

High-level protection



The sky's the limit for drones.
Are you covered?



Drone use on the rise – so are the risks

Drone use worldwide is literally soaring. Canada is among those countries where drone users, both private and commercial, have increased rapidly in recent years. In keeping with this trend, Zurich Canada introduced drone protection in 2015.

Canada's government is a leader in drone legislation. The government introduced an update to existing rules applying to recreational drones in March 2017, and revised regulations governing commercial drone use are expected to be unveiled soon.

It's easy to understand why Canada loves drones. Its vast, sparsely populated, rugged spaces and a wealth of natural resources make drones a safe, efficient option. It's cheaper to inspect property and infrastructure with a drone than a helicopter, and safer to deploy drones in remote wilderness sites.



Drones taking off in Canada

The number of certificates awarded to drone operators in Canada (typically for commercial use) underscore the growing trend: over 2,000 certificates were awarded to drone operators in 2015 up from fewer than 100 in 2010.

Zurich Canada's customers, and prospective customers for drone insurance, include those in industries like power generation, mining and construction, oil and gas service providers, municipal governments, port authorities, and insurance brokers.

More than just an expensive toy

Zurich Canada's drone package, developed with UK-based Global Aerospace Underwriting Managers Ltd., includes physical loss or damage cover to the drone and liability coverage should the drone cause harm to others. The policy is intended to cover the owner of the drone. It also offers additional coverage for losses as a result of malicious acts or acts of sabotage, such as someone hacking the drone's controls.



"Our primary concern with our customers and applicants is the experience and training of the pilots," according to Dave Swindells, Assistant Vice President Director, Marine, Zurich Canada. "Many customers believe a drone is simply an expensive toy that can be bought and flown without training. Not only does training provide the pilot with the skills to safely fly the unit, it also introduces and reinforces the rules and regulations that apply when flying a drone for commercial use."





Europe – a different market

Demand for insurance governing drones can vary markedly, depending on the country. And, the type of drones used also tends to be quite different from country to country.

Coverage needs also vary from country to country. In Germany, demand is increasing quite sharply for insurance coverage for private drones, given the likelihood that private homeowners need additional coverage. This is different in some other countries, for example, Switzerland, where private used drones up to a certain maximum take-off weight might be included in a homeowner's policy. "But in any case, it's important to see what your policy covers," says Vrsovsky. Drone owners should keep in mind not only damage to property that might be caused by drones, but also personal liability if, for example, a neighbor complains about flights over their garden. As one headline in Swiss newspaper '20 Minuten' recently put it: "Can I shoot down my neighbor's drone?"



"Unlike in Canada, where, for example, people using drones to survey pipelines in remote areas might need large craft, in Europe, we see fewer heavier drones. Insurance coverage in Europe typically focuses on small drones for private use or at most, for small business use," according to Sascha Vrsovsky, Head of Marine and Aviation in Zurich's Property & Casualty Underwriting team.



Latin America's evolving drone use

Drones are exceedingly popular in Latin America and used for a wide variety of purposes, including by authorities and fire fighters. They are extensively used in agriculture projects, including in Brazil, where drones have been used to fight pests that destroy soybean crops.

Drone use in Latin America is also becoming subject to tighter regulations. In 2015, Chile became the first country in the region to officially allow drone flights, introducing regulations governing recreational and commercial drones. Other Latin American countries have followed suit, including Colombia, which introduced very stringent rules that require civilian operators to be trained and to have liability insurance.

A new product in Colombia

Responding to market needs, Zurich Colombia is launching in May a product in that country that insures the drone and provides liability cover.

According to the team in Zurich Colombia, the global technological environment is evolving exponentially, and this includes increasing use of unmanned aircraft in agriculture, construction, security and many other industries.



Zurich Colombia has “always sought to help our customers understand and protect themselves from risks. We designed the UAV (unmanned aerial vehicle, or drone) product so we can help customers to ensure business plan continuity. In Colombia, our drone insurance can be marketed as a stand-alone product that will serve the increasing use for various professional activities,” the team members said in a joint statement.





Points to consider when insuring your drone

As with every great idea, sometimes things don't go exactly as planned. Just ask the drone expert who appeared on a television show to talk about drone safety and lost control of the craft. It swooped into a cameraman. Fortunately, the man wasn't injured. But the incident underscores the fact that even skilled operators may not always be able to guarantee drone safety.

Seven things to consider if you are operating a drone and thinking about getting insurance:

1. Not exactly an aircraft, but not exactly not one, either. What kind of insurance covers drones?

Drones fall in a gray area. They are property, like bicycles and cars, but also aircraft. They pose run-of-the-mill liability risks like thrown footballs and biting pets, but also more complicated sorts, such as aerial risks, and can lead to invasion-of-privacy claims. It makes sense before operating any drone to be very clear about what the risks are, and what kind of insurance covers them. The devil might be in the details. For example, some policies may cover outdoor flights but not indoor flights, etc.

2. Does the law require insurance for professional drone operators?

Check your local regulations. In some countries professional operators may need minimum liability cover. Very often customers of commercial drone pilots will require such coverage, and in addition, operators may have to apply to get a permit to use the drone commercially.

3. What if I'm not the operator? My company relies on external drones. Do I still need insurance?

Most likely a commercial general liability (CGL) policy will exclude aviation risks, including drones. Non-owned aviation coverage may be a solution. The external drone operator should have their own coverage and this should be extended to cover the company employing the drone service provider.

4. What do I need to keep in mind when I get a policy to cover drone use?

Make sure you read your policy and understand any conditions of flight that may limit coverage. When using a drone, among other things, be well-acquainted with safety procedures, take a responsible approach to maintenance, be sure to respect guidelines governing no-fly zones (for example, around airports), and respect people's privacy.

5. What if I have an accident?

Notify authorities and your insurer. Let the insurer inspect the damages before repairing or replacing your drone.

6. I'm just a hobby drone pilot. Do I need insurance?

Check your homeowner's insurance policy. Your insurance might already cover your drone, but it's important to check with your insurer. You also need to find out about personal liability coverage if your drone hurts someone, or damages property. In some countries, it might also depend on the weight of the drone.

7. Is drone insurance expensive?

That depends on the type and the extent of coverage. In any case, it might be worth the peace of mind knowing that if someone is injured or property damaged by a drone, protection is in place.

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