

Auto industry notches connected car privacy victory in Nevada

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By [Dave Perera](#)

The auto industry won't have to fear new restrictions on connected cars in Nevada after winning a broad exemption from a new privacy law, in what could be a harbinger of more state-level lobbying efforts. So long as states have the initiative on privacy legislation — Beltway conventional wisdom holds that chances of a federal privacy bill this year are less than even — expect lobbyists to roam state capitals on the lookout for exemptions, say privacy advocates.

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The recently-enacted state law grants consumers the right to stop online services from selling personal identifiers — data such as e-mails, telephone numbers and home addresses.

Not subject to the new law (see [here](#)) are motor vehicle manufacturers, which gained a blanket exemption after lobbying by the Alliance of Automobile Manufacturers, a Washington, DC-based organization of large carmakers including Ford, GM and Toyota.

The amount of data generated by Internet-connected cars is growing exponentially, creating a new venue for consumer services and income for carmakers. A 2016 McKinsey study predicts automotive data will create between \$450 billion to \$750 billion of new revenue for the global auto industry by 2030.

When contacted by MLex, the Auto Alliance said it needed the exemption to notify car owners of recalls and warranty-related repairs. It's an assertion contested by David Friedman, a former deputy and acting administrator of the National Highway Traffic Safety Administration during the Obama administration.

Vehicle ownership data is commercially available to automakers through data brokers who get it from departments of motor vehicles, said Friedman, now vice president for advocacy at Consumer Reports.

The Nevada law exempts "data retrieved from the motor vehicle that has nothing to do with recalls," he said. If consumer safety were automakers' primary worry, industry would have crafted a narrower exemption, he asserted.

The Nevada exemption "is a sledgehammer," Friedman said.

Bill sponsor Nevada Senator Niccole Cannizzaro, a Democrat from metro-Las Vegas and also the Senate majority leader, didn't respond to multiple attempts to reach her or her office.

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"We're always working to make certain that laws and regulations do not unnecessarily block the flow of information that will help consumers," said Auto Alliance spokesperson Bryan Goodman.

"Each sector wants carve-outs," said Askhan Soltani, a technologist who helped author the sweeping California privacy law set to go into effect next year. California legislators are considering a narrower auto industry exemption (see [here](#)) that would exempt vehicle information from the Golden State law, so long as the data is related to warranty vehicle repair or a recall.

The auto industry's data-fueled aspirations are hardly a secret. "Their overall goal is to make their cars stickier, and to really increase brand loyalty," said Lisa Joy Rosner, chief marketing officer of Otonomo, which partners with car companies to manage connected car data.

Potential new services include preventive maintenance calibrated by information about car routes, speed, condition and weather. Drivers running low on gas could be incentivized to fuel up at a brand-name service station, or even have their

tank fueled for them when parked. Entertainment options could become personalized and a venue for in-car tailored advertising.

Investing in those services isn't cheap, Rosner said. Turning a car into the on-road equivalent of a smartphone requires a return on investment, which in the online world is paid through data.

"What's the difference if it's in your pocket or if you're behind a steering wheel? If you're online, you're online," she said. "The currency is your data."

Auto manufacturers are sensitive to accusations they're poised to convert cars into Big Brother on wheels and quickly point to a set of privacy principles that 20 automakers pledged allegiance to in 2014 and again in 2018 (see [here](#)). The principles hinge on consumer consent, which privacy advocates say is the wrong approach, especially since consent often gets buried inside owner's manuals or in contractual fine print.

"At a high level, they talk about useful principles. But then they leave loopholes wide enough to drive an SUV through," Friedman said.

A 2019 survey of 981 global auto industry executives by KPMG found more than a third believe vehicle data belongs to the auto manufacturer, not the consumer.

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