

# Arkansas Insurance Department

## NEWS RELEASE

*Allen Kerr  
Insurance Commissioner*



**FOR IMMEDIATE RELEASE**

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## **CONSUMER ALERT: Drone Insurance**

*Popular gift presents “critical insurance issue;” Now requires FAA registration*

**LITTLE ROCK** – Arkansas Insurance Commissioner Allen Kerr today released the following statement alerting Arkansas consumers about the “critical insurance issue” that drone purchases and gifts present during the holiday season, and a reminder that drones must be registered with the Federal Aviation Administration beginning Monday, December 21:

“Drones are a popular gift during the holiday season. Whether they are being used for personal or commercial purposes, there are a number of critical insurance issues to consider that include personal injury, property damage, or privacy. Obtaining insurance for your drone for personal use isn't difficult. I encourage Arkansans purchasing or receiving the gift of a drone to discuss coverage needs with their local insurance agent.”

Drones are defined as remotely piloted aircraft systems and are also known as unmanned air vehicles (UAVs). According to the Federal Aviation Administration (FAA) pilots of unmanned aircrafts have the same responsibility to fly safely as manned aircraft pilots. The FAA estimates that 1.6 million small unmanned aircraft will be sold in 2015.

Effective December 21, 2015, the FAA will require the registration of new drones before their first flight. Registration is free until January 20, 2016, when a \$5 fee will be charged. In addition to FAA regulations, state and municipalities may have their own laws regarding drone use. Before you take flight, first check local, state and federal laws.

With some drones weighing up to 55 pounds, a fall from the sky can cause significant damage to property or bystanders. The FAA has issued the following guidelines for drone pilots:

- Don't fly higher than 400 feet and stay clear of surrounding obstacles.
- Keep the aircraft in sight at all times.
- Stay away from manned aircraft operations.
- Don't fly within five miles of an airport unless you contact the airport and control tower before flying.
- Avoid flying near people or stadiums.
- Don't fly an aircraft that weighs more than 55 pounds.
- Use caution when flying your unmanned aircraft.

## Insurance Tips

Since drones are operated remotely, there's no risk to passengers or crew. However, drones present a significant risk to property and life on the ground in the event of an accident. Losses and damages could involve bodily injury to humans and animals as well as buildings and other structures. Commissioner Kerr offers the following insurance tips for drone owners:

- Using a private drone as a hobby is generally covered under a homeowners insurance policy (subject to a deductible) which typically covers radio-controlled model aircraft. This also applies to a renter's insurance policy.
- Look at the contents section of your policy, or talk to your agent to see if your drone will be covered if it is lost, stolen or damaged.
- If your drone falls onto your car, damage to your car may be covered if you have a comprehensive coverage auto policy.
- A larger concern is liability for an accident caused by your drone. If your drone crashes into someone else's vehicle or a person, the accident is your responsibility.
- If you have a homeowners or renter's policy, generally the policy will cover liability for an accident caused by your drone. Check with your agent or insurer to verify your policy contains this important coverage.

Commissioner Kerr also reminds owners of the privacy concerns surrounding drone use. In Arkansas, Act 293 of 2015 prohibits the use of drones for voyeurism, while Act 1019 of 2015 prohibits the use of drones to collect information about critical infrastructure without consent. Drones may unintentionally capture images during routine and unrelated flights. Insurers are developing policies to cover these liability exposures, so keep in touch with your insurer to make sure your use remains covered.

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