

SNAPSHOT

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E-scooters: European regulators try to address insurance uncertainty

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Electric scooters have quickly become an urban mobility phenomenon on Europe's streets. As a recent convert (as long as the weather in Belgium allows), I can see the real benefits: getting started easily by unlocking a scooter with a smartphone, they are not expensive, and they are available in more than 100 cities.

Their popularity means the sector is growing rapidly and is estimated to reach a value of US \$ 50 billion by 2025.

But success also draws attention from many quarters: from regulators, the media and of course investors who have been enthusiastically jumping on the opportunity.

One of those areas under the spotlight of regulators in the EU is insurance where the issue has landed firmly within the sights of EU politicians and decision makers.

What is happening in the EU?

May 2018 the European Commission presented a proposal to amend the Motor Insurance Directive. This was an important moment as the Commission decided that this brand-new phenomenon should be regulated as part of this EU law in the same way as any other motor vehicle. In addition, the Commission's initial assessment also suggested that e-scooters (and other similar means of transport, such as e-bikes) should be covered by third-party liability insurance.

This proposal has rightly set off a difficult and uncertain series of discussions and negotiations within the EU with the different power players taking opposing positions. This is a live issue in many countries; for instance, in October 2019, two cases of driving without insurance by users of an e-scooter came before a District Court in Ireland.

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The European Parliament came to their own conclusion in February 2019 that e-scooters should be excluded from this type of insurance as they are smaller vehicles and cause less damage to people and property.

Yet the position of EU national governments is more uncertain, and they have yet to come to an agreed position. The Finnish government, current holders of the presidency of the Council of EU, is aiming to come to a settled view amongst governments by the end of this year. Negotiators from EU governments will meet on 25 November to discuss the issue, and another meeting is expected in December. There is no sign of white smoke yet.

All in all, this means that the EU's position on a key question regarding the e-scooter phenomenon remains wide open, and the uncertainty is only likely to be ended following three-way 'trilogue' negotiations between all the key EU institutions (the Commission, Parliament and Council). Timing for this is still unknown. The business implications for the sector cannot therefore yet be quantified.

What response from the scooter sector?

Such uncertainty and indecision from regulators create an opportunity for e-scooter companies to act. If they do not engage with EU decision makers, their views will not be heard, and most likely, insurance companies will have a stronger say in the discussion (and ultimately in the outcome of the legislative process). It is always preferable to engage in discussions now before cross-EU rules are agreed, rather than playing catch up in 28 EU countries when the rules are implemented (which is often done with some divergence). For instance, Barcelona's city hall wants e-scooters to have a number plate and insurance.

In Belgium, another solution has been discussed: using a family insurance product to cover potential third-party damages. It has been argued, by associations, that non-compulsory family insurance could be sufficient to cover any risks linked to their use (the renter's insurance would apply in the event of a problem), provided they do not exceed 25km/hr. About 90% of the Belgian population is covered by this type of family insurance, which protects all members of a given household. Whether this becomes a potential solution at the European level remains to be seen.

The bottom line for all e-scooter companies is that – like their own sector – the regulatory landscape is moving fast in Europe and they need to be prepared for the rough and tumble that lies ahead.

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