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This Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance ("Department"), on the specified issue. The Bulletin is not legally binding on either the Department or the reader.

TO: ALL PROPERTY & CASUALTY INSURANCE COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE COMMONWEALTH OF KENTUCKY

FROM: SHARON P. CLARK, COMMISSIONER

RE: USE OF SATELLITE/AERIAL IMAGERY AS BASIS FOR CANCELLATIONS, NONRENEWALS, AND CLAIM DENIALS

DATE: March 11, 2026

The Kentucky Department of Insurance (the "Department") is issuing this Bulletin to advise property and casualty insurers of the legal requirements and limitations that apply to cancellation, nonrenewal, and claim settlement actions based on issues discovered through the use of: (1) satellite imagery; and (2) aerial imagery.¹ At least eleven other states have issued regulatory guidance on the use of satellite or aerial imagery by insurers to support adverse action against insureds.²

Unfair claims settlement practices within the Commonwealth of Kentucky are described in Subtitle 12 of the Kentucky Insurance Code. Pursuant to KRS 304.12-230, it is an unfair claim settlement practice for an insurer to misrepresent pertinent facts that relate to the claim or coverage at issue, or to refuse to pay a claim without conducting a reasonable investigation based upon all available information.

Satellite images of insured property—by themselves—fail to capture "all available information" relevant to a claim and, therefore, cannot reasonably justify the denial of a property damage claim,

¹ "Satellite imagery" refers to images captured from a spaceborne platform, such as a satellite orbiting the Earth. "Aerial imagery" refers to images captured from an airborne platform, such as an aircraft or drone.

² States that have issued regulatory guidance regarding insurers' use of satellite or aerial imagery include Alabama, Connecticut, Delaware, Maine, Maryland, Massachusetts, Michigan, New Hampshire, Pennsylvania, Rhode Island, and West Virginia.

standing alone. Satellite images generally cannot provide a clear, up-to-date representation of insured property. Accordingly, satellite images, alone, are insufficient to justify a cancellation or nonrenewal pursuant to KRS 304.20-320 without further investigation. Thus, to remain compliant with the above-referenced statutory requirements, an insurer may not rely on satellite imagery as the **sole** basis for cancellation, nonrenewal, or claim denial. Furthermore, satellite imagery may not be used as a basis for cancellation or nonrenewal solely in conjunction with any reason identified in KRS 304.20-340 that also may not be used as a sole basis for cancellation or nonrenewal. While insurers may use satellite imagery as a tool to identify property degradation, damage, or other issues, insurers must conduct further investigation to validate any suspected issues discovered from the use of satellite data.

In contrast, insurers may generally use aerial images, such as images taken from a drone or aircraft, as a basis for cancellation, nonrenewal, or claim denial **if**: (1) the images are sufficiently clear to allow an individual to visualize the specific property conditions that are noncompliant with the insurer's underwriting guidelines; (2) the images are accompanied by a written summary which clearly identifies the specific property conditions that are noncompliant with the insurer's underwriting guidelines; and (3) the images contain a date stamp showing they were taken within the last 12 months. Aerial images of insured property that are low-resolution, out-of-focus, blurry, or dated cannot be used to justify a cancellation, nonrenewal, or claim denial.

Furthermore, both satellite and aerial images of a roof displaying streaking or discoloration are not sufficient to independently support cancellation, nonrenewal, or claim denial based on roof degradation.

An insured is entitled to review all satellite and aerial images relied upon by an insurer to support a cancellation, nonrenewal, or claim denial. Additionally, in the event of a complaint contesting any adverse insurer action, the insurer may be required to show independent confirmation of any issue discovered through the use of satellite imagery. As such, the Department encourages insurers to voluntarily share and communicate with insureds any satellite or aerial images that appear to identify issues with the property before cancelling or nonrenewing policies based on those images. Providing insureds with a reasonable opportunity to submit evidence that such images are unreliable or that repairs have been made to rectify conditions shown in the images may reduce the number of consumer disputes.

In addition to the above, insurers using artificial intelligence programs to enhance, interpret, or otherwise review satellite or aerial images should familiarize themselves with the requirements set forth in Bulletin 2024-02 regarding the use of artificial intelligence systems in insurance.

Questions regarding this Bulletin should be directed to the Consumer Protection Division by: Phone at (502)564-6034; Fax at (502)564-6090; or Email at DOI.ConsumerComplaints@ky.gov.


Sharon P. Clark, *Commissioner*
Kentucky Department of Insurance

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