



Comments: Draft Model Model Act Regarding Insurers' Use of Aerial Images

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Cape Analytics

- Cape provides property characteristic and condition data to carriers
- Data is derived from aerial imagery using machine learning techniques
- What kinds of information do we give to carriers?
 - Liability risks – pools, trampolines, yard debris
 - Property weather risk – wind, wildfire, hail
 - Condition – roof condition, pools, air conditions/evaporative coolers



Benefits of Using Aerial Imagery in Insurance

- Reduced carrier expenses by lessening the need for on-site inspections which has a positive impact on policyholder costs;
- Faster underwriting review to support a better customer quoting experience;
- Easier access to accurate and updated information that may otherwise be incorrect based on third party records such as permit data (pool presence, home extensions, etc.); and
- Improved risk segmentation which leads to more precise and individualized carrier decisions.

Concerns with Model Act

Similar rules and regulations already exist and different standards and procedures should not be put in place simply because the source of data is imagery

- Subsection (a) requires imagery to be automatically given to the applicant for non-renewal
 - Unnecessary cost
 - Information derived from data may not be related to reason for non-renewal
 - Even if it does, applicant may not contest accuracy of reason
- Subsection (a) requires image recency < 12 months (non-renewal)
 - Not always possible in rural areas
 - LA statute flexible - links age of image to sole reliance (<24 months)



Concerns with Model Act (cont.)

- Subsection (b) – Designated Contact and Remediation Documentation
 - Review process related to aerial imagery may overlap or be inconsistent with existing regulations;
 - No need for a “special” review process for aerial imagery based decisions.
- Subsection (c) – Disclosure of risk scoring system – Cape Critical
 - Force disclose of proprietary, trade secret information
 - Disclosure will not help consumers
 - More important to give the consumer understandable and actionable information
 - Identify the underlying carrier or vendor findings and what is the carrier’s reason for its decision
 - Not all disqualifying underwriting findings are based on condition “scores” but may be based solely on a characteristic (e.g. pool presence)



Concerns with Model Act (cont.)

- Subsection (d) extended cure time for defects identified through aerial imagery
 - Procedures exist regarding notice of non-renewal periods.
 - Data obtained from aerial imagery should be treated the same as data detected by other means (e.g. a physical inspection or roof age).
- Subsection (e) require carriers to offer a policy if insured provides proof that defect cured
 - Requiring an insurer to offer a renewal policy after specific defects have been noted without undergoing re-underwriting could force a carrier to take on other (known or unknown) risks
 - Provision does not recognize that there may have been multiple reasons for non-renewal
 - New unsatisfactory conditions could have arisen during cure period

Questions?