THE RISE OF DRONES

Right out of a 90s sci-fi film, drones are here and they are bridging the military gap and merging into the consumer market. Drones, UAVs, UASs, or any Remote Piloted System is a fast growing industry. With Amazon already testing and even advertising their new addition of prime air, a drone based delivery system promising packages within 30 minutes of ordering, it’s clear to see the future has arrived.

Those unfamiliar with the drone industry will either picture one of two things at the mention of drones; the intense military drones heard about on the nightly news or the newest featured piece of technology at a big box store. The drone’s rise in different sectors has given rise to many models and the advancement of drone technology. There are three common systems being used:

- Rotary Wing - Most commonly used for photography
- Fixed Wing - Most commonly used for longer duration and longer distance flight
- Vertical Take-off and Landing System (VTOL) - Uses rotary wings to take off like a helicopter and then transitions to fixed wing flight for longer journeys

There are many industry sectors that are currently using drones: Agriculture, energy, construction, law enforcement, aerial photography and mapping, and research and education and military. This already developed drone industry is expanding and the gap between military drones and commercials drones will close rapidly over the next 5 years. With Amazon’s new proposed delivery system the drone market has found a spot in the logistics industry and may reach into the insurance industry. Within the next few years, insurers could be using drones to survey property damage.

The advancement of drones has led to decreasing costs and weight of quality optical systems providing stabilized zoom, infrared, night vision, and 4K movie quality video and pictures. Also a decreasing cost of airframe systems with increasing flight reliability and capability plus better battery systems and power economy.

Estimates show that by 2024, the drone industry will be worth over $91 billion. There are concerns within this fast growing industry. Privacy is one of the biggest. The Federal Aviation Administration (FAA) has not finalized privacy regulations and has already seen backlash. In early April the Electronic Privacy Information Center (EPIC) filed a lawsuit against the FAA arguing that the agency should not have avoided proposing privacy protections with its initial set of drone regulation. A drone operator or company could just as easily be sued for breaching someone’s privacy.
Other concerns are persons operating the drone and proper maintenance. Licensed pilots and military trained drone operators are low risk otherwise the operator must be properly trained. Some drones are better than others but no matter the quality – modifying the drone will create problems. Proper maintenance is also very important to drone safety and reliability. The combination of operators, drone type, and drone maintenance can affect the potential for insurance coverage of the device.

Overwatch, a Division of Avalon Risk Management, specializes in risk management and provides the most comprehensive Drone Operator Coverage and Drone Manufacturing Coverage available in the market. The Remotely Piloted Aviation System (RPAS) Policy is specifically written to cover Drones, UAVs, UASs, or any Remote Piloted System.

Packages can be customized to include the below coverage often in a single policy:

- Third Party Liability
- Third Party Property Coverage - Payloads
- Hull Coverage
- Payload Coverage
- Ground Station System and Launch System Coverage
- Property Coverage during Transit/Movement
- Property Coverage for RPAS in storage
- War Risk

Overwatch is currently providing drone insurance to a growing number of commercial users across the USA. The coverage available in today’s market is competitively priced, valuable protection, and no business actively using a drone should be without this coverage.

For a quote contact Grant Goldsmith, Overwatch President, at (713) 343-0895 or ggoldsmith@avalonrisk.com. For more information on other products and services offered, visit www.Riskoverwatch.com.