

India EV Insurance Market Assessment, By EV Type [Battery Operated, Hybrid], By Plan Type [Third-Party Liability Coverage, Comprehensive Coverage], By Vehicle Type [Commercial, Passenger], By Coverage [Accidental Damage, Theft, Natural Disaster Damage, Fire Damage, Battery or Parts Replacement], By Distribution Channel [Banks, Insurance Companies, Online Brokers, OEMs], By Region, Opportunities and Forecast, FY2018-FY2032F

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Report description:

India EV insurance market is projected to witness a CAGR of 30.56% during the forecast period FY2025-FY2032, growing from USD 1.02 billion in FY2024 to USD 8.61 billion in FY2032. The rapid increase in electric vehicle adoption in India is unparalleled, and it is in line with the worldwide trend towards sustainability. The transition affects the automotive sector and requires a reassessment of the insurance industry. With the growing number of electric vehicles on Indian roads, there is a need for tailored insurance offerings to tackle the unique opportunities and obstacles arising in the changing business environment.

Electric vehicles require specialized insurance coverage for battery replacement costs and charging infrastructure damage, prompting insurers to develop policies addressing these risks. The push for sustainability and reduced carbon emissions drives consumer preference for EVs, creating a lucrative market for insurers targeting environmentally conscious drivers. For instance, in April 2022, the government of India announced plans to create interoperability standards and a battery-swapping policy during the budget of FY2022-FY2023 to create and enhance the battery-swapping ecosystem's efficiency and accelerate the adoption of electric vehicles. Apart from that, government incentives, such as tax credits for EV owners, further incentivize the adoption of electric vehicles, boosting the demand for EV insurance. With the expanding EV market, insurance providers are encountering increased competition, leading to the introduction of creative coverage options and competitive pricing, fueling the growth of the

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Indian EV insurance sector. As the electric vehicle (EV) market expands and transforms, insurance providers face increased competition. It is spurring inventive coverage choices and more attractive pricing, consequently driving the growth of the India EV insurance sector.

Government Policies and Incentives to Push the Market Forward

The Indian government has been actively promoting the adoption of electric vehicles through various policies and incentives. These measures reduce the country's dependence on fossil fuels, lower greenhouse gas emissions, and promote sustainable transportation. Key initiatives include the FAME India Scheme (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles). It provides financial incentives for the purchase of electric vehicles, including subsidies for EV buyers and manufacturers. The scheme supports the development of charging infrastructure, which is crucial for the widespread adoption of EVs. The government offers tax benefits to both manufacturers and consumers. For instance, under Section 80EEB of the Income Tax Act, individuals can claim a deduction of up to USD 1795 (INR 1.5 lakh) on the interest paid on loans taken to purchase electric vehicles. Various states in India have introduced their policies to promote EV adoption. These include subsidies, reduced road taxes, and exemptions from registration fees. These government initiatives make electric vehicles more affordable and attractive to consumers, increasing the demand for EV insurance.

Growing Environmental Awareness and Technological Advancements

There is a growing awareness among Indian consumers about the environmental impact of traditional internal combustion engine vehicles. The awareness is driving a shift towards more sustainable and eco-friendly transportation options. Key factors, including environmental concerns and increasing air pollution levels in major Indian cities, have raised public awareness about the need for cleaner transportation alternatives. Electric vehicles produce zero tailpipe emissions, making them an attractive option for environmentally conscious consumers. Technological advancements in battery technology, such as improved energy density and faster charging times, make electric vehicles more practical and convenient.

Additionally, developing a robust charging infrastructure alleviates range anxiety, which has been a significant barrier to EV adoption. While the initial purchase price of electric vehicles can be higher than that of traditional vehicles, the total cost of ownership is often lower. EVs have fewer moving parts, which translates to lower maintenance costs. Additionally, the cost of electricity is generally lower than that of petrol or diesel, resulting in significant savings on fuel expenses.

As more consumers recognize the long-term benefits of electric vehicles, the demand for EV insurance is expected to rise.

According to Markets and Data report, India Electric Vehicle, Opportunities and Forecast, 2017-2031, the market is projected to witness a CAGR of 25.07% during the forecast period 2024-2031, growing from USD 3.68 billion in 2023 to USD 22.95 billion in 2031. As the adoption of electric vehicles increases, the demand for EV Insurance surges. Insurance companies are developing specialized products to cater to the unique needs of EV owners, further driving the growth of India EV insurance market.

North India to Dominate EV Insurance Market

In the northern region of India, the adoption of electric vehicles (EVs) and the corresponding demand for EV insurance are on a significant upward trajectory, with Delhi NCR at the forefront of the transformation. The region's aggressive measures to combat severe air pollution have been a major catalyst for the shift towards cleaner and sustainable transportation. According to Vahan, Uttar Pradesh tops the list with the country's highest number of electric vehicles (EVs), totaling 414,978, while Delhi follows closely behind with 183,074 EVs. Uttar Pradesh leads in EV sales mainly because of the extensive use of electric rickshaws (three-wheelers) in many cities. E-rickshaws, serving both passengers and cargo purposes, constituted 85% of the total EV sales in the region in FY2022. These efforts have increased the number of EVs on the road and driven a surge in the demand for EV insurance. Insurers in the region are responding by offering comprehensive and tailored insurance products which cover the unique aspects of EV ownership, such as battery replacement and charging equipment.

Insights Into Electric Vehicle (EV) Insurance Distribution Channels

In India electric vehicle insurance market, the segmentation based on distribution channels includes categories such as insurance companies, banks, insurance agents/brokers, original equipment manufacturers (OEM) and others. The growth can be attributed to several factors, including their role as intermediaries, offering personalized advice and tailored EV insurance solutions to meet the specific needs of customers. Additionally, the expanding EV market creates a demand for expert guidance in navigating insurance options. Insurance agents/brokers contribute to enhancing customer awareness about EV insurance, ensuring that EV owners receive comprehensive coverage while considering factors such as the unique risks associated with electric vehicles,

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battery-related concerns, and environmental benefits. OEMs are uniquely positioned to offer their own insurance due to their unique understanding of their vehicles and their tech, safety, and repair costs. They can drive down cost of ownership through innovative usage-based insurance (UBI) products, where data is collected from a customer's car to reward them with lower rates for good driving behaviors, ultimately contributing to increased safety on the road and reducing the frequency and severity of claims.

Evolving Third-Party Liability Coverage to be India Electric Vehicle Insurance Market Trend

Third-party liability coverage is expected to grow rapidly and dominate the market with a significant share from FY2024 to FY2032. Third-party liability coverage is essential for meeting legal requirements and providing financial protection in case of accidents. The necessity will contribute to sustained dominance of the coverage type throughout the forecast period.

Furthermore, as the adoption of electric vehicles continues to increase, there will be a growing demand for insurance coverage tailored to the unique characteristics of these vehicles. With the changing landscape of electric vehicles and insurance needs, there is a rising opportunity for insurance providers to develop specialized products and services that cater specifically to the requirements of electric vehicle owners. By staying ahead of these trends and offering customized coverage options, insurance companies can effectively address the evolving market needs and establish themselves as leaders in the electric vehicle insurance sector. Asia-Pacific is expected to dominate the electric vehicle insurance market during the forecast period.

Future Market Scenario (FY2025 – FY2032F)

□ Indian electric vehicle market is expected to witness rapid growth in the coming years, driven by government initiatives, increasing environmental awareness, and technological advancements in EV technology. The growth will lead to a corresponding increase in the demand for EV insurance products tailored to the specific needs of EV owners.

□ Insurance providers in India are expected to develop specialized insurance products for electric vehicles, considering unique risks associated with EV ownership, such as battery-related issues, charging infrastructure, and technological components. These customized insurance products will cater to the evolving needs of EV owners and provide comprehensive coverage for their vehicles.

□ Insurance companies are expected to form partnerships and collaborations with EV manufacturers, charging infrastructure providers, and other stakeholders in the EV ecosystem to offer integrated insurance solutions. These partnerships will enable insurance providers to offer value-added services, such as bundled insurance packages, maintenance support, and roadside assistance, to enhance the overall customer experience.

□ Indian government is likely to introduce regulatory changes and incentives to promote the adoption of electric vehicles and support the growth of India EV insurance market. These regulatory changes may include mandates for EV insurance coverage, tax incentives for EV owners, and guidelines for insurance providers to offer specialized EV insurance products.

Key Players Landscape and Outlook

The Indian market for EV insurance is witnessing a dynamic landscape with various key players contributing to its growth and development. Insurance companies are actively offering specialized insurance products tailored for electric vehicles. These companies are leveraging their expertise in the insurance sector to create innovative policies that address unique risks and requirements of EV owners.

In addition to traditional insurance providers, technology companies are playing a significant role in the EV insurance market. These companies are leveraging digital platforms and data analytics to offer seamless and personalized insurance solutions for electric vehicle owners. They majorly focus on technology-driven services, helping to streamline the insurance process and enhance the overall customer experience. Government agencies, such as Insurance Regulatory and Development Authority of India (IRDAI), are the key players in shaping India EV insurance market. IRDAI plays a crucial role in setting regulations and guidelines for insurance providers, ensuring that the interests of EV owners are protected, and the market operates fairly and transparently.

Automotive manufacturers are actively collaborating with insurance companies to offer bundled insurance packages with their electric vehicle sales. These partnerships are aimed at simplifying the insurance process for customers and promote the adoption of electric vehicles in the country. The outlook for the Indian market in EV insurance is positive, with continued growth expected in the coming years. As the adoption of electric vehicles increases and awareness about the benefits of EVs grow, the demand for specialized insurance products is expected to rise. Key players in the market will need to focus on innovation, customer-centric

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solutions, and strategic partnerships to capitalize the opportunities presented by the evolving EV insurance market in India.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work

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