# Product: UAS Pay-As-You-Go

## Manufacturer Information

### Product information

This is an Unmanned Aircraft System (UAS) insurance product which provides cover for the potential risks arising from ownership of UAS, whilst the UAS is in flight on days selected and booked, on the ground or in transit by insured or the UAS operator, in connection with business and commercial activities during the Policy period. For purposes of this insurance product UAS includes payload (detachable or non-detachable). Cover also includes physical loss of or damage to UAS spares.

There is also the option to buy a Liability Only version of the UAS product which provides cover for the potential liability to others arising from the use of the UAS in connection with business and commercial activities during the Policy period.

This product is a 'pay as you go' product allowing prospective insureds the option to purchase a full annual commercial drone operators policy or the option to purchase an annual out of flight theft and accidental damage policy with the option to purchase in-flight days as required by the needs of the business.

There are 3 variations of the product available:

1. Pay as you Fly + - include 30 days comprehensive in-flight cover plus annual out of flight theft and accidental damage cover for all equipment with the option to purchase additional 'in-flight' days. This allows for 7 flying days to be rolled over on renewal however there is no provision for refund on these days if the policy is cancelled or non-renewed by the policyholder.
2. Annual Drone Insurance - annual comprehensive commercial drone insurance policy.
3. Third Party Liability Only - Fully flexible third public liability cover for accidental damage to property, or to a member of the public, whilst the insured drone is in flight and being operated commercially

Optional additional covers include:

- UAS Operators Indemnity
- Liability to UAS Operators
- Cyber Extension - Loss of digital assets up to £10,000
- Alternative hire costs of a maximum period of 30 days hire or when hire costs reach £1,000
- Buy additional insured flying days (In-Flight Cover)

Policies can either be paid at the time of purchase of there is also the option of interest free Direct Debit.

There is a premium cap, so no matter how many days flown the customer never pays more than the annual drone insurance premium quoted for the same risk. There is the option to cancel booked days and receive a credit if the customer can't fly, plus the customer can rollover up to 7 unused in-flight days at renewal.

Policy can be accessed on-line 24/7 from a Smartphone, PC or Laptop.

### Target market

This product is specifically designed for UK-based commercial organisations that own or operate drones (Unmanned Aircraft Systems – UAS) as part of their business activities. It offers flexible, on-demand insurance for flight days, combined with comprehensive ground cover, catering to businesses that value cost control and operational flexibility. Key characteristics include:

(1) Business Size & Type:
- Micro enterprises, small businesses, and mid-sized commercial entities operating in the UK.
- Typical customers include:
  (a) Aerial survey and mapping companies.
  (b) Photography and videography businesses.

(c) Infrastructure inspection and monitoring services.
(d) Cargo carriage operators using drones for commercial purposes.

(2) Insurance Profile:
- Core coverages:
(a) Pay-As-You-Fly+: 30 insured flying days with annual ground cover for equipment, plus option to purchase additional flight days.
(b) Annual Drone Insurance: Full annual cover for flight and ground risks.
(c) Liability-Only: Flexible third-party liability cover for bodily injury and property damage during flight.
- All variations include:
(a) Noise liability, invasion of privacy, and public liability.
(b) Worldwide cover (excluding USA and sanctioned countries).
(c) Multi-drone fleet cover and multiple operators.
- Optional extensions: Cyber risk, UAS operator indemnity, alternative hire costs, and chemical liability.

(3) Customer Needs & Behaviours:
- Customers seeking:
(a) Cost-effective, flexible cover aligned with actual flying activity.
(b) Ability to add or cancel flight days easily and rollover unused days at renewal.
- Likely to value:
(a) Digital self-service platform for booking flight days and managing cover.
(b) Transparent pricing with a premium cap ensuring no overpayment compared to annual policy.
- Customers typically prefer non-advised, online purchase journeys supported by FAQs and guidance tools.

(4) Geographic Scope:
- UK-only distribution, covering operations where required subject to the excluded territories

(5) Distribution Channel:
- Sold via digital platform (FlyCovered) under TMK delegated authority.
- Non-advised sales process with clear eligibility checks and customer guidance.
- Short distribution chain: TMK → Product Partner (Covered Insurance Services).

(6) Circumstances Where Product Delivers Greatest Value:
- For businesses:
(a) With variable flying schedules that do not justify full annual flight cover.
(b) Seeking flexibility to scale cover up or down based on operational needs.
- Particularly valuable for:
(a) Organisations using drones for project-based work or seasonal operations.
(b) Customers who want predictable costs and the ability to cancel unused flight days.

This product appeals to commercial drone operators who prioritise flexibility, affordability, and digital convenience, offering tailored cover for flight and ground risks without committing to a full annual premium.

## Types of customer for whom the product would be unsuitable

- The UAS Pay-As-You-Go product is designed for UK-based commercial and business drone operators who require flexible, on-demand cover for flight and ground risks. It would not be suitable for:

(1) Private Individuals or Hobbyists
- Those operating drones for personal or recreational purposes.
- The product is strictly for business and commercial activities, not leisure use.

(2) Customers Operating in Excluded Jurisdictions
- Entities flying drones in sanctioned territories or excluded territories.

- Cover cannot be provided where Lloyd's is not licensed or where regulatory restrictions apply.

(3) Customers Engaging in Prohibited Activities
- UAS used for:
(a) Airshows, air racing, or illegal activities.
(b) Operations outside manufacturer guidelines (e.g., unsafe take-off/landing practices).
- Customers unable to comply with mandatory regulatory requirements or licensing conditions.

(4) Customers Expecting Comprehensive Aviation or General Liability Cover
- Businesses seeking:
(a) Broader aviation liability beyond UAS operations.
(b) Cover for risks unrelated to drone use (e.g., employee injury, contractual liability).

The product is not appropriate for private individuals, customers operating in excluded territories, those engaging in prohibited activities, or businesses requiring cover beyond stated limits or for non-UAS risks. It is designed as a specialist solution for commercial operators who value flexibility, affordability, and digital convenience.

## Any notable exclusions or circumstances where the product will not respond

**Restrictions:**

- The UAS operator is required to hold every permission, license and certificate legally required to perform the activities covered in each country in which they operate (where applicable). Where specific permissions / licenses / certification is / are not required for the activities covered in a particular country the UAS operator is to comply with the regulations / requirements for UAS operations in that country
- Any UAS operator undergoing a flight assessment and / or examination which forms part of their continuation training is to be supervised by a training course examiner / instructor at all times.
- Insured to comply with all international and national regulation, with air navigation and airworthiness orders and requirements issued by any competent authority affecting the safe operation of the UAS, and shall ensure that:
  - the UAS is airworthy at the commencement of each flight;
  - all log books and other records in connection with the UAS which are required by any official regulations in force from time to time shall be kept up to date and shall be produced to the insurer or their agents on request;
  - employees and agents comply with such orders and requirements.
- Each UAS will not exceed thirty (30) kg
- Any UAS with inbuilt 'Return to Home' function will have it set to `on` at all times except where the UAS is over water when it is set to return to a suitable fixed location on land or vessel
- Maximum of 10 drones on one policy.

**Exclusions:**

- Illegal use of the UAS or use for any purpose other than business and commercial activities.
- Taking off, landing, or attempting to do so in a place not recommended by the UAS manufacturer unless due to a forced landing or due to force majeure
- Operating in the USA or sanctioned countries
- Bodily injury sustained by anyone employed by the insured entity

**Limit of Liability:**

- Variable but all limits will be clearly set out in the policy schedule, less any applicable deductible also clearly set out in the schedule

## Other information which may be relevant to distributors

This product is approved for sale with up to 2 distributors in the chain.

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.

No further distributors in the chain are permitted without TMKS' approval. Any such approval will include consideration of their impact on product value.

This product can be sold with or without advice in line with FCA regulations or local regulations if the distributor is not regulated by the FCA.

All distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product.

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 via an online quote and buy system.

**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.

The following fees may be charged in relation to the distribution of this product:
- Up to £25 administration fee or cancellation fee
- Up to £15 Mid-Term Adjustment fee for mid-term adjustments where more than 20 mid-term adjustments may be made in the year.

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.

**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.

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| Date Fair Value assessment completed | August 2026 |
| Expected date of next assessment | August 2027 |