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Insurance claims for EVs shoot up

Overall Frequency Of Claims Has Increased By 15% This Year

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Chennai: Insurance companies are witnessing an increase in the frequency and claim size for Electric Vehicles (EV) as even minor damages leads to replacement of components in the EVs.

HDFC ERGO General Insurance says the overall frequency of EV claims has increased by 15% during the current year, when compared with last year. "As the child parts are not available for battery & powertrain in EV vehicles, minor damages also lead to replacement. The cost of replacement of EV parts have increased around 15% as compared with Internal Combustion (IC) vehicles for similar segments," Parthanjali Ghosh, president, retail business, HDFC ERGO General Insurance said.

According to the automobile experts, unlike the IC vehicles, EV powertrains have fewer mechanical parts, and batteries, motor, controller and transmission constitute more than 50% of the overall EV cost. Incidents involving battery or powertrain damage results in higher claim sizes than in ICE powertrains.

Bajaj Allianz General Insurance says the four-wheeler EV claim size is 60% higher than the IC engine vehicles during Jan-Oct 2023 when compared with the same period (Jan-Oct) 2022. TA Ramalingam, chief technical officer, Bajaj Allianz General Insurance said, it is challenging to get the spare parts required for repair because each company might have unique parts, which are only sometimes readily available. "One of the biggest challenges with electric cars is the availability of child parts & repairability, which are significant concerns in EV four-wheelers," he said.

Neel Chheda, senior executive vice president-Auto, TATA AIG General Insurance said, the claim size for EVs has seen an increase due to the unique composition of EV powertrains.

When contacted, Sohinder Gill, director general, Society of Manufacturers of Electric Vehicles said, the issue over the child parts in the EV industry is primarily attributed to the challenges in supply chain management within the EV industry in India. Noting that the decision to import parts from abroad arises from the early stages of domestic manufacturing for EV components in our country, he said.

"Furthermore, the industry grapples with significant challenges related to the availability of essential components and raw materials. The low volumes in sales discourage local component manufacturers to produce these parts in bulk thus making them costlier," he said.

Queried about the steps taken by the EV manufacturers to address this issue, he said, India has faced this issue since the entry into the EV domain, prompting the government to come up with initiatives such as the Production Linked Incentive (PLI) scheme.

"The primary objective of these measures is to nurture the domestic manufacturing of EV parts within the country. This scheme motivates EV manufacturers to rely more on domestic components and products," Gill further said.



COPING MECHANISM: India has reportedly faced this issue since the entry into the EV domain, prompting the government to come up with initiatives such as the Production Linked Incentive (PLI) scheme