



May 30, 2025

Marie Grant, Insurance Commissioner

State of Maryland

Department of Market Regulation and Professional Licensing

Maryland Insurance Administration

200 St. Paul Place, Suite 2700

Baltimore, Maryland 21202

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

Dear Commissioner Grant,

On behalf of CAPE Analytics, a Moody's Company, specializing in collecting data derived from aerial imagery, we appreciate the opportunity to provide comments on the draft Bulletin relating to Cancellations, Nonrenewals, and Claim Denials Based on Satellite and Aerial Imagery. CAPE greatly appreciates the work of the Maryland Insurance Administration in drafting a proposed Bulletin to guide insurers who utilize aerial imagery technology, and the recognition by the Administration of the added value that aerial imagery can bring to the business. Outlined below, we would like to use this opportunity to share some of our concerns with the language of the Bulletin as currently written.

Unclear and Contradicting Wording

The Bulletin notes in paragraph one 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", but then goes on to note in paragraph five that "The Administration expects that an insurer alerted to a possible problem with the condition of an insured property by satellite or aerial imagery will conduct additional investigation to verify whether the problem possibly identified by the imagery in fact exists. Additional investigation may include obtaining clearer, more detailed images, or conducting a physical examination of the property." The latter paragraph appears contrary

to the first paragraph, making it unclear whether the Administration is looking for additional investigations to occur if problems are found on an insured's property or if the imagery can in fact be enough to take action on a property and the Administration is instead expecting insurers to follow up with additional investigations if the policyholder disagrees with the insurer's assessment of the property.

Cosmetic Blemishes

Discoloration and Streaking are new data points that can be collected on homes at scale. When testing these data points against claim information, there is a clear signal that roofs exhibiting discoloration and/or streaking have higher claims experience than roofs that do not exhibit these features. Though we are not aware of public scientific research on whether discoloration and streaking are cosmetic or direct degradation of the roofing materials, the claims signal may infer that these are not in fact just cosmetic blemishes.

Summary of Recommendations

CAPE would like to kindly recommend the following changes to the Bulletin:

- Update paragraph five to align with the intention of paragraph one and clarify additional property investigations are expected when the aerial imagery used as a basis for cancellation, nonrenewal, or claims denial does not unequivocally provide clear evidence of the problem.
- Consider alternative language or remove language in paragraph two categorizing streaking and discoloration as cosmetic blemishes.

Thank you for the opportunity to share our comments on the draft Aerial Imagery Bulletin. CAPE appreciates the Administration's interest in a collaborative process for preparing this Bulletin and would welcome any further discussions the Administration may want to have with our team on this issue. Please don't hesitate to contact us if you have any questions, need additional information, or would like to meet to discuss further.

Sincerely,



Chris Clickner, ACAS, MAAA

Associate Vice President - Government, Public, & Regulatory Affairs

CAPE Analytics, A Moody's Company

Christopher.Clickner@moody's.com