



LES ATELIERS DU FUTUR

Ms. Ursula von der Leyen
President of the European Commission
Via email

October 4, 2024

Subject: Incentives for Decarbonization of the Automotive Sector Through Insurers

Dear President von der Leyen,

I am writing to you in my capacity as President of Ateliers du Futur, an independent NGO working internationally on climate action.

In the context of the ambitious efforts led by the European Union to combat climate change and achieve carbon neutrality by 2050, I would like to draw your attention to the crucial role that insurers can play in decarbonizing the automotive sector and accelerating the energy transition through the management of claims.

It is possible to double the pace of electrification of the European car fleet without taking a single euro from state budgets! This can be achieved by involving insurers more effectively in cases of severe accidents involving their motorist clients.

The first idea I proposed in early 2024, in a report submitted to the French government, is as follows:

- 1% of insured vehicles are seriously damaged each year, to the point where they are not repaired but replaced. The compensation paid by insurers only allows for a replacement with an equivalent vehicle, which is often a combustion engine.
- Insurers should be required, in cases of total vehicle loss, to incentivize the switch to electric by increasing their compensation by €3,000 to €5,000 if the policyholder chooses this option.
- The additional cost on the automobile insurance premium would be limited to €3 per month, given the very low frequency (1%) of such claims.

This could increase the annual electrification rate of the fleet by 1%, effectively doubling the current pace (20% of new vehicle sales representing 5% of the total fleet).

The second major opportunity for progress concerns the electrification of replacement vehicle fleets:

- In the event of an accident or breakdown, the insurer's or manufacturer's assistance guarantee includes the temporary provision of a replacement vehicle.
- Today, assistance companies mainly offer combustion-engine replacement vehicles.



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- These companies should be required or encouraged to provide primarily electric vehicles, offering a triple benefit:
 - Familiarizing citizens with these vehicles and reducing concerns about their range,
 - Massifying the purchase of new electric vehicles, enabling better amortization of investments,
 - Feeding the second-hand market to make these vehicles more accessible.

To maximize the impact of such measures, I urge you to encourage European insurers to adopt these practices widely. Replacing combustion-engine vehicles with electric ones in cases of total loss could represent up to 10% of the insured car fleet within a decade.

Legislative support for these initiatives, whether through tax incentives or regulatory measures, would provide a clear and operational framework for this transition. This would align with the EU's decarbonization targets and strengthen the role of insurers as essential actors in this transformation.

I remain at your disposal for further discussions on the concrete implementation of these incentives, in the hope that the European Union will continue to lead the global fight against climate change.

Please accept, Madam President, the expression of my highest consideration.

Yours sincerely,

Thierry Langrenoy
President