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Guidance on Insurance Requirements for UAS Operations

1. Change Record

Date	Issue	Revision Description
25.11.2021	1	Initial publication.

2. References

- Regulation (EC) 785/2004¹
- Regulation (EU) 2018/1139²
- Regulation (EU) 2019/947³

3. Purpose

The purpose of this guidance document is to provide guidance on insurance requirements for UAS operations.

4. Definitions

For the purposes of this guidance document, the definitions in Regulation (EC) 785/2004, Regulation (EU) 2018/1139 & Regulation (EU) 2019/947 apply.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32004R0785>

² https://www.easa.europa.eu/sites/default/files/dfu/Easy_Access_Rules_for_the_Basic_Regulation.pdf

³ <https://www.easa.europa.eu/sites/default/files/dfu/Easy%20Access%20Rules%20for%20Unmanned%20Aircraft%20Systems%20%28Revision%20from%20September%202021%29.pdf>

5. Requirements

5.1. Introduction

Reg (EC) 785/2004 on insurance requirements for air carriers and aircraft operators applies to all aircraft including UAS. It establishes minimum insurance requirements in respect of passengers, baggage, cargo and third parties.

The majority of UAS Operators are only concerned with the third-party requirements. Therefore, this guidance document will focus on third-party insurance requirements only. For UAS deliveries, Urban Air Mobility (UAM), and other UAS operations handling passengers, baggage, and cargo, please refer to the regulation for passenger, baggage, and cargo requirements.

5.2. Insured risks

Reg (EC) 785/2004 Recital (14) *“... Regarding third parties, insurance should include cover for death, personal injury and damage to property caused by accidents”*.

Reg (EC) 785/2004 Article 4.1 *“... The insured risks shall include acts of war, terrorism, hijacking, acts of sabotage, unlawful seizure of aircraft and civil commotion”*.

5.3. Exemptions

5.3.1. Recreational UAS under 20 kg.

Reg (EC) 785/2004 Article 2 (b) exempts *“model aircraft with an MTOM of less than 20 kg”*. Model aircraft can be taken to mean UAS intended for sport or recreational use only. All other UAS operations fall under the scope of the regulations and operators should obtain the necessary insurance before commencing any operation.

5.3.2. Non-Commercial UAS under 500 kg with respect to War & Terrorism Cover

Reg (EC) 785/2004 Article 2 (g) exempts *“aircraft ... with a MTOM of less than 500 kg ... which are used for non-commercial purposes ... in so far as the insurance obligations ... relating to the risks of war and terrorism are concerned”*.

5.4. Required Insurance.

In respect of third-party liability, you should have minimum cover per accident, for each UAS as per the table below:

Category	MTOM (kg)	Minimum insurance (million SDRs)
1	< 500	0,75
2	< 1 000	1,5
3	< 2 700	3
4	< 6 000	7
5	< 12 000	18
6	< 25 000	80
7	< 50 000	150
8	< 200 000	300
9	< 500 000	500
10	≥ 500 000	700

5.5. Special Drawing Right (SDR)

‘SDR’ means a Special Drawing Right as defined by the International Monetary Fund (IMF).⁴ It serves as the unit of account of the IMF and other international organisations. Most currency converters will allow conversion to and from SDR⁵

The regulation also sets out how it intends to deal with policies that are written in the aggregate. It can be an insurance industry ‘normal’ to issue policies on an aggregate basis.

⁴ <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>

⁵ <https://www.xe.com/currencyconverter/convert/?Amount=1&From=XDR&To=EUR>

5.6. Combined Single Limit

Many operators choose to purchase insurance on a combined single limit basis. When doing so they should ensure that the amount covers requirements identified above.

6. Compliance

An operator should supply evidence of the required insurance cover when applying for an operational authorisation.

If an operator fails to maintain adequate insurance cover as in line with the regulation, the IAA may suspend or revoke that operator's operational authorisations.