

## BLOG

# Drone Delivery: Fad or Future?

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Drones transporting organs and medical prescriptions. Robots delivering groceries and take-out to college students on campus. Self-driving vans ferrying automotive parts. And the list goes on.

The COVID-19 pandemic has focused the need for fast and contact-free delivery of goods. But even after the crisis passes, the continued success of e-commerce will depend on further automation. To this end, many major retail and logistics companies are accelerating their efforts to reinvent last-mile delivery. By using drones and other autonomous vehicle (AV) systems such as cars and robots, these companies may drive new efficiencies into the burgeoning world of online retail sales.



But despite the promise of new technologies and further adoption of autonomous delivery, challenges remain.

### **Drones vs. AV**

Drone and air delivery are world's away from AV and ground-based delivery.

In the air, the Federal Aviation Administration (FAA), and similar government entities around the globe, control the skies. They say when and where any aircraft can take flight with detailed airspace maps and guidelines. On the ground, the variable environment is the issue. Other drivers, pedestrians and even animals can't be accounted for with pin-point accuracy.

While understanding the ground environment is an issue for AV technology, we do have experience with ground delivery vehicle risk and liability issues. The business models are already up and running. However, the drone delivery world is a bit of a guessing game. With AV, we have seen how they run and work. With drones, we have yet to see a business model, which becomes a risk for players to enter the space and for insurance carriers to cover it.

### **Liability**

In 2019, a [Swiss delivery drone](#)'s parachute failed to deploy and crashed to the ground feet away from a group of children. While no one was hurt, the question becomes, "What happens if one falls and actually does land on someone? Who's held liable?"

Weather conditions and technology malfunctions can easily cause a drone to go haywire and become dangerous. Since drone delivery is new territory, when things go awry, who's to blame? Is it the drone manufacturer? The software company? The delivery company? Will there be a standardized safety inspection regime, like with trucks? Without precedence, there's no way of knowing who will be held liable after an accident occurs.

## **Insurance**

The insurance industry is already using drones in other settings. Securing FAA permission as early as 2015, drones have been used by insurance companies for aerial data collection, catastrophe response, research and development, underwriting and claims resolution support.

But faced with an uncharted territory of new business models and a large landscape of possible liabilities, insurance companies are grappling with how to cover the risks. It's unknown what a policy and its possible restrictions could look like. Especially for insurance companies with little experience with the technology or delivery as a business.

At Risk Strategies Transportation, we've always been out-front of e-commerce trends. In the late 1990s, we were ahead of the curve helping couriers offer same-day delivery. And 2020 is no different. Our team of experts has access to the right brokers and risk managers who can help understand these new trends and the business you might be thinking of building around them.

While obstacles remain, it's clear that drone delivery in some form is here and poised for lift-off.

*Want to learn more?*

*Find me on LinkedIn, [here](#).*

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