

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2025-12-INS

In the matter of:

**Use of Aerial Imagery
by Personal Lines Homeowners
and Dwelling Insurers**

**Issued and entered
this 6th day of June 2025
by Anita G. Fox
Director**

The Department of Insurance and Financial Services (the Department) issues this bulletin to remind personal lines homeowners and dwelling insurers (“Insurers”) that decisions or actions impacting consumers that are made or supported by aerial imagery must comply with all applicable insurance laws and regulations.

While aerial imagery can be useful to assess property conditions, Insurers’ use of aerial imagery must comply with all applicable insurance laws and regulations, including those laws that address unfair business practices, see chapter 20 of the Insurance Code, MCL 500.2001 to MCL 500.2093, when using aerial imagery for nonrenewals, cancellations, underwriting, claims handling, and similar activities (referenced together as “Adverse Action”). Insurers are reminded to exercise due diligence and ensure their actions are based upon accurate information. Aerial imagery can be improperly used if the aerial images are unclear or outdated. Insurers that use aerial imagery should provide residents with the opportunity to challenge the aerial images or to correct confirmed roof damages before Adverse Action is taken.

Mere cosmetic roof issues, such as discoloration or streaking, are not valid grounds for policy cancellation or nonrenewal, and should not be the sole evidence to support Adverse Action. If aerial imagery raises insurability concerns, an Insurer should try to obtain accurate information through a physical inspection, if necessary to establish whether there is a substantial property condition issue that would justify Adverse Action.

Underwriting and Rates

Insurers must file their underwriting rules and rates with the Department. See MCL 500.2108; MCL 500.2406. If an Insurer intends to use aerial imagery to assess property conditions for underwriting or rate making, all rules and conditions addressing the practice must be filed first.

Insurers should include within their rules and conditions addressing aerial imagery sufficient protections to ensure that underwriting action is supported by the actual, current condition of the property. When disputes arise or aerial imagery is unclear, Insurers should physically inspect the property and/or notify the policyholder of the option to review the aerial imagery and refute its accuracy through a licensed contractor’s verification or some other means.

Insurers are reminded that, at least once per year, they must provide written notice to all non-group policyholders, along with a renewal notice, bill, or other payment due notice, informing them that certain rating and underwriting information is available. See MCL 500.2112. This information includes, in part:

- Sources and procedures by which the policyholder can obtain additional information that would be

- sufficient to calculate and confirm the accuracy of their specific premium; and
- Information regarding the rights of the policyholder to appeal the application of the Insurer's rating plan in determining his or her premium, to obtain documentation from the Insurer regarding the determination of the rate, to appeal the application of the Insurer's underwriting rules to the policyholder, to request an informal conference with the Insurer, and to file with the Director a complaint as an aggrieved person. See MCL 500.2113 and MCL 500.2114.

If an Insurer uses aerial imagery for underwriting or setting rates on a non-group policy, the Insurer should include in the written notice required under MCL 500.2112 information about the protections in place to ensure that any underwriting decisions comply with the standards in this bulletin and the Insurer's approved underwriting rules and rating plan.

Cancellations and Non-renewals

If an Insurer intends to cancel or nonrenew a non-group policy for reasons other than nonpayment of premium, MCL 500.2123 requires the Insurer to provide at least 30 days' notice. Non-group policies in force 55 days or more may be nonrenewed or cancelled only for the following reasons listed in MCL 500.2117:

- Not being an "eligible person", as defined in MCL 500.2103(2);
- The physical condition and/or the occupancy status of the insured property;
- Adjacent physical hazards, if the adjacent physical hazard differs from what existed at the original date of issuance of the policy;
- The claim history of the insured; and
- Underinsured or inadequate coverage of the replacement cost of the property.

If aerial imagery is used for cancellation or nonrenewal, a non-group Insurer should notify the homeowner pursuant to MCL 500.2123(1) before initiating the action. The Insurer should advise that the cancellation or nonrenewal is based upon aerial imagery, provide the homeowner with copies of the aerial imagery, and let the homeowner challenge the aerial imagery or update the Insurer's information.

Any questions regarding this Bulletin should be directed to:

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/s/

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