



## DRONE INSURANCE

Across the globe, drones are being used for law enforcement, public safety, agriculture, and more. But as drones expand into more commercial and private applications, will their owners be required to get insurance?

The short answer is, yes.

Unmanned aircraft systems (otherwise known as drones) are the fastest growing faction of the aviation industry, and one of the most dynamic across all business. A recent study forecasts that spending for small drones is expected to reach \$89.1 billion worldwide over the next decade.

But with new opportunity comes new liability.

The main liability concerns regarding drones is that of personal injury, property damage, and worker' compensation. Aircraft underwriters are currently exploring how to go about writing policies that cover these issues. They'll want to know specifics about the drone's particular purpose, its storage and usage policies, physical specs and more.

The other major concerns that insurance companies are considering is privacy. Earlier this year, a federal lawsuit was made against the Federal Aviation Administration (FAA), Arguing for citizens' privacy. Among other things, the suit demanded for citizens to be made aware if surveillance drones would be in the area. As these demands are being considered, the FAA has proposed new rules in the meantime to address such issues as height restrictions, operator certification and operational limits. In addition to self-imposed regulations, state laws are also being put in place to ensure privacy from drones, which could be equipped with high-powered cameras, infrared sensors, facial recognition, and license plate readers.

It's all new territory, so figuring out how to insure drone owners against such infractions a challenge. With the ability to capture tons of unsolicited information, LLL Insurance Services will have to be certain we understand how this information will be used by the entity operating the drones. Accidental collection of info - such as inadvertent eavesdropping on a private conversation - is another privacy concern for insurers to consider.

LLL Insurance Services  
P. O. Box 526357  
Salt Lake City, UT 84152-6357  
PH: 866-937-7037  
FX: 866-937-7010

Web: <http://www.LLLinsuranceservices.com>  
Email: [fdl@LLLinsuranceservices.com](mailto:fdl@LLLinsuranceservices.com)

F. D. Lindsey Associates  
P. O. Box 526357  
Salt Lake City, UT 84152-6357  
PH: 866-937-7037  
FX: 866-937-7010

Web: <http://www.fdlindseyassociates.com>  
Email: [fdl@fdlindseyassociates.com](mailto:fdl@fdlindseyassociates.com)

ART New World Insurance Services  
P. O. Box 526357  
Salt Lake City, UT 84152-6357  
PH: 866-937-7037  
FX: 866-937-7010

Web: <http://www.artnwinuranceservices.com>  
Email: [fdl@artnwinuranceservices.com](mailto:fdl@artnwinuranceservices.com)

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In a previous report we talked about the rise of self-driving cars, their inherent safety, and how it could cause auto insurance policies to plummet. The newfound need for insurance on drones, on the other hand, might make up the difference for insurance companies. Considering the speed at which these two industries are growing, LLL Insurance Services believe the rise of drone insurance and the fall of the auto insurance model may mirror one another.

Right now, drone usage is still in its infancy, but many businesses are recognizing the usefulness of these small flying robots. However, as commercial and government agencies begin creating their plans to use drones in their work, they should also be assessing the risks at hand and evaluating insurance coverage.

If drones are part of your future plans, contact our office about “Drone” insurance to satisfy your needs and requirements in this tomorrow word!

F. Darrell Lindsey



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PH: 866-937-7037  
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Email: [fdl@LLLinsuranceservices.com](mailto:fdl@LLLinsuranceservices.com)

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P. O. Box 526357  
Salt Lake City, UT 84152-6357  
PH: 866-937-7037  
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Email: [fdl@fdlindseyassociates.com](mailto:fdl@fdlindseyassociates.com)

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Salt Lake City, UT 84152-6357  
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FX: 866-937-7010

Web: <http://www.artnwinuranceservices.com>  
Email: [fdl@artnwinuranceservices.com](mailto:fdl@artnwinuranceservices.com)  
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