Before the Arbiter for Financial Services

Case ASF 058/2026

WJ

('Complainant')

vs

Starr Europe Insurance Limited

(C 85380)

('Service Provider' or 'SEIL')

Sitting of 20 November 2026

The Arbiter,

Having seen the complaint[1] of 13 February 2026, whereby the Complainant seeks compensation amounting to €849.99 related to a claim for a drone (DJI Mini 4 Pro drone) stolen from his locked vehicle (fitted with an alarm) on 07 July 2025 parked in Rome.

The Complainant disputes SEIL's refusal to honour the claim under the insurance policy he had taken out online. SEIL were refusing settlement on the basis that the policy did not cover the risk of theft.

He explains:

> *"2. Profile of the complainant*
>
> *The complainant is a consumer resident in Italy, without specific technical or insurance expertise, who purchased the Coverdrone policy directly online, without the assistance of intermediaries or*

[1] Pages (P.) 1 - 10 and attachments p.11 - 97

advisors, legitimately relying on the information provided through the digital platform prepared by the insurer.

3. Policy quotation and pre-contractual phase

Prior to the loss event, the complainant completed the quotation and subscription process for a Coverdrone insurance policy through the official website www.coverdrone.com/it

The entire process was carried out online, via a sequence of pre-set questions, without any clear, prominent or comprehensible explanation regarding:

the conceptual distinction between listing a drone and insuring it for material loss or theft;

the need to enter a monetary value in order to activate cover for theft;

the legal consequences of selecting "No" or failing to enter a value.

At no point during the quotation or subscription process:

does the word "theft" appear;

is it clearly stated that theft would not be covered;

is the consumer required to give informed and explicit consent to a significant exclusion.

The system allows the quotation to be completed and payment to be made without any warning, alert or summary message clearly stating that the drone itself is not insured against theft or damage, despite being the primary subject of interest for the user.

4. Contractual documentation provided

Following subscription, the complainant received the following documents:

Policy Wording, described as forming, together with endorsements and the schedule, the insurance contract;

Policy Schedule, which does not mention the word "theft" anywhere;

Evidence of Cover, which expressly states that it is only a summary and that full details of cover are contained in the Policy Wording and Schedule.

The Policy Wording, in particular, expressly regulates cover for loss, damage and theft of UAS, thereby creating, for a reasonable consumer, a legitimate expectation of property protection, especially in the absence of any clearly highlighted exclusion during the online subscription process. [2]*"*

Following the first rejection of the claim, Complainant followed SEIL's internal complaint procedure and he reports:

"In its final response dated 6 August 2025, Coverdrone stated that:

the complainant had selected "Yes" to equipment cover but entered a zero value;

therefore, no material cover had been activated.

Subsequently, in a further communication (October 2025), the insurer corrected this reconstruction, stating that:

the complainant had selected "No" to airborne equipment cover;

however, it expressly acknowledged that selecting "Yes" and entering a zero value could cause confusion, and that such confusion would be a "natural assumption" for customers;

it further stated that mitigating steps had been taken to amend the quotation system to avoid such misunderstandings in the future.

This admission is highly relevant, as it confirms that the previous system was potentially misleading and did not ensure a level of clarity consistent with consumer protection standards.

[2] P. 3 - 4

8. Core issue of the complaint: pre-contractual liability and lack of transparency

The complainant does not dispute that, according to the insurer's interpretation, material cover was not contractually in force.

The complaint instead concerns the fact that:

The quotation process did not allow for an informed and conscious decision;

The system failed to clearly explain:

that theft would not be covered;

that failing to enter a monetary value resulted in a total exclusion of property cover;

A reasonable consumer is led to believe that a drone insurance policy would normally include protection against theft, unless clearly excluded;

The complete absence of the word "theft" throughout the quotation process constitutes a serious informational omission;

The Policy Wording, described as an integral part of the contract, includes theft cover, without any clear link to the choices made online.

Taken together, these elements amount to a breach of duties of good faith, fairness and transparency in the pre-contractual phase, as recognised under European civil law principles and the Insurance Distribution Directive (EU 2016/97). [3] *."*

Reply of Service Provider

In their reply of 06 March 2026, SEIL stated:

[3] P. 5 - 6

"In this specific case, ***(Complainant)*** *took out a Coverdrone Recreational policy via the Company website, on: Assicurazione per droni e assicurazione specializzata per velivoli senza pilota | UAV | Coverdrone*

Unfortunately, ***(Complainant)*** *suffered a theft of his drone on 7th July 2025 and reported this to Coverdrone as a claim. Upon the review, the Claims Team identified that* ***(Complainant's)*** *policy was a Liability-only policy, and subsequently were unable to provide cover for the event. Subsequently this resulted in* ***(Complainant)*** *raising his first complaint, in which he raised that when taking out the policy online, the section labelled "Equipment" and then further under "Owned Equipment" > "Airborne Equipment" field, there is an option to select "Yes", and that there was a drop-down box to add a value of the equipment.* ***(Complainant)*** *raised that without adding a value, and despite selecting yes to cover Airborne Equipment, this did not drive the website to provide coverage for Theft as one would expect.*

(Complainant's) *comments were reviewed in their entirety, and the decision was made to not uphold the complaint on the following factors:*

- *Whilst* ***(Complainant)*** *had rightly highlighted a system flaw; in his specific case, he had actually not selected "Yes" to cover his Airborne Equipment. On this basis, we took the feedback provided here to make improvements to the website to ensure full clarity so that no customer, when selecting "Yes" to the question, could proceed further without placing the value of their equipment that they wish to be insured for, outside of Liability coverage;*
- ***(Complainant)*** *was provided with a Statement of Facts and a Policy Schedule which specifically outlined the coverage that had been selected – please see below:*

  Statement of Facts excerpt:

Airborne Equipment - drones		
Make & Model	Serial No.	Year of manufacture
DJI - Min 4 Pro	1581F6Z9C23AS003DKEH	

Airborne Equipment	
Total value of **all** airborne equipment (including drones):	Not Insured

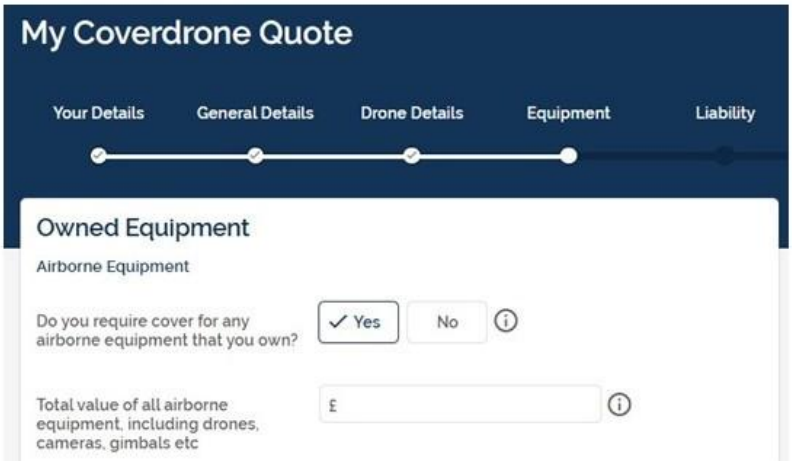
Ground Based Equipment (related to your drone operations, e.g. laptops, iPads etc.)	
What is the total value of ground-based equipment?	Not Insured

Hired in (non-owned equipment)	
What is the total value of hired-in equipment?	Not Insured
You confirm that the continuing hire charges will not exceed:	Not Insured

Policy Schedule excerpt:

Particulars of UAS			
(1) Make	(2) Type	(3) Year of Manufacture	(4) Registration Marks
DJI	Min 4 Pro		1581F6Z9C23AS003DKEH
All Airborne Equipment	Sum Insured	Not insured	
Wreck Removal	Sum Insured	Up to 10% of the Airborne Equipment sum insured	
Ground Based Equipment	Sum Insured	Not insured	
Increased Cost of Working	Sum Insured	Not insured	
Reinstatement of Data	Sum Insured	Not insured	
Incompatibility of Software	Sum Insured	Not insured	
Non Owned Electronic Equipment	Sum Insured	Not insured	
Standard Uses: Recreational Flying	**Special Uses:**	None	
Operators	Policyholder only		

- *We received further correspondence from **(Complainant's)** lawyer on 13th October 2025, to which we responded and reiterated our position. We also noted to **(Complainant)** that we were aware that he had another Liability-only policy for a drone so that if he wished to amend this to full coverage (including Theft) he was aware he could do so;*
- *Finally, please see a screenshot of the layout of the quote system which takes you through the various stages of selecting cover, with Equipment listed before Liability – we believe this is clear, fair, and not misleading:*



Ultimately the position still stands in that we do not agree that the claim should be honoured, and that ***(Complainant)*** *was provided with all pertinent information to confirm the type of coverage he had in place. We recognised a weakness in the system which we have duly amended; demonstrating willingness and cooperation to ensure the website is as clear as it can be, but note that this original weakness had no bearing on* ***(Complainant's)*** *case simply because he did not select "Yes" to cover his Airborne Equipment at time of quote.*

We understand that this will not be the outcome ***(Complainant)*** *is hoping for, however, we are unable to change our stance on honouring the claim.*[4]*"*

Hearing

At the first hearing held on 15 July 2026, the Complainant largely repeated his complaint as already documented and explained above.

On cross-examination, he stated:

> ***"The Arbiter refers to Index K, Coverdrone New Business Policy Statement of Facts (pages 29 to 31 of the complaint) and asks whether the value of the drone is indicated in this document.***

[4] P. 100 - 101

I say that the value is not stated in this document because I had indicated the value in the pre-contractual phase.

The Arbiter asks me whether Index K is the Proposal Form.

I say that I do not have it on paper because the documents provided do not show it.

It is said that the Policy Schedule (page 36 of the proceedings) which showed that I paid a premium of €18.40, gives no indication of the value of the drone and, also, it states that the airborne equipment is not insured.

Asked whether this is correct, I say, yes, that is correct.

It is said that the New Business Policy Statement of Facts (page 31) which was sent to me before or shortly after the policy was confirmed, showed as indicated by the information given to me at the application stage, that the total value of all airborne equipment, including drones, is not insured.

I say, yes, this is true.

It is said that on page 42 of the Policy Document, there is a cooling off period which says that if, for any reason, any of these documents which I have received, are not according to what I think they are, I have a 14-day cooling-off period where this policy can be amended or cancelled.

Asked whether I ever made any queries to Coverdrone or whether I wanted to cancel the policy because it was not what I intended as I wanted the equipment insured rather than the public liability, I say that I did not use the cooling-off period because before this incident, I was satisfied with the policy and did not want to cancel it. Only after the theft, did I complain.

Asked by the Arbiter whether I read the policy when I received it to ensure that I have the 14 days cooling-off period so that if I did not like it, I could cancel it; and did I read that the equipment was not covered, I say, yes, I read it but the Policy Schedule was not

the same as the text of the policy. It was the information at the pre-contractual stage which is the binding agreement between the parties.

I say that the pre-contractual stage is important but with regard to the Policy Schedule, it is not understandable that with airborne equipment not being insured, that the drone itself would not be covered.

In believing this, I feel it is most important that the Policy Schedule, despite the policy programme saying this, again, like I said, airborne equipment not being insured does not automatically imply the fact that the drone would not be covered, as even stated in the insured product information document where it states that theft is actually covered unless it happens in an insecure environment. But again, this is not the case because both the drone and the car were locked and insured.

It is said that on page 30, there is a statement of fact, which is personal to this specific insurance claim. The main document between Coverdrone and me is this Statement of Fact where after inputting the information, this statement is then received by Coverdrone who will then calculate the premium based on the information given.

It is said that in this Statement of Fact, there is stated:

'IMPORTANT – PLEASE READ CAREFULLY

The information you have provided to us has been used to calculate the premium terms and conditions of the quotation and will form the basis of the insurance contract between You and your Insurer (Starr). It is therefore important that You read this document and tell us immediately if any details are, or have been omitted.'

One of them being my name and my details, my date of birth, etc.

This Statement of Fact continues to say that my insurance quotation and policy document form my contract of insurance.

On the next page, there is mentioned public liability. So, if the drone hits anyone or anything, I was covered for an amount up to €1.3 million. And it is said that that is what I selected.

It is said that further down, in the section of Airborne Equipment, it is stated that:

Airborne Equipment	
Total value of all airborne equipment (including drones)	***Not Insured***

Ground-Based Equipment (related to your drone operations, e.g. laptops, iPads, etc.)	
What is the total value of ground-based equipment?	***Not Insured***

Hired in (non-owned equipment)	
What is the total value of hired in equipment?	***Not Insured***

Asked whether it is correct to state that initially, when I selected 'No' when giving the information to the insurer to produce a quote of €18.40, at that point in time, (the information provided so that the quote will be issued and the Statement of Fact reflects this), my intention was not to insure the drone but rather to secure a public liability insurance in the event that if the drone hits someone or something, I would be covered.

The Arbiter understood that what I am saying is that the pre-contractual stage is more important than the actual Policy Document and, so, I did not need to cancel the policy.

Asked whether I accept that it is my responsibility to select and insert the right information when applying for a policy,

I say that the main problem was not in the selection of 'Yes' or 'No'. The main problem was that in the pre-contractual phase it was not clear enough.

I am asked whether when pressing 'No', I understood that the premium of €18.40 was based on the information that I included in the application.

I believed that the premium of €18.40 covered everything.

Asked by the Arbiter whether the policy was in English or in Italian, I say that it was in Italian and I had no problem in understanding it. I say that all the documents that were sent to me were in Italian.[5]***"***

A second hearing was held on 16 September 2026 for the evidence of the Service Provider, where Mr Dennis Xuereb, Compliance Manager, stated:

"I say that we, as Compliance, keep a clear distance from complaints, so we were not initially involved. However, then, on the merits of this case, we had to be part of it to investigate the complaint. And that is how we got involved.

I say that, basically, the relationship between Starr Europe and Coverdrone is governed by a binding authority arrangement where Coverdrone acts as our managing general agent, and Starr is the insurer in this case.

I say that the website for Coverdrone is a very clear one, and it also provides a step-by-step process. We have on record that the complainant in this case did select 'No' to physical equipment and damage to equipment.

However, for Section 2 of that policy, they selected the level of coverage for liability for which on the basis of the information provided, Coverdrone calculates the premium, and then at quotation stage, customer documentation is automatically emailed with those details, including the statement of facts which

[5] P. 105 - 108

clearly shows that this document and the information provided is used for assessing the risk. And, also, for fixing the right premium.

It is also in the opening statement of this document, the statement of facts, that this documentation must be read really carefully.

And should there be anything that is omitted, it must be communicated to us within the cooling off period. And so, to clarify any misunderstanding, if there is some clarification to be made, as well as updating the cover appropriately to the needs of the customer.

I am referring to the Statement of Facts, pages 30-31 of the complaint.

I say that when the online submission was filled, so, the quote, or when the complainant was filling in the online form, the Complainant states that he inserted a value as well as a serial number.

The serial number was, in fact, inputted by the Complainant, and this is also reflected in the policy schedule, the customer information.

However, no value was selected for Section 1. In fact, in the policy schedule, all of the related Items that would be insured under this section as physical damage or theft, in this case, would have had a value. But it is clearly stated, it is all listed, that none was insured.

Further down within the policy schedule, we also see that there is a breakdown of the premium, and the only charge for that section was for Section 2 Liability. Section 1 Physical Equipment was completely not insured, and no charge whatsoever to this section.

Reference is made to page 28 of the complaint file, which seems to be a letter, either by Coverdrone or by Starr, which says that

'We would also like to highlight that we have noted that you have taken out another Coverdrone policy on the same terms - with

only Public Liability cover selected. Should you wish to amend this to ensure the drone/equipment is covered for further losses arising from accidental damage and theft, in line with the Policy Terms and Conditions, please do not hesitate to contact us and we can then look to revise the policy and adjust the premium accordingly.'

Regarding this statement, whether there was another policy subsequent to this, and whether we received any reply from the Complainant regarding this statement, I say that CoverDrone actually took a proactive approach in this case. They checked if there were any other policies in the name of the Complainant.

And they identified another policy which also was purchased with the same level of coverage for only Section 2 Liability. And because we wanted to alert the Complainant to be fair in their regard as well, we have communicated this, and that should they wish to revise the policy accordingly and cover the physical damage to the drone, they should contact us and provide us with instructions as to how they wish to proceed. However, no communication was forthcoming.

And this was subsequent to this complaint. After this complaint was raised, we wanted to alert him and inform him that he had another policy, and it was the same situation.

I say that, to date, we haven't received any further instructions on that particular policy. So, it remains Public Liability only.

Asked whether the consumer asked to cancel his policy during the cancellation period applicable in this case, I say that we had no communication whatsoever or instructions to do so, no. [6]***"***

No cross-examination took place.

[6] P. 109 - 111

The Arbiter asked Mr Xuereb to address the point raised by Complainant that in the pre-contractual stage the system gave him the impression that theft cover was included.

He replied:

> ***"For clarity, as we said, following the insertion of all the details on the system, the documentation is generated based on that information. A statement of facts, which is pre-contractual, would be communicated with the details provided. And it is clearly stated there that there was no coverage for physical equipment. There is no value against that section of the policy.*** [7] ***"***

Final Submissions

In his final submissions, Complainant repeated his case and basically argued that once theft cover was not specifically excluded, he had a right to assume that it was included and, therefore, his claim was covered by the policy and should be honoured.

In their final submissions, SEIL basically repeated their case for refusing the claim as explained in their reply and the evidence during the hearings.

Consideration and analysis

The Arbiter,

Having seen the statements made and evidence given by the Complainant,

Having seen the reply and evidence of the Service Provider,

Considers

The insurance contract is based on:

1. the proposal form submitted by the insured (p. 30 – 31);
2. the policy schedule issued with the standard policy (p. 36 – 38).

[7] P. 111

Even if one were to accept that at the application stage, the Complainant may have formed an impression that theft cover was included, once cover was issued on the basis of these documents, such doubt should have been lifted. These documents leave no doubt that the DJI – Min 4 Pro was not itself insured and the policy cover acquired and the premium related thereto were only covering liabilities to third parties as stated on p. 2 of the Summary of Insurance Cover[8].

In the first panel of the STATEMENT OF FACT (proposal form), there are 'IMPORTANT – PLEASE READ CAREFULLY' warnings:

> *"The information you have provided to us has been used to calculate the premium, terms and conditions of the quotation and will form the basis of the insurance contract between You (the Insured) and your Insurer. It is therefore important that you read this document and tell us immediately if any details are, or have been, omitted.*
>
> *All material facts must be disclosed. A material fact is one which is likely to influence us in the acceptance and assessment of the risk, e.g. intended use of the drone(s), any offence such as fraud, robbery, theft or handling stolen goods or prosecutions pending. If you are in any doubt as to whether a fact is material then it should be disclosed. Failure to do so may mean that your insurance policy is not valid or that your Insurer is not liable to pay your claim(s).*
>
> *Disclosures should be clear and specific. We will not be deemed to have knowledge of any information generally referred to (for example the contents of company websites listed in the information provided to us) or any matter not expressly drawn to our attention.*
>
> *This Statement of Fact together with the Insurance Quotation and Policy Documents forms your contract of insurance and you confirm that you have read and understood the terms of the contract.*
>
> *If any changes in circumstances arise during the Period of Insurance cover please provide full details to Coverdrone. If you require a*

[8] P. 34

further copy of this Statement of Fact please contact Coverdrone and a copy will be sent to you. [9]*"*

The policy itself had a 'Cooling Off Period'[10] of 14 days during which the insured had a right to walk back on his commitment if the terms were not to his liking.

The Complainant is educated to a level that he should have had no problems in understanding the terms under which he was insured and should not have relied on any impressions gained in the pre-contractual stage, for which he did not even present any evidence.

His expectation that what is not specifically excluded is included is not in line with insurance industry practice and standards which apply such concepts only to ALL RISKS policies.

Decision

For reasons explained above, the Arbiter does not uphold this complaint.

This case is being dismissed, and each party is to bear its own costs of the proceedings.

Alfred Mifsud
Arbiter for Financial Services

[9] P. 30
[10] P. 42

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.