Drones Insurance Package

UAS – Unmanned Aircraft Systems
UAV – Unmanned Aerial Vehicle
“Zurich’s Canadian customers will be the first to have access to this unique insurance solution thanks to the sophisticated regulatory environment governing the use of drones in Canada.”

**Background Information**

While media attention around Unmanned Aircraft Systems (UAS) or Unmanned Aerial Vehicles (UAV), commonly referred to as “drones,” has largely focussed on military applications or infamous activity, the use of drones in the public and private sectors for reputable commercial use has been increasing. The Teal Group predicts that the global UAS/UAV market will almost double over the next 10 years to over USD $91 billion, largely driven by expanding civilian use.

Canadian regulations allow for accelerated use of commercial drones within Canada. This will permit customers across a range of industries take advantage of the risk mitigation and cost saving opportunities available through the use of drones.

Some of the many industries where drones have proven to be an efficient and effective risk management tool include: Oil & Gas, Mining, Security, Agriculture, Telecommunications and Media.

**About Zurich’s Policy**

Zurich offers risk management tools and modular insurance protection. The policy closes the gap in liability and property insurance for drones due to aviation exclusions in these policies.

**The Teal Group predicts:**

- Economic impact of USD $91 billion by 2024
- 70,000 jobs
- 175,000 UAS in commercial use by 2043

**Regulations**

According to Transport Canada, a drone can be operated commercially provided it weighs under 25 kilograms, is in the line of sight, is 8 kilometres from an airport, is 15.24 metres away from people, buildings, roads and carries liability insurance. If the drone weighs under 2 kilograms, it must be reported to Transport Canada.

**Risk Management Support**

- Risk insight and tools offered include online training for staff operating drones, updates on regulation and expert advice
- White paper on Operation & Support
- Drone Operator Regulation including Operator Safety Training Program
- Online Safety Training

**Product Overview**

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<tr>
<th>Coverage</th>
<th>Limits of Insurance</th>
<th>Deductible</th>
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<tbody>
<tr>
<td>Hull</td>
<td>- Standard coverage CDN$250,000 per UAV</td>
<td>5% of value for physical damage</td>
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<tr>
<td></td>
<td>- Can provide up to CDN$500,000 per UAV</td>
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<tr>
<td>Liability for bodily damage</td>
<td>- Standard coverage CDN$5,000,000 per occurrence</td>
<td></td>
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<tr>
<td>and property damage</td>
<td>- Can provide up to CDN$25,000,000 per occurrence</td>
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<th>Premium</th>
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<tr>
<td>Minimum Premium CDN$500</td>
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<tr>
<td>Typical Premium of CDN$1,500</td>
<td>for light commercial use</td>
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**Key Coverage Components**

**Property**

**Coverage:**
- Physical damage to scheduled aircraft
- Theft or other perils whilst on ground, in storage or transit
- Damage to ground equipment
- Damage following cyber risk

**Endorsements:**
- Carried electronics and permanent components “payload” (i.e., cameras & installed equipment)

**Claim Examples:**
- Loss of control, technical failure, operator error whilst in flight
- Total loss following impact of terrain or objects in flight
- UAV is hacked resulting in loss or damage to the aircraft or payload

**Key Exclusions:**
- Owned cargo
- Wear and tear
- Employee dishonesty

**Liability**

**Coverage:**
- Bodily injury and property damage liability

**Endorsements:**
- Premises liability
- Personal and advertising injury liability
- Write-back for war, riots, terrorism, confiscation, sabotage and unlawful seizure

**Claim Examples:**
- Bodily injury (BI) and property damage (PD) following impact with persons or third-party property
- Premises liability at locations used in connection with scheduled aircraft
- BI/PD while UAS is not in flight
- Medical expenses
- Publication of images obtained by UAS that slanders/violates personal privacy

**Key Exclusions:**
- Noise pollution
- Electromagnetic field (EMF)
- Sabotage
- Munitions

**Transport Canada guidelines**

Transport Canada has laid out very specific guidelines for how to obtain a Special Flight Operations Certificate (SFOC) for commercial drone operations where the weight of the drone exceeds 25 kg, or where the drone weighs between 2.1 kg and 25 kg but the operation can’t meet all the safety conditions for an SFOC exemption. This infographic was recreated from an official Transport Canada work, please refer to www.tc.gc.ca/SafetyFirst for more information.

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**Tips to fly safely**
- Fly during daylight and in good weather
- Always keep your aircraft in sight
- Respect the privacy of others
- Don’t fly close to airports, populated areas, near moving vehicles, or higher than 90 metres

**Decision Tree**

1. **I use my aircraft for work or research**
   - Yes
     - You don’t need permission, but you **do** have to fly safely
   - No
     - It weighs more than 35 kg
       - No
         - You don’t need permission, but you **must** meet the exemption requirements
       - Yes
         - It weighs more than 25 kg
           - Yes
             - You must apply for a Special Flight Operations Certificate
           - No
             - It weighs 2 kg or less
               - Yes
                 - You don’t need permission, but you must meet the exemption requirements
               - No
                 - I can meet the exemption requirements for UAVs between 2.1 kg and 25 kg
                   - Yes
                     - You can meet the exemption requirements for UAVs 2 kg or less
                   - No
                     - I can meet the exemption requirements for UAVs 2 kg or less

2. **You don’t need permission, but you **must** meet the exemption requirements and give**
   - Transport Canada:
     1. Contact information
     2. UAV model
     3. Description of operation
     4. Geographical boundaries of operation