



Eye in the Sky: How Insurers' Use of Aerial Images is Impacting Coverage

NCOIL Summer National Meeting

July 18, 2024

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About United Policyholders

- A 33 year-old insurance consumer advocacy 501(c)(3) non-profit with a Platinum Guidestar rating and a national corps of professional and disaster survivor volunteers.
- Advocating for fair insurance practices and improving disaster resilience and recovery since 1991.
- Trustworthy, plain language info and expertise on buying home insurance and navigating claims after a loss.
- Three programs: Roadmap to Preparedness, Roadmap to Recovery® Advocacy and Action.
- Closely monitoring the property insurance marketplace, coordinating with stakeholders to restore affordable options and working hard to help people reduce risk and keep homes and businesses adequately insured despite a current crisis.

Amy Bach, Esq.



- A professional insurance consumer advocate since 1984, Co-founder, United Policyholders
- Published author, experienced trial and regulatory attorney
- Appointed Member, Federal Advisory Committee on Insurance (US Treasury)
- Official Consumer Representative, Nat'l Ass'n of Insurance Commissioners
- Associate Board Member, Redwood Credit Union Services Group



MAY 30, 2024

More insurance companies using drones to inspect homes, evaluate storm damage

More insurance companies are using drones to survey storm damage and whether to write or renew homeowner's insurance policies. But some consumer advocates say it can unfairly put a homeowner's coverage at risk. More insurance companies are using drones to survey storm damage and whether...



JUNE 4, 2024

EYE IN THE SKY 'I was blindsided' says man who had insurance yanked on his home of 40 years – a drone caught issue on his roof

Insurers in Massachusetts have the right to not renew policies for properties A HOMEOWNER has told how he was "blindsided" by insurers when they said he needed to fork out for a number of repairs on his home – despite having no issues for 40...



JUNE 6, 2024

Insurance companies use drones and satellite images to spot roof damage

Some insurance companies use images to demand customers repair or replace roofs or lose coverage Using satellite or drone images to spot potential roof damage is a growing trend. Some companies use the images to demand customers either make repairs, replace their roof, or risk...



JULY 11, 2024

Insurance Companies Are Using Drones To Monitor Homes — 4 Things They're Looking For That Could End Up Costing You

If you're a homeowner and notice a drone hovering around your house, don't assume it's one of the neighbors playing with a new toy. It could be your homeowners insurance company doing a little spying to see if your house and property meet all the...



MAY 28, 2024

How NC insurers use drone, satellite photos to drop home policies (and what you can do)

Rosemary Resler stands outside her home in Chapel Hill Thursday, May 23, 2024. She was recently dropped from her homeowners insurance because aerial photos showed roof damage on her property. Read more.

UP is asking regulators and lawmakers to consider putting regulations and/or legislation in place to:

1. Require an insurer to provide a consumer with copies of date-stamped images of their home that show conditions that are out of compliance with the insurer's underwriting guidelines and/or impact the property's risk score, what factors go into that score, and what steps the consumer can take to reverse the insurer's decision.
2. Require an insurer to provide an appeal process so the consumer can correct any errors (e.g. "that's not damaged roof tiles – that's my solar panel" or "that's not my home/address" or "There's a fire hydrant/station very close to my home that you didn't factor in"...))
3. Require an insurer to give the consumer a reasonable time period to cure the defects/conditions underlying the non-renewal or new application rejection.
4. Require an insurer to offer a new or renewal policy to a consumer who submits proof that they've cured the defects/conditions identified in **1)**, above.

Insurer must provide consumer with copies of date-stamped images of their home that show conditions that are out of compliance with the insurer's underwriting guidelines and/or impact the property's risk score, what factors go into that score, and what steps the consumer can take to reverse the insurer's decision.

Insurer must provide an appeal process so the consumer can correct any errors

Insurer to give the consumer a reasonable time period to cure the defects/conditions underlying the non-renewal or new application rejection.

Insurer must offer a new or renewal policy to a consumer who submits proof that they've cured the defects/conditions identified in a non-renewal letter

Bulletin issued by PA DOI, May, 2024

NOTICES

INSURANCE DEPARTMENT

Use of Aerial Imagery by Homeowners Insurers; Notice No. 2024-06

[54 Pa.B. 2908]

[Saturday, May 25, 2024]

It has recently come to the attention of the Insurance Department (Department) that several insurers have been seeking to nonrenew or midterm cancel homeowners or dwelling fire insurance policies based upon the quality of a property's roof. This notice is intended to advise insurers of the Department's concerns regarding the use of aerial imagery technology to evaluate the condition of a roof and to clarify the importance of providing residents in this Commonwealth the opportunity to challenge aerial imagery results or correct confirmed roof deficiencies before they are cancelled or nonrenewed.

The Department reviewed and investigated consumer complaints pertaining to nonrenewals and midterm cancellations based on roof condition and found that the aerial images relied upon did not definitively show material roofing degradation or damage. Aerial images alone showing discoloration, streaking or other cosmetic damage should not be used as the sole evidence to support cancellation or nonrenewal actions.

The Department does not seek to broadly restrict the use of aerial imagery. In the absence of unequivocal and material damage shown, it would be prudent for an insurer to conduct a physical inspection to validate the specific type of damage that the aerial image purports to evidence.

The Department has also received consumer complaints that insurers are not providing the insured with a notice of cancellation or refusal to renew stating the specific reasons for the nonrenewal or midterm cancellation or providing the insured the opportunity to challenge the results or correct the identified deficiencies. In consideration of the previously referenced concerns, the Department wants to remind insurers of their statutory obligations under the Unfair Insurance Practices Act (act) (40 P.S. §§ 1171.1—1171.15):

- An insurer must specifically state, on policies in force 60 days or more, both the legal and factual reason permitted by section 1171.5(a)(9) of the act, in its notice of termination.
- An insurer may cancel or nonrenew a policy in force 60 days or more if there has been a substantial change or increase in hazard in the risk assumed by the insurer subsequent to the date the policy is issued or a substantial increase in hazards by reason of willful or neglectful acts or omissions by the insured under section 1171.5(a)(9) of the act.
- Prior notice and an opportunity to cure a hazardous condition are prerequisites to a lawful policy termination when the hazard may not be obvious to the insured. *Brock/Bankers Standard*, P16-10-009 (2017).

PA bulletin: Give consumer an explanation and opportunity to cure, increase in risk must be substantial to justify a nonrenewal

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- Prior notice and an opportunity to cure a hazardous condition are prerequisites to a lawful policy termination when the hazard may not be obvious to the insured. *Brock/Bankers Standard*, P16-10-009 (2017).
- Required notice to cure a latent hazardous condition applies whether the hazard is asserted to be from the inception of the policy or because of the asserted negligent or willful acts or omissions of the insureds. *Philadelphia Contributionship/Grochowski*, P20-07-013 (2021).
- In the absence of notice and reasonable time for the insured to cure a latent hazardous condition, the insurer does not establish willful or negligent acts or omissions by the insured. *Brock/Bankers Standard*, P16-10-009 (2017).
- The mere suspicion or question that something has changed is not cause for nonrenewal. *Anderson/Donegal*, P12-07-010 (2013).
- Simply characterizing a condition of a property as unacceptable fails to establish an increase in risk required for policy termination. An insurer must prove not only that the risk has increased but that the increase has been substantial. *J.C. Penney Cas. Ins. Co. v. Commonwealth, Dep't of Ins.*, 402 A.2d 558 (Pa.Cmwlth. 1979); *Lewis/Hartford Fire*, PI89-11-008 (1990). *Ohio Casualty/Milliard*, P12-12-015 (2013).

It is important for an insurer to provide an insured with an explanation of the specific reasons the insurer is seeking to cancel or nonrenew the policy so that the insured can take the necessary remedial action or, if the policy is terminated due to repairs not being made, so that the insured is able to seek replacement coverage from other companies.

Louisiana State Bill 242

Provides for the use of satellite photos when inspecting a property that has been issued an insurance policy.

“An insurer shall not solely rely upon aerial images of an insured property to identify the specific condition that serves as the insurer's basis for cancellation or nonrenewal of a policy of homeowner's insurance unless the images are taken within twenty-four months of the date of the cancellation or nonrenewal of the policy. All images, including aerial images, that are not utilized to identify the condition that serves as the basis for cancellation or nonrenewal or that are utilized solely for the purpose of identification and location of the immovable property and any improvements to the immovable property may be used without a limitation on the age of the photograph.”

www.legiscan.com/LA/text/SB242/id/2998357

PREPAREDNESS HANDOUTS

ENGLISH ESPAÑOL 普通话 TIẾNG VIỆT TAGALOG

United Policyholders provides preparedness rack card handouts to local leaders and organizations to provide insurance and disaster preparedness guidance to homeowners and renters.

Through a 2022-2023 grant from CalOES, we have translated a sub-set of our rack cards into Spanish, Mandarin, Vietnamese & Tagalog.

We also partner with the Department of Insurance in various States and local community organizations to provide customized information. For more information, email info@uphelp.org

United Policyholders
Roadmap to Preparedness Program

ROSE RISK RESILIENCE EDUCATION SERVICES

LISTOS CALIFORNIA

Dropped by your home insurer? Steps to take in California

Act Promptly
Read the paperwork from your insurer. Contact them and ask if there are home improvements you can make that will get them to reverse their decision to drop you. Note: The non-renewal notice must be sent to you **75 days** before the policy expires. www.uphelp.org/droppedca

STEP 1

Know Your Rights & Get Help
If you believe that you are being non-renewed in violation of the law, file a "Consumer Complaint" with the California Department of Insurance www.insurance.ca.gov/01-consumers

STEP 2

Shop for Options
Work with a good agent to find all options including "non-admitted" insurers. Watch UP shopping help videos and use CCI tools. www.uphelp.org/calinsurancehelp

STEP 3

Be Prepared to Pay More. Avoid Cutting Coverage
Aim to insure your home for what it would cost to rebuild it and the risks you face in your area. Keep good notes of your www.uphelp.org/avoidcuttingcoverage

Dropped by your home insurer?

United Policyholders
www.uphelp.org

ROSE RISK RESILIENCE EDUCATION SERVICES

LISTOS CALIFORNIA

What's UP with Flood Insurance?

Generally speaking, damage caused by wind-driven or falling rain that enters your home through an opening is covered under your home policy, but damage from rising water/flood damage is not. You can buy flood insurance to fill that gap.

What you should know:

- You can add a flood insurance endorsement to your policy or buy flood insurance through the National Flood Insurance Program ("NFIP").
- There is generally a 10-30 day waiting period from the date you buy it to the date it kicks in.
- Flood insurance can be very affordable but the cost

What's UP with Flood Insurance?

United Policyholders
www.uphelp.org

ROSE RISK RESILIENCE EDUCATION SERVICES

LISTOS CALIFORNIA

Improve Your Home's Chances of Surviving a Wildfire

- Have a Class A fire rated roof
- Install screens to keep embers out
- Gutters should be kept clear of leaves and needles
- Clear plants so there's 5 feet of space around your home
- Remove all combustible materials from

Improve Your Home's Chances of Surviving a Wildfire

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www.uphelp.org

ROSE RISK RESILIENCE EDUCATION SERVICES

LISTOS CALIFORNIA

Home Insurance Check UP

Home Insurance Check UP

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