

Princeton, New Jersey, May 13, 2015
Press release

Drone use could soon become common practice for 40% of businesses, according to corporate risk managers surveyed by Munich Re.

Contact
Sharon Cooper
Tel.: +1 (609) 243-8821
scooper@munichreamerica.com

Munich Reinsurance America, Inc.
555 College Road East
Princeton, NJ 08543-5241

www.munichreamerica.com
http://twitter.com/munichre_US

In fewer than five years, the use of drones (unmanned aerial vehicles – UAVs) could become common practice for almost 40% of businesses, say corporate risk managers surveyed by Munich Re.

What is the greatest risk of using drones for business purposes? Sixty-nine percent of the risk managers surveyed said potential issues related to “invasion of privacy” were their biggest concern, followed by inadequate insurance (12%), personal injury (11%), and property damage (8%).

An estimated 30,000 commercial and civil drones could be circling the skies in the US by 2020, according to the Federal Aviation Administration (FAA). The Association for Unmanned Vehicle Systems International (AUVSI) estimates that between 2015 and 2025, the drone industry will create 100,000 jobs and contribute US\$ 82bn to the US economy.

“Businesses have set their sights on new applications for drones that could speed product delivery, monitor crops or capture claims data among dozens of others uses,” said Gerry Finley, Senior Vice President, Casualty Underwriting, Munich Reinsurance America, Inc. “Drones are also attracting the attention of public entities who view these ‘flying robots’ as a way to reduce some of the dangers law enforcement officers and other responders face. In some cases, drones will become a common aspect of an organization’s operations. However, there are technical, legal, regulatory and risk management issues associated with drone use that must be addressed over time.”

Forty-four percent of the risk managers surveyed believe their own companies would consider the use of drones if the FAA approves rules for UAVs, and 76% said they would invest in UAV-specific insurance coverage even if it was not required.

“The drone insurance market is still evolving,” Finley said, “as the industry looks at ways to provide coverage for businesses that offer drone services to other entities, or for traditional industry segments that own and operate drones as an incidental part of their operations. The Insurance Services Office (ISO) has released a series of optional endorsements to address some liability

May 13, 2015

Page 2/2

issues, but the lack of credible loss information remains a critical issue for insurers as they seek out the best solutions for this emerging exposure for their clients and the public.”

Methodology

Munich Re America’s 2015 Drone Survey was conducted on-site at the Risk and Insurance Management Society Conference (RIMS) in New Orleans, LA on April 27, 2015. It is intended to represent the sentiments of 100 risk manager attendees who participated through in-person interviews, and who were primarily from large and mid-size companies doing business in the US, Europe, Asia, Australia/Oceania and Africa.

Please click here for more survey information:

<http://www.munichre.com/us/property-casualty/press-news/press-releases/2015/150513-drones/index.html>

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2014, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.2bn on premium income of over €48bn. It operates in all lines of insurance, with over 43,000 employees throughout the world. With premium income of around €27bn from reinsurance alone, it is one of the world’s leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the leading insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2014, ERGO posted premium income of €18bn. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re’s global investments amounting to €227bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

Disclaimer

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

Princeton, NJ May 13, 2015
Munich Reinsurance America, Inc.
555 College Road East
Princeton, NJ 08543-5241
United States