

Insurance Coverage for Drones

Whether we call them unmanned aerial vehicles, unmanned aerial systems or simply drones, there is no denying the proliferation of these devices. Aside from the hobbyists taking to the skies, there are countless businesses that offer drone photography for everything from real estate listings to weddings.

Drones provide valuable services, but also create risks. Insurance coverage is one tool to be used in mitigating these risks.

Our members have recognized the value that drones can bring to their operations, particularly for inspecting property boundaries, property damage or identifying potential hazards on their premises.

Consider the risks created by the operation of a drone.

A drone may strike a person or vehicle, causing bodily injury. It may crash into an object, including a building or utility line, and cause extensive property damage. The drone camera may record and transmit personal data or images, creating a breach of privacy.

Insurance Coverage

It is important to understand that the HOPA policy does **NOT** cover claims that arise from the use of drones. The policy contains the following exclusion:

Exclusions

This insurance does not apply under Insuring Agreements A1, A2, A3, B1, B2, C1 or C2 for or arising out of:

1. (d) (1) **bodily injury** or **property damage** arising out of the ownership, maintenance, use or operation, or entrustment to others by or on behalf of any **Insured** of:
 - (i) any aircraft; or
 - (ii) any air cushion vehicle.

It is critical to note that coverage is not only excluded when our member, through its employees, volunteers or others, is the one *operating* the drone.

Our members have found it cost effective to hire commercial operators to perform specific tasks using a drone. If that commercial operator causes loss or damage, the injured party might bring a claim against

our member, because the operator was acting for our member. The HOPA policy also would not respond in that instance to defend our member.

It is therefore imperative to be certain that anyone you hire to provide a service involving a drone has the proper insurance coverage, and that the insurance extends to cover you.

Contracting for Drone Services

When contracting with an operator to provide services with a drone, you should:

Ensure proper indemnification language is included in the contract.

Ensure that the operator has proper liability insurance coverage which specifically includes the use of drones. This includes coverage for bodily injury, property damage and breach of privacy. Make certain that your organization is added as an additional insured.

Consider the nature of the work that is being done, including the area in which the drone is being flown, when considering the policy limits to require.

Require proof that the operator is in full compliance with all Transport Canada requirements, including obtaining a Special Flight Operations Certificate where appropriate.

Know your operator. Ask about flight history and experience, training, business history and their policies for collection and retention of data from the drone operation.

The Wave of the Future

More and more insurers are expanding their product line to include drone coverage, so that insurance should be readily obtainable by any drone operator.

HOPA is pleased to answer questions from our members about contract specifications and insurance requirements any time they consider employing a drone.

If you have questions, or would like additional information please contact:

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