



DRONE USE IN THE CONSTRUCTION INDUSTRY

Commercial drone use in the construction arena continues to grow, which is no surprise in an industry where profit margins can be small and the number of competitors high. Despite their many applications and advantages, drones also present risks. Contractors that use this technology should comply with all local, state, and federal regulations and should ensure they are properly insured in the case of an accident.

The federal guidelines regulating drone use can be found at <http://www.faa.gov/uas/>. As of the time of writing this article, the certification process for commercial operators, flying a drone weighing 55 pounds or less, is as follows:

- STEP 1** Learn the rules found in Part 107
- STEP 2** Become FAA-Certified by passing the knowledge test
- STEP 3** Register the drone with the FAA

This relatively simple certification process, coupled with the reasonable price tags found on many drone models, can make it easy for contractors to utilize drones in their business without first confirming that they have adequate insurance coverage.

According to the International Risk Management Institute, Inc., drones present most of the same risks as other forms of aircraft, but on a smaller scale. For most commercial drone users, the most likely losses include:

- Injury or damage due to collision or interference with another aircraft
- Injury or damage to people or property on the ground
- Damage to the unmanned aircraft
- Violation of another's rights when flying over private property
- Unauthorized collection, use, or storage of data

QUESTIONS?

If you have questions about the risks associated with commercial drone use or about the insurance coverage options available in the marketplace, **please contact Cottingham & Butler.**

Standard commercial property and liability policies do not cover most of the events noted above, so unless other coverage has been purchased, companies that use drones to conduct business likely have uninsured exposures. To address this issue, endorsements can be added to an existing property policy to provide coverage for first-party property damage (damage to the drone itself) and to an existing general liability policy to provide third-party coverage (bodily injury or property damage suffered by another person). Alternatively, a standalone aviation policy can provide both first-party and third-party coverage. Oftentimes, a specific endorsement is required to provide coverage for privacy and data violation claims.