



## Drones for Commercial Use

Few technology gadgets have the potential of the modern-day drone – potential for exciting, innovative uses, but also potential for risk. Known sometimes by its more descriptive name, quadcopter, or its official name, Unmanned Aircraft System (UAS), the drone continues to increase in popularity for both recreational and commercial purposes.

While today's drones may seem easy to operate, enjoying the benefits of this emerging technology is not nearly as simple as unboxing and launching your "eye in the sky". Business owners and purchasing agents who believe a drone might be a useful addition to their operations should weigh the risks and understand the regulations and requirements associated with commercial drone use.

### Know the Rules and Regulations

Drone regulations are in place to guard against invasions of privacy and potential safety issues like drone crashes or disruptions due to close encounters with other aircraft. Check with your locality or municipality to understand the applicable laws regarding the operation of your equipment – like height restrictions near an airport or privacy regulations that may restrict your use of any drone-sourced images of people who have not given their consent.

Additionally, as of February 19, 2016, all UAS owners are required to register with the Federal Aviation Administration (FAA) in order to operate outdoors. This applies to drones weighing more than 0.55 lbs. and less than 55 lbs. According to the FAA, this registration will allow UAS/drones to be traceable in the event of an incident. Individuals flying drones for recreation/hobby are able to register online; however, individuals or businesses using UAS for commercial purposes are currently required to register via a paper-based system that takes much longer to complete. The FAA states that they will transition this process to a web-based tool later in 2016.

In addition to registering as an owner, if you are using a UAS/drone for business purposes, you must obtain FAA approval. Most businesses gain this through a Section 333 Exemption, which typically takes at least 120 days to obtain. (*Update: Effective 8/29/2016, commercial use within the parameters of the Part 107 rules is allowed without a waiver.*)

### Train, Test, Repeat

Although the most common drones or quadcopters are "flight ready" out of the box, those who will operate your company's drone should spend a significant amount of time getting familiar with the controls. It is important to understand that the FAA considers drone operators to be pilots and they must be a licensed pilot holding, at minimum, a sport or recreational pilot certification. (*Update: Effective 8/29/16, commercial drone operators will no longer be required to hold a sport or recreational pilot license; they now only need to pass a written exam.*)

### Get Covered

Insurance for unmanned aircraft is still an evolving science. Coverage for drones has typically required an aviation policy, or costly surplus or excess lines. In June 2015, the Insurance Services Office (ISO) announced new liability endorsements that allow insurers to specifically include – or exclude — unmanned aircraft within commercial general liability (CGL) and commercial umbrella policies. Coverage types may include bodily injury, property damage and invasion of privacy claims.

### What's Coming?

The FAA is expected to release new UAS regulations later this year and many expect these regulations to be less burdensome than the current requirements. (*Update: The new Part 107 regulations became effective 8/29/2016.*)

The FAA is not the only place where action is being taken to impact the future of commercial drone flight. Last month, the Commercial UAS Modernization Act (H.R. 4433) was proposed in Congress. This bill proposes to loosen regulations for commercial use and creates a "micro drone" class for drones weighing 4.4 lbs. or less. Since the majority of people today are flying drones that would fall into this category, if this

bill passes (and that is a big IF), it would open the skies for many more opportunities. The bill is currently under consideration by the House Subcommittee on Aviation. You can check the bills status here: <https://www.congress.gov/bill/114th-congress/house-bill/4432/>

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For a company looking to get started in the drone world, it's important to fully understand the risks and requirements. Although it may seem daunting, it is possible to integrate drones at your company in a manner that will keep your employees safe while operating your company efficiently and in compliance. We have clients that are using low-cost drones to closely inspect rooftop equipment on manufacturing plants; to achieve fluid aerial shots for film and TV productions; and to keep a closer eye on construction sites.

If you are investigating using drones in your business, let us help you evaluate the risks to your enterprise and to suggest coverage that is appropriate.

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Call David at **615-224-2648** if you have questions or need additional assistance.