
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 75 (Calderon) - Residential property insurance images

Version: July 1, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: INS. 7 - 0, JUD. 13 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 75 requires insurers to annually notify residential property insurance policyholders if aerial images may be taken of the insured property and provide those images to a policyholder upon request. AB 75 also prohibits insurers from basing a decision to terminate insurance coverage on aerial images older than 180 days that cancellation decision notice is sent, and provides policyholders a process to dispute the accuracy of the aerial images taken that resulted in the cancellation of their policy, as specified.

Fiscal Impact: The California Department of Insurance reports costs of \$102,000 in Fiscal Year (FY) 2025-26, \$195,000 in FY 2026-27, and \$179,000 in FY 2027-28 and ongoing for increased workload associated with complaint management and other consumer services (Insurance Fund).

Background: According to the National Association of Insurance Commissioners, the increasing commercial use of UASs (aircrafts that fly without a human pilot on-board, controlled remotely or autonomously, commonly referred to as drones) and their applications in many fields has compelled industry leaders as well as various federal and state regulatory agencies to contemplate how and when they are used. Insurance companies are exploring commercialization and coverage issues and opportunities while state insurance regulators work to address all relevant regulatory challenges and concerns related to drone operation.

The use of drones could be very beneficial for the insurance industry, particularly following a natural disaster. Drones could be employed to reach remote, inaccessible, or even dangerous areas by claims adjusters, providing increased and more complete data to speed up claims processing timelines. They may also enhance cost efficiency for insurers, both in pre-loss and post-loss assessments, as utilizing drones may reduce the labor and time associated with manual inspections.

However, there are concerns centered around the use of drones and the changing insurance environment, particularly in developing industry best practices and risk management. These concerns include the lack of transparency around insurers' termination of coverage without policyholder notification, the responsibility of insurers to communicate with policyholders when conducting risk assessments, and privacy and data security issues.

Proposed Law:

- Requires an admitted insurer to notify a residential property insurance policyholder 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.
 - Requires the notice to be provided at least annually, including with the initial policy issuance and upon renewal on a separate page from any other notice, information, or disclosure.
 - Requires the notice to be in at least 14-point bold font and include instructions regarding how a policyholder may make a request to receive any aerial images taken or obtained of the insured property.
 - Requires the notice to be mailed via the United States Postal Service to the policyholder's mailing address of record unless the policyholder has agreed to transact business electronically.
 - Specifies the notice as follows:

“[INSURER NAME] WILL COLLECT OR OBTAIN AERIAL IMAGES OF THE INSURED PROPERTY FOR USE IN UNDERWRITING DECISIONS.

You have the right to request and receive any aerial images taken or obtained of the insured property.

If an aerial image is used in a decision to cancel, nonrenew, or reduce coverage for an insurance policy, the aerial image will be included with the notice of that decision.

If the aerial image is used in a decision to cancel, nonrenew, or reduce coverage for an insurance policy, you have the right to request an in-person physical inspection of the property to verify the accuracy, timeliness, and validity of the aerial image.

You have the right to dispute the accuracy of an image used in a decision to cancel, nonrenew, or reduce coverage based on an aerial image prior to the effective date of the decision, and to request an in-person physical inspection to verify remediation, or to otherwise provide evidence of remediation in a manner set forth by [Insurer Name].

[Insurer Name] cannot use aerial images older than 180 days in a decision to cancel, nonrenew, or reduce coverage for an insurance policy unless the reason for the decision has been verified as accurate, persistent, and valid by an in-person physical inspection of the insured property or alternative verification process conducted no more than 180 days prior to sending the notice of that decision.”

- Provides that the above notification requirements do not apply if a claim has been submitted or is pending on the property if any aerial images taken or obtained of the property are used only for the purpose of evaluating the claim.

- Requires an insurer to provide any aerial images taken or obtained of the insured property to the policyholder upon request within 30 days of receiving that request.
- Prohibits an insurer from basing a decision to terminate insurance coverage in whole or part on an aerial image taken more than 180 days prior to sending a decision notice unless the conditions pertaining to the termination decision have been verified by an in-person physical inspection of the property or alternative verification process conducted no more than 180 days prior to sending the notice of the decision.
- If an insurer terminates a policy based in whole or in part on an aerial image, then requires an insurer to provide the policyholder:
 - The aerial image used as the basis of the termination decision.
 - The opportunity to dispute the accuracy of the image used in the decision and verify remediation before the effective date of the termination decision.
- Authorizes a policyholder whose policy has been terminated based on an aerial image to request the insurer to conduct an in-person physical inspection of the property or other process made available by the insurer to verify the conditions pertaining to the coverage termination decision.
- Defines “aerial image” as 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.
- Makes the provisions of the bill operative on July 1, 2026.

Related Legislation: SB 260 (Wahab, 2025) would establish new requirements for residential property insurers when using aerial images taken by a remotely unmanned aircraft system to gather evidence when evaluating policies, as specified; and would create criminal penalties for the use of UASs in specified locations. SB 260 is pending in this committee.

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