTSA recently unveiled its “Federal Automated Vehicle Policy”, intended to provide guidance for states on the testing and deployment of highly automated vehicles (HAV’s). While mentions of insurance are few, the new policy does raise issues that are important to the automobile insurance market as it seeks to adapt and develop new products to meet consumer’s needs.

Recognition of State Regulation of Insurance and Liability Issues

NHTSA's policy identifies as federal responsibilities, setting and enforcing safety standards for motor vehicles, recalls, promote public awareness and providing guidance for the states. NHTSA's policy also recognizes that it is the state's role to license drivers and vehicles, enforce traffic laws and regulate motor vehicle insurance, tort and criminal liability issues as they pertain to automated vehicles. PCI shares the view that the states should continue to have primacy on motor vehicle insurance and liability issues as they do today, and we support NHTSA's recognition of that role.

NHTSA's policy also repeats the recommendation from its 2013 guidance that entities testing automated technology should provide proof of financial responsibility coverage of at least \$5 million. PCI has not taken a position on this coverage requirement. But as highly automated vehicles (HAV's) are deployed for public, states will need to consider what, if any, changes need to be made to the states existing motor vehicle financial responsibility laws.

Data Collection and Access

As policymakers consider what data should be collected and retained by automated vehicles it is essential for providing customer service that whatever the rules provide for reasonable access to that for insurers for claims handling and underwriting purposes. In many auto accidents, apportionment of liability is likely to hinge upon whether or not a human driver or the vehicle itself was in control and what actions either the driver or the vehicle did or did not take immediately prior to the loss event. Access to data for insurers will speed claims handling and potentially avoid disputes that could delay compensation to accident victims. Access to historical anonymized data on the different automated vehicle systems will also be important to help insurers innovate and develop new insurance products as the nature of the risk changes.

Conclusion

Automated driving technology holds great promise for the future, and implementing clear policies on the federal and state roles in regulating automated vehicle technology and ensuring that insurers have access to vehicle data on reasonable terms to efficiently handle claims, develop products and underwriting methods are an essential first step toward that future. However, policymakers must not lose site of the auto safety issues that face us today. We look forward to working with policymakers at the federal and state level to reduce accidents on our roads today and in future.

Congress of the United States
Washington, DC 20515

May 18, 2016

The Honorable Anthony Foxx
Secretary
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, DC 20590

Dear Secretary Foxx,

Auto accidents and road fatalities are on the rise in the United States. In January, the National Highway Traffic Safety Administration (NHTSA) reported that in the first nine months of 2015, fatalities increased by more than 9 percent over the same period in 2014. Statistics from the National Safety Council (NSC) paint an even bleaker picture. The 38,000 people who died on U.S. roads in 2015 represent the largest increase in highway fatalities in the last 50 years. And early last year, before the increase in fatalities, NHTSA's estimate of auto accident costs totaled \$836 billion per year.

According to the NSC, there are a number of potential causes for this increase in accidents, including distracted driving on increasingly congested roads and a rise in drug impaired driving. These trends point to the need for the Department of Transportation (DOT) to promote awareness and provide leadership and guidance to the states on these auto safety issues.

Congress has already taken the first step with the passage of H.R. 22, The FAST Act, which contains important initiatives to address these issues. With your leadership and guidance, we can do more to help keep motorists and pedestrians safe. DOT can increase public awareness of these issues by implementing the "High Visibility Enforcement Program", intended to reduce alcohol and drug impaired driving and to increase seat belt usage. In addition, the Department's management of "National Priority Safety Program" will be critical in helping to reduce highway deaths and injuries by allocating funds among states that reduce impaired driving, distracted driving and deaths and injuries among unrestrained vehicle occupants.

The FAST Act also directs DOT to study the feasibility of establishing an impairment standard for drivers under the influence of marijuana, and develop recommendations on how to implement such a standard.

Recent trends indicate the need for urgent action on these and other auto safety initiatives. On behalf of our constituents, we urge DOT to promptly implement the "High Visibility Enforcement Program" and "National Priority Safety Programs" and expedite the completion of the marijuana impairment study to provide critical guidance to combat marijuana impaired driving.

Sincerely,



Rodney Davis
Member of Congress



Daniel Lipinski
Member of Congress



Patrick Tiberi
Member of Congress



Brad Sherman
Member of Congress



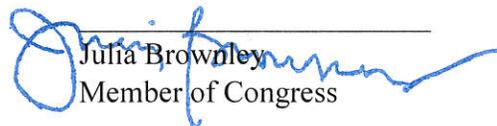
Steve Stivers
Member of Congress



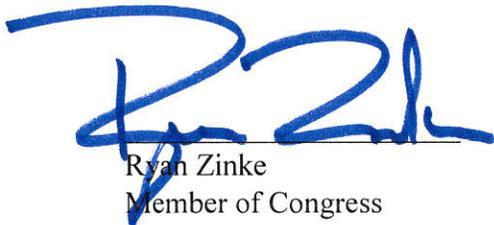
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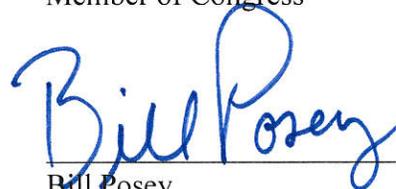
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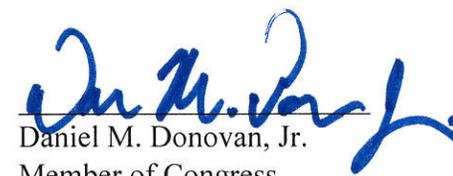
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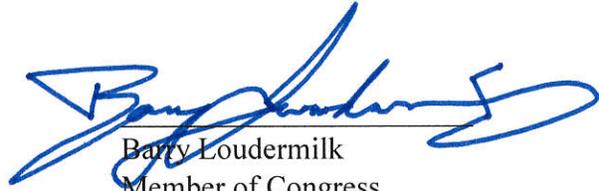
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