

Electric Vehicle (EV) Insurance Market Growth Analysis - Forecast Trends, Market Size, Share and Outlook (2025-2034)

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Report description:

The global electric vehicle (EV) insurance market was approximately USD 72.80 Billion in 2024. The market is further projected to grow at a CAGR of 17.30% between 2025 and 2034, reaching a value of USD 359.01 Billion by 2034.

Electric Vehicle (EV) Insurance Market Trends

Increased adoption of EVs due to favourable government initiatives and their cost effectiveness has led the general insurance companies to offer specialised insurance services for electric cars. The increasing shift towards sustainable transportation modes in countries such as India and China is propelling the market demand.

A crucial trend in electric vehicle (EV) insurance market includes advancement in digital technology. The rising penetration of the internet, coupled with the growing adoption of smartphones and tablets, is prompting key insurance companies to use digital tools for providing hassle-free and personalised experiences to customers while automating several tasks.

Recent Developments

As per the electric vehicle insurance (EV) market dynamics and trends, Digital Insurance announced the launch of add-on cover in their insurance programs in January 2024 which can meet the specific insurance needs of the EVs in India. This add-on cover comes with three optional coverage programs that can cover damage to the battery, charging cable, and motor, among others.

Electric Vehicle (EV) Insurance Market Growth

Electric car insurance, also known as electronic vehicle insurance or EV insurance, is a specialised form of motor insurance designed to protect electric vehicles from various potential risks, including accidents, natural disasters, and theft. This emerging

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insurance category addresses breakdowns, covers expenses, and ensures comprehensive coverage for EV owners.

The increasing adoption of usage-based insurance (UBI) among electric vehicle (EV) owners is driving the growth of the electric vehicle (EV) insurance market. UBI can reduce the annual insurance premiums and claim costs which makes it popular among EV owners. Insurance companies such as Liberty Mutual, Allstate, and State Farm, among others, are leveraging high-end technologies to analyse vehicle data and driver behaviour accurately to determine premium offerings on individual driving performance.

Industry Outlook

According to the electric vehicle insurance (EV) industry analysis, the total EV sales reached around 14 million in 2023. Around 3 million EVs were sold in the first quarter of 2024 and this value is expected to surpass 17 million by the end of the year. The transportation sector accounts for around 15% of the total energy-related emissions across the world, which has created a growing demand for EVs. If the sales of EVs continue to grow at the present rate, then it can eliminate the demand for around 6 million barrels of oil per day by 2030.

As per the data published from April 1, 2023, to March 31, 2024, on the Vahan website by the government of India, around 16,75,800 EVs were sold in India during this time period. Furthermore, under the Electric Mobility Promotion Scheme 2024 (EMPS), around 372,000 EVs are expected to be granted subsidies. Furthermore, 11-year EV retail sales data by Vahan revealed that around 39,55,021 units of EVs have been sold in India since 2015. Moreover, the Indian government's scheme to boost sustainable transportation aims to make EVs account for around 30% of mobility by 2030, which can contribute to the electric vehicle insurance (EV) industry revenue.

The EV insurance sector in India was worth 1000 crores in 2023 and is also expected to grow at 40% in the coming years, as per the TATA AIG group. The Insurance Regulatory and Development Authority of India has offered a 7.5% discount on hybrid vehicles and a 15% discount on third-party premiums for EVs, which is expected to make the purchase of EVs affordable in India and fuel the growth of the electric vehicle (EV) insurance industry.

Increasing Adoption of Electric Vehicles and Tailored Insurance Solutions Drive Market Growth

- Rapid increase in global electric vehicle adoption boosts demand for specialized insurance products.
- Growing awareness and need for tailored insurance policies that address unique EV risks and requirements fuels electric vehicle (EV) insurance market value.
- Technological advancements in telematics and data analytics improve risk assessment and pricing models.

Challenges in the EV Insurance Market Stemming from High Premiums, Limited Historical Data, and Evolving Regulatory Landscape

- Higher premiums for EV insurance due to expensive repair costs and limited service providers can hinder electric vehicle (EV) insurance demand growth.
- Constantly evolving regulatory landscape necessitates continuous adaptation and compliance.
- Lack of extensive historical data on EV performance and risks complicates underwriting processes.

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Emerging Trends in the EV Insurance Sector Focus on Usage-Based Policies, Integration with Smart Technologies, and Customer-Centric Solutions

- Integration of smart technologies like IoT and AI to enhance customer experience and streamline claims processing negatively influences electric vehicle (EV) insurance demand forecast.
- Growing emphasis on customer-centric solutions offering personalized coverage and benefits.
- Development of eco-friendly insurance products rewarding sustainable driving practices and lower emissions.

Threats and Challenges in the EV Insurance Market Arising from Economic Downturns, Technological Disruptions, and Market Competition

- Economic downturns reducing consumer spending on EVs and associated insurance products.
- Technological disruptions require continuous innovation to stay competitive and relevant.
- Intense competition from established insurance providers and new market entrants can affect electric vehicle (EV) insurance demand.
- Dependence on high-quality, reliable data sources susceptible to cybersecurity threats and breaches.

Key Players in the Global Electric Vehicle (EV) Insurance Market and Their Strategic Initiatives

AXA Insurance Ltd

- Innovative EV Coverage Options: Introduced new insurance products that include comprehensive coverage for EV-specific components such as batteries, charging cables, and software updates and increased electric vehicle (EV) insurance market opportunities.
- Sustainable Insurance Solutions: Implemented green initiatives by offering premium discounts for customers who use renewable energy for charging their EVs and participate in eco-friendly driving programs.

Allianz

- Usage-Based Insurance (UBI) for EVs: Launched UBI products that leverage telematics to offer personalized premiums based on driving habits and EV usage patterns.
- Strategic Alliances with Charging Networks: Formed partnerships with major charging network providers to offer bundled services that include insurance coverage and discounted charging rates that can contribute to the electric vehicle (EV) insurance market revenue.

Progressive Corporation

- EV Battery Health Monitoring: Monitoring the EV battery health with telematics data to offer maintenance tips and specialized coverage based on battery condition.

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- Discount Programs for Eco-friendly Practices: Rolled out new discount programs for EV owners who demonstrate eco-friendly driving behaviours and use certified green repair shops which can boost demand of electric vehicle (EV) insurance market.

Zurich Insurance Group

- Electric Fleet Insurance Solutions: Specialised insurance products with comprehensive coverage for businesses operating electric vehicle fleets.
- EV-Specific Risk Assessment Tools: Launched advanced risk assessment tools that use big data and AI to evaluate and price EV insurance policies more accurately, enhancing the electric vehicle (EV) insurance market expansion.

GEICO

- Digital Claims Processing for EVs: Implemented a digital-first claims processing system designed to treat claims for EV owners through an app-based platform and AI-driven assessment.
- Comprehensive EV Roadside Assistance: Expanded roadside assistance coverage includes services specifically for EVs, such as mobile charging and specialized towing.

Electric Vehicle (EV) Insurance Market Industry Segmentations

The EMR's report titled "Electric Vehicle (EV) Insurance Market Report and Forecast 2025-2034" offers a detailed analysis of the market based on the following segments:

Market Breakup by Propulsion Type

- Battery Electric Vehicles (BEV)
- Hybrid Electric Vehicles (HEV)

Market Breakup by Vehicle Type

- Passenger Cars
- Commercial Vehicles

Market Breakup by Coverage Type

- First Party Liability Coverage
- Third Party Liability Coverage

Market Breakup by Distribution Channel

- Insurance Companies
- Banks
- Insurance Agents/ Brokers
- Others

Market Breakup by Vehicle Age

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- New Vehicle
- Used Vehicle

Market Breakup by Region

- North America
- Europe
- Asia Pacific
- Latin America
- Middle East and Africa

Electric Vehicle (EV) Insurance Market Share by Vehicle Type

Passenger cars hold a considerable portion of the market share, driven by increased demand for personal transportation solutions and the increasing launch of passenger EVs. The growing focus on providing insurance for luxury electric SUVs and sedans like the Tesla Model 3 and Model Y is expected to boost the segment's growth in electric vehicle (EV) insurance industry.

Meanwhile, the commercial vehicle segment is anticipated to witness healthy growth due to the rising adoption of innovative insurance models like UBI, which analyse driver behaviour through telematics devices and offer real-time fleet information.

Electric Vehicle (EV) Insurance Market Regional Analysis

As per the global electric vehicle (EV) insurance market analysis, the Asia Pacific is witnessing significant growth due to the growing adoption of EVs in China, Japan, South Korea, and India. The introduction of favourable initiatives by the Chinese government restricting conventional car sales and the development of EV infrastructure in countries like India are also boosting the regional market demand.

Meanwhile, Europe is anticipated to grow at a healthy pace due to stringent emission norms and high EV sales in the region in the forecast period.

Competitive Landscape

The comprehensive EMR report provides an in-depth assessment of the market based on the Porter's five forces model along with giving a SWOT analysis. The report gives a detailed analysis of the following key players in the global electric vehicle (EV) insurance market, covering their competitive landscape and the latest developments like mergers, acquisitions, investments, and expansion plans.

Allianz SE

Allianz SE, a leading global financial services provider, employs approximately 159,000 individuals, catering to over 122 million customers in 70+ countries. It excels in insurance and asset management, managing EUR 706 billion for insurance customers. With a market-leading position in Germany and a robust international presence, Allianz offers diverse insurance services, including property, life, health, and global business insurance. Additionally, its asset management arms, PIMCO and Allianz Global Investors, oversee about 1.7 trillion euros in third-party assets.

Zurich Insurance Group Ltd

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Zurich Insurance Group Ltd, a prominent multi-line insurer in electric vehicle (EV) insurance industry, established 150 years ago, operates in over 200 countries. With about 60,000 employees, it offers diverse insurance products and services globally. Apart from traditional coverage, Zurich focuses on innovative insurance solutions and prevention services, emphasising well-being and climate resilience. Serving individuals, small businesses, and large corporations, Zurich is headquartered in Switzerland, where it was founded in 1872.

The Travelers Company, Inc.

The Travelers Company, Inc., with over 165 years of experience, is a trusted insurance provider offering services for homes, cars, valuables, and businesses. Recognised as a top property casualty insurer, Travelers prioritises customer well-being. Its commitment to innovation and expertise positions it as a leader in personal, business, and speciality insurance. With around 30,000 employees and a vast network of agents, Travelers operates in the United States, Canada, the United Kingdom, and Ireland, ensuring peace of mind for customers.

Other electric vehicle (EV) insurance industry players include AXA SA, Liberty Mutual Insurance Company, MAPFRE S.A., American International Group, Inc., Aviva plc, and Lemonade, Inc., among others.

Electric Vehicle (EV) Insurance Market Report Snapshots

Electric Vehicle (EV) Insurance Market Size

Electric Vehicle (EV) Insurance Market Growth

Electric Vehicle (EV) Insurance Market Trends

Electric Vehicle (EV) Insurance Market Share

Electric Vehicle (EV) Insurance Companies

Electric Vehicle (EV) Insurance Market Regional Analysis

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