



# Electric Car Insurance



## Zurich's Climate Initiative

In 2008 Zurich launched a global initiative focused on the development of market-oriented products and services which help customers to cope with climate related risks. A variety of climate change related models predict changes in our weather systems and environment, that could force us to alter many of the ways economic and social activity are arranged. This also touches on how we organize our mobility.

One measure to mitigate the impact of climate change is the conversion to a lower carbon economy and lifestyle. In practice, this requires changes to the mechanisms and technologies used for production and delivery of power, water and transportation – including individually owned and operated vehicles. In the transportation space, electric cars are a key part of the solution to low carbon conversion.

## The Electric Evolution: De-Carbonizing Car Transport<sup>1</sup>

Electric cars have long been the preserve of innovative, but small scale, entrepreneurs. But no longer. In addition to these trail blazers, in 2011 electric cars will be mass produced by the major motor manufacturers for the first time in almost a century.

Pure battery electric cars emit zero tailpipe emissions and offer a real opportunity to reduce the carbon output of the transport sector, reduce noise pollution and improve air quality.

Due to the fact that electric cars are fuelled using electrical energy stored in a rechargeable battery, they can be recharged by connecting to an electricity supply. Although they have zero exhaust pipe emissions, depending on the method of electricity generation, emissions are produced. However, if renewable sources are used, then life cycle emissions are virtually zero and carbon neutral driving becomes a reality.

For example, wind generation capacity in Ireland is expected to grow to 4600 MW by 2020. During low demand periods, especially at night, too much excess wind power can lead to it being curtailed. Unless there is additional demand or a storage system at these low demand periods, the curtailed electricity is lost forever.

Electric cars present an opportunity to utilize the excess capacity by storing the energy in car batteries. The stored energy in turn is used for transport, hence displacing fossil fuels such as diesel and petrol. Therefore the benefits of electric cars go beyond transportation as the electricity grid is also poised to gain from better utilization of renewable energy and more effective energy management.

With the advancement of smart grid systems, electric cars can also act as 'standby mini generators' by sending back power to the grid during peak periods. In large numbers, this removes the need to install inefficient oil-based peaking power plants.

## The Role of Insurance in the Electric Car Evolution

How can insurance encourage switching to electric cars? First, it has the ability to encourage risk reduction like no other economic tool by establishing premiums that reward eco-friendly behavior. Second, by partnering with companies and organizations that develop new technologies, insurers can support and drive innovation. And third, by making it easier to manage risks unique to the users of electric cars – creating insurance solutions that reflect their needs and recognize their benefits.

## Zurich and Electric Cars

Zurich in Switzerland is the exclusive insurance partner for m-way, the new electro mobility platform by Migros, one of the largest Swiss retail chains, that started offering electric vehicles last autumn. Furthermore, Zurich Switzerland has been offering test drives with electro car "Think City" at select Zurich HelpPoints since October 2010 as part of its "Future Mobility" initiative.

Through its Farmers operations, Zurich was among the first insurers in the U.S. to offer reduced premiums for alternative fuel vehicles, including electric cars.

With its cooperation with Swiss concept and electric car manufacturer Rinspeed, Zurich also aims to gain a better understanding of how people will drive in the future and how this will change insurance needs.

## Zurich's New Electric Car Insurance Product

Zurich in Ireland launched one of the world's first, tailored, electric car insurance products in May 2011. This was developed in association with Ireland's premier electricity utility, the Electricity Supply Board (ESB). The ESB is rolling out a nationwide electric car charging infrastructure in 2011.

Zurich's electric car insurance product is rewarding eco-friendly driving by offering discounted motor insurance as well as a specialist breakdown assistance service for electric car customers. This includes free towing of our customers' electric cars to the nearest charge point in the event of immobilisation due to loss of charge or to the nearest specialist electric car repairer in the event of mechanical failure. Zurich will also provide a free replacement electric car charge point access card in the event of loss or theft.

Zurich's electric car insurance product is a great example of the role insurance can play in enabling the roll-out of technical innovation that contributes towards climate change mitigation. By sending risk-related price signals, and offering a quality product and service specifically designed for the needs of the owners of electric cars, Zurich is living up to its commitment to be a thought leader in the global response to the climate change threat – truly using its skills in risk to facilitate adaptation and mitigation.

<sup>1</sup> Source: Electricity Supply Board. See: [www.esb.ie/ecars](http://www.esb.ie/ecars) and facebook page [www.facebook.com/ESBecars](http://www.facebook.com/ESBecars)