



MIKE CAUSEY
INSURANCE COMMISSIONER

BULLETIN

25-B-09

To: All Licensed Property/Liability Insurance Companies
All Adjusting Firms

From: Consumer Services Division

Date: August 11, 2025

Subject: Use of Aerial Imagery

The North Carolina Department of Insurance issues this advisory bulletin to emphasize the importance of having proper safeguards when using aerial imagery in making underwriting decisions and claims handling. Aerial imagery includes photographs, videos, or other images taken using drones, aircraft or satellites. The Department is aware that insurers are frequently relying on aerial imagery when making underwriting decisions like nonrenewals.

The Department recognizes the usefulness of aerial imagery and is not trying to restrict its use by insurers. However, aerial imagery does not always provide an accurate representation of a property's condition. An image may be out-of-date, it may blurry, or there may be objects in the image that obstruct the view of a property. For example, the Department received multiple complaints after one insurer issued nonrenewals based on drone images it had purchased from a third party that were not clear, leading to problems like well-manicured flower beds being identified as yard waste. Therefore, insurers should take steps to make sure their underwriting and claims handling procedures have proper safeguards to ensure aerial imagery is being used correctly.

To help ensure the correct use of aerial imagery, the Department asks insurers to consider the following as safeguards when using aerial imagery:

Aerial Images should be both recent and accurate.

When initiating a nonrenewal action based upon aerial imagery, insurers should be utilizing recent, accurate imagery. When giving notice of nonrenewal, insurers are required to state the precise reason for nonrenewal. Where a change to the insurability of the property is given as the reason for nonrenewal, older or unclear aerial imagery, standing alone, may not be sufficient to support the nonrenewal.

When an aerial image does not conclusively show the condition of a property, it should not be the only information used in decision.

If possible, aerial imagery should not be the only information utilized in decision-making. If an insurer's review of aerial imagery leads to concerns, the insurer should work to obtain recent, clear information, through a physical inspection or otherwise, to establish whether there is an issue with the condition of a property that is substantial enough to affect the insurability of the property.

When a nonrenewal is based on aerial imagery, the insured should be informed and given an opportunity to provide updated information.

If an insurer uses aerial imagery as a basis for nonrenewal, it is best practice to notify the affected property owner before initiating the nonrenewal action, advise the owner that the nonrenewal action is being taken based on aerial imagery, provide the owner with copies of any aerial images used in taking the action, and allow the owner to provide updated information or dispute the accuracy of the aerial imagery used. If an affected property owner files a complaint with the Department, that complainant will be entitled to view evidence relied upon by the insurer in making the nonrenewal or cancellation determination. Many complaints to the Department stem from a lack of communication. The Department believes that some of the complaints can be resolved or avoided when insurers communicate clearly with affected property owners, those owners are given the opportunity to review evidence relied upon by the insurer, and the owners have reasonable opportunity to provide responsive information. Insurers are encouraged to issue loss control recommendations and provide affected owners with reasonable time to make needed repairs before taking action, such as nonrenewal.

The Department asks insurers to review their underwriting procedures to ensure that the use of aerial imagery complies with the safeguards outlined in this bulletin. The Department will monitor the use of aerial imagery by insurers and may take regulatory action if insurers are found to be using aerial imagery in a manner that is unfair, misleading, or inconsistent with state insurance laws.

The Department appreciates insurers' immediate attention to this issue.

Please refer any questions regarding this bulletin to the Department's Consumer Services Division at CSD@ncdoi.gov or 855-408-1212.