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‘Invasion of Privacy’ Tops List of Concerns Linked to Growing Commercial Drone Use

Survey of risk managers highlights rapidly evolving drones market

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When it comes to commercial drones usage, 61% of risk managers are concerned about the potential for invasion of privacy, according to a [2017 survey](#) conducted by [Munich Reinsurance America, Inc. \(Munich Re, US\)](#). Other concerns include inadequate insurance (15%), personal injury (15%) and property damage (9%).

In August 2016, the Federal Aviation Administration (FAA) issued operational [rules](#) that would allow for commercial use of unmanned aircraft systems (UAS) or drones in U.S. airspace for operators who complete a certification process. The FAA anticipates commercial drones’ sales to reach 2.7 million by 2020.

“With the [use of commercial drones](#) soaring, it is revolutionizing how many companies conduct and grow their businesses,” said Gerry Finley, Senior Vice President, Casualty Underwriting, Munich Re, US. “Drones can be used by farmers to monitor fields for pest management, or by an energy company to monitor a solar panel ‘farm.’ We may even see drones deliver packages for an online retailer on a daily basis. As the use of drone technology continues to evolve, the insurance industry will need to be prepared with innovative products and services to help its customers understand and manage the emerging property and liability risks involved.”

The majority of risk managers surveyed (62%) expect commercial drone usage to become common practice for businesses in less than five years – a significant increase from the 37% who believed this in [2015](#). Eleven percent of respondents consider drone usage already a common practice. Since approval of the FAA’s new operational rules last year, one in two (46%) risk managers would consider or explore the use of drones within their own businesses, and 7% are already using drones to conduct business.

“New FAA regulations have encouraged the commercial use of drones across a broad spectrum of industries,” said Tim Brockett, Senior Vice President, Reinsurance Division, Munich Re, US, “and more companies and public entities are exploring new, safe and cost effective ways to use drone technology. However, they may be at risk since most commercial insurance policies don’t cover or offer very limited liability protection for drones. We recently launched a [Drone Liability Endorsement](#) to help address this emerging market need.”

Methodology:

September 6, 2017

Page 2/2

The survey was conducted on-site at the Risk Management Society (RIMS) Annual Conference in Philadelphia, PA from April 24-25, 2017, and is intended to represent the views of 100 risk manager attendees who participated in the in-person interviews.

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