

**SENATE COMMITTEE ON
BUSINESS AND TRANSPORTATION**

March 29, 2017

Senate Bill 981 Relating to Automated Motor Vehicles

Chair Beyer, Vice-Chair Thomsen, and Committee Members:

I am John Powell, representing State Farm Fire and Casualty Company (State Farm). State Farm offers the following comments concerning [SB 981](#) relating to automated motor vehicles:

State Farm's mission is to help people manage the risks of everyday life and recover from the unexpected. State Farm and its affiliates are the largest providers of auto, home, and individual life insurance in the United States. Its 18,000 agents and more than 65,000 employees serve more than 83 million policies and accounts – with over 45 million auto policies.

Automated and connected vehicle technologies have the potential to significantly impact the way insurance protects individuals, families, and businesses from financial loss. State Farm believes the property and casualty insurance industry is a critical stakeholder in the conversation of the deployment and adoption of these technologies because of the need to consider such potential issues as coverage and liability, and the impact of automated technology on the general public.

To increase our understanding of the role of automation in transportation, State Farm has participated in a number of research opportunities across the country. It is a founding partner of the University of Michigan's Mobility Transformation Center, is a key partner in Stanford University's Center for Automotive Research, and, most recently, was appointed to the U.S. Department of Transportation's Advisory Committee on Automation in Transportation. State Farm is an active participant at the federal and state level in reviewing and commenting on proposed automated vehicle legislation, regulation, and guidance. State Farm also recently worked with Bloomberg Government to conduct research on the public's perception of automated vehicles.

State Farm offers the following comments regarding SB 981:

Data Collection and Access

One of the key issues for the insurance industry relating to automated vehicles is data access. Data access is (1) essential to developing proper pricing and underwriting of coverage; (2) critical for liability determinations; and (3) from the general public's perspective important, in determining the safety and reliability of the technology. State Farm believes that any effective autonomous vehicle law must protect insurer access to the data needed to underwrite risks, determine liability, and settle claims. In addition, such data access will enable independent analysis of the effectiveness of the technology. Accordingly, State Farm supports attempts to address data collection that will also protect insurer access to autonomous vehicle data.

Autonomous vehicle data will be critical in determining the facts of a collision and the assessment of liability as we adjust the millions of claims we receive each year. State Farm supports a permanent data “lock down” after an accident in order to ensure that data is not lost, to avoid spoliation of evidence, and to allow data retrieval by insurers, law enforcement, manufacturers and others—whether provided voluntarily by the vehicle owner or produced in response to legal process (subpoena, court order, discovery, *etc.*). It is critically important to access data from an automated vehicle involved in an accident while operated (or claimed to be operated) in automated mode. Instead of having the manufacturer specify the timeframe for data capture, State Farm suggests that crash-related data be captured for at least 30 seconds before and at least five seconds after a collision, or until the vehicle comes to a complete, whichever is later. This will avoid any confusion over how long the recorder must continue to capture data after a collision.

State Farm further recommends the statutory requirement to retain the captured data be lengthened from at least three to five years, or, at a minimum, one year beyond the longest applicable statute of limitations. As a matter of fundamental fairness, crash-related data must remain available to potential litigants, particularly a defendant who might be sued at the last possible moment before a statute of limitations expires. Insurers offering a defense to their policyholders must have adequate time to investigate claims and determine liability without facing the possibility that key evidence will vanish before an investigation can even begin. A five-year retention period would best meet this fairness objective. State Farm supports the bill’s requirement that the data be stored in a “read-only” format, but recommends that such data also “be capable of being accessed and retrieved by a commercially available tool,” as this should help ensure access to the parties that will need it.

Manufacturer Liability Exemption

State Farm opposes [SB 981](#)’s attempts to exclude manufacturers from liability if the automated motor vehicle or automated driving system is modified. The auto manufacturers, suppliers, and tech companies are currently developing cybersecurity standards through associations like SAE, with the goal of creating a self-certification process. At the federal level, the National Highway Traffic Safety Administration is still in an early stage of addressing cybersecurity standards as it has focused on developing Best Practices and Guidance as opposed to regulations. Accordingly, any attempt to allow for manufacturer liability exemptions based on modifications to the vehicle or driving system will be a disincentive to developing a sufficiently robust and secure operating system infrastructure. This is especially concerning in a potential self-certification environment. Without further clarity around what constitutes a modification and who ultimately would be responsible in such a situation, this section is likely to limit the remedies available to crash victims.

State Farm appreciates the opportunity to provide testimony on automated vehicles in Oregon. The insurance industry’s input on these issues is critical and we look forward to continuing to be a part of the discussion and solution for protecting insurance consumers in the autonomous space.