



Strategic Products

Drones are about to make a big leap Are your policyholders covered?

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The drones market is experiencing substantial growth. With technological improvements and recent broadening of federal regulation, experts are predicting a significant expansion in commercial drone usage over the next 10 years. Drones will be used in a variety of applications and a number of different industry segments.

From commercial uses such as delivery, monitoring, photography, and security, to public uses like firefighting, law enforcement and infrastructure, drones are positioned to make a big difference in the day-to-day operations of the private and public sectors. With the widespread proliferation of this technology, Munich Re can help you provide customizable drone coverage that can help protect your customers against the unique exposures and liabilities that come with it.

Growing exposures

An operator flying a drone over private property may result in a lawsuit for trespassing, invasion of privacy or nuisance. Operators can lose control of a drone which may cause property damage and bodily injury. Potential mid-air collisions with infrastructure, other drones, and all manner of aircraft can open drone operators up to serious liability.

With drones' growing popularity, the need for protection against these exposures is considerable and increasing in demand.

Drones by the numbers



127 Billion dollars in market value for drone powered solutions¹



2.4 Million drones in use by the year 2022²



620 Thousand commercial drones will be shipped by the year 2022³



301 Thousand commercial drone pilots in 2022²

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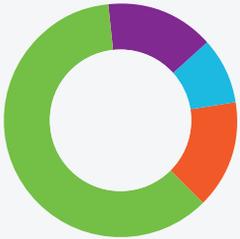
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Munich Re drones survey

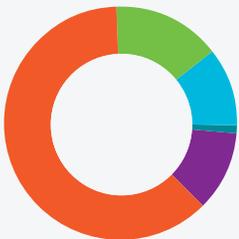
Which of the following do you think poses the greatest concern with the adoption of drones for commercial use?

- **61%** Invasion of privacy
- **15%** Inadequate insurance
- **15%** Personal injury
- **9%** Property damage



When do you think drone use will become common practice for businesses (>60% of US companies using drones)?

- **62%** Less than 5 years
- **15%** 5-10 years
- **11%** More than 10 years
- **11%** It's already common
- **1%** Never



The study was conducted on-site at the Risk and Insurance Management Society (RIMS) Conference in Phila, PA on April 21-27, 2017. It is intended to represent the sentiments of 100 risk manager attendees who participated through in-person interviews, primarily from large and mid-size companies.

Product overview

Because there are so many different ways that drones can be insured or excluded, we will work with you to develop a private-labeled, customized product offering based on your existing commercial lines policies and clients' needs.

Drone liability product

- Based on ISO's Limited Coverage Endorsements for Designated Unmanned Aircraft for the CGL and BOP policies
- Can also be tailored to meet client companies' needs and underlying policy terms
- Claims are handled by the client company

Option 1: Individually priced drones

- Ideal for classes that have occasional drone usage
- Limits up to \$1M
- Supplemental Application required

Option 2: Additional coverage

- Preferred for classes with high drone usage e.g. farms, contractors, photographers.
- Limits up to \$50k
- No separate application required for portfolio business subject to favorable responses to eligibility questions

Targeted insureds and underwriting eligibility

- Operations that utilize drones to support other sources of revenue
- To be used in accordance with the operational requirements of Federal Aviation Administration Rule 107
- Drone must be under 55 pounds

Sources

1. Price Waterhouse Cooper, "Clarity From Above: PwC Global Report on the Commercial Applications of Drone Technology," May 2016.
2. FAA, "Unmanned Aircraft Systems," March 2018
3. Interact Analysis, "Commercial Drones in 2022 - Our Predictions," September 2017

Client benefits

Our new Drone private-label coverage can help:

- Serve policyholders' needs and increase your perception as a valued partner
- Offer flexible coverage options to better suit the needs of your agents and policyholders
- Provide full-service implementation capability. Munich Re provides:
 - Necessary training, underwriting guidance, pricing and risk selection support
 - Reinsurance support (up to 100%) to help you serve this growing market without the added risk
 - Form development
 - Filings support
 - Ongoing product management
 - Systems support
 - Marketing and communications support
- Earn an attractive ceding commission