

State: Home insurance companies can't cancel policies based solely on aerial photos

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The department that oversees private insurance in New Hampshire has warned companies that it takes more than an aerial photo or two of a house to make decisions about issuing a policy.

“The Department has received several complaints in recent months in which certain carriers are refusing to renew homeowners’ policies because of poor roof conditions mistakenly identified in aerial photographs,” the New Hampshire Insurance Department wrote in a bulletin.

The bulletin “reaffirms that while insurers may refuse to write or renew policies due to clear evidence of property degradation or damage, they may not do so solely based on cosmetic issues such as roof discoloration,” especially if the evidence comes only from pictures taken by airplanes or drones, or downloaded from satellite images or aerial-imagery sites.

The move comes as insurance departments in many states, including Massachusetts, have issued statements about the limits of aerial imagery on property insurance decisions. These have followed anecdotes of policies being canceled because of mistakes such as using long-outdated images or mistaking shadows for roof damage.

At least one consumer group, called United Policyholders, has rallied against the practice.

In a release about its bulletin, the New Hampshire Insurance Department said it “acknowledges that aerial imagery is a valuable tool for assessing property conditions but emphasizes that it is not infallible.”

Insurance companies must be prepared to follow up evidence with a physical inspection, the bulletin said, and such an inspection is mandatory if “an applicant or insured disputes the insurer’s determination

— even when the insurer believes the aerial imagery to be conclusive.”

“In a world where technology continually advances, we must ensure that property insurers balance innovation with accuracy. Relying exclusively on aerial images without the credibility of accurate information can lead to decisions that do not serve the public interest,” Insurance Commissioner DJ Bettencourt said in a release.

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