

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

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

Policy Committee:	Insurance	Vote:	17 - 0
	Privacy and Consumer Protection		15 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires an insurer to notify a homeowners insurance policyholder that aerial images may be taken or obtained of the insured property.

Specifically, this bill, operative July 1, 2027:

- 1) Requires an admitted insurer to annually notify a residential property insurance policyholder that aerial images may be taken or obtained of the insured property, unless a claim has been submitted on the property and the images will be used only for evaluating the claim.
- 2) Requires an insurer to provide the policyholder with the aerial images within 30 days of a policyholder’s request.
- 3) 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 sending the termination decision notice to the policyholder, unless the conditions were verified by an in-person physical inspection or alternative verification process within 180 days of the notice.
- 4) Requires an insurer basing a decision to terminate insurance coverage on an aerial image to provide the policyholder with the image, termination decision notice, and opportunity to dispute the accuracy of the image and verify remediation before the termination effective date, and authorizes the policyholder to request an in-person physical inspection to verify the conditions pertaining to the decision to terminate.

FISCAL EFFECT:

Costs of approximately \$130,000 in fiscal year (FY) 2026-27, \$31,000 in FY 2027-28, and \$35,000 in FY 2028-29 and annually thereafter to the Department of Insurance (CDI) for rate application review and data collection on the use of aerial images in risk models (Insurance Fund).

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...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...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 and supported by local government associations, real estate groups, and the AARP.

- 2) **Aerial Images.** Historically, aerial images for insurance underwriting purposes were primarily used to assess areas impacted by natural disasters, where debris and hazards made it too dangerous for in-person inspections. However, aerial images captured by flyover planes, drones, or satellites are becoming increasingly commonplace in the home insurance industry's risk assessment process. In theory, the use of aerial imagery should enable insurers to make better, more accurate decisions regarding policies. However, there have been numerous examples of an aerial image being misused, leading to incorrect policy non-renewals. This bill ensures a policyholder is aware when aerial images are taken, prohibits an insurer from basing a decision to terminate coverage on an aerial image of the insured property taken more than 180 days prior to the notice of the termination decision, and provides a process for a policyholder to dispute the aerial image and demonstrate remediation prior to termination.
- 3) **Related Legislation.** AB 75 (Calderon) is substantially similar to this bill, except this bill contains additional language to expressly allow the use of aerial images older than 180 days in relation to a termination decision if the sole reason for the use is in the development of a probabilistic or predictive risk model to project annual aggregate losses or the likelihood of a location burning in the event of a wildfire. AB 75 was held on the Senate Appropriations Committee's suspense file.

SB 260 (Wahab) regulates the use of unmanned aircraft in a variety of situations, including requiring a 30-day notice before a residential property insurer uses aircraft to take aerial images of the insured property and a 120-day period for a policyholder to remedy identified issues from such images prior to the termination of an insurance contract. SB 260 is pending referral at the Assembly Desk.

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