

Flight Risk

If Your Firm Uses Drones, Get Proper Coverage

IF YOUR company uses drones or plans to use them as part of your operations, you are faced with a unique set of risks that can leave you exposed to a variety of possible liabilities.

That's why it's important that you are properly insured to cover any legal liability in the event of property damage, bodily injury or other claims by third parties.

Your commercial property policy won't cover the claims and you'll need a policy that specifically covers commercial drones, particularly for the following:

Liability risks: If your drone crashes, you can face claims for property damage, bodily injuries and financial damages that occur in day-to-day drone operations.

And as drone operators face heavier regulation, they also face the potential of expensive liability claims.

Cyber risk: If hackers access your drone, they could take control of it and crash it into a ground object or aircraft. They can also intercept sensitive data that's being transmitted from the drone to the control station.

Invasion of privacy: Some of the biggest concerns about drones surround the right to privacy.

Using a drone to fly over someone's property with the intent to capture video, pictures or sound is an invasion of privacy under state law.

Coverage and costs

Liability coverage: This coverage is standard in drone insurance policies. It protects your business against legal liability for property damage or bodily injury caused by your company's drone. It also includes coverage for invasion-of-privacy lawsuits.

Coverage includes medical costs for injured parties as well as legal costs, including lawyer fees, settlements and judgments.

Commercial drone liability insurance is typically offered starting at \$500,000 per occurrence, but you can opt for higher coverage as well. Some policies may cover up to \$25 million per claim.

The cost of coverage will depend on a number of factors, like the type of work the drone is employed for, the experience of your drone pilot(s), the policy deductible, accident history and the

location where you'll be operating the drone.

Your insurance policy limits should be commensurate with your risks, and the higher your limits the higher the premium.

Physical damage coverage: Depending on your policy, it may also cover damage to the drone itself if it's damaged. If not, you can secure additional hull coverage that covers the full replacement cost of the drone, plus any attached equipment like cameras and other technology.

Hull coverage typically ranges from 8-12% of the replacement cost of your drone and its equipment. If you need \$10,000 in hull coverage, you'd be looking at additional premium of \$800 to \$1,200 per year.

Why Some Businesses Need Coverage

- The company SkyPan was sued by the Federal Aviation Administration for taking and publishing aerial drone photos over restricted areas. The company agreed to pay a \$200,000 fine.
- A California-based drone photography company was sued by a wedding guest who lost the use of her eye when a drone made contact with her face. A court upheld the right of the company's commercial liability insurer to refuse to defend the case since the policy excluded coverage of aircraft.

The takeaway

If your organization is starting to use drones for its operations, it's crucial that you secure drone liability insurance at a minimum. The ramifications for your business if your drone injures a third party can be devastating. ❖

**DOES YOUR BUSINESS NEED COVERAGE?
CALL US! 800-234-6787**

