

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



MARIE GRANT
Commissioner

JOY Y. HATCHETTE
Deputy Commissioner

MARY KWEI
Associate Commissioner
Market Regulation and Professional Licensing

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2113 Fax: 410-468-2020
Email: mary.kwei@maryland.gov
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

BULLETIN 25-10

DATE: June 17, 2025

TO: Insurers Writing Any Line of Property Insurance and the Joint Insurance Administration

RE: Cancellations, Nonrenewals, and Claim Denials Based on Satellite and Aerial Imagery

The Maryland Insurance Administration (the “Administration”) is issuing this Bulletin to advise property and casualty insurers of legal requirements and limitations that apply to cancellation, nonrenewal, and claim settlement actions based on satellite or aerial imagery.¹ As a preliminary matter, the Administration notes that the use of satellite or aerial imagery is not categorically prohibited under the Insurance Article, and that inspection of the insured property by alternative means may not be necessary in all situations.

For the reasons discussed below, it is the Administration’s position that an insurer may use satellite or aerial imagery as a basis for cancellation, nonrenewal, or claim denial only if the image provides a clear, accurate, and current view of the property.

Statutes governing cancellations and nonrenewals are set forth in Title 27, Subtitle 6 of the Insurance Article, which applies to authorized insurers. Sections 27-604 and 27-605 require an authorized insurer that cancels or refuses to renew a personal or commercial property insurance policy to provide the named insured with a statement of the actual reason, in clear and specific terms, for the cancellation or refusal to renew. These sections further indicate that the Commissioner may disallow a proposed cancellation or nonrenewal if the insurer’s statement of actual reason contains erroneous information, and there is not a sufficient basis to support the proposed action absent the erroneous information. Satellite or aerial images of insured property that are low-resolution, out-of-focus, blurry, or dated do not provide an accurate and clear representation of the property, and thus cannot justify a cancellation or nonrenewal based on the condition of the property without further investigation into the condition of the property.

¹ “Satellite imagery” refers to images captured from a satellite orbiting the Earth. “Aerial imagery” refers to images captured from an airborne platform, such as an aircraft or drone.

Furthermore, satellite or aerial images of a roof that show streaking or discoloration may not be sufficient to independently support cancellation or nonrenewal based on roof degradation.²

In the event that an insured, following a complaint, requests a hearing to contest the basis of a cancellation or nonrenewal, that insured would be entitled to review images and any other material that the insurer relied upon in taking the contested action. Furthermore, pursuant to § 27-501(g), the insurer would bear the burden of persuasion to show that the contested action was justified. With that in mind, the Administration encourages insurers to share and communicate with insureds about satellite or aerial images that appear to show conditions that violate applicable underwriting standards before cancelling or nonrenewing policies based on those images. Providing insureds with a reasonable opportunity to respond with evidence that such images are unreliable or that repairs have been made to cure violative conditions shown in the images should reduce the number of complaints and hearing requests filed with the Administration.

Unfair claims settlement practices are described in Title 27, Subtitle 3 of the Insurance Article, which applies to both authorized and surplus lines insurers. Pursuant to § 27-303, it is an unfair claim settlement practice in violation of the Insurance Article for an insurer to misrepresent pertinent facts that relate to the claim or coverage at issue, or to refuse to pay a claim for an arbitrary or capricious reason based on all available information. Satellite or aerial images of insured property that are low-resolution, out-of-focus, or blurry do not accurately represent the condition of the property, and cannot reasonably justify the denial of a property damage claim. In turn, denying a claim based on satellite or aerial images that are unclear or imprecise constitutes an unfair claim settlement practice in violation of Title 27, Subtitle 3 of the Insurance Article.

If satellite or aerial imagery alerts an insurer to a possible problem with the condition of an insured property without unequivocally establishing the existence of the problem, the insurer should conduct further investigation to confirm whether the problem in fact exists. The appropriate method of such follow-up investigation (e.g., obtaining more reliable images or inspecting the property by alternative means) would depend on the unique circumstances of the case at hand.

Insurers that use artificial intelligence programs to enhance, interpret, or otherwise review satellite or aerial images should be familiar with the requirements laid out in Bulletin 24-11 regarding the use of artificial intelligence systems in insurance.³

Questions about this Bulletin may be directed to:

Kyle Lanasa
Executive Chief of Market Regulation
kyle.lanasa@maryland.gov

Marie Grant
Insurance Commissioner

² In some cases, streaking or discoloration on a roof is nothing more than a cosmetic blemish.

³ Bulletin 24-11, *The Use of Artificial Intelligence Systems in Insurance*, can be accessed at: <https://insurance.maryland.gov/Insurer/Documents/bulletins/24-11-The-Use-of-Artificial-Intelligence-Systems-in-Insurance.pdf>.

By: **Signature on Original**

Mary Kwei

Associate Commissioner

Market Regulation and Professional Licensing