

CSURMA Launches New Coverage Program for Unmanned Aerial Vehicles (UAVs aka: “Drones”)

July 14, 2014

Unmanned Aerial Vehicles (aka: Drones) have been in the news, and continue to raise issues of liability. While the Federal Aviation Administration (FAA) is developing regulations regarding commercial usage, and is beginning to roll out guidelines, the FAA has not been able to keep up with the popularity and creative uses of drones, let alone implement regulations regarding its operation by private individuals, or commercial applications by enterprising firms, nor for public entities who use drones in law enforcement, search & rescue activities, and aerial surveillance. Depending on the type, usage, air space, operator experience, purpose, and locale, drones pose substantial risks of injury to persons and property. Issues of privacy invasion are also of concern.

Many colleges and universities operate drones for academic instruction and research, including the CSU. CSURMA surveyed all CSU campuses and auxiliary organizations regarding the ownership and operation of drones. The survey identified uses by CSURMA members involving academic research in agriculture, archaeology, earth sciences, marine mammal aerial surveys, wireless technology development projects, etc.; instructional uses such as film, television and entertainment videography, robotics guidance and navigation, student projects; and for competitions, demonstrations, graduation ceremonies, and sports events, among other uses. Additionally, some engineering schools design and test drone prototypes. The responses also unveiled a need to provide special insurance to cover Aviation Liability with an option to include aircraft “hull” for damage to, or loss of, the drone itself.

The CSURMA Board of Directors approved an amendment to the Liability Memorandum of Coverage to cover small drones owned and operated by the University. AORMA approved a similar amendment to cover the auxiliary organizations. CSURMA coverage is limited to drones up to one hundred pounds maximum take-off weight (100lbs MTOW) including all onboard equipment and fuel. For these smaller drones, CSURMA will cover up to \$20 million in liability limits. And as respect the campuses, liability coverage is subject to the campus deductible. The amendments are effective July 1, 2014 and apply to liability only; i.e., there no coverage for hull.

Because of significant risks to the University and its Auxiliary Organizations, CSURMA is also making available special Aviation Liability & Hull insurance for drones. The insurance is provided by a specialty aviation insurance carrier. Current coverage terms and costs are displayed in the attachment.

For questions, or to obtain a proposal for insurance, please complete the attached Application and return to your Program Administrator: Rob Leong (rleong@alliant.com 415-403-1441) or Mimi Long (mlong@alliant.com 415-403-1423).