

[Motor insurance claims higher for EVs due to parts](#)



Mumbai: Insurance claims from damage to electric vehicles two-wheelers are turning out to be up to 20% higher in value than conventional vehicles, while they are 50% higher for four-wheelers. Also, the frequency of claims is higher in electric vehicles compared to internal combustion engines.

The higher value of claims is because of the need to replace an entire assembly rather than repair it due to the non-availability of child parts. Also, there is a higher usage of plastic and fibre to keep the vehicle weight low which increases the damage.

“The frequency of claims largely because many first-time users are not familiar with the high acceleration which leads to minor accidents,” said T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance Company (BAGIC).

According to Ramalingam, the share of EV has quadrupled from less than one per cent of total vehicles insured before the pandemic to around 4% now.

In both two-wheelers and four-wheelers, 98% of claims are due to loss claims caused due to accidents. However, fire loss, improper charging leading to fire, damages to charging unit, and flood losses were other common causes for claims as well.

Ramalingam said that insurers are in talks with top EV manufacturers to introduce child parts and reduce the cost of replacements. They are also speaking to the manufacturers to educate customers on the proper use of the vehicle to bring down the damages.

Bajaj Allianz is in talks with its foreign parent Allianz group companies to get the experience from underwriting EVs in Hong Kong and China. This will help the company to come out with new innovations including a cover for the battery and a cover for cyber risks faced by EVs.

If insurers are not able to control the claim costs in EVs the premium of these vehicles might need to be revised upwards.

Insurance claims for electric vehicles are high because of costly spares