

FAA's Automated UAS Approval System — A Significant Step Forward

The FAA recently announced that it had successfully completed the testing of a Low Altitude Authorization and Notification Capability (LAANC) system at certain air traffic locations and that the system will now undergo testing on a national scale. The LAANC will enable drone operators to receive real time (or near real-time) authorization to fly drones in areas that might otherwise be restricted. The system will allow for far greater planning capability of drone operators and will replace the current system of manual authorizations that takes days and sometimes weeks to complete. Assuming the national test is successful, full implementation of the LAANC will provide operators and regulating authorities a critical tool that will better coordinate operational requirements with public safety. That, in turn, should lead to greater operational capability.

The LAANC system represents a significant step forward for those waiting for the drone industry to reach its potential. Many who have predicted the time when drones would become an ubiquitous sight in our airspace (the so-called "day of the drones") have had to wait much longer than many anticipated. Delays in that regard have largely been due to the slow development of regulations that would enable commercial operations to occur over and around areas where the risk of incident or injury is too great. By providing a dramatically faster approval process, the LAANC system promises to overcome one of the significant hurdles to commercial operations over populated areas: real time risk assessment. Many who are waiting to engage in such operations will undoubtedly point to LAANC as an important step toward the realization of their objective.

The LAANC is not the only recent development that promised to bring the day of the drones closer to reality. Insurance products are increasing in quantity and quality as underwriting principles related to those products are becoming better developed. Considerations have typically included the type of device being flown, the requisite training and experience of the operator, the intended purpose, and the area of operation. However, insurers are also starting to weigh insured's formal risk management programs and policies in assessing underwriting risk. Companies that intend to use or manufacture drone technology will be expected to demonstrate established and credible risk management policies to warrant coverage. Given that assessment of those risks remain somewhat theoretical, understanding how potential claims can arise is an essential part of any drone operational plan. As insurers demand greater risk management planning by operators and manufacturers, incentivized with lower premiums, the industry will be seen to be taking a further step to address the public safety issues that currently create challenges. Moreover, claims are being made that will better inform underwriting decisions as well. More claims will provide important data for informing and stabilizing the drone underwriting process.

Other factors are pushing the day of the drone closer: investment in companies that will rely on the proliferation of drones is rising. The lobbying effort by large drone operators in local jurisdictions has grown dramatically, supported by companies that are very close to being operation-ready on several fronts. Companies that develop countermeasures are also being created and already have products that will meet demand once airspace starts to fill. Countermeasure technology ranges from detection systems that alert the presence of drones or can locate a drone operator to software that transmits interfering signals to affect a drone's navigation. The fact that companies are spending significant research and development dollars on such technology is a strong indication that the day of the drones will be soon upon us.

At the heart of all of this is the challenge public safety and concerns over privacy poses for the drone industry. The day of the drone will come when those risks can be managed to an acceptable degree. LAANC is a solid step in that direction. Formulating formal risk management policies for drone operations is another.



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Cozen O'Connor continues to partner with drone operators and product manufacturers to develop risk management policies that ensure safe operations and reduce costs. To discuss any questions you may have regarding this Alert, please contact a [William Walsh](#).