

The \$32,000 Question: What Hiring an Unlicensed Drone Operator Could Cost Your Business

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EXECUTIVE SUMMARY

The commercial drone industry in the United States is largely unregulated in the public imagination — and aggressively regulated in practice. The Federal Aviation Administration requires a Part 107 Remote Pilot Certificate for any drone operation conducted for business purposes. That requirement is not a technicality. It carries civil penalties of up to \$32,666 per violation, the potential for criminal prosecution, and — critically for the businesses that hire drone operators — the real risk that a single incident with an unlicensed operator voids your insurance coverage, transfers liability directly to your organization, and produces footage that cannot be used in legal proceedings.

This white paper is written for business owners, property managers, contractors, insurance professionals, real estate brokers, and anyone responsible for procuring drone services for a commercial purpose. It explains what the FAA actually requires, what enforcement looks like in practice, what your liability exposure is when you hire an unlicensed operator, and what to look for before you sign any drone contract or hand anyone a check.

The cost of ignorance here is not measured in inconvenience. It is measured in five-figure federal fines, voided insurance policies, and legal exposure that can follow your business for years.

THE REGULATORY REALITY: WHAT THE FAA ACTUALLY REQUIRES

Part 107: The Law, Not a Suggestion

The FAA Modernization and Reform Act of 2012 gave the Federal Aviation Administration jurisdiction over all unmanned aircraft systems operating in the National Airspace System. The resulting regulatory framework — 14 CFR Part 107 — took effect in August 2016 and has governed commercial drone operations in the United States ever since.

Under Part 107, any drone operation conducted for business purposes requires the pilot to hold a Remote Pilot Certificate issued by the FAA. “Business purposes” is interpreted broadly. If money changes hands — directly or indirectly — in connection with drone footage, the operation is commercial. This includes:

- A real estate agent who hires a neighbor with a drone to photograph a listing

- A contractor who uses a friend’s drone to document job site progress for a client report
- A golf course that pays someone to film a promotional video
- An insurance company that dispatches a drone to photograph storm damage for a claim
- A property owner who uses aerial imagery produced by an unlicensed operator as evidence in a dispute

The certificate requires passing a knowledge test at an FAA-approved testing center, covering airspace classifications, weather, emergency procedures, radio communications, and drone performance. It is not a formality. It exists because commercial drone operations take place in shared airspace alongside manned aircraft — and errors have consequences.

Airspace Authorization: The Second Requirement Most People Miss

Passing the Part 107 exam is necessary — but not always sufficient. A significant portion of Northeast Ohio lies within or adjacent to FAA-controlled airspace surrounding Cleveland Hopkins International Airport, Akron-Canton Regional Airport, Youngstown-Warren Regional Airport, and a number of smaller facilities throughout the region.

Flying a drone in controlled airspace — even with a Part 107 certificate — requires advance authorization through the FAA’s LAANC system. An unlicensed operator cannot obtain LAANC authorization. They almost certainly don’t know which airspace they’re in. And the business that hired them may share in the regulatory and legal exposure when that unauthorized flight takes place.

THE FINANCIAL EXPOSURE: WHAT THE FINES ACTUALLY LOOK LIKE

FAA Civil Penalties

The FAA is not a passive regulatory body. Enforcement actions against unlicensed commercial drone operators have increased substantially since Part 107 took effect, and penalty amounts are not nominal. Under current FAA guidelines, civil penalties can reach \$32,666 per violation — and each individual flight can constitute a separate violation.

Violation	FAA Civil Penalty
Operating without Part 107 certificate	Up to \$32,666 per violation
Flying in controlled airspace without authorization	Up to \$32,666 per violation
Flying over people without waiver	Up to \$32,666 per violation
Reckless operation endangering aircraft or people	Up to \$32,666 + criminal referral
Falsely claiming authorization	Criminal charges possible

The penalty structure compounds quickly. An operator who conducts ten commercial jobs without a certificate, flies over people on several of them, and operates near a controlled airport on others could face exposure measured in hundreds of thousands of dollars across a small number of jobs.

Criminal Prosecution: When Civil Becomes Criminal

Civil penalties are the floor, not the ceiling. Willful violations — knowingly operating without authorization, deliberately falsifying credentials, or operating in ways that demonstrably endanger other aircraft — can result in criminal referrals. The FAA has pursued criminal referrals in cases involving operators who repeatedly flew near airports after being warned, who falsified documentation to claim authorization they didn't have, and who created genuine airspace hazards. These are not edge cases. They are documented outcomes of enforcement actions that started with exactly the kind of casual, unlicensed commercial operation that businesses encounter every day.

Who Else Gets Fined: The Client Exposure Question

Here is the question most businesses haven't considered: Can the FAA fine *you* for hiring an unlicensed operator?

The answer is yes — under the right circumstances. While enforcement actions typically focus on the operator, the FAA has authority over anyone who facilitates or enables unauthorized drone operations. More practically: if an incident occurs, the investigation will ask who hired the operator, what due diligence was conducted, and what the business knew or should have known. The answers to those questions shape liability exposure significantly.

THE INSURANCE TRAP: WHY COVERAGE DISAPPEARS WHEN YOU NEED IT MOST

How Commercial General Liability Policies Handle Drone Incidents

Most commercial general liability (CGL) policies do not automatically cover drone-related incidents. Aircraft exclusions — standard language in most CGL policies — explicitly exclude claims arising from the ownership, operation, use, or entrustment of aircraft. Drones are aircraft under FAA definitions, and most insurers treat them accordingly.

Businesses that assume their existing liability coverage protects them when they hire a drone operator are often wrong. When an incident occurs, the CGL carrier's first question is whether the drone operator was properly licensed and insured. If the answer is no, the policy exclusion almost certainly applies.

The Operator's Insurance: What "Insured" Actually Means

A professional commercial drone operator carries dedicated UAS liability insurance — typically at least \$1 million in general liability coverage — specifically designed for aerial operations. These policies are underwritten with Part 107 compliance as a baseline requirement. The policies are void if the operator is not properly licensed.

When you engage an unlicensed operator — regardless of what they told you — the insurance they claimed to have may be void the moment a claim is filed, because the underlying operation was not authorized.

The Documentation Value Problem

Drone footage produced by an unlicensed operator has another liability problem that is rarely discussed: its evidentiary value is questionable. When aerial imagery is used for insurance

claims, legal proceedings, construction documentation, or compliance verification, the source matters. Footage produced by an operator who was not legally authorized to fly — potentially in airspace they weren't cleared to enter — is footage whose legal basis can be challenged, precisely when you need it most.

THE MARKET REALITY: HOW WIDESPREAD IS THE PROBLEM?

The “Guy with a Drone” Economy

Commercial drone services are often quoted at dramatically different price points. A licensed, insured, FAA Part 107 operator prices their work to reflect their credentials, their insurance, and their compliance overhead. An unlicensed operator can undercut those prices substantially, because they're carrying none of those costs. The price differential is visible and predictable — and the business that chooses the cheaper option is making a decision that feels economical in the moment and transfers significant risk onto itself without knowing it.

“He Said He Was Licensed” Is Not a Defense

FAA Remote Pilot Certificates are searchable in a public database. Any business can verify any operator's credentials before engaging them. If you could have verified the operator's license in two minutes and didn't, “he said he was licensed” carries limited weight in a regulatory investigation or civil proceeding. Verification takes less time than reading this paragraph. The FAA Airmen Inquiry database is publicly accessible online — enter the operator's name or certificate number and the FAA record either confirms active certification or it doesn't.

The Northeast Ohio Airspace Factor

Northeast Ohio presents specific airspace complexities that make unlicensed operation more dangerous than in many other regions. The Cleveland and Akron metro areas contain multiple Class B, C, and D airspace designations. An operator who passed the Part 107 knowledge exam understands airspace classifications, knows how to read sectional charts, and knows how to obtain LAANC authorization. An operator who didn't is operating without the knowledge framework that makes the regional airspace manageable — and that knowledge gap is not theoretical. It is a real operational hazard.

THE SIDE-BY-SIDE: LICENSED VS. UNLICENSED AT A GLANCE

Risk Factor	Unlicensed Operator	Licensed Operator (Part 107)
FAA Civil Penalty (per violation)	Up to \$32,666	\$0 — properly licensed
Criminal Prosecution Risk	Yes — willful violations	None
Insurance Coverage	Likely void	Valid — \$1M+ liability
Client Liability Exposure	Lawsuit risk transferred to you	Protected by operator's policy
Airspace Authorization	Absent or falsified	LAANC-authorized, documented
Evidentiary Value of Footage	Legally questionable	Geotagged, timestamped, defensible

Risk Factor	Unlicensed Operator	Licensed Operator (Part 107)
Operator Verification	None	FAA certificate number searchable

WHAT DUE DILIGENCE ACTUALLY LOOKS LIKE

Before engaging any drone operator for commercial work, four verifications are non-negotiable:

- **FAA Part 107 Certificate.** Ask for the certificate number and verify it in the FAA Airmen Inquiry database. The search takes under two minutes. An operator who is reluctant to provide their certificate number is an operator who may not have one.
- **Commercial UAS Liability Insurance.** Ask for a certificate of insurance — not a verbal assurance. The certificate should name your business as an additional insured. A homeowner’s policy or recreational flyer membership is not commercial UAS liability insurance.
- **Airspace Authorization Capability.** Ask whether the proposed flight location requires LAANC authorization. A qualified operator will know immediately — they’ll have checked before quoting the job. If the operator doesn’t know what LAANC is, that is a disqualifying answer.
- **Direct Operator Relationship.** Ask directly: will you personally conduct this flight? Many drone “companies” are brokers who subcontract work to operators they’ve never met. Get the answer in writing.

TAKING ACTION: PROTECTING YOUR BUSINESS GOING FORWARD

The steps that protect your business from drone-related liability are not complicated. They require intention, not expertise.

Before your next drone engagement, establish a simple internal policy: all drone operators engaged for commercial work must provide a copy of their FAA Part 107 certificate, a certificate of insurance naming your business as an additional insured, and written confirmation that the operator personally will conduct the flight. Keep those documents on file.




If you have existing relationships with drone operators you’ve worked with before, verify their credentials now — not after a problem arises. The FAA Airmen Inquiry database is public and the verification takes minutes.

Finally, recognize that the price differential between licensed and unlicensed operators doesn’t reflect a difference in quality alone. It reflects a difference in the cost structure of legal, insured, compliant commercial operation. The operator charging significantly less than the market rate is not a bargain. They are a liability transfer mechanism — moving risk from their operation onto yours at a discount.

NE Ohio Drone — Licensed. Insured. Verifiable. Every Time.

NE Ohio Drone LLC is an FAA Part 107 licensed, fully insured commercial drone operation based in Akron, Ohio. Ed Rich works directly with business owners, contractors, property managers, real estate professionals, insurance carriers, and anyone who needs to know they're working with an operator whose credentials hold up under scrutiny.

Every engagement includes proper FAA airspace authorization, a certificate of insurance available as an additional insured, and verifiable Part 107 credentials. Ed handles every flight personally — no subcontractors, no brokers, no gaps in the chain of custody.

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Based in Akron, Ohio. Serving Cleveland, Canton, Youngstown, Mansfield, Erie, Pittsburgh, and all of Northeast Ohio and Western PA.

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