



Insurance providers investigate drone operation

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With the Federal Aviation Administration's recent launch of the unmanned aerial system (UAS) registration requirement, drone users — from hobbyists to businesses — are beginning to ask questions regarding the insurability of their miniature aircraft. Especially to keep up with the holiday rush, many insurance providers must scramble to clarify their coverage policies to account for drones and any related incidents that will undoubtedly occur.

But the insurance industry's focus on drones goes beyond how they will *insure* these devices. Instead, 2016 will likely be a year of determining how they will *operate* them.

In August 2005, Hurricane Katrina caused more than \$31 billion in insured property damage. From cars to homes to businesses, the catastrophe prompted an infiltration of natural disaster-related insurance claims that would take more than a decade to fulfill.

While battling the sheer volume of claims, insurers were unable to safely and timely send claims adjusters to many of the affected properties. When adjusters were able to evaluate the damage, often weeks or months after the destruction occurred, it was difficult to tell what caused much of the damage and how flood insurance versus homeowners insurance would be divided. With no power or cell phone service in many of these areas, communication was stunted, only contributing to delays.

While Katrina is an extreme example, it demonstrates some of the problems facing the insurance industry and how drones may be a high-tech solution to these issues. Especially in a post-disaster environment, using a drone to survey properties is a rapid and reliable alternative to the transitional claims process. Drones are able to fly to a location, take pictures or provide video footage of damage, and send detailed information to the insurance company investigating the claim. Drones eliminate the need for land transportation, electricity and an onsite employee, often reducing the time and expense incurred.

Insurance is just one of many industries exploring the benefits of drone operation for business purposes. But the future of commercial drone usage is uncertain. Could private unmanned aircraft interfere with disaster relief efforts? Could drones compromise the privacy and security of home and business owners and/or their neighbors? These are just a few of the questions being evaluated by executives and legislators — and consumers. And the conversation is likely just beginning.

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