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BULLETIN 25-03

To: All Companies Licensed or Authorized to Write Property Insurance in Tennessee

From: Carter Lawrence, Commissioner

Date: April 2, 2026

RE: Use of Aerial Imagery by Insurers

The Tennessee Department of Commerce and Insurance (the “Department”) has received inquiries related to insurers’ use of aerial imagery,¹ particularly regarding homeowners insurance. When used appropriately, aerial imagery can expedite claims handling and provide a safe way of evaluating property conditions. It may be especially useful after catastrophic weather events when claims adjusters are unable to safely reach areas impacted by severe weather.

While aerial imagery can provide benefits when used appropriately, its misuse can result in inaccurate decisions and consumer confusion. For example, aerial imagery can be misused if an insurer relies upon aerial images that are vague, outdated, show the wrong structure or property, or do not clearly show the current state of damage or disrepair. Accordingly, the Department issues this bulletin to remind insurers to use due diligence when utilizing aerial imagery and ensure that any action taken is based on accurate information. Specifically, insurers should be cognizant of the following when relying on aerial imagery to make important decisions regarding a policy such as nonrenewals, cancellations, underwriting², claims handling, and similar activities.

I. Aerial Imagery, if Used, should be Used as Only One Tool among Many

The Department does not seek to inhibit the use of aerial imagery. Insurers may employ this technology to evaluate a property’s condition. Insurers must be mindful, though, that aerial imagery, while useful, has its limitations and should not be the only information utilized in an insurer’s decision-making process. For example, aerial imagery that does not accurately reflect the

¹ As used in this Bulletin, “aerial imagery” refers to photographs, videos, or other visual data captured using satellites, aircraft, drones, or other aerial platforms, whether collected by the insurer or a third party.

² Tenn. Code Ann. §§ 56-5-103 and 56-8-104(7).

condition of a roof is not, standing alone, sufficient to indicate whether a roof must be replaced. If aerial imagery does not provide an accurate indication of the condition of a property with certainty, the insurer should work to obtain accurate, clear information, through a physical inspection or otherwise, to establish whether there is an issue with the property.³

II. Images as Part of Insurer Files

Aerial images are no different than other images or other supporting data used in making determinations for policyholders. As such, aerial images should be kept by insurers to the extent required by Tennessee laws or rules governing **insurers' recordkeeping practices**. **When an insurer's files are required by rule or law to be provided to a policyholder, upon request or otherwise, then aerial images should also be included as part of that information.**

The insurer should allow the homeowner to provide updated information or dispute the accuracy of the aerial imagery used. If a homeowner files a complaint with the Department, the Department and the homeowner will be entitled to view evidence relied upon by the insurer in making the determination.

Many consumer complaints are based on a lack of communication. Some of these complaints can be resolved or avoided when insurers communicate clearly with homeowners, allow homeowners an opportunity to review the evidence relied upon by the insurer, and give homeowners a reasonable opportunity to provide responsive information. Insurers are also expected to provide homeowners with a reasonable amount of time to make needed repairs before taking other action, such as nonrenewal or cancellation.

III. Insurers Should Consider the Age and Clarity of Aerial Imagery

As noted above, older aerial imagery may not accurately portray the current condition of property. Insurers should ensure that any aerial imagery used to inform a decision is accurate and consider the age of the imagery.

IV. Legal Considerations

Unfair claims settlement practices are described in Tenn. Code Ann. § 56-8-105 and apply to all persons engaged in the business of insurance in Tennessee.⁴ Under Tennessee law, it is an unfair claims practice for an insurer to fail to adopt and implement reasonable standards for the prompt

³ Tennessee law requires insurers adopt and implement reasonable standards for the prompt investigation and settlement of claims. Tenn. Code Ann. § 56-8-105(3).

⁴ Tenn. Code Ann. § 56-8-102(9).

investigation and settlement of claims arising under its policies.⁵ Aerial images of insured property that are low-resolution, out-of-focus, blurry, or outdated do not accurately represent the current condition of the property and therefore cannot, by themselves, reasonably justify the denial of a property damage claim nor be considered a reasonable standard to use when investigating and settling claims. Denying a claim based solely on unclear or imprecise aerial images that do not accurately reflect the current state of the subject property constitutes an unfair claims practice in violation of Tenn. Code Ann. § 56-8-105.

Similarly, it is an unfair claims practice for an insurer to fail to promptly provide a reasonable and accurate explanation of the basis for claims denials or offers to settle.⁶ Failure by an insurer to provide a policyholder with copies of any aerial imagery used as part of a decision to deny a claim or make a settlement offer constitutes an unfair claims practice in violation of Tenn. Code Ann. § 56-8-105.

Engaging in unfair claims practices may subject insurers to the penalties outlined in Tenn. Code Ann. §§ 56-8-109 or 56-2-305.

Any further questions regarding this bulletin should be directed to Will Kerby, Director of Insurance, at William.Kerby@tn.gov.

⁵ Tenn. Code Ann. § 56-8-105(3).

⁶ Tennessee law requires insurers promptly provide a reasonable and accurate explanation of the basis for claims denials or offers to settle. Tenn. Code Ann. § 56-8-105(12).