

Insurance Insights

Insurance, drones and you.

Article 1 of 3 – An Introduction

In a series of upcoming articles, we will be providing:-

- a) An overview of drone regulations and rules;
- b) Licensing requirements for drone use;
- c) A summary of the potential liabilities and penalties;
- d) Information on what happens if injury is caused by an individual, state employee or commercial operator- does it make a difference?

Remotely Piloted Aircraft Systems (RPAS to CASA, drones to the rest of us) are becoming more and more common and used by, among many others, surf life savers, farmers, real estate developers, wedding photographers and children of all ages to make videos for commercial and recreational purposes. CASA and aviation regulators in the USA, UK and Europe, are trying to catch up with the technology. The insurance industry has responded with policies directly targeted for drone operators, including both first party and third party coverage.

What business owners who operate drones, either as their business or as an adjunct to it, and private recreational owners who just use their drones for fun, must be aware of is that unless they have such a purpose designed policy, or similar wording endorsed on their existing business or homeowner's policy, they are probably uninsured. That is because most, if not all, business and homeowners' policies exclude liability arising from or out of the use of vehicles, watercraft and aircraft. Despite looking like expensive toys, drones are considered aircraft, both by insurers and CASA.

CASA regulates drones under its own section of the *Civil Aviation Safety Regulations 1998 (the Regulations)*. The relevant section is Part 101. It is not the purpose of this note to provide a detailed summary of the Regulations (the CASA website has a good summary as well as links to the text of the Regulations themselves), but rather to address some basic insurance issues arising from drone use.

There are several areas of coverage that drone operators should look for:

1. First party physical damage coverage. This may or may not be worthwhile depending on the replacement cost of the drone and the amount of premium or deductible involved. Some policies also cover for loss of the electronic data held by the drone, such as images on the camera;

2. Third party personal injury and property damage. This is the key coverage, as claims can arise not only from direct contact with a wayward drone, but such events as horse riders thrown by a horse spooked by a low flying drone;
3. Thirty party invasion of privacy or trespassing, where no personal injury or property damage is involved but the drone operator is sued for invasion of privacy or trespass, including unauthorized use of images obtained with the drone.
4. Inquiry cover (rare) – this would provide for legal expenses incurred because of such public inquiries as Royal Commissions and inquests but not necessarily for CASA prosecutions for regulatory violations. Given the range of potential violations and the size of some of the potential penalties, this may be an area insurers might investigate to see if it could be sensibly underwritten at an affordable premium.

Conclusion

As noted above, generally none of the above are routinely included in a homeowner or commercial business policy and thus drone operators should confirm they have the appropriate coverage before the first flight.

This article was written by Special Counsel [Peter Axelrod](#) and Lawyer [Rosemary Blanden](#).

If you would like details on the implications of drone rules and regulations on your business, please contact us for further information.



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