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Teena Jain Kaushal May 11, 2022, Updated May 12, 2022, 1:23 PM IST

Following the incidents of electric vehicles catching fire across the country, the one question that is on everyone's mind is whether damages suffered due to such incidents get covered under an insurance policy. Is the treatment different from other vehicles when it comes to claiming insurance?

A comprehensive motor insurance policy typically covers instances of fire among other mishaps such as theft, own damage, personal accident, and natural disasters such as earthquakes, cyclones, landslides etc. Claims arising out of fire are covered under a comprehensive motor insurance plan which includes the own damage (OD) cover in addition to a third-party liability cover. As of today, there is no separate product or add-on that covers EVs against fire. Therefore, it is advisable that you buy a comprehensive motor insurance product.

“There are different scenarios in which a vehicle can catch fire. Let's say when the vehicle is stationary and it's not being charged and it catches fire on its own. We call it spontaneous combustion. In that case, the motor insurance comprehensive policy covers the claim. Another scenario can be that the vehicle is stationary and batteries are being put for the charge and then it catches fire which is also covered in the motor comprehensive policy. The third scenario could be a vehicle is running and while running it catches fire on its own. That scenario is also covered in the motor comprehensive policy. Now there could be two more scenarios. One scenario could be there is some riot or strike and someone might put your vehicle on fire. In that case, also motor competency policy covers this kind of claim,” said Adarsh Agarwal, Chief Distribution Officer, Digit Insurance.

"Standard Package policy covers loss or damage to vehicle due to fire under own damage section. However, Fire cause due to any of the exclusion under the policy is not covered. Also, Standalone third-party insurance policy does not cover fire. If EV owner wishes to cover it against fire risk, he needs to buy a comprehensive (Package) policy. Fire gets covered under own damage section of comprehensive policy," said Parag Ved, President and Head, Tata AIG General Insurance.

Currently, electric vehicles are being insured just like other vehicles.

"Motor insurance typically has two policies – liability only policy and package policy. Liability only policy covers liability toward damage done to third-party whereas package policy provides coverage towards third-party and own damage cover. Package policy covers damage to the vehicle due to listed peril as per the policy wording along with covers available in liability only policy. Therefore, fire risk of the vehicle is being handled within the preview of listed peril and other terms and conditions of the package policy," said T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

On what grounds can the insurance company reject the claim?

Experts say generally, the insurance company doesn't reject the claim, unless and until it is outside the purview of the insurance policy.

"If any modifications are made to the vehicle that tamper with the basic construct and may have contributed to the fire, then the claim could get rejected. It is advisable to not opt for modifications by unauthorized dealers as such changes may not get added to the IDV of the vehicle. Additionally, damages caused due to over-heating, oil leakage and other mechanical defects, too, may not be covered. If a claim arises due to the rider or driver's negligence or intentional actions, then the claim will be repudiated. Also, damages that occur outside the Indian geographical limits of the policy are not covered unless this is endorsed for," said Agarwal.

Another scenario could be if due to mechanical breakdown the vehicle catches fire. This is also not covered in the insurance policy. There are a few more situations in which the insurance company will not pay the claim. For example, if your vehicle is registered as a private vehicle whereas the vehicle owner is using it as a commercial vehicle, then the insurance claim will not be paid. Similarly, if the vehicle is not registered or the driver does not have a driving license, the claim will not be paid. "Moreover, if vehicle owner on its own put the vehicle on fire it will be considered as a deliberate act and in that scenario, a motor comprehensive policy will not cover," he added.

Ramalingam added, "If there is any external damage to your motor vehicle, then the damages are covered under your motor insurance policy. However, if there is any intentional damage done to your motor vehicle, then the damages will not be covered as per the policy terms and conditions. Your motor insurance policy will specifically mention the causes of loss that are not covered under the policy and/or mentioned under exclusion of the policy which will lead to rejection of the claim."