

Navigating the hazards of electric vehicle insurance

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At a glance

- Many UK drivers are considering switching to electric vehicles, which are cheaper to run and better for the environment
- But drivers should be aware that electric vehicles can be more expensive to insure than traditional vehicles
- There are also implications surrounding EV battery leasing and charging that add further complexities to any insurance policy



With the growing need to reduce our carbon footprint, and the improvement in alternative technologies, an increasing number of drivers are considering switching to electric vehicles (EVs).

A recent [poll conducted by Ipsos Mori](#) for NGO Transport & Environment (T&E), found that 40% of Europeans (including those in the UK) were likely to purchase or rent an electric or fuel cell-powered vehicle as their next car.

The UK Government has committed to reducing emissions by at least 80% of 1990 levels by 2050, under the [Climate Change Act](#).

And, according to the independent [Committee on Climate Change](#), a switch to alternatively-powered vehicles could play a major part in helping the UK meet these targets.

As an incentive, the government is offering [plug-in grants](#) of up to £3,500 to help drivers purchase brand new low-emission vehicles. The [2017 car tax band overhaul](#) means electric vehicles under £40,000 are also the only new cars exempt from paying road tax.

However, there are a number of implications motorists should be aware of in terms of the practicalities of insuring EVs.

Six electric vehicle insurance pitfalls

1. Not all insurance companies offer electric car insurance and some motorists may have to switch from their long-term insurance provider.
2. It may cost more to insure than either diesel or petrol vehicles. In fact, an electric vehicle owner could pay [up to 14% more](#) for EV insurance. This can come as a surprise to some owners, as many electric cars are smaller and less powerful than traditional vehicles.
3. As EV technology is still relatively young, and the cars are still expensive, the cost to repair or replace specialist parts or service the vehicle tends to be higher – resulting in higher premiums.
4. There is an increased risk of collisions, as electric engines make [little to no noise](#), so pedestrians and other road users may not hear the cars approach. In fact, research shows that electric cars are about [40% more likely](#) to hit a pedestrian than a conventional vehicle.
5. Another pain point is the unknown quantity of battery hiring or leasing. Car manufacturers Nissan and Renault initially only sold their new electric vehicles with the option of leasing the car's batteries. This gave the consumer peace of mind that, if the car's battery were to drop below 75% of its original capacity, the manufacturer would [replace it for free](#). However, it also significantly increases complexity around insurance. For example, if you were involved in a collision and the car's battery is damaged, it is unclear whether the driver or the manufacturer would be responsible for replacing it.
6. There are also issues around charging EVs, as the cars need to be plugged in with cables for long periods, often from roadside charging points. In this case, the driver owes a duty of care to members of the public that could trip and injure themselves on the charging cable. Some policies may not cover this as standard, so it is always worth checking.

The future of EV insurance

The good news is that, as alternative vehicle technology becomes more mainstream, maintenance, parts and therefore insurance costs, are likely to decrease.

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Drivers are already being offered discounts and specialised packages as the electric vehicle insurance market becomes more competitive. And going electric is already seen as a better option, both in terms of [long term cost](#) and for the environment.

Drivers simply need to be aware that there are some major differences to traditional motor policies when researching insurance for electric vehicles, and understand that EV insurance policies are still evolving.

If in doubt, it is always worth speaking to an insurance advisor to make sure your EV insurance policy will provide you with effective cover.

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