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## BULLETIN 25-XX

DATE: [INSERT DATE]

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 will consider comments concerning this draft bulletin that are submitted to Kathryn Callahan (Director of Regulatory Policy), at [kathryn.callahan1@maryland.gov](mailto:kathryn.callahan1@maryland.gov), on or before May 30, 2025.**

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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.<sup>1</sup> 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 a physical inspection of the insured property 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. Sections 27-604 and 27-605 require an 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

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<sup>1</sup> “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, drone, or balloon.

condition of the property. Furthermore, satellite or aerial images that show cosmetic blemishes on a roof, such as streaking or discoloration, are not in themselves sufficient to support cancellation or nonrenewal based on roof degradation.

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. 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.

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.

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.<sup>2</sup>

Marie Grant  
Insurance Commissioner

By: **Signature on Original**  
Mary Kwei  
Associate Commissioner  
Market Regulation and Professional Licensing

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<sup>2</sup> 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>.