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FAA Proposes Amendments To Rules Applicable To Drones

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Nearly four years ago I first wrote about the proliferation of commercial drones and the myriad of insurance and regulatory issues presented by their use. Since then, the commercial, industrial, and recreational drone markets have continued to expand at a dizzying pace. Correspondingly, changes in the regulatory, legal, and insurance landscape applicable to drones will also evolve at increasing rates.

The Federal Aviation Administration (FAA) has predicted that there will be seven million drones flying by 2020, including 2.7 million drones being used for commercial purposes. See [How The Commercial Drone Market Is Expected to Skyrocket](#), Shannon O'Connell, Nov. 20, 2018. Furthermore, the commercial drone market is predicted to hit \$17 billion by 2024 and the industrial drone fleet in the United States and Europe is predicted to grow to \$50 billion by 2050, including one million aircraft. *Id.*

The expansion of commercial, industrial, and recreational drone use is evident all around us. Drones are now used in industries ranging from construction to agriculture to oil/gas, sightings are now routine, and drone summer camps are among the most popular choices for children.

The speed, scope, and manner in which the drone market evolves will continue to be heavily influenced by applicable regulations. On February 18th, The Washington Post published [Trump Administration Releases Proposed Drone Rules and Regulatory Changes](#). As discussed therein, the Administration seeks to unwind rules regarding the use of drones, while also increasing the safety of first responders. Specifically, the article describes, among other things, the following changes being considered:

- Ending the general prohibition on flying drones over people;
- Applying new limits on how and where drones can fly and what payloads they can carry;
- Requiring registration numbers to be placed on the exterior of the drone (the article also discusses the development of remote ID regulations, which is expected to take approximately two years); and
- Lifting prohibitions on night flights.

Id. Details regarding the changes being considered are provided in the FAA release published in the Federal Register on February 13, 2019.

Even if not immediate, the relaxation of regulations could have major impacts on the business uses of drones. While untapped business potential is beyond the scope of this blog post, it is clear that companies utilizing drones or considering doing so should stay apprised of regulatory developments. Additionally, such companies should: (1) understand the regulatory environment in which they are/would be operating to ensure compliance with all applicable laws and regulations; (2) thoroughly evaluate the potential costs and benefits of utilizing drones; and (3) confer with an insurance expert to ensure appropriate coverage for drone-related activities, including the potential purchase of specialized insurance products. Unlike more mature lines of insurance coverage that have largely standardized policy language, such as comprehensive general liability coverage, drone insurance is a relatively new and evolving product. This means that underwriters may be more flexible in the scope of coverage provided. An insurance expert can assist companies in negotiating favorable policy terms that better meet the company's needs.

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