

Date of Hearing: April 21, 2026

Fiscal: No

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

AB 1559 (Calderon) – As Amended April 13, 2026

SUBJECT: Residential property insurance images

SYNOPSIS

Recently, insurers have increasingly used aerial images of properties to assess risk and determine policy renewals. Insurers argue that this practice improves safety by reducing evaluator risks (such as climbing a roof or entering a potentially dangerous area). Insurers also claim it is less intrusive than traditional in-home inspections, as it does not require entry into the policyholder's home.

However, several concerns have been raised surrounding consumer protections and rights to privacy. Aerial photos are often taken without notifying the policyholder, amounting to surveillance and an invasion of privacy. Additionally, these images are frequently used in underwriting and nonrenewal decisions without disclosure to the policyholder, leaving them with little agency in the process. This practice has become increasingly common in California, where insurance nonrenewal is on the rise.

This bill, sponsored by Insurance Commissioner Ricardo Lara, seeks to increase insurer transparency regarding the use of aerial images by requiring adequate notice prior to the collection of aerial images. AB 1559 prohibits an insurer from basing a decision to terminate insurance coverage on an aerial image of the insured property taken more than 180 days prior to the notice of that termination decision. This bill also requires that admitted insurers provide policyholders the opportunity to dispute the accuracy of an aerial image, and to verify remediation, before the effective date of the decision to terminate insurance coverage.

The bill is supported by the California Association of Realtors, California State Association of Counties (CSAC), and League of Cities. This bill has no registered opposition.

This bill was previously heard by the Insurance Committee, where it passed on a 17-0 vote.

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). (Ins. Code § 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 § 791.01(b).) 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 § 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 § 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 § 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. (Civ. Code § 1708.8.)
- 6) Establishes the CCPA, which grants consumers certain rights with regard to their personal information, including enhanced notice, access, and disclosure; the right to deletion; the right to restrict the sale of information; and protection from discrimination for exercising these rights. Places attendant obligations on businesses to respect those rights. (Civ. Code § 1798.100 et seq.)

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) Exempts from 3) above any aerial image that is used solely in the development of a probabilistic or predictive risk model, in compliance with law, to predict annual aggregate losses due to wildfire or high-severity events.
- 5) 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.
- 6) 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.
- 7) Clarifies that the bill does not authorize aerial imaging that is otherwise prohibited under law.
- 8) 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.

COMMENTS:

1) **Author’s statement.** 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.

2) **Aerial Images.** Actuaries have long used a variety of metrics, including location and the history of a home, to assess risk and issue policies.¹ Traditionally, these assessments were

¹ “Property Risk Assessments: Then, Now, and the Future,” *Disaster-Smart*, <https://disaster-smart.com/property-risk-assessments-then-now-and-the-future/>.

performed by an insurance agent conducting an in-person inspection of the property. However, with technological advancements, aerial images captured by flyover planes, drones, or satellites have become commonplace in the home insurance industry's risk assessment process.²

In California, insurers are required to disclose the reason for any adverse underwriting decision, such as a loss of coverage or a nonrenewal of a policy. Yet, many policyholders have been caught off-guard by non-renewals citing issues identified through aerial imagery, a method they were often unaware was being used.

Historically, aerial images were primarily used to assess areas recently impacted by natural disasters, where debris and hazards made it too dangerous for in-person inspections. However, these practices have become routine for many property insurers as a cost-effective way to quickly access vast amounts of information about properties. As *Forbes* notes, aerial imagery provides insurers with a rapid and inexpensive method of evaluating risk at scale:

When used correctly, [aerial images] are less invasive, cost-effective and provide a high degree of consistency. Insurers can use high-resolution aerial imagery to gain a precise, timely view of a property and capture its condition from multiple angles. Some insurers apply AI to that imagery to gain more comprehensive information than a person could provide.³

In theory, the use of aerial imagery should enable insurers to make better, more accurate decisions regarding policies. However, there have been numerous instances where aerial images have been misused, leading to incorrect non-renewals. For example, a San Francisco resident received a nonrenewal notice based on an aerial photo showing water pooling on her roof. The image, however, had been taken immediately after a rainstorm, making the pooling unsurprising and not indicative of any structural issue. Despite hiring a roofer who confirmed the roof was in good condition and presenting this evidence to the insurer, her policy was still not renewed.⁴ Similarly, a Monterey County resident received a nonrenewal notice based on aerial images, not of their own property, but of their neighbor's.⁵ Although this case was ultimately resolved, it caused significant, unnecessary stress in a state already grappling with an insurance crisis. Other similar incidents have been reported in San Francisco and San Carlos.^{6,7}

These decisions are likely further complicated by the use of artificial intelligence, often with minimal human oversight. A report from *The Wall Street Journal* last year detailed how some

² *Id.*

³ David Tobias, "Understanding Aerial Inspections In The Insurance Space," *Forbes* (Oct. 14, 2024), <https://www.forbes.com/councils/forbesbusinesscouncil/2024/10/14/understanding-aerial-inspections-in-the-insurance-space/>

⁴ Megan Fan Munce, "Insurers are using satellite images to inspect homes in California — and dropping policies in the process," *San Francisco Chronicle* (Oct. 26, 2024), <https://www.sfchronicle.com/california/article/home-insurance-satellite-photo-19497336.php>.

⁵ *Ibid.*

⁶ Stephanie Sierra, "'Mold, algae': Insurer drops SF homeowners, citing aerial footage of roof that didn't exist," *ABC* (Dec. 12, 2024), <https://abc7news.com/post/mold-algae-moss-insurance-drops-san-francisco-homeowners-citing-aerial-footage-roof-inspector-refutes-report/15641999/>.

⁷ Max Darrow, "San Carlos family says insurer dropped them without warning after aerial photos," *CBS News* (Aug. 13, 2024), <https://www.cbsnews.com/sanfrancisco/news/san-carlos-family-says-home-insurer-dropped-them-with-no-warning-over-oak-tree/>.

homeowners were issued nonrenewal notices based on photos that were two to three years old, meaning that even if a homeowner had replaced a roof or corrected an issue, they could still be unfairly penalized.⁸ In another case, an insurer issued an adverse underwriting notice for “hanging tree limbs,” which upon closer inspection, turned out to be mere shadows captured in the photo.⁹ These circumstances have created widespread uneasiness about how aerial images are used in the property insurance process and whether there is clear human intervention in the process, leaving many policyholders uncertain about how to challenge or navigate these opaque practices.

3) What this bill would do. This bill requires admitted insurers to notify residential property insurance policyholders prior to taking aerial images of the insured property and to make those images available to policyholders upon request. Additionally, AB 1559 prohibits insurers from using aerial images older than 180 days. This bill also requires that any policyholder subject to a decision to terminate coverage based on aerial images have the right to dispute the accuracy of the image, to verify remediation, and to request an in-person inspection.

This bill is substantially similar to AB 75 (Calderon, 2025), which was held on suspense in the Senate Appropriations Committee. In response to AB 75 opposition from Verisk, an analytics firm that compiles databases of aerial images for use by insurance companies, the author amended the current bill in Insurance Committee to create a carve out that would allow the use of aerial images that are older than 180 days if the sole reason for their use is in the development of a probabilistic or predictive risk model. 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.

4) Policy Considerations. As the Insurance Committee’s analysis has already evaluated the feasibility of the bill from the insurers’ perspective, this analysis will focus on the bill’s privacy and consumer protection aspects. As outlined above, the bill provides several mechanisms to ensure that consumers have recourse in the event of an adverse underwriting decision, thereby empowering policyholders with greater agency over their insurance coverage.

Regarding privacy, insurers are governed by the Insurance Information and Privacy Protection Act (IIPPA), which sets standards for how personal information is collected and under what circumstances. Under the IIPPA, personal information is defined as “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.”¹⁰ As noted in the Insurance Committee’s analysis, it remains unclear whether this definition extends to exterior images of a policyholder’s property. Nevertheless, this bill would align the acquisition of aerial photographs with other types of personal information collection that require consumer notices under the IIPPA.

⁸ Jean Eaglesham, “Insurers Are Spying on Your Home From the Sky,” *The Wall Street Journal* (Apr. 6, 2024), <https://www.wsj.com/real-estate/home-insurance-aerial-images-37a18b16>.

⁹ *Ibid.*

¹⁰ Ins. Code § 791 et seq.

Providing notice would increase transparency and help maintain consumer privacy during periods when aerial images may be captured. For instance, notice would allow individuals to adjust their behavior to avoid being unintentionally recorded in a compromising situation, such as being nude outdoors. It would also allow policyholders the opportunity to remove any items from their property that they may not wish to have captured in an aerial image. Additionally, the notice allows policyholders a window of time to address potential issues with their property and perform necessary maintenance.

As insurance companies continue to rely on aerial images as a cost-effective alternative to in-person assessments, insurers must strike a careful balance between privacy concerns and consumer welfare. The proposed bill addresses these concerns through advanced notices, the option to obtain in-person validation of images, and the opportunity to remediate the issue.

The data minimization principle, however, may play an even more crucial role in protecting consumers in this context. There is no reason for insurers to collect or use aerial images for purposes beyond assessing risks and adjusting policies. Insurers should not be allowed to sell or share this information, and if aerial photos are being used for purposes beyond risk assessment, such uses should be disclosed in the notices sent to policyholders. Furthermore, establishing a retention period for aerial images would be beneficial. While it is important to understand how insurers use these photos to assess changes in risk and prosecute fraud, there is likely a point at which these images no longer serve any purpose and should be discarded.

Therefore, if this bill passes the Committee, the author may wish to consider incorporating data minimization provisions for aerial photos, as well as ensuring that the annual notice to policyholders explicitly outlines all potential uses of these images.

ARGUMENTS IN SUPPORT: Ricardo Lara, the California Insurance Commissioner and sponsor of the bill, writes in support:

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. Right now, many homeowners have no idea when these images are being taken or gathered, and current law provides no process for them to request those images.

AB 1559 offers a practical solution by requiring insurers to notify policyholders ahead of time when they intend to take or obtain aerial images of a home, and by creating a clear process for consumers to request and receive those images. As aerial imaging becomes a more routine part of property underwriting, it's reasonable for residential policyholders to know when their property is being observed and to have access to the images collected. Increasing transparency in property inspections should also help reduce adverse underwriting decisions from outdated or incorrect aerial photos.

The California Association of Realtors, supporters of the bill, write:

As the use of aerial imagery becomes more common in insurance underwriting, homeowners are increasingly subject to coverage decisions based on information they may never see or have an opportunity to verify. This lack of transparency can lead to confusion, disputes, and adverse outcomes that raise fairness concerns and undermine confidence in the insurance process.

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.

Access to stable and reliable property insurance is essential to the functioning of California's housing market. Unexpected or unsupported insurance disruptions can delay or derail transactions, create financing challenges, and impose significant burdens on homeowners. By promoting transparency, accuracy, and reasonable procedural protections, AB 1559 helps support a more stable and predictable insurance environment.

CSAC, supporters of the bill, argue:

The presence of a competitive, robust, and fair insurance marketplace is an essential component of wildfire readiness and response. We support measures that allow for consumers to have the best possible information about what goes into the assessment of risk scores that affect affordability and accessibility of insurance policies. By making this information readily available, we can more effectively align wildfire risk mitigation efforts with market-based incentives, allowing for residents to recover more quickly from fires and for the proper management of risk in new development.

This bill is a straightforward, reasonable mechanism to provide consumers with more information to guide their risk assessment and mitigation decisions, and for more alignment between wildfire preparedness efforts and market forces.

REGISTERED SUPPORT / OPPOSITION:

Support

Insurance Commissioner Ricardo Lara / California Department of Insurance (Sponsor)
California Association of Realtors
California State Association of Counties (CSAC)
League of California Cities
Near Space Labs, INC.

Opposition

None on file.

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