

Meet Your New Claims Inspector: A Drone

Nerd Wallet

After an April windstorm tore roof shingles off his house, Nick Ragone of Rochester, New York, figured it would be a routine claim process. But then his insurance company asked if it could use a new tool to inspect the damage.

Instead of a ladder, the claims adjuster brought a drone. The small quadcopter — a helicopter powered by four rotors — hummed like a swarm of bees as it took off from the sidewalk.

“I’ve got two kids, and they got a kick out of it,” Ragone says. “And I was interested to see how it worked.”

Ditching the ladder

Travelers, Ragone’s homeowners insurer, is among companies using drones to inspect storm damage. Rather than climbing onto the roof, an insurance company representative pilots a drone. The drone takes pictures and video while the operator stays safely on the ground.

Pros:

- Quicker claim inspection so repairs can get started sooner

- Safer for the insurance company employee

Cons:

- May not detect subtle damage

- Can’t be used near airports and military bases

A typical roof inspection using a ladder takes about an hour. Inspections of multiple-story or steep roofs take even longer, and they often require specialists and extra equipment, says Patrick Gee, senior vice president of claims at Travelers.

A drone captures the necessary images in 10 to 20 minutes, depending on the size of the house, says

Kristina Tomasetti, strategic innovation director at USAA.

Allstate used drones for spring storm damage claims this year. It took as few as four and a half days from when a customer reported damage for the company to issue a repair estimate. Typically that process would take 11 days, says Glenn Shapiro, Allstate's executive vice president of claims.

Speed is important because roofing contractors are booked quickly after a big storm hits. "We like the idea of getting our customers to the front of the line," Shapiro says.

Using drones is also safer for insurance company employees. "Giving our adjusters a drone that keeps them on the ground may be more expensive than giving them a ladder, but even one adjuster falling off a roof is one too many," says Gary Sullivan, vice president of property and subrogation claims for Erie Insurance.

Drone limitations

Drones can't be used everywhere. Companies can't fly drones near airports and military bases. And they're not the right tool for every type of claim.

Amy Bach, executive director of United Policyholders, a consumer advocacy group, says drone footage could be helpful to supplement property inspections but should not replace physical inspections. Bach acknowledges she's not an expert on drones' capabilities, but she questions whether a drone could capture the extent of damage the way a human inspector could. "Hail damage can be subtle even when it's serious," she says.

Insurers by law must get customers' permission to fly drones on their properties. And Federal Aviation Administration regulations require operators to keep drones within sight.

Shapiro of Allstate says an adjuster will get on a roof if a customer wants a traditional inspection or if the drone pictures aren't sufficient.

Learning to fly

Insurers began using drones for claim inspections in the past couple of years, especially after new FAA

rules for commercial drones went into effect in August 2016. The new rules make it easier to fly legally; drone operators no longer have to have a pilot's license, for example.

The nation's large home insurance companies are in varying stages of rolling out drones.

Drone use among large insurers

Allstate used drones for spring storm damage inspections in Colorado, New Mexico, Oklahoma and Texas and plans to expand use nationwide in 2018

Erie used a drone for a claim inspection for the first time in September 2015 and has since used drones in Ohio, New York, Pennsylvania and West Virginia

Farmers Began testing drones for claim inspections in January 2017

Liberty Mutual Began using drones for a significant number of claim inspections after Hurricane Matthew hit the Southeast in October 2016

Nationwide Insurance is evaluating the use of drones

State Farm is conducting drone test flights in several states

Travelers is using drones for claim inspections in 30 states

USAA used drones for claim inspections in Colorado and Texas and likely will expand to other states

Ragone says the drone inspection captured the video and pictures for processing his claim quickly. "The whole thing was interesting, and everything was pretty quick," he says. "We had an estimate for repairs that day."

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