

The EU's Motor Insurance Directive and eBikes. Additional Information About Insurance Implications

European Cyclists' Federation

Kevin Mayne

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Disclaimer:

ECF is not an expert insurance organisation. We are required to tell readers that you should seek appropriate professional advice before taking any decisions concerning your insurance needs.

However we have accumulated some understanding about the working of the insurance market because some of our members and partners are significant suppliers of insurance to their members at a national level.

In the text below we have highlighted some of the possible consequences of a mandatory insurance regime for pedelecs that come from our members experience. We provide only this to advise our partners on the possible consequences of policy changes by the European Union, it is not advice on insurance needs for any company or individual.

In the context of this directive why is motor insurance special?

It is mandated by a European Directive which is in place to allow motor vehicles to move freely across borders, while offering insurance protection to victims of incidents.

Therefore it is compulsory across the EU and it has to offer a common standard of protection so that freedom of movement is possible. Non-EU countries that border on EU countries mostly have reciprocal deals that includes them in the scope too.

Not to have the insurance while driving a vehicle in the scope of the directive is a criminal offence.



Are pedelecs a special risk for insurers?

We have no evidence that pedelecs present a special risk of public injury. Therefore we advocate that they should be treated as bicycles in risk terms.

But all new insurance categories present a real challenge for insurance companies. Lack of experience means there are not enough customers for the insurers and underwriters to price a policy and build a risk fund. Most new forms of insurance are expensive at the start because insurers have to build up a fund of premiums to cover possible cases in the future.

If large numbers of pedelecs are included in moped insurance this could have the perverse effect that pedelecs make the safety record of mopeds look better and in time moped insurance will get cheaper, undermining one of the advantages of pedelecs.

Is this insurance available for pedelecs at the moment?

Yes, in theory. If there are insurance services in your country that are in place for speed pedelecs, which are technically mopeds, then these might be usable.

But in most countries there are no special pedelec policies, the industry is forced to sell moped insurance which is relatively expensive because of the really poor safety record of mopeds. The relatively high cost will be even more exaggerated if compared to the price and use of pedelecs.

As far as we know almost no competitively priced “pedelec only” policies that will be motor insurance compliant exist in the EU. And they are unlikely to emerge in the short term because there are not enough customers for the insurers and underwriters to price a policy and build a risk fund. Most new forms of insurance are expensive at the start because insurers have to build up a fund of premiums to cover possible cases in the future.

If national governments exempt pedelecs from this regulation does mean they are outside the scope of insurance?

No, the proposal by the EU is that the governments must cover the risk of an insurance claim covered by a pedelec user from their uninsured vehicle fund. This is a mandatory fund that each country must have to cover risks caused by uninsured or untraced drivers. The source of this fund varies, but often it is operated by the insurance industry and funded by a levy on motoring insurance policies.

So this would be a workable compromise, but not as good as the EU removing pedelecs from the scope completely.



Can this requirement be covered by liability policies or other products from cycle insurers and some cycling organisations?

Normally not, because the scheme has to be compliant with the motor insurance regime for each country and offer the international consistency of motor insurance.

To be compliant all the contributing policies often have to pay a levy into a national scheme for uninsured drivers.

Can insurance be bought from other countries? Can we create a common EU insurance for pedelecs?

Insurance is a very unusual market within the EU because almost no cross border selling is possible.

This is because the insurance underwriting is based on the national history and in the case of motor insurance this is based on very different markets, different road safety cultures and quite different regulatory situations.

Differing liability laws mean that liability can be apportioned differently country by country and the cost of incidents can vary widely. Countries with a national "travel to work compensation" may have a lot of transport insurance risk covered by employers' insurance policies. And the uninsured driver funds for each country are created based on local conditions and regulations.

That means price and availability of motoring insurance can differ greatly from country to country, and that seems unlikely to change in the near future. Therefore a pedelec insurance policy might be motor insurance compliant, but change residency from country to country and users will have to reinsure, as they do now with car insurance.

Creating a pan-European fund will be unlikely, if not impossible, in the short term.

Will there still be exemptions for use off-road or on private land only, and what will happen to speed-pedelecs?

These exemptions will almost certainly disappear, because that was the purpose of the European Court ruling. No vehicle that is 'propelled by mechanical power' is exempt from the insurance requirement any more if it is being used as a mode of transport is also their intended use, therefore it seems very likely that Speed Pedelecs will not be insurance exempt anymore.

There are some in the cycling world who will argue that this clarification is overdue and cuts the risk of mis-selling of speed pedelecs, so it is not considered as damaging as the inclusion of all pedelecs in the scope of the Motor Insurance Directive. Others may disagree!

