



Comparing Third-Party Insurance Premiums

Premiums for EVs is less than for other types of vehicles but the policy coverage is limited as of now

 Private Car	EVs			ICEs		
	KW Segment	Premium (₹)		Capacity (CC)	Premium (₹)	
		1-yr	Long term*		1-yr	Long term*
	<=30	1,761	4,493	<=1,000	2,072	5,236
	30-plus to 65	2,738	8,104	1,000-plus to 1,500	3,221	9,534
	65-plus	6,707	20,659	1,500-plus	7,890	24,305
 Two-wheeler	<=3	410	888	<=75 CC	482	1,045
	3-plus to 7	639	2,792	75-plus to 150	752	3,285
	7-plus to 16	1,014	4,635	150-plus to 350	1,193	5,453
	16-plus	1,975	11,079	350-plus	2,323	13,034

*3 years for cars and 5 years for two-wheelers; Rates as on May 13, 2022; Source: Digit Insurance

Missing Parts

Having an insurance policy, however, does not mean that the vehicle is completely protected. This is especially true for EVs, which are built differently from ICE vehicles. For instance, the battery component by itself comprises over 40 per cent of the vehicle cost.

"Currently, the EV volumes are low. One cannot analyse unless there are mass volumes. Once we get enough data and claims experience, only then would we be able to design a bespoke policy," says T.A. Ramalingam, chief technical officer, Bajaj Allianz General Insurance.

Keeping the differences and the growing use of EVs in mind, insurers are looking at a broader coverage for EVs or putting forward bespoke policies. However, not much progress has been made so far. For example, Tata AIG General Insurance had announced some time back that it was designing a specific EV policy—Auto Secure eVehicle Comprehensive Policy—that would cover own-damage as well as damage caused due to the electric car's battery burning while charging. The insurance company is, however, yet to bring the policy into the market.

Industry insiders say the insurance regulator has directed insurers to file EV-linked add-on covers instead of full-fledged policies. "We are soon going to file our EV add-on policy for two-wheelers," a Tata AIG spokesperson told *Outlook Money*.

The Battery Conundrum

A major flaw in the available EV covers is that instances where the battery alone gets affected are not covered. Only when the entire vehicle gets damaged do insurers agree to settle the claim. "This is because component failure in itself is not covered in motor insurance policies. Traditional policies cover loss or damage to the vehicle insured and/or its accessories due to accidental external means such as burglary, theft, housebreaking, riot and strike and acts of God such as flood," says N. Bojarajan, practice leader—renewable energy and e-Mobility, Gallagher Insurance Brokers.

Similarly, if the battery alone is stolen, the claim may not be accepted. "If a battery gets stolen from a vehicle, there is a due process after which a claim is admitted. But in EVs, due to battery swapping options, the risk exposure is wider and not always limited to theft from vehicle," says Bojarajan.

Many feel that given the importance of a battery in an EV, there should be battery-specific covers. "Most underwriters feel that a traditional policy is sufficient. However, we feel that there is a need to have tailor-made policies for batteries and charging equipment. This is because risks associated with EV charging infrastructure can also cause damage to EVs, and not just accidents," says Bojarajan.

Say, a battery is being charged and a short circuit leads to an instant fire that damages the battery and the charging connector. A traditional policy will not

The EV covers currently available do not have a provision to accept claims when the battery alone gets affected. Only when the entire vehicle gets damaged do insurers agree to settle the claim