

For Immediate Release

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Driver Telematics Programs Face Privacy Concerns, IRC Study Finds

MALVERN, Pa., Nov. 30, 2022—More U.S. drivers are open to opting into usage-based insurance (UBI) programs to save on their auto insurance premiums, yet more widespread acceptance of telematics programs and UBI remains elusive due to privacy concerns, according to a new study from the [Insurance Research Council \(IRC\)](#), a division of [The Institutes](#).

UBI programs track driving behaviors such as miles driven and braking habits, using either a plug-in device in a vehicle or, increasingly, a smartphone app. Auto insurance companies use this information to reward participating consumers who practice safe driving habits with insurance cost savings. These programs also commonly provide participants with valuable feedback about their driving behavior.

The online survey of more than 2,000 U.S. drivers found that most consumers who participate in telematics programs report a decrease in their auto insurance costs, and 8 out of 10 participants said the program helped change the way they drive. However, many drivers choose not to participate in telematics programs for a variety of reasons.

“While we are seeing more drivers participating in telematics programs than ever before, some consumers we surveyed indicated hesitancy in signing up due to privacy concerns,” said Dale Porfilio, FCAS, MAAA, president, IRC. Porfilio also serves as chief insurance officer of the [Insurance Information Institute](#).

In addition to privacy concerns, other reasons why drivers are reluctant to participate in telematics programs, according to IRC’s study, include not being interested in participation and apprehension about increased insurance costs. Another commonly cited factor is finding the telematics programs too hard to understand.

“Younger drivers were less likely to express concerns about privacy. This same group also indicated the highest interest in finding ways to reduce their premium,” Porfilio added.

“Telematics programs provide the opportunity for safe drivers to lower their insurance costs and can improve overall road safety. Most users say they have made positive changes in the way that they drive as a result of telematics data provided to them by their insurer,” Porfilio said. “Safer driving reduces the frequency and severity of auto accidents, saving lives and allowing for more affordable vehicle insurance for all consumers.”

The consumer survey was conducted in May 2022, with the assistance of survey research firm [Dynata](#). The full report, [Auto Insurance Telematics: Consumer Attitudes and Opinions](#), is available as a complimentary benefit for IRC members and for purchase by non-members.

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