Property Casualty Insurers
Association of America

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June 26, 2017

The Honorable Bob Latta
Chairman
Subcommittee on Digital Commerce
and Consumer Protection
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Jan Schakowsky
Ranking Member
Subcommittee on Digital Commerce
and Consumer Protection
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Latta and Ranking Member Schakowsky,

The Property Casualty Insurers Association of America (PCI) is pleased to submit a letter for the record for the Subcommittee on Digital Commerce and Consumer Protection's hearing on "Self-Driving Vehicle Legislation."

The promise of "self-driving" vehicles to improve road safety and mobility continues to generate debate about the appropriate regulatory frame work for the testing and deployment of such vehicles. As the automation of driving functions increase, some motor vehicle laws and regulations will need to be changed to accommodate the testing and deployment of self-driving cars. PCI is pleased that the committee's draft legislation touches on the most significant policy questions such as safety, defining the federal and state role in regulation as well as data sharing and security issues in a manner that encourages innovation and provides the opportunity for stake holders to work together to address those issues.

PCI is composed of 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 includes over $97 billion, or 42 percent of the auto insurance premium written in the United States.

General Comments:

The increasing automation of the driving function is likely to result in significant change for the auto insurance industry. To adapt to these changes and support innovation in transportation, insurers will need to have access to data and information regarding vehicles with automated driving systems. The ability to identify which vehicles have automated driving technology, and the type of technology of each vehicle is critical for insurers to develop historical loss data and innovate and price new insurance products to support the technology as it evolves.

As policymakers consider what data should be collected and retained by automated vehicles, PCI supports rules that provide for reasonable access to insurers for claims handling purposes. In many auto accidents, apportionment of liability is likely to hinge upon whether 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. PCI also supports clear identification of federal and state regulatory responsibilities regarding self-driving vehicles, with the federal government setting and enforcing safety standards for motor vehicles and recalls, and the states continuing to have primacy on motor vehicle insurance and liability issues as they do today.

Testing requirements, guidelines and standards for use on public roads should set clear expectations for the public and provide clear direction for technology developers and manufacturers for compliance. Modifications to existing auto safety laws and motor vehicle safety standards should be rare and limited to only the highest levels (i.e. fully autonomous) of automated driving and should clearly define the levels of automation to which the modification applies. Clear and effectively enforced auto safety laws and vehicle standards can save lives on our roads today and, when applied to automated driving systems, develop public confidence that will ultimately determine whether the technology realizes its full potential.

Specific Comments on Draft Legislation

Exemptions and Testing

The PAVE and ROAD Acts expand the number of vehicles that the Secretary of Transportation may grant exemptions to Federal Motor Vehicle Safety Standards (FMVSS) for each manufacturer and the duration for which a manufacturer can maintain that exemption. While PCI recognizes that the current two year, 2,500 vehicles per manufacturer limits may need to change, we also believe that exceptions to FMVSS standards should be rare and limited in scope.

The EXEMPT Act sets the standards for granting exceptions; promoting acceptance of the new safety technology or providing better access to transportation for those that are disabled and, in both cases, would provide an overall safety level that is at least equal in overall safety level. Public acceptance of self-driving technology will likely hinge on the perception that it will bring an improvement in safety. As such, PCI recommends using "equal or better in overall safety" as the standard.

The INFORM Act requires that NHTSA notify the states when exemptions are granted within 30 days, which PCI finds reasonable if the exemptions are made public in some way, which would allow insurers to be able to identify such vehicles for claims and underwriting purposes.

Advisory Committees

Improved mobility for seniors, the disabled and those underserved by present public transportation options is one of the most significant potential benefits of self-driving technology and PCI agrees that seeking input from these stakeholders is important going forward.

As indicated earlier, data access and cybersecurity issues are of critical importance to insurers, as such PCI is very pleased that insurance representatives are specifically provided for on the advisory bodies created by the Automated Driving System Cybersecurity Advisory Council and SHARES Acts. PCI is eager to participate on these advisory councils and work with all stake holders to establish a framework for sharing information that protects vehicle user privacy and the intellectual property rights of the manufacturers.

GUARD Act

As companies invest millions of dollars in developing automated driving systems, they are justifiably concerned with protecting their intellectual property and other proprietary information. Insurers make similar investments and share those same concerns for their own investments. We are concerned how this provision will interact with the framework to be established by the SHARES Act, and could limit access to information necessary to resolve accident claims and develop new insurance products. PCI recommends that the issue of what should or should not be considered "confidential business information" be incorporated in to the SHARES Act framework discussions.

Other Proposals

The MEMO Act would require the Federal Trade Commission (FTC) and the National Highway Transportation Safety Administration (NHTSA)to develop and enter in to a memo of understanding that lays out each agencies responsibility on cybersecurity, avoiding duplication of efforts (and regulatory requirements). PCI supports clear identification of federal and state regulatory responsibilities regarding self-driving vehicles and we agree that clarifying responsibilities between federal agencies is good public policy. We also support adding information about automated driving features to the Monroney label, so that information is available to consumers, insurers and repair facilities, among others.

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. PCI and its members look forward to working with legislators and regulators at the federal and state level to establish a regulatory framework for automated driving.

Sincerely,

Nathaniel F. Wienecke