



LES ATELIERS DU FUTUR

Mr. **Jim Rowan**
CEO
Volvo Cars
Via email

October 4, 2024

Subject: Encouragement to Promote Decarbonization of the Automotive Sector in
Collaboration with Insurers on an International Scale for the Ecological Transition

Dear Mr. President,

I am writing to you in my capacity as President of Ateliers du Futur, an independent NGO working internationally on Climate issues by leveraging the power of corporations.

In a context where the climate emergency requires decisive and global actions, it is crucial that major players in the sector, such as Renault, encourage governments and international organizations to establish ambitious regulatory frameworks to promote decarbonization.

In this regard, I invite you to intensify your lobbying efforts to advocate for policies that encourage the electrification of vehicles and the energy transition within the insurance sector, through the proper management of automobile claims, as outlined below:

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 to the French government in early 2024 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, or obliged, in the case of a total vehicle loss, to incentivize the switch to electric by increasing their compensation by €3,000 to €5,000, should the policyholder choose 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.

Thus, the annual electrification rate of the fleet could be increased by 1%, doubling the current pace (20% of new vehicle sales representing 5% of the fleet).

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



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- 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.
- 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 you to better amortize your investments,
 - Feeding the second-hand market to make these vehicles more accessible.

While Renault has committed to electrifying its vehicles and reducing its carbon footprint, it is clear that insurers, as key players, can facilitate your customers' access to electric vehicles. We believe that your influence can encourage them in this direction.

Therefore, I urge you to leverage your international influence to advocate for such incentive measures, whether through voluntary industry commitments or through binding regulations, especially in the world's major automotive markets.

I am convinced that your commitment in this area will not only strengthen Renault's image as a pioneer in clean mobility but also help steer the global automotive industry toward a more sustainable and environmentally friendly future.

Thank you for considering this suggestion, and I remain at your disposal for further discussions on this subject.

Yours sincerely,

Thierry Langrenoy
President