

HOUSE BILL No. 1261

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-7-12.

Synopsis: Use of aerial photography. Requires an insurer that provides property insurance coverage to a named insured to take certain actions when the insurer uses aerial images to aid in its determination to not renew property insurance coverage for a named insured.

Effective: July 1, 2026.

Lehman

January 5, 2026, read first time and referred to Committee on Insurance.



Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

HOUSE BILL No. 1261

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-7-12-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 2. **(a) As used in this**
3 **chapter, "aerial image" means an image of a named insured's**
4 **property captured from an airborne platform.**

5 ~~(a)~~ **(b)** As used in this chapter, "cancellation" refers to a termination
6 of property insurance coverage that occurs during the policy term.

7 ~~(b)~~ **(c)** As used in this chapter, "nonpayment of premium" means the
8 failure of the named insured to discharge any obligation in connection
9 with the payment of premiums on policies of insurance subject to this
10 chapter, regardless of whether the payments are directly payable to the
11 insurer or its agent or indirectly payable under a premium finance plan
12 or extension of credit. The term includes the failure to pay dues or fees
13 where payment of the dues or fees is a prerequisite to obtaining or
14 continuing property insurance coverage.

15 ~~(c)~~ **(d)** As used in this chapter, "nonrenewal" or "nonrenewed" refers
16 to a termination of property insurance coverage that occurs at the end
17 of the policy term.



(d) (e) As used in this chapter, "renewal" or "to renew" refers to:

(1) the issuance and delivery by an insurer at the end of a policy period of a policy superseding a policy previously issued and delivered by the same insurer; or

(2) the issuance and delivery of a certificate or notice extending the term of an existing policy beyond its policy period or term.

(f) As used in this chapter, "risk scoring system" means a system used by an insurer to assess the likelihood of an individual or entity filing a claim under a policy of insurance covering risks to property located in Indiana.

(g) As used in this chapter, "termination" means a cancellation or nonrenewal. The term does not include:

(1) the requirement of a reasonable deductible;

(2) reasonable changes in the amount of insurance; or

(3) reasonable reductions in policy limits or coverage;

if the requirements or changes are directly related to the hazard involved and are made on the renewal date for the policy. The term does not include a transfer of a policy to another insurer.

SECTION 2. IC 27-7-12-4, AS AMENDED BY P.L.196-2021, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 4. (a) Notice of nonrenewal by an insurer must:

(1) be in writing;

(2) be mailed to the named insured at the last known address of the named insured;

(3) state the insurer's intention not to renew the policy upon expiration of the current policy period;

(4) upon request of the named insured, be accompanied by a written explanation of the specific reasons for the nonrenewal;

and

(5) be mailed to the named insured at least ~~twenty (20)~~ **sixty (60)** days before the expiration of the current policy period; and

(6) comply with section 6.5(a)(1) of this chapter if the insurer used aerial images to aid in its determination to not renew property insurance coverage for a named insured.

(b) If the policy was procured by an independent insurance producer licensed in Indiana, the insurer shall mail notice of nonrenewal to the insurance producer not less than ten (10) days before the insurer mails the notice to the named insured under subsection (a), unless the obligation to notify the insurance producer is waived in writing by the insurance producer.

(c) Notice of nonrenewal under this section is not required if:

(1) the named insured is transferred from an insurer to an affiliate



of the insurer for future coverage; and

(2) the transfer results in the same or broader coverage.

(d) If an insurer mails to an insured a renewal notice, bill, certificate, or policy indicating the insurer's willingness to renew a policy and the insured does not respond, the insurer is not required to mail to the insured notice of intention not to renew.

SECTION 3. IC 27-7-12-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: **Sec. 6.5. (a) When an insurer uses aerial images to aid in its determination to not renew property insurance coverage for a named insured, the insurer shall do the following:**

(1) Ensure that the nonrenewal notice sent to the named insured under section 4 of this chapter:

(A) includes information explaining:

(i) how the named insured can obtain copies of date stamped aerial images that were taken not more than twelve (12) months before the nonrenewal notice is sent to the named insured and show the specific conditions on the property that are out of compliance with the insurer's underwriting guidelines; and

(ii) that the named insured has ten (10) days from the date that the named insured receives the nonrenewal notice to request the aerial images described in item (i); and

(B) explains what steps the named insured can take to reverse the insurer's decision to not renew the property insurance coverage.

(2) Establish a point of contact and a process to enable a named insured to provide documentation demonstrating that any conditions on the property that were:

(A) out of compliance with the insurer's underwriting guidelines; and

(B) identified by an aerial image; have been cured.

(3) Establish an appeal process that allows a named insured to correct any errors or misunderstandings related to the property's risk score received under the insurer's risk scoring system.

(4) Provide the named insured at least sixty (60) days after the date the insurer identifies any conditions on the property that are:

(A) out of compliance with the insurer's underwriting



1 guidelines; and
2 (B) identified by an aerial image;
3 to cure those conditions. Subject to subsection (b), if a named
4 insured submits documentation demonstrating that the
5 conditions have been cured, the insurer may not refuse to
6 renew property insurance coverage for a reason relating to
7 the conditions that have been cured.
8 (b) If a named insured submits documentation demonstrating
9 that the conditions described in subsection (a)(4) have been cured,
10 the insurer may inspect any work done to cure the conditions to
11 ensure that the conditions have actually been cured. If the insurer
12 determines that the work done to cure the conditions did not bring
13 the conditions into compliance with the insurer's underwriting
14 guidelines, the insurer shall notify the named insured that the
15 insurer's determination to not renew property insurance coverage
16 will be upheld.
17 (c) The department shall adopt rules under IC 4-22-2 to
18 effectuate the provisions of this section.

