

## The Bicycle Association of Great Britain

response to:

**Department of Transport**

**Open consultation - Motor insurance: consideration of the 'Vnuk judgment'**

April 2017



**The Bicycle Association of Great Britain** is the national trade association for suppliers of cycles, accessories and associated products and services. It has a membership of over 60 companies, including major UK cycle suppliers such as Halfords, Brompton, Pashley, Raleigh and many more. For the full list of members, and further details about the Bicycle Association (BA), please see [www.bicycleassociation.org.uk](http://www.bicycleassociation.org.uk).

**This response has also been endorsed by the following organisations, representing major stakeholders in cycling and the cycle industry:**



*British Cycling is the national governing body for cycling and works to represent the interests of its 130,000 members, and cyclists at all levels, including campaigning on important issues including road safety.*



*Cycling UK, the national cycling charity, inspires and helps people to cycle and keep cycling, whatever kind of cycling they do. Over a century's experience tells us that cycling makes you feel good, gives you a sense of freedom and creates a better environment for everyone.*



*Sustrans is the charity that makes it easier for people to walk and cycle. As well as running the National Cycle network they get over half a million children cycling each year via the Big Pedal schools initiative.*



*Cyclenation is the federation of UK cycle campaigns, representing member groups from around the country at national and international level.*



*The London Cycle Campaign is a 12,000-strong membership charity, making sure that everyone who cycles, or wants to cycle, has a voice in Greater London.*



*The Association of Bikeability Instructors (TABS) is the trade association for providers of Bikeability cycle training schemes. TABS currently has 161 members, who deliver training to over 120,000 children annually.*



*Bikeplus is the representative body for bike and e-bike sharing schemes in the UK. Bike sharing schemes are operated by the private sector, the public sector and some cases large employers and community groups.*

*Our thanks to Cycling UK and to all who have assisted in the drafting of this response.*

## *Preliminary note*

The Bicycle Association's interest, and this response, is only and specifically with regard to Electrically Assisted Pedal Cycles (EAPCs), a category which may fall newly in scope of compulsory motor vehicle insurance under Vnuk.

The Bicycle Association would first urge the Government to carefully check the position taken 'as read' in much of the consultation document that EAPCs fall newly into scope under this ruling.

Some examples of possibly newly in scope vehicles are set out in Annex A of the consultation document. We submit that in terms of their operational mechanism, and sources of propulsion and power, EAPCs are quite distinct from the other vehicles listed in Annex A.

For the purposes of the MID a vehicle requiring compulsory third party insurance is

*"any motor vehicle intended for travel on land and propelled by mechanical power, but not running on rails, and any trailer, whether or not coupled".*

EAPCs are clearly intended for travel on land, and do not run on rails, but to be in scope for the purposes of the MID they must also be:

- a. A motor vehicle; and
- b. Propelled by mechanical power.

Before commenting further it may be helpful to consider how most EAPCs operate. The electric power assist is designed to complement, not replace human power. The EAPC rider still has to pedal, and hence use human power, in order to activate the electric power assist. The electric power assist primarily allows less fit, or possibly older, cyclists the option to engage some extra electric assistance alongside their own pedalling. This power boost is limited (by law<sup>1</sup>) to 'human scale', so it cuts off when the power output or speed reaches levels (250W, 25 km/h) which an active healthy adult would be likely to be capable of producing anyway, without electric power assist.

Every other vehicle in Annex A, no matter how limited the mechanical power produced, is a vehicle solely powered by mechanical power (i.e. a motor). EAPCs are the only vehicles where the mechanical power is available only to assist human power, rather than operating independently. Human power is the primary source for propulsion, and also controls any additional motor assistance. **For these reasons we contend that "motor vehicle" is not an accurate description.**

**Nor is "mechanically propelled" accurate.** As human power provides the primary propulsion, EAPCs are not "propelled by mechanical power". They are propelled by pedalling, with the option of limited electric power assist.

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<sup>1</sup> <https://www.gov.uk/electric-bike-rules>



It is acknowledged that some EAPCs operate with a “twist and go” throttle (now requiring type approval in the UK, so that sales of this type are minimal), with others having a push button ‘start assist’ feature, both features providing limited motor power without pedalling. The majority of EAPCs, however, are built, designed and operated as described previously. There is no electrical power assist available at all unless the rider is pedalling already.

**In the foreword to this consultation the Minister, Andrew Jones MP, stated that the Government's guiding principle in this would be to take “a common-sense approach”. We respectfully submit that the common sense view is that EPACs are not mechanically propelled motor vehicles (which is also the view taken by current UK law<sup>2</sup>). Rather, they are human powered vehicles with an option for limited electric power assist. They should therefore be considered out of scope.**

We believe the UK would not be alone in taking this common sense approach. To the best of our knowledge, **no other EU member state** is consulting on or discussing the imposition of mandatory third party insurance for EPACs (the EU term essentially equivalent to EAPCs) in connection with Vnuk. While a very few EU member states (for example the Netherlands) have already derogated e-bikes under the Motor Insurance Directive (perhaps on a precautionary basis to ensure the continued success of their e-bike industry) most countries, including major e-bike markets such as Germany, have not. On being asked about this, our cycle trade association counterparts in Germany wrote:

“We have checked this in Germany with the Association of the Insurance Companies (GDV), [the Transport] Ministry and Members of Parliament and nobody has heard about any activity concerning compulsory third party insurance (*Haftpflichtversicherung*) for EPACs. EPACs are bicycles and insurance is always a matter for motor vehicles.”

**We therefore urge the Government to consult closely with their legal advisors, and with counterparts in mainland Europe, to ensure that the UK interpretation of Vnuk with regard to EAPCs is in line with our competitor countries, so as not to potentially put the UK’s EAPC industry at a competitive disadvantage, and to avoid limiting the significant potential of this low-impact form of transport.**

As outlined above, our primary submission is that EAPCs should be considered to be out of scope, and not caught up in the implications of the Vnuk judgement. However, the responses below to the consultation questions also set out our position should the Government determine that, after legal clarification, EAPCs are indeed newly in scope.

**If EAPCs are in scope for the new regulations, we strongly suggest they be derogated.** As our answer to Q22 indicates, data suggests that the cost to the MIB of derogation would be minimal.

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<sup>2</sup> The Road Traffic Act (<http://www.legislation.gov.uk/ukpga/1988/52/section/189>) says:  
“(c) an electrically assisted pedal cycle of such a class as may be prescribed by regulations so made, is to be treated as not being a motor vehicle.”

## Consultation question responses

*Q1. Due to the uncertainty, do you think that the Government should add either a sunset clause or a review clause in any new Regulations stemming from this consultation?*

- *Sunset*
- *Review*
- *Not necessary*

*Why?*

We would favour an early review once we have left the EU, in light of the potential disbenefits, both relating to EAPCs and beyond.

But we also support the position of our colleagues at the Motorcycle Industries Association (MCIA) in this – that it would be better not to implement any changes at all until any possible amendments have been made to the Motor Insurance Directive which might mitigate the impact of the Vnuk ruling, or until some other satisfactory solution has been found to the most problematic issues it raises.

It would be far better to make any changes once only, rather than implement something problematic which is later likely to be withdrawn.

An insurer active in the area of e-bike insurance (see Q22) also has concerns about how their industry may be able to respond to a changing policy in this area, especially if timescales are not adequate and clearly set out from the start:

*“I would question how the government expects the insurance market to gear itself up to meet the needs of the MID for newly in scope vehicles, given the cost of such infrastructure change, especially if they could then remove the requirement in a very short period [once we leave the EU]. The impact of such an approach is that initial premiums will need to be significant whilst a compulsory position is in place, and the uncertainty of how it may change could lead to a very clear lack of capacity from the insurance market, as its long tail liability modelling will be difficult to establish, particularly in light of the recent Ogden changes.”*

*Q2. Leaving the EU allows us to look afresh at our overall policy aims on motor insurance. What are your views on the approach the UK should seek to take once we leave the EU?*

We would suggest that the UK review any changes made under Vnuk, and retain only those shown to provide clear benefits without excessive cost or damaging side-effects. Otherwise, revert to the pre-Vnuk status quo, which we find largely satisfactory.

We would in general encourage a policy structure which places a burden of insurance on transport mode users proportionate to the potential harm they represent to others.

Any post-EU policy should also take into account the societal benefits of low-impact and active forms of travel such as walking and cycling (including congestion reduction, parking space reduction, air quality improvement, health benefits) and avoid adding to any barriers (such as the added cost of compulsory insurance) which would limit take-up of these forms of travel.

*Q3 Compared with the current position do you believe if the domestic law on motor insurance changed in line with the comprehensive option it would be:  
o Better? o Worse? Why?*

With regard to EAPCs, we believe that changes under the “comprehensive option” would be highly damaging to e-bike use, and the cycle industry, unless EAPCs were derogated from the requirement for individual insurance.

Any individual insurance requirement would have costs out of all proportion to the potential benefits to victims. “Backstop” protection for victims would be better provided by the MIB via derogation: those costs are likely to be very small (see analysis later).

Costs of an individual insurance requirement would be both to users and to wider society in terms of administration and disincentives to use lower impact forms of transport.

- EAPCs have huge potential to tackle congestion and air quality in cities, and as a form of active travel to simultaneously address issues of health and obesity. They also address directly some of the major disincentives to people taking up cycling for active travel, especially worries about fitness to complete a longer journey.

Figures based on mainland Europe usage show that e-bikes have the potential to grow in popularity to the extent that they can make a major difference to the transport and city environment, for example by boosting possible cycle to work levels by 8% (to 26%) compared to an equivalent non-e-bike scenario.<sup>3</sup>

There is therefore a public policy argument that any response to Vnuk should not disincentivise people from using EAPCs: it is hard to see how a need for compulsory insurance would not do this.

- As the low cost of EAPC use, in comparison to other forms of transport, is one of its key attractions, it is likely that any requirement for individual vehicle insurance would put off many users. After initial purchase, there are currently no mandatory ongoing costs for EAPCs, and no bureaucracy: changing this would certainly be a major barrier to sales.

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<sup>3</sup> Analysis (2017) based on DfT funded “Propensity to Cycle tool”  
<http://www.cedar.iph.cam.ac.uk/resources/evidence/eb-14-englands-cycling-potential/>

- As a category, EAPCs are becoming more popular, although unit sales are still relatively low (the BA estimates ca. 75,000/year) and as such, the UK EAPC industry is in its early stages. A setback through excessive regulation at this stage could severely threaten future growth.
- EAPCs are a key part of the UK cycle industry's future growth potential, and any threat to EAPC popularity would threaten the prosperity of the entire industry. Recent BA analysis indicates that this is a £2.7 billion industry, directly employing around 23,000 staff. E-bikes are a major driver of turnover, as they have a higher average selling price than conventional bikes. The industry is rapidly developing their technology, too, to make them even more attractive and reliable as a low-impact, healthy, zero emissions form of transport.

Q4 Which of the Commission's four suggestions do you believe would be best for amending the Directive?

- Do nothing
- Required guarantee schemes
- Insurance required when vehicle is used in traffic
- Take some vehicles out of scope

Why?

We would prefer Option 4 – specifically to unambiguously take EAPCs out of scope entirely (if they are indeed in scope currently). They pose little risk to third parties (as detailed later in this response), many riders already have insurance, and taking them out of scope entirely would expose the public to very little risk. That risk is outweighed by the public benefits of increased e-bike use, which might be threatened by a compulsory insurance requirement.

If not taken out of scope, we strongly suggest that they be derogated.

Option 3 would make little difference for EAPCs – they are overwhelmingly used in 'traffic' (i.e. where the public have access) already.

Q5 If the Directive was amended so insurance was required when vehicles are used in traffic when compared to the comprehensive option would this make it:

Better?  Worse? Why?

From the BA's perspective re EAPCs, this would make little difference, even if they are newly in scope. The overwhelming majority of EAPCs are used where the public have access.

However, in the wider context of these proposed regulations we believe that the amended directive option is preferable.

Q6 What do you think would be the effects in particular areas of the UK of using as the basis for compulsory insurance “areas where the public has access in accordance with national law”?

Again, this is not really a factor for EAPCs: they are overwhelmingly used where the public have access, on road or off. The national differences in access arrangements (for off-road cycling, for example) are taken into account by users. But there are very few places where the public do not have access where any significant number of people use EAPCs.

Q7 Do you think government should make use of the power available to derogate certain vehicles in the:

o Comprehensive option? yes no

o Amended Directive option? yes no

The answer is the same for both options, with regard to EAPCs: yes, if they are newly in scope.

We strongly favour derogation for EAPCs.

In principle we regard derogation as a useful option for other newly-in-scope categories, too, especially if this matter is to be reviewed soon after leaving the EU. For these classes, derogation now could prevent the need for costly implementation measures which, if reviewed in a very few years and found unnecessary, would have been entirely wasted effort.

Further, the cost to the MIB of derogating any newly in scope categories could be assessed in the period between derogation and post-Brexit review, to inform any longer term decision in this area.

Derogation would in any case at a stroke avoid major administrative difficulties given the existing unregistered fleets of newly in scope vehicles, and also avoid disincentives (by imposing the cost of compulsory insurance on users) to the use of these low impact forms of transport.

The relatively small number of people injured by these categories would still benefit from the MIB as a backup if the vehicle user is uninsured (and the MIB could attempt to recover that cost from the user).

We recognise the (modest) additional burden that this places on the MIB, and that its funding is currently only through non-derogated motor vehicle insurance. But we believe that this is proportionate to the hazards (and cost of other externalities – congestion, pollution, obesity etc.) imposed by the car (and larger) motor vehicle fleet, compared to lower impact forms of travel such as EAPCs.

**The Government could perhaps consider innovative alternative/additional funding mechanisms by which extra costs to the MIB could be funded more directly by the classes of vehicle brought newly into scope.** Perhaps, for example, a small element of the import tariffs on imported vehicles in the newly-in-scope categories could be dedicated to contribute to MIB funds, or (if possible post

Brexit, and the derogation arrangement is retained) a small import tariff supplement could be applied, which would also provide an element of incentive for UK production.

Finally, the Netherlands government may be able to provide useful details of the potential cost and practicality of derogation for EAPCs, as they have a very large e-bike fleet in use (several million) and their derogation arrangement under the MID for this class of vehicle has been in place for some time.

#### Q8 Which factors provide the most suitable basis for deciding which types of newly-in-scope vehicles to derogate?

- Absolute number and severity of accidents involving the category in question (or very similar vehicles) where historical records are available. For EAPCs, the estimate given in the answer for Q22, based on statistics from an insurer active in this market, suggests that very small numbers of incidents are likely to be involved, even if in future the size of EAPC fleet in use grows considerably. As noted below, statistics from the much larger fleet of unassisted cycles should also be relevant for assessment of risk.
- Physics considerations: kinetic energy. For EAPCs, this differs little from unassisted cycles, and the kinetic energies involved are orders of magnitude lower than for e.g. cars.
  - Research from Germany reports EAPC riders travel at an average speed of 17.4 km/h, while on a regular bicycle the average speed is 15.3 km/h (Schleinitz et al., 2015)<sup>4</sup>. So there is just 2.1 km/h (1.3 mph) difference. Average extra mass of e-bikes vs normal bikes is estimated at 5 kg. When rider weight is included, total vehicle mass will be say 100 kg+, so percentage change is <5%. So kinetic energy at average riding speeds rises by about 25% for e-bikes vs non e-bikes, or by a slightly lower percentage change for heavier riders. This is not a significant change: rider weight will vary more than this, for example.
- Practical considerations, including how to enforce, especially when existing vehicle fleets are unregistered, and may be used informally by users including minors. For EAPCs, which may only be used by over 14s, we believe that if not derogated, anything other than a very light touch approach presents considerable difficulties as detailed below. If it is not practical to enforce any insurance regulation with reasonable success, this risks undermining the standing of such regulations in general.
- Existing levels of insurance, and potential levels (through user education/promotion) without compulsion. For EAPCs, many users already have third party insurance – either via a policy

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<sup>4</sup> Schleinitz, K., Petzoldt, T., Franke-Bartholdt, L., Krems, J.F., et al. (2015). *The German naturalistic cycling study - Comparing cycling speed of riders of different e-bikes and conventional bicycles*. [https://www.researchgate.net/publication/282877815\\_The\\_German\\_Naturalistic\\_Cycling\\_Study\\_-\\_Comparing\\_cycling\\_speed\\_of\\_riders\\_of\\_different\\_e-bikes\\_and\\_conventional\\_bicycles](https://www.researchgate.net/publication/282877815_The_German_Naturalistic_Cycling_Study_-_Comparing_cycling_speed_of_riders_of_different_e-bikes_and_conventional_bicycles)

specific to e-bikes, or through their membership of cycling organisations, or as part of household cover. See also answer to Q21.

- Economic/fairness considerations: will the costs to the MIB after derogation, to victims of accidents caused by that user class, be reasonable in light of wider policy considerations? We believe this would be the case for EAPCs, as previously detailed.
- Equality/discrimination/access considerations. EAPCs provide relatively low-cost and effective independent mobility for a number of users who for a variety of reasons (e.g. cost, medical conditions) cannot either drive or use a conventional (unassisted) cycle. If the result of Vnuk is that these users are prevented by the cost of insurance from using EAPCs, this could have a disproportionate impact on such users. The consequences for these users may include additional health problems (due to inactivity), mental health issues (due to lack of independent mobility) and difficulties accessing employment and services (without their own transport). As well as the damaging effects to the quality of life and health of these users, such outcomes would inevitably also involve extra burdens on Government services (NHS, social care, benefits etc.).

Q9 What do you think are the main enforcement challenges – and how do you think we should deal with them - in the:

- Comprehensive option?
- Amended Directive option?

Both options are similar with regard to EAPCs. See answers to Q10, Q11 and Q12.

In general we suggest derogation instead, which avoids these issues.

Q10 Should a central register of every newly-in-scope vehicle be maintained?

- Yes
- No

No – it would be a near impossible task to register the existing fleet of approx 150,000 EAPCs (BA estimate), and the cost of doing so would be out of all proportion to the injuries or damage these vehicles are likely to cause.

Some sellers will have records of EAPC purchases made, but there is no formal mechanism to track users after purchase, or when the EAPC is sold on to a new user. So to reach unregistered owners would be very difficult.

Similar issues will likely exist for other newly in scope categories.

Creation of a register would also exacerbate the issues detailed earlier in our answer to Q3.

- The bureaucracy involved would be a severe barrier to sales. Any such register would inevitably try to extract its own running costs from its users: this would be an additional, ongoing cost which currently does not exist at all for EAPC users. It would severely damage the appeal of the EAPC as a bicycle-like form of transport with near-zero running costs.
- The message that a registration requirement would send to consumers (that this is a type of vehicle so dangerous to other road users that it needs to be registered) is also deeply inappropriate and disproportionate. It is (as we showed earlier) not significantly more dangerous to others than a normal bicycle.

**For these reasons we strongly urge the Government not to consider any register scheme for EAPCs, if they are indeed found to be newly in scope. They should be derogated instead.**

Q11 Who should maintain the register?

- Government
- Insurers
- Other (please specify)

We suggest no register, at least for EAPCs.

Q12 Is it important for all newly-in-scope vehicles to have a traceability marking for the:

- Comprehensive option? yes no
- Amended Directive option? yes no

No in both cases. Not relevant with no EAPC register. We strongly suggest they should be derogated instead.

If found newly in scope and not derogated, we would very much favour a 'lighter touch' approach for EAPCs, not involving registers, as detailed in section 6.7 of the consultation PDF:

6.7. A lighter touch approach might be simply to rely on enforcement agencies making a check on the insurance status of any newly-in-scope vehicle which is being used in a way that requires insurance. This could entail routine spot-checks at the roadside or in the aftermath of an accident where it became apparent that the vehicle was not insured and the offence of using a vehicle without insurance could be enforced against accordingly.

However, if a register scheme is not used, for EAPCs it would perhaps be more relevant in most cases for enforcement officials to check the insurance status of the RIDER, to ensure they have insurance that covers their use of the vehicle, rather than of the vehicle itself.



Many riders will have third party liability insurance via a household policy, which covers cycling and EAPC use, but is not linked to a particular vehicle. If they are covered by this valid insurance (assuming it meets the Vnuk criteria for amount covered, etc.), common sense suggests that should be deemed satisfactory.

Q13 Should all SORN vehicles be required to have third party insurance under the comprehensive option? o Yes o No Why?

Not applicable for EAPCs if no register is kept.

Q14 Would there be problems with SORN under the amended Directive option?

Not applicable for EAPCs if no register is kept.

Q15 Should the same level of fine apply in respect of newly-in-scope vehicles as currently applies to cars? o Yes o No Why?

The BA believes that for EAPCs, the question should not arise: we believe that if newly in scope they should be derogated. In general, however, we agree with the principle that penalties should be proportionate to likely harm.

Q16 What requirements to deter fraud might be built into the claims procedure under the two main options in this consultation?

No view.

Q17. What comments do you have about the nature and extent of fraud which will be generated by the two main options in this consultation?

No view.

Q18. What ideas do you have for combating any fraud which might be generated by the two main options in this consultation?

No view.

**Q19 Using the list of newly in scope vehicles in Annex A, to which vehicle do your answers refer?**

Electrically assisted pedal cycles (EAPCs) as defined by UK law.

Our response relates especially to the ‘pedal assist type’ where the motor can only operate when the rider is pedalling. These are known in European regulations as EPACs and are treated legally essentially as bicycles. They represent almost 100% of the EAPCs currently sold in the UK.

Note that the UK’s EAPC rules (in line with EU EPAC regulations) permit non type approved EAPCs to have a ‘start assist’ function whereby the motor can operate without pedalling up to 6 km/h (4 mph). This functionality should be recognised in any derogation definition.

Other EAPCs, which have a “twist and go” throttle, so the motor can operate at above 6 km/h up to 25 km/h without the rider pedalling, are in our view a separate category for the purposes of this consultation. This type requires type approval before sale<sup>5</sup>. This type is economically far less relevant than the pedal assist/EPAC type. Almost no “twist and go” EAPCs are now sold in the UK, due to the difficulty and cost of obtaining type approval.

**Q20 What is the typical cost of buying these vehicles?**

Prices range from approx £500 to £2500+. Good data is not available for average purchase price, but BA would estimate approx £1100.

**Q21 What is the typical cost of an annual third party insurance policy for these vehicles?**

Many EAPC users already have insurance, either through a cycling organisation or specific policy, or through household insurance.

Currently e-bike insurance policy premiums range from £20 to £60 per user per year<sup>6</sup> – although these premiums also include other elements of cover. We could not find any insurer offering separate, third-party-only cover.

Also, few if any of these policies will have the level of third party liability cover which Vnuk-compliance would require, so the relevant typical figure will be towards the higher end of that range at least, perhaps £50 per year. One insurer we spoke to (see Q22) indicated that they currently have

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<sup>5</sup> <https://www.gov.uk/government/publications/european-type-approval-for-certain-electrically-assisted-pedal-cycles-eapc>

<sup>6</sup> <http://www.money.co.uk/bicycle-insurance/electric-bicycle-insurance.htm>

a third party cover level of £2m as standard on their e-bike policies (whereas the MID minimum is 7.29 million, across injuries and property<sup>7</sup>). They would need to raise prices to comply with this.

However, we note that domestic legislation for motor vehicles (the Road Traffic Act) has a requirement beyond that set by the MID: it requires unlimited liability with regard to personal injury. If amendments post-Vnuk brought newly into scope vehicles under this provision, premiums would rise even further. One insurer active in this market (see Q22) writes:

*“Third party liability cover in isolation is typically available for £1,000,000 at a price of £15 to £35 per annum, however this fails to meet the requirements of the domestic legislation. If these vehicles are derogated, it is not clear whether this would only affect the requirement to have compulsory insurance, or also compliance with the legislation in all other aspects. Insurers need to respond to this in either event, and be able to offer insurance that meets the needs of customers (part of the requirements of fair outcomes from an FCA perspective). Therefore current insurance policies offered may need to be changed to reflect domestic legislation. Currently there is no insurance provision for these types of vehicles that meets this. It is difficult to assess the overall costs given the permutations involved but we would suggest that you could expect to see premiums rise to £50 per annum as a minimum for these newly in scope vehicles. The key factor here will be the appetite of the reinsurance market to offer cover beyond the primary insurance line that the insurer has capacity to carry. This will be of particular concern from the perspective of the unlimited liability for third party bodily injury.”*

Note that some e-bike riders may also obtain relevant insurance through cycling organisations (typical adult membership cost is also around £50/year) or as part of their household insurance. Again, compliance with Vnuk is very unlikely, especially if unlimited liability for injury is involved.

Currently, to our knowledge most insurance offerings in this area are at a flat rate, and do not depend on rider age or other variables. As a claims history develops, it is possible that may change, and premiums could vary (as motor car insurance does) with user age and demographics. This could see premiums rise for younger riders in particular – probably the group most vulnerable to price impacts, and the group for whom low-impact travel should be particularly encouraged for the future. There could also be a disproportionate impact on riders who are disabled or have medical conditions.

Note that significant numbers of EAPCs are now used in shared bike hire fleets. These are typically insured on a fleet basis by the operator. Significant increases in these costs could threaten the large and positive contribution such shared e-bike schemes can make to clean and low impact transport in cities and beyond<sup>8</sup>.

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<sup>7</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:246:FIN>

<sup>8</sup> <https://www.carplus.org.uk/wp-content/uploads/2016/03/Shared-Electric-Bike-Programme-Report-Year-1-2016.pdf>

Q22 How many accidents per year are these vehicles involved in, where third parties suffer damage to their possessions or are injured?

Incidents involving EAPCs causing injury or damage to third parties are currently at a level too low to register reliably on accident statistics. We have, however, obtained data from an insurer who currently provides policies for e-bike riders. This insurer prefers to remain anonymous in this public response, but they have agreed that the Bicycle Association can provide their contact details to the Government on request, should officials wish to discuss their figures or enquire further.

***Insurer analysis***

*This insurer's analysis of claims records reveals that claims involving third party liability are around 0.8% of all claims. They say: "According to our data, in 1,000 claims, 8 would be third party. All third party claims were for damage to property, none for injury which has potential to be a higher claims settlement bill for obvious reasons."*

*They continue: "Taking a claims frequency of 10% for on cover customers (10% of customers claiming in a given year for one of their bikes), and 2 bikes per customer, then you may expect that in 1,000 e-bikes, 5 will be subject to a claim of some kind, so 0.04 e-bikes will be a third party liability claim, or in other words **1 in 25,000 e-bikes will be subject to a third party liability claim in a given year.**"*

*Assuming an in-use EAPC fleet of 150,000 (BA estimate) that would mean **approx 6 claims per year, all for property damage.** Figures for personal injury must be very low, below the level for which we have data.*

Comparing these estimates to the figures for road transport as a whole (186,000 injuries, 1732 deaths in 2015), makes it clear that any cost to the MIB of covering these liabilities for derogated EAPCs will be very small indeed.

Even if the fleet size were to grow significantly, the numbers of property claims involved would still be a small absolute number and a very small proportion indeed. Injuries (with a higher claim amount potential) are, our contributors suggest, an even lower risk.

**All of this suggests that any benefit to the very few people whose property was damaged by EAPCs (or the even smaller number affected by personal injury) resulting from EAPCs being compulsorily insured by users would be greatly outweighed by the considerable cost and negative effects on the industry, environment and society of discouraging e-bike take-up through a non-derogated compulsory insurance obligation.**

**So derogation is a far better solution, and would involve minimal cost to the MIB.**



Q23 How many claims per year are put to insurers in respect of these vehicles?

See Q22 above.

Q24 What is the average compensation payout for victims of accidents involving these vehicles?

We have no reliable data, but as claims are likely to relate mainly to property (see Q22 above) it is likely that claim levels would be relatively low.

Experience suggests that minor car bodywork damage is the most likely cause for claims, and payouts for this are likely (we estimate) to be in the £1000 per incident region, at most.