



OVERWATCH

A DIVISION OF AVALON RISK MANAGEMENT

# Developing UAV Insurance and Risk Management Strategies

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# Why is Insurance and Risk Management Important to Growth

- Monetization requires Commercialization
- Commercialization depends on Insurability
- Insurability depends on meeting underwriting standards (Best Practices) to include but not limited to the minimum standards imposed by rules, laws and regulations (FAA)



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Why is UAV Insurance Hard to Get?

Is Unmanned Flight Safe?

What are the statistics telling us?

*How do people “feel” about it?*



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FEBRUARY 11, 2013

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# TIME



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BY LEV GROSSMAN



www.time.com

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# Popular Mechanics

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## Good Drone



## Bad Drone

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# What is the Public Perception?

**Safe and Manageable**



**Scary and Threatening**



**Whatever you do don't call it a "Drone". The term Drone has become synonymous with words like "Predator" and "Reaper"**



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# Basic Underwriting Concerns

- Legality/Authority (FAA Authorized or Not Subject to FAA Control)
- Flight Plans and Operational Uses
  - Airspace, Weather, Terrain, LOS or Beyond LOS, Night or Day, Populated Area
- Pilot or Ground Station Operator Training and Experience
  - Licensed Pilot, Military Trained, Manufacturer Trained, University Trained
- UAV System Predictability and Reliability
  - System Redundancies, Safety Measures, Performance History
- System Value, Hull Value, Payload Value
- Retention Levels, Deductibles
- Loss History



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# Risk Controls and Mitigation

- Formal Civilian Undergraduate and Certificate Training Programs
  - Universities offering UAV Aviation courses
  - Military Training and Experience
  - Certificate Training may become an entry level standard in the future
- Improving UAV flight safety
  - Ground station controls (Human Factors and Situational Awareness)
  - RTB autopilot, UAV Sensor Systems and Programming (sense and avoid)
  - Air space management procedures (Regulatory Policy)



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# Role of Insurance - Financing UAV Risk

- Availability of commercial insurance is key to the overall risk management process and ultimately commercialization
- If something is uninsurable then it is typically viewed as “High Risk” and potentially dangerous to the public
- Lack of UAV insurance products creates a “High Risk” perception that UAV operations are “Too Risky”
- Need to create insurance products to answer the demands of the users, regulatory bodies and the general public (liability)



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# UAV Insurance Going Forward

- There is a need for “real” insurance and not junk products that are too narrowly written to provide actual coverage for real accidents
- Group coverage should be sought when possible as this maximizes buying power and negotiating leverage on price and coverage



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# Creating and Modifying the Policies

- Coverage will have to be updated frequently to keep up with rapidly changing technology and improvements
- Insurance companies typically write a form and then stick to a wording – this won't work for this industry with the rapid changes



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# Your Input is Crucial

- Your input is very important – you understand the risks and are creating the necessary solutions that make UAV flight operations safer and ultimately easier to insure
- We appreciate any open source information that you would like to share with us or your specific requirements for insurance coverage



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## Contact Information

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