

Date of Hearing: April 2, 2025

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 75 (Calderon) – As Amended February 11, 2025

SUBJECT: Residential property insurance images

SUMMARY: Requires admitted insurers to notify residential property insurance policyholders at least 30 days in advance of taking any aerial images of the insured property, and requires insurers to provide any aerial images taken or obtained of the insured property to the policyholder upon request. Specifically, **this bill**:

- 1) Requires an admitted insurer to notify a residential property insurance policyholder if any aerial images will be taken of the insured property by, on behalf of, or in service of the insurer, and requires that the policyholder receive the notice at least 30 days in advance of the day the images will be taken, as defined.
- 2) Requires that an admitted insurer provide any aerial images taken or obtained of the insured property to the policyholder upon request, and that a notice provided pursuant to 1), above, include instructions regarding how a policyholder may make that request for images.
- 3) Exempts from the notice requirement in 1), above, circumstances in which a claim has been submitted or is pending on the property, provided any aerial images taken of the insured property are used only for the purpose of evaluating the submitted or pending claim.
- 4) Specifies that the notice pursuant to 1), above, be mailed via the United States Postal Service (USPS) to the policyholder's mailing address of record, or, if the policyholder has agreed to transact business electronically pursuant to the Uniform Electronic Transactions Act, to the electronic mail address provided by the policyholder in addition to the mailed notice.
- 5) Defines "aerial image" to mean an image or video collected by aircraft or satellite, whether or not that aircraft or satellite is operated with the possibility of direct human intervention.
- 6) Defines "receive" to mean the earliest of the delivery date shown on an express, certified, or registered mail receipt form of the USPS or two business days after the request was postmarked by the USPS.

EXISTING LAW:

- 1) Requires an insurer to provide a notice of nonrenewal at least 75 days before policy expiration that includes the specific reason or reasons for the nonrenewal, the telephone number of the insurer's representative who handles consumer inquiries or complaints, and a statement pertaining to availability of review by the Department of Insurance (CDI). (Insurance (Ins.) Code Section 678)
- 2) Provides several rights to natural persons who are the subject of information collected, received, or maintained in connection with insurance transactions, and policyholders who engage in or seek to engage in these transactions (Ins. Code Section 791.01(b)); and prescribes standards for the collection, use, and disclosure of personal information gathered

in connection with insurance transactions by insurance institutions, agents, or insurance-support organizations (Ins. Code Section 791, et seq.).

- 3) Requires an insurance institution or agent to provide a notice of information practices to all applicants or policyholders at the time of delivery of the insurance policy when personal information is collected from the applicant, or at the time the collection of personal information is initiated when personal information is collected from a source other than the applicant. In the case of a policy renewal, requires that the notice be provided no later than the policy renewal date, but provides that no notice is required in connection with a policy renewal if personal information is only collected from the policyholder, an insured under the policy, or public records, or if a notice has been given within the previous 24 months. (Ins. Code Section 791.04)
- 4) Defines “personal information,” for purposes of these rights and standards, to mean, any individually identifiable information gathered in connection with an insurance transaction from which judgements can be made about an individual’s character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristic. (Ins. Code Section 791.01(s))
- 5) Provides that a person is liable for physical invasion of privacy when the person knowingly enters onto the land or into the airspace above the land of another person without permission or otherwise commits a trespass in order to capture any type of visual image, sound recording, or other physical impression of the plaintiff engaging in a private, personal, or familial activity and the invasion occurs in a manner that is offensive to a reasonable person. (Civil Code Section 1708.8)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) *Purpose:* According to the author:

As the California homeowners’ insurance market tightens, insurers are desperate for ways to cut costs and reduce risk exposure. One way insurers are doing so is by conducting aerial inspections of properties using drone, aircraft, and satellite imaging as an alternative to traditional on-site property inspections to evaluate risk and insurability. Unfortunately, this practice has led to a spate of reports of homeowners who were blindsided when their insurance policies were not renewed based on purported evidence from aerial images that they didn’t know were taken, and didn’t have the opportunity to review. In many of these cases, after weeks or months of back-and-forth with insurers to review the evidence underlying their nonrenewal decision, the aerial images turned out to be inaccurate, outdated, or misleading.

AB 75 requires insurers to provide at least 30 days’ notice before collecting aerial images of an insured property, and to provide those images to the homeowner upon request. This would empower homeowners with the transparency necessary to protect their privacy, and to review and contest unjust or unsubstantiated non-renewals.

- 2) *Aerial Imaging in Insurance*: Insurance Code Section 678(a)(1)(B)(i) requires any notice of nonrenewal to include the specific reason or reasons for the nonrenewal. According to various reports, California homeowners have been blindsided by non-renewals citing a range of issues including “a small branch touching the house,” “mold, algae on roof,” and “outdated paint [and] discoloration which means deterioration.” These justifications increasingly rely on purported evidence from aerial images of homes, which the homeowners do not know were taken or obtained prior to receiving the non-renewal notice.

Aerial imaging can be more cost-effective than in-person inspections and presents less risk to the inspector from, e.g., climbing on the roof of the insured property. By reducing overhead, in theory, reasonably conducted aerial inspections could therefore reduce insurance costs during a time when insurance affordability continues to decline along with accessibility. That said, in-person inspections are far more evident to the consumer when they are being conducted, and pose less incidental privacy risk, and less risk of misinterpretation at the expense of the consumer.

Numerous reports document the increasingly prevalent practice of using information from aerial images to justify nonrenewal of residential homeowner’s insurance policies. According to a Wall Street Journal article from April 6, 2024:

Across the U.S., insurance companies are using aerial images of homes as a tool to ditch properties seen as higher risk.

Nearly every building in the country is being photographed, often without the owner’s knowledge. Companies are deploying drones, manned airplanes and high-altitude balloons to take images of properties. [...]

The array of photos is being sorted by computer models to spy out underwriting no-nos such as damaged roof shingles, yard debris, overhanging tree branches and undeclared swimming pools or trampolines. The red-flagged images are providing insurers with ammunition for nonrenewal notices nationwide.

In many cases, the reports indicate that the policyholder was not aware the images were taken, and that the images were used erroneously. Nichole Brink, a former Farmers Insurance agent whose departure from the company was spurred by opposition to their aerial imaging policies, told the Wall Street Journal that “the insurer was dropping customers over aerial images that were 2 or 3 years old, and in one case even flagged a house for overhanging tree branches that turned out to be shadows.”

Lack of awareness that images were taken, and lack of access to those images, makes it difficult to rectify potential problems that could otherwise reduce risk and maintain insurability, and even more difficult to contest the grounds for nonrenewal. This bill would resolve these problems by ensuring the policyholder is aware aerial images will be taken and by providing them with the opportunity to access those images upon request. By providing policyholders with advance notice before aerial imaging of their property, insurance companies can contain costs while simultaneously allowing the necessary transparency for policyholders to contest invalid non-renewals based on outdated or misleading images. Prior notice of aerial imaging can also allow the policyholder to assess and resolve any potential

risks that could otherwise trigger nonrenewal, thereby minimizing risk exposure of insurers and protecting the policyholders themselves from loss.

- 3) *Existing Rights under the Insurance Information and Privacy Protection Act (IIPPA)*: In California, the IIPPA primarily governs the collection and use of personal information for insurance purposes. Specifically, the IIPPA provides standards for the “collection, use and disclosure of information gathered in connection with insurance transactions by insurance institutions, agents or insurance-support organizations[...].” The IIPPA applies to “natural persons who are the subject of information collected, received or maintained in connection with insurance transactions involving policies, contracts or certificates of insurance delivered, issued for delivery or renewed in this state” and applicants, individuals, and policyholders who engage in or seek to engage in these transactions.

The IIPPA defines “personal information” to mean “any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual’s character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics,” but it is not clear whether this includes images of the exterior of a home, nor aerial images in particular. The IIPPA provides several rights with respect to personal information, including rights to receive copies of the information and inclusion by the insurer, et al., of their collection practices in mandatory notices.

Section 678 of the Insurance Code also requires an insurer to provide a notice of nonrenewal at least 75 days before policy expiration that includes the specific reason or reasons for the nonrenewal, the telephone number of the insurer’s representative who handles consumer inquiries or complaints, and a statement pertaining to the availability of review by CDI.

Still, considering the numerous reports of insurance policyholders unaware of the collection of aerial images that were later used as the basis for non-renewals, it is clear that existing law is not sufficient to provide requisite transparency, let alone privacy rights, with respect to this information. Consumers continue to be blindsided by life-altering non-renewal decisions made on the basis of images they were not aware existed, in many cases using spurious justifications that the consumers cannot easily contest or that could have been rectified were they aware in advance that aerial images would be taken.

- 4) *Insurance Commissioner Bulletins*: This bill is supported by Insurance Commissioner Ricardo Lara, who argues:

As widely reported by the media and experienced by insurance consumers, insurance companies are increasingly using aerial imagery to inspect homes in lieu of in-person inspections, including through the use of drones, satellite images, manned and unmanned airplanes, and high-altitude balloons. My department has heard from consumers who are rightly concerned about the use of aerial imaging in home inspections as a basis to refuse to issue a policy or to cancel or nonrenew an existing policy. Consumers are also concerned that they are not given prior notice to when their insurer intends on taking or obtaining aerial images of the insured property, which raises significant privacy and transparency issues.

While insurance companies have the right to conduct inspections of properties to assess risk based on their new business or renewal underwriting guidelines, consumers also have a right to know what information is used by their insurer to affect their policy.

Consumers are often unaware of when images are being taken or obtained and current law does not include a process for the consumer to obtain those images.

Commissioner Lara has not yet issued an explicit bulletin on the matter of aerial imaging, but Insurance Commissioners in several other states, including New Hampshire, Connecticut, Massachusetts, and Pennsylvania, have done so, in many cases recommending significantly more involved practices for insurers conducting or utilizing aerial imaging.

New Hampshire Insurance Commissioner DJ Bettencourt noted in a February 2025 bulletin that “the [New Hampshire] Department [of Insurance] has received several complaints in recent months, in which certain carriers are refusing to renew homeowners’ policies, because of poor roof conditions mistakenly identified in aerial photographs.” The bulletin asserts that “insurers must understand that aerial imagery, while useful, is not infallible and has its limitations. To safeguard consumers against unsupported underwriting decisions, insurers must implement appropriate checks and balances when using aerial imagery.” This bulletin specifically prescribes that insurers conduct a follow-up physical inspection to validate any suspected issues derived from aerial data, and that “if an applicant or insured contests the insurer’s findings – even if the insurer believes it has compelling evidence – conducting a physical inspection of the property remains necessary.” Similarly, a March 2024 bulletin from the Connecticut Insurance Department provides that:

[T]he Department does not seek to broadly restrict the use of aerial imagery in underwriting as we recognize the value of this tool. However, appropriate guardrails pertaining to the use of aerial imagery are needed to protect consumers from unsupported underwriting action. An example of this type of guardrail is, in the absence of unequivocal material damage shown, a physical inspection to validate the specific type of damage that the aerial image purports to show or receipt of a report prepared by a licensed home improvement contractor or roofer addressing the condition of the subject roof as submitted by the policyholder. The Department expects that this type of guardrail be set forth in each insurer’s filed underwriting guidelines if aerial imagery is used.

In many reported cases, homeowners were unaware that aerial images were taken or served as the basis for an adverse underwriting decision such as a nonrenewal, and were not able to independently assess the clarity, validity, or timeliness of those images because they lacked a prescribed mechanism for accessing the images. Providing requisite transparency for consumers to prepare for and, if necessary, contest findings from aerial imaging is an important first step to avoiding problematic uses of aerial imaging in the insurance industry.

- 5) *Workability and Arguments in Opposition:* This bill is opposed unless amended by several trade groups representing insurers, as well as Verisk, a data analytics company that “leverage[s] aerial imagery to assist insurers in making [...] decisions.” Opponents of the bill question its workability due to the fact that most insurers do not take or order the collection of aerial images directly, but rather purchase access to these images, which are independently collected, through companies like Verisk. According to a joint letter from the

Personal Insurance Federation of California (PIFC), the American Property Casualty Insurance Association (APCIA), the Pacific Association of Domestic Insurers (PADIC), and the National Association of Mutual Insurance Companies (NAMIC):

Because insurance companies do not direct the contractor when to take photos, but rather request existing photographs from the contractor's inventory, it is **impossible** for the insurer to give notice in advance of the photograph being taken. When the insurer requests photographs, it is possible the contractor collected the aerial images up to 18 months prior depending on weather, population density, and other factors specific to the contractor.

Verisk, similarly, argues that "aircraft flights and satellites do not always collect images on exact schedules," and that "notifying a homeowner, specifically 30 days in advance, requires a level of precision that doesn't exist in the imagery collection process." Setting aside that satellites are highly predictable in their orbital positioning, it should be noted that the bill in print requires notice *at least 30 days in advance*, and not "specifically 30 days in advance." While cloud cover or other factors may delay image collection by a day or even a week, it is extremely unlikely that these factors would force an insurer out of compliance, as delaying imaging would not render the prior notice inaccurate nor noncompliant with the bill in print.

Verisk also argues that "imagery vendors may collect data for multiple clients, industries, or public agencies at once – not just for insurance purposes." However, the bill in print requires the notice to be provided when aerial images are collected "by, on behalf of, or in service of the insurer." To the extent that a relationship exists between the insurer and the imagery vendor such that the aerial images are being collected "on behalf of, or in service of" the insurer, the contractual relationship can and should stipulate that the imagery vendor provide notice to the insurer such that the insurer can notify the policyholder. If no such relationship exists at the time of collection, as the bill is currently in print, the notice would not be required, rendering this workability concern moot. That said, this may inadvertently exclude a considerable portion of aerial imaging from the requirements of the bill. Should this bill pass out of this committee, the author may wish to consider amending the bill to require notification when obtaining images from an independent third party to ensure that consumers are aware of this practice as well.

- 6) *Opponent Privacy Concerns and Double-Referral:* Oakland Privacy, in opposition unless amended, raises several concerns about a perceived expansion of the scope of aerial imaging by insurers. Oakland Privacy argues, "While insurance companies will have to provide consumers with notice and the images will be subject to data minimization requirements, the bill expands the definition of an aerial image to include satellites. This in essence grants insurance companies authority to deploy new unproven tools that are extremely privacy invasive without necessary guardrails or oversight."

This bill is double-referred to the Assembly Committee on Privacy & Consumer Protection. Should the bill pass out of this committee, the Assembly Committee on Privacy & Consumer Protection will be responsible for assessing the impacts of this bill on privacy rights. That said, the bill in print does not appear to authorize aerial imaging to the extent it is prohibited by existing privacy laws, but rather ensures that notice is provided for practices that are

already being undertaken. Satellite imaging is presently commonplace (e.g. Google Earth), and with advancements in resolution, is already being used for aerial assessment of properties.

7) Pending Legislation:

SB 260 (Wahab, 2025) would institute several rules concerning the use of unmanned aircraft in a variety of domains, including: 1) prohibiting the use of onsite inspection by a remotely operated unmanned aircraft as evidence for the termination of a home protection contract, unless the findings of the inspection are corroborated by an inspection conducted by a property inspector within 14 days from the date of the unmanned aircraft inspection; 2) requiring 14 days' notice to the individual to whom the home inspection contract is issued before a home protection company can inspect the property using an unmanned aircraft; and 3) requiring the home protection company to provide copies of photo- or videographic evidence used in a property inspection report to the property owner.

SB 354 (Limón, 2025) would establish the Insurance Consumer Privacy Protection Act of 2025, which would establish a variety of privacy protections for personal information collected and used by insurers concerning insurance transactions, including data minimization requirements, opt-in consent for the collection of personal information, limitations on the use of sensitive personal information, transparency in data collection and retention, and oversight of third-party service provider arrangements.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Realtors
California State Association of Counties
Department of Insurance
Southern California Rental Housing Association

Oppose Unless Amended

American Property Casualty Insurance Association
Insurance Services Office, INC.
National Association of Mutual Insurance Companies
Oakland Privacy
Pacific Association of Domestic Insurance Companies
Personal Insurance Federation of California

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