

Product: Commercial Unmanned Aerial Systems

Manufacturer Information
<p>Product information</p> <p>This is a Commercial Unmanned Aircraft Systems (UAS) insurance product which provides cover for the potential risks arising from ownership or operation of UAS. Insurance provides cover whilst the UAS is in flight, on the ground or in transit. The product provides coverage to customers in connection with business and commercial activities utilising the UAS, during the policy period. In addition, coverage for detachable or non-detachable payloads and physical loss of or damage to UAS spares and ground equipment is available under the policy.</p> <p>There is also the option to buy third party liability coverage, for bodily injury and property damage to third parties, premises liability, invasion of privacy, noise liability and war / related perils.</p> <p>Under this UAS product, cover can be provided for multiple UAS's under a single policy for named UAS Operators. The policy specifies the extent of cover for UAS Spares and detachable/non-detachable payloads (e.g. cameras, thermal imaging equipment, etc.)</p> <p>Coverage provided by the product includes, but is not limited to (and subject to policy terms, conditions and exclusions):</p> <ul style="list-style-type: none"> • Physical loss or damage to UAS including theft: physical loss or damage to the UAS, including theft, arising from activities covered whilst in flight, on the ground or in transit. • Physical loss of or damage to UAS Spares including theft: physical loss of or damage to UAS spares (equipment (to be) fitted or forming part of UAS including ancillary equipment and ground control station), including theft and arising from activities covered. • Legal liability to third parties: <ul style="list-style-type: none"> - Bodily injury and/or property damage: arising out of use of the UAS for activities covered; - Invasion of privacy: liability for data collected by the UAS that is made available to third parties without consent, in breach of confidentiality, rights to privacy, laws and regulations; - Noise liability: covering claims for bodily injury or property damage arising from the noise of a UAS while in flight; - War and related perils: covering claims arising from war, strikes, malicious acts, terrorism and hi-jack <p>Optional additional covers / extensions include but are not limited to:</p> <ul style="list-style-type: none"> • Strikes, Malicious Acts and Hi-jack Coverage • Alternative Hire Costs • Liability to UAS Operators • Chemical Legal Liability • Cargo Legal Liability • Cyber Extension: loss of digital assets • Geographical Areas extensions <p>Coverage is available on a Worldwide basis excluding the territories specifically noted in the policy wording / schedule.</p>
<p>Target market</p> <p>This product is specifically designed for commercial organisations that own or operate drones/UAS as part of their business activities. It provides comprehensive cover for physical loss, liability, and optional extensions tailored to the unique risks of UAS operations. Key characteristics include:</p> <p>(1) Business Size & Type:</p> <ul style="list-style-type: none"> - Primarily micro-enterprises and SMEs, but also suitable for larger commercial entities. - Typical customers include businesses engaged in: <ol style="list-style-type: none"> a) Aerial survey and mapping. b) Photography and videography. c) Cargo carriage and delivery services. d) Infrastructure inspection and monitoring.



(2) Insurance Profile:

- Core coverage includes:
 - a) Physical loss or damage to UAS (including theft) while in flight, on the ground, or in transit.
 - b) Cover for detachable/non-detachable payloads (e.g., cameras, sensors).
 - c) Loss or damage to UAS spares and ground control equipment.
 - d) Third-party liability for bodily injury, property damage, invasion of privacy, and noise liability.
- Optional extensions: War and related perils, malicious acts, cyber risk, cargo liability, and alternative hire costs.
- Policies can cover multiple UAS units (up to 100) under a single schedule.

(3) Customer Needs & Behaviours:

- Businesses seeking:
 - a) Risk protection for high-value equipment and payloads.
 - b) Compliance with aviation regulations and contractual requirements.
- Likely to value:
 - a) Worldwide coverage (excluding prohibited territories).
 - b) Flexibility to tailor cover for specialist operations and add optional extensions.
- Customers typically engage aviation specialist brokers and expect clear guidance on technical coverage.

(4) Geographic Scope:

- Distributed globally where Lloyd's is licensed, including UK, EEA, and selected international markets.

(5) Distribution Channel:

- Sold via Coverholders, Lineslips, and Open Market placements.
- Through both advised and non-advised sales processes by regulated brokers with expertise in aviation/UAS risks.

(6) Circumstances Where Product Delivers Greatest Value:

- For businesses operating UAS in:
 - a) Commercial environments where equipment loss or liability claims could cause significant financial impact.
 - b) Situations requiring specialist cover for privacy, cyber, or cargo risks.
- Particularly valuable for: Organisations using UAS for critical operations such as infrastructure inspection or aerial mapping.

This product appeals to commercial organisations that rely on UAS for operational efficiency and innovation, offering comprehensive, flexible cover for physical loss, liability, and specialist risks.

Types of customers for whom the product would be unsuitable

The Commercial UAS product is designed for businesses operating drones as part of their commercial and business activities. It would not be suitable for:

(1) Private Individuals

- Hobbyists or recreational drone users.
- This product is strictly for commercial and business use, not personal or leisure purposes.

(2) Customers Operating in Excluded Jurisdictions

- Businesses located or operating UAS in prohibited territories as listed in the policy wording.
- Cover cannot be provided where Lloyd's is not licensed.

(3) Customers Engaging in Prohibited Activities

- UAS used for:
 - a) Airshows or air racing.
 - b) Activities outside manufacturer guidelines (e.g., unsafe take-off/landing practices).
- Operations involving illegal activities or non-compliant flight practices.

(4) Customers Expecting Comprehensive Aviation Cover

- Businesses seeking:
 - a) Broader aviation liability beyond liability arising from the operation of the UAS and public liability on the premises of operation.



b) Cover for risks unrelated to drone use (e.g., employee injury).

The product is not appropriate for private individuals, customers operating in excluded territories, those engaging in prohibited activities, or businesses requiring cover beyond the company's appetite or for non-UAS risks. It is designed as a specialist solution for commercial organisations managing operational and liability risks associated with UAS.

Any notable exclusions or circumstances where the product will not respond

The key exclusions, limits of liability and excesses are summarised below. Summaries provided are no substitute for actual policy language and definitions.

Exclusions (including but not limited to):

- Wear and tear / depreciation
- Defect, malfunction, breakdown or failure inside a unit, that being a part or an assembly of parts with an assigned overhaul life
- Loss or damage to engine units caused by ingestion of stones, grit, dust, sand, ice or other corrosive or abrasive material causing progressive or cumulative engine damage
- Damage caused by rot, fungus, mould, vermin, dryness, humidity, seepage, pollution and other related perils
- Depreciation in value
- Theft, unless occurring through violent and forcible entry to a secured building, container or motor vehicle;
- Loss or damage whilst a UAS is being used for an illegal activity, at an air show, whilst air racing, or for any other activity not covered under the policy
- Losses in transit whilst not packed according to manufacturer guidelines
- Losses due to take-off or landing outside of recommendations laid out by the UAS manufacturer
- Failure to take due care, or maintain and operate within manufacturer guidelines
- Loss or damage caused by maintenance, repair, modification and similar processes
- Losses attributed to nuclear material, contamination or detonation
- Losses or damage that occurs in named territories
- Losses caused by cyber incidents
- Claims relating to cargo

Limits of liability:

Each section of cover, additional extra(s) and/or extension(s) will be offered with their own limit of liability (and sub-limits where applicable), as requested by the customer to reflect their exposure to risk, and as stated in the policy schedule.

Excesses

Each section of cover, additional extra(s) and/or extension(s) will be offered with their own applicable excesses and stated in the policy schedule.

Other information which may be relevant to distributors

This product should be sold in line with FCA regulations and can only be sold by a regulated insurance distributor.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via telephone, electronic communications or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

This product can be sold with or without advice in line with FCA regulations or local regulations if the distributor is regulated outside of the UK.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including

commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

Commission & Fees

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	May 2026
Expected date of next assessment	May 2027