

Statement of Robert Passmore, Assistant Vice President Personal Lines Policy
PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA
Ohio House Transportation and Public Safety Committee on Autonomous Vehicles.
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Thank you, Chairman Green, Vice- Chair Patton and Ranking Minority Sheehy, for the opportunity to provide testimony today. Automated vehicles hold great promise by providing increased mobility for society. The increasing automation of the driving function also represents a paradigm shift for auto insurers, whose challenge will be to adapt to the changing nature of the driving risk by developing new products, underwriting methods and claims processes. While state policymakers will be challenged to review their motor vehicle laws to ensure that safety and mobility benefits are realized, we believe that the existing State primacy over issues such as insurance and liability determination should be maintained and can adapt if there is reasonable access for insurers to vehicle data and information.

My name is Robert Passmore, Assistant Vice President, Personal Lines Policy for PCI, the Property Casualty Insurers Association of America. PCI is the largest and most diverse property casualty insurance trade association made up of nearly 1,000-member companies whom together write 44 percent of the automobile insurance written in the United States.

The auto insurance industry has always been a leading advocate on auto safety issues, and while we plan for the automated vehicles of the future, it is important that we not lose sight of today's auto safety challenges such as distracted and drug and alcohol impaired driving. Safety standards or guidelines for automated vehicles need to set clear expectations for the public, and provide clear direction for technology developers and manufacturers for compliance. Vehicles with automated driving systems should be able to comply with state and local traffic laws, as well as federal motor vehicle safety standards. Just as clear and effectively enforced auto safety laws and vehicle standards can save lives on our roads today, they can develop public confidence that will ultimately determine if the automated driving technology realizes its potential.

Currently, there are clear roles for state and federal governments regarding motor vehicle safety. The prospect of a car driving itself blurs those lines to some degree, but there has been little debate that it is the State's role to regulate insurance, tort, and criminal liability issues as they pertain to automated vehicles. In each version of its guidance to States, the US Department of Transportation has made that distinction clear. We share the view that the states should to have primacy on those issues, as they do today.

Most believe that increasingly automated vehicles will mean fewer accidents, therefore fewer claims. But, will that still be the case as more automated vehicles spend more time on the roads, as opposed to in parking lots and driveways? Vehicles with automated driving systems will share the road with, and occasionally collide with, other vehicles, objects and pedestrians.

When it comes to handling the auto insurance claims, no longer will it be simply apportioning liability between human drivers. Increasingly there we be a products liability component involved when the vehicle itself is doing the driving. Insurers will need to have access to vehicle data, just as one might get

a statement from a human driver today about what they did or what they saw, to be able to promptly apportion liability and properly compensate accident victims.

PCI believes our current legal system can adapt if vehicle data, pictures and video from an automated driving system are available to transportation regulators, law enforcement, the parties involved, their insurers and authorized representatives. The data should be available on reasonable terms to allow for prompt accident investigation and resolution of claims for damage and injury arising from the accident.

The new technology also brings opportunities for insurers to innovate and develop new insurance products for automated vehicles. Right now, auto insurance pricing is largely based on the driver. Going forward, assessing the risk will become more focused on the systems driving the vehicles as opposed to human drivers. The ability to identify vehicles with automated driving technology and differentiate between different providers and system functions will be critical for insurers to be able to develop new products, underwriting and pricing methods as automated vehicle technology evolves. It will also be important that our insurance regulatory system not be an impediment to this kind of innovation.

Today, motor vehicle financial responsibility laws apply to the owner of the vehicle, but how does that change when the vehicle's system is doing the driving? Whether the vehicle is driven by a system or by human, crashes will still result in property damage and injuries, but neither are likely to increase in severity simply because an automated system is doing the driving. States have already established financial responsibility requirements for motor vehicles based on how the vehicles are used (private passenger vehicles, commercial vehicles, taxi, TNC, etc.). We don't believe that those limits don't need to change as it pertains to the owner of a vehicle, but because the system manufacturer will be more likely to be brought into a case, PCI believes that it is reasonable for states to establish new, distinct financial responsibility requirements for the manufacturers of autonomous driving systems.

While there are challenges in adapting to the increasing automation of the driving function for policy makers and auto insurers, we believe that our insurance and legal systems can adapt to ensure that potential benefits are realized and maintaining existing state primacy over insurance and liability determination if there is reasonable access for insurers to vehicle data and information.

Automated driving technology holds great promise for the future and we look forward to working with Ohio policy makers so that insurers will be able support innovation and efficiently handle claims, develop products and pricing methods to adapt to the increasing automation of the driving function.