

Insurance Europe comments accompanying its response to EC consultation on unmanned aircraft

Introduction

This paper complements Insurance Europe's response to the European Commission's 'public consultation on drones (unmanned aircraft) – technical standards for drones as a product and conditions for drone operations' questionnaire.

Insurance Europe supports the Commission's focus on drones, as we are convinced that drones offer huge potential for innovation in a wide variety of sectors, and will help to create a range of new jobs and businesses in Europe. As for the insurance sector specifically, Insurers' interest in drones spans from being a user of drones to providing risk cover solutions. Insurance products for drones are already on the market and tailored to meet the needs of drone manufacturers, distributors and users. At the same time, insurers make use of drones for risk management and claims assessment or processing. The use of drones by insurers and number of drone insurance products will likely grow in the future.

Against this background, Insurance Europe welcomes the Commission's efforts to develop a drone ecosystem in Europe. Furthermore, insurers support the aim of providing a uniform level of safety across the EU. Specifically, Insurance Europe calls upon the commission to provide a clear common framework on licensing, certification and authorisation, and classification by use and size at EU level and welcomes further consultation with industry in this regard.

Fragmented legislation impedes market growth

Insurance Europe believes that the current differences in legal situations for drones across member states impede market growth. In some Member States it is difficult for insurers to provide insurance for drone physical damage (a.k.a. hull) or product liability due to reasons ranging from the lack of information on the use of drones (i.e. insufficient statistics or loss records) to the lack of a clear common framework on elements such as registration or licensing, for example.

We therefore call for the development of a regulatory framework that provides clear common basic principles, especially in some key areas, such as licensing and certifications. Likewise, insurers would welcome clarity on the differentiation between and clear definitions of commercial vs. private or recreational use.

This regulatory framework must be developed in close cooperation with all the relevant stakeholders. Any EU legislation in this area should adequately consider existing national regulatory frameworks as well as international developments, both those specific to drones and those relating to aviation.

The European insurance industry would welcome a unified approach towards the:

- *Standardisation of licensing requirements, certifications and authorisations*

The human factor in drone operations is a vital calculation for the insurer. The experience of the drone operator and the licensing or training procedures they have completed before piloting drones provide insurers with vital information about the user's risk-profile. Insurers would therefore be supportive of a standardised licensing requirement that would require all drone operators to have a basic knowledge of the legal framework and would demonstrate a base level of competence to operate the drone.



In addition, insurers support a standardised approach to the certification and/or quality assurance of drones in the EU.

Lastly, different drone operations require different skillsets and entail different risks. Many high-risk or cross-border drone operations may require prior authorisation, so insurers would therefore be supportive of a standardised approach to authorisations.

- *Differentiation between and clear definitions of commercial and private/recreational use of drones*

Insurance Europe is in favour of a differentiation between drones used for commercial activities and drones used for private/recreational use. The risk-profile of the two different activities can vary greatly and the two activities should be treated according to the risk involved. To support such a differentiation, clear definitions of commercial and private/recreational activities are required. Insurance Europe therefore supports the differentiation between 'open' and 'specific' proposed by EASA Opinion No 01/2018.

Furthermore, a Europe-wide registration scheme of drones, or tracking or monitoring technology fitted to drones could also help EASA to keep the boundaries clear between commercial and recreational operations.

- *Differentiation between and clear definitions for drones depending on their size and weight (eg model airplanes vs drones).*

A unified approach to the licensing of operators, identifying the different types and sizes of drones as well as the range of intended uses of these systems, would allow insurers to have a clearer understanding of the market's effective potential size as well as to play a role of reference for the operators. Insurance Europe therefore welcomes the extension of competence for the regulation of civil drones of less than 150 kg to the EU. Further to the point, we believe that there should be a materiality threshold, so that devices weighing less than 250g should be considered as toys. The European insurance industry also welcomes weight classifications of drones and believe the classifications will assist consumers' understanding of the insurance they must take out. In addition, Insurance Europe supports provisions that allow activities conducted within model aircraft clubs and associations to be granted special permissions.

Privacy and security concerns

With respect to privacy and security concerns related to drones, and proposed solutions such as airspace restrictions or 'no-fly-zones', Insurance Europe welcomes flexibility at Member State level. Insurers see potential in making use of drones to assess damage or post-disaster scenarios that would potentially necessitate flying a drone into a restricted airspace to assess the damage. As outlined above, a standardised procedure for drone operators to obtain authorisation to fly drones into certain areas is welcomed.

Often, infractions with flying regulations for drones arise due to lack of knowledge or familiarity on the part of the drone operator. Specifically, individuals using drones may be unaware that there are laws governing the use of their equipment. Insurers are therefore in favour of clarity facing consumers. A useful example or case-study can be found in the UK where all drones (over 250g) purchased must be first registered, and when registering users must take an online safety test. Questions concerning privacy could be added to such a test.