Coverage and premiums in Singapore EV insurance

Electric vehicles now make up one in 30 cars in Singapore, with registrations surging to 32.5% of new units as of September 2024. As EV adoption accelerates, Singapore consumers are calling for better coverage for specialised components like batteries, while some remain wary of perceived higher premiums. **Liberty Insurance Singapore**'s **Mr Roy Wong** shares his insights.

By Reva Ganesan

Singapore is forecast to have the largest share of passenger EVs in Southeast Asia by 2040, according to a report from Bloomberg.

As of September 2024, based on an analysis from the Land Transport Authority (LTA) data, EV registrations accounted for 32.5% or 9,941 units. Based on the same data, 3.3% of the car population in Singapore are EVs: 21,796 EVs out of 655,214 car population.

This means one in 30 cars is an EV in Singapore.

"With the increase in the percentage of EVs on the road in Singapore, we see car manufacturers offering a wider range of electric models, ranging from affordable to luxury options. LTA has announced that at least 12,000 EV charging points will be installed across housing blocks by the end of 2025. This expansion of public charging infrastructure will help to deal with the growing demands of owners and alleviate concerns of potential buyers," Liberty Insurance Singapore vice president and head of motor Roy Wong said.

Government initiatives

There continues to be sustained government incentives to support Singapore's transition to 100% EVs by 2040, while cutting the rebates for hybrid cars.

"Under the EV early adoption incentive quantum, owners who register electric cars and taxis in 2025 will continue to receive a rebate of 45% off the additional eegistration fee, capped at S$15,000 ($11,119). The Vehicular Emissions Scheme Band A1 rebate, which applies to most electric cars, will remain at S$25,000. This means the total available rebate for EVs can go up to S$40,000. These policies have spurred consumer interest and boosted sales of EVs," Mr Wong said.

He also said there are similar government incentives in Hong Kong where first registration tax (FRT) concessions for electric private vehicles are waived up to HK$58,500 ($7,524). The FRT concession cap for private car owners eligible for the one-for-one replacement scheme is now at HK$172,500.

In Thailand, he said, the government's BEV 3.5 policy is targeted towards battery electric vehicle (BEV) importers and local BEV manufacturers to take advantage of a new set of subsidies and excise-tax reduction incentives for BEV passenger vehicles, pick-up trucks and motorcycles whether imported and locally assembled.

"Overall, we can see that greater public awareness of environmental issues has influenced consumer preferences towards greener alternatives in transportation. The adoption of EVs matches those who are committed and aligned to the focus on sustainability," Mr Wong said.

He said partnering with EV

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charging networks providers to include benefits or premium discounts for using certain charging locations and "allowing the collection of data on EV usage which can contribute to better understanding of user patterns and environmental impact" can help EV insurance to contribute to Singapore's sustainability goals and carbon reduction commitments.

Gaps

When asked what some of the gaps in the current EV insurance offerings are that Singapore consumers feel the need to address, Mr Wong said, "some consumers are concerned that there is limited coverage for specialised components such as batteries. Offerings from some insurers may not cover the battery fully.

"While not necessarily a gap, some consumers perceive EV insurance premiums to be higher, which makes them hesitate to make the change. However, this perception may shift as the market matures. Over time, insurers will gain more experience and insights into EV insurance, allowing them to differentiate it more effectively from traditional motor vehicle insurance. The EV industry on a global basis is still relatively young when compared to traditional motor vehicles," he said.

Autonomous vehicle technology has been slow

"Singapore has approved the use of self-driving vehicles in two specific instances – both of which are for commercial usage. The roll-out of autonomous vehicle (AV) technologies has been much slower than previously anticipated. This cautious approach is driven by the authorities' desire to ensure gradual integration into Singapore's dense urban environment," Mr Wong said.

However, he said the main challenges would be safety concerns, regulatory hurdles, infrastructure readiness and technological limitations.

"Building public trust in self-driving technology is essential for its adoption, as scepticism regarding the safety and reliability of AVs can hinder consumer willingness to embrace this innovation," he said.

"Ongoing discussions are taking place between relevant local authorities regarding AVs and insurers have been actively participating in these conversations, offering insights on insurance-related matters. We remain optimistic about the future of self-driving vehicles in Singapore and are keen to support their development," he said.

EV insurance set to grow exponentially

Three factors, he said, that will continue to drive the growth rate of EV ownership are:

1. Type and amount of government incentives offered
2. The variety of EV models being offered by the retailers, along with the pace at which internal combustion engine (ICE) models are being discontinued, will impact consumer options
3. EV models pricing relative to ICE models

"While precise figures regarding current penetration rates or specific growth forecasts for the next five years may vary, industry analysts anticipate that EV insurance will grow significantly in line with the increasing adoption of electric vehicles," Mr Wong said.