

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 1559 (Calderon) – As Amended April 13, 2026

SUBJECT: Residential property insurance images

SUMMARY: Requires admitted insurers to notify residential property insurance policyholders in advance of taking aerial images of the insured property and to provide access to those images upon request; prohibits insurers from basing decisions to terminate coverage on aerial images older than 180 days; and provides policyholders who have been subject to a decision to terminate coverage based on an aerial image with the right to dispute the accuracy of the image, to verify remediation, and to request an in-person inspection. Specifically, **this bill:**

- 1) Requires an admitted insurer to notify a residential property insurance policyholder at least annually if any aerial images may be taken or obtained of the insured property during the policy period by, on behalf of, or in service of the insurer, and prescribes the notice.
- 2) Requires an admitted insurer to provide any aerial images taken or obtained of the insured property to the policyholder upon request and along with any notice of a decision to cancel, non-renew, or reduce coverage based on the images.
- 3) Prohibits an admitted insurer from basing a decision to cancel, non-renew, or reduce coverage on an aerial image that is more than 180 days old, unless the conditions pertaining to that decision have been verified by in-person inspection no more than 180 days prior to giving notice of the decision, except as specified.
- 4) Provides policyholders that have been subject to a decision to cancel, non-renew, or reduce coverage based on an aerial image with the right to request that the insurer conduct an in-person physical inspection of the property to verify the accuracy, persistence, and validity of the conditions pertaining to that decision.
- 5) Requires an admitted insurer to provide a policyholder that has been subject to a decision to cancel, non-renew, or reduce their coverage based on an aerial image with the opportunity to dispute the accuracy of the image used in that decision to the extent possible, and to verify remediation by in-person physical inspection or by otherwise providing evidence of remediation in a manner set forth by the insurer.
- 6) Clarifies that the bill does not authorize aerial imaging that is otherwise prohibited under law.
- 7) 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.

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.

By providing policyholders with notice before taking or obtaining aerial images of their property, granting access to those images, capping the age of images that can be used in non-renewals, and establishing a right to request an in-person inspection to verify the accuracy, timeliness, and validity of aerial images used in non-renewals, insurance companies can contain costs while providing policyholders with critical protections against invalid non-renewals.

This bill is sponsored by Insurance Commissioner Ricardo Lara.

- 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 two or three 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, to verify the contents of the images, and to contest their accuracy, as appropriate.

The California Association of Realtors, who support the bill, argue:

AB 1559 uses a balanced approach by ensuring that policyholders are clearly informed if and when aerial imagery will be used and are provided with meaningful access to that information. The bill requires insurers to provide notice of aerial imaging practices, furnish images upon request, and include those images when they are relied upon in decisions to cancel, non-renew, or reduce coverage.

Equally important, the bill provides reasonable safeguards to promote accuracy and accountability. Policyholders are afforded the opportunity to dispute the accuracy of aerial images and to verify conditions through an in-person inspection or other appropriate means before coverage is terminated. The bill also ensures that underwriting decisions are not based on outdated information by limiting reliance on aerial images older than 180 days unless independently verified.

- 1) *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 of their collection practices in mandatory notices.

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.

- 3) *Insurance Commissioner Bulletins*. This bill is sponsored by Insurance Commissioner Ricardo Lara, who argues:

Media reports and consumer experiences have made it clear that insurers are relying on aerial imagery to inspect homes. These images can come from drones, satellites, manned or unmanned aircraft, and even high-altitude balloons. My Department continues to hear from policyholders who are understandably worried about insurers using these images as a reason to deny issuing a policy or to cancel or nonrenew an existing one. Many consumers are also frustrated that they aren't given advance notice when their insurer plans to capture or obtain aerial photos of their property, which raises concerns around privacy and transparency.

Insurers do have the authority to inspect properties and evaluate risk under their underwriting standards, but consumers equally have the right to understand what information is influencing decisions about their coverage.

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 best practices for insurers conducting or utilizing aerial imaging similar to those required by this bill.

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.

- 4) *AB 75 and Impact on the Sustainable Insurance Strategy (SIS)*. The increasing frequency and magnitude of natural disasters in the face of climate change has put considerable strain

on the California homeowners' insurance market. In 2023, Insurance Commissioner Ricardo Lara, who is sponsoring this bill, announced the initiation of the SIS, a regulatory strategy intended to improve accessibility to insurance and market resilience in the face of climate change.

The SIS is predicated on an arrangement with insurers that allows them to, among other things, use predictive tools such as catastrophe models and wildfire risk models when setting their rates if they agree to write no less than 85% of their statewide market share in high wildfire risk communities that otherwise struggle to find coverage. The commissioner has since approved the first rate filings utilizing these models pursuant to the SIS, and has embarked on a project to develop a publicly available catastrophe model to facilitate implementation. That said, in an informational hearing in this committee held on February 18, 2026, the commissioner suggested that most substantial benefits of the SIS for the market will take roughly three to five years to emerge.

This bill is nearly identical to AB 75 (Calderon, 2025), which was held on suspense in the Senate Appropriations Committee. After considerable negotiation, the insurance trade organizations removed their opposition, confident that the bill's impacts would be absorbable for the insurance market. However, remaining in opposition was Verisk, an analytics firm that compiles databases of aerial images for use by insurance companies, and is also heavily involved in the development of the types of catastrophe models and wildfire risk models that the SIS contemplates. Verisk's wildfire risk model was the first such model reviewed and acknowledged by CDI for use in rate filings, and Verisk's catastrophe model was the first such model submitted for review under the SIS.

Verisk's oppose unless amended letter for AB 75 read, in part:

[A]s drafted, AB 75 would jeopardize the SIS by effectively prohibiting insurers' use of catastrophe models and wildfire risk models. [...] The SIS's catastrophe model regulation explicitly contemplates at least a 150-day review process. As such, compliance with AB 75's 180-day requirement would be virtually impossible given that Verisk's scientists' and model builders' evaluation, processing and incorporation of the satellite imagery data into the models is quite time intensive and cannot be completed in a short enough period of time. Even if it could be done in one month, by the time the model's review was completed, AB 75 would prevent its use by insurance carriers. [...] As is evident, the logistics of model development, coupled with the Department's model and rate filing review process, creates an impossible scenario whereby usage of the very models the Insurance Commissioner has carefully and intentionally allowed through his Sustainable Insurance Strategy would be prohibited.

Predictive and probabilistic models such as catastrophe and wildfire risk models are typically developed using historical data in order to identify variables that can reliably predict future outcomes. Data reflecting the present state of the location in question, such as fuel availability and dryness in the case of wildfire risk models, is then plugged into the resulting algorithm(s) to determine a risk score.

As AB 75 was in print at the time of this opposition, it was unlikely that the 180-day requirement would have jeopardized the use of catastrophe models and wildfire risk models as contemplated by the SIS. First, AB 75 (and AB 1559) would have only regulated insurers, and not intermediaries such as Verisk. Verisk's concerns were predicated on the assumption

that insurers would not use their models (or similar models) due to risk that they would be determined to be basing their decision to non-renew “in part” on images older than 180 days, even if the contribution was relatively minor. Such concerns were not raised by the insurers themselves.

Additionally, while older images may be used to *train or develop* the algorithms underlying the models to predict wildfire behavior or events, best practices recommended by experts such as the National Science Foundation’s National Center for Atmospheric Research suggest that the actual variable inputs to those models used to derive risk scores should be up-to-date, as changing weather patterns, topography, and vegetation can mean older images do not reflect the actual risk.

Nonetheless, to ensure that AB 1559 does not result in apprehension toward the use of the predictive and probabilistic models on which the SIS relies, the author has included a clarifying amendment to the requirement that aerial images older than 180 days not be used in decisions to nonrenew coverage unless they are otherwise verified. That amendment reads as follows:

This subdivision does not apply to an aerial image that solely contributed to the decision to terminate insurance coverage through its use in the *development* of a probabilistic or predictive risk model, reviewed by the department and in compliance with all applicable statutory, regulatory, and other legal standards, to project annual aggregate losses due to low- frequency, high-severity events, or to project the likelihood of a location burning in the event of a wildfire. [Emphasis added.]

The amendment explicitly specifies that historical images may only be used in the *development* of the models, as historical data is critical to producing the models themselves. Notably, the exemption does not authorize the use of outdated images as inputs in the *deployment* of those models, unless they are verified to be reflective of the current state of the pertinent location. This ensures that the model outputs that can significantly impact a homeowners’ coverage are actually predictive of potential risk to the property under present conditions, rather than under conditions that are no longer relevant, while addressing concerns that the requirement may impact the implementation of the SIS.

5) *Prior and pending legislation:*

SB 260 (Wahab, 2025) would institute several rules concerning the use of unmanned aircraft in a variety of domains, including: 1) prohibiting operating an unmanned aerial vehicle or drone within a specified distance of a critical infrastructure facility, school, or the grounds of the California State Capitol, as specified; 2) requiring a residential property insurer to notify a policyholder at least 30 days in advance of the day that a remotely operated unmanned aircraft will be used to take aerial images of the insured property; and 3) requiring a residential property insurer to provide written notice if it has gathered sufficient evidence during inspection using unmanned aircraft to support termination of an insurance contract, to provide the pertinent evidence to the policyholder, and to allow 120 days for the policyholder to remedy the identified issue(s). This bill is awaiting referral in the Assembly Rules Committee.

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. This bill awaiting hearing in the Assembly Insurance Committee.

AB 75 (Calderon, 2025) was nearly identical to this bill (see Comment 4). This bill was held on suspense in the Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

AARP

California Association of Realtors

California State Association of Counties (CSAC)

Insurance Commissioner Ricardo Lara / California Department of Insurance

League of California Cities

Near Space Labs, INC.

Southern California Rental Housing Association

Other

Oakland Privacy

Opposition

None on file.

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