

Insurance and liability risks in the emerging e-bike market, *Property Casualty 360*, authors Louie Castoria and Berlinie St-Fort, August 11, 2022

In 2021, e-bike imports neared 790K (up from 450K in 2020) and this year may set a new sales record.

By Louie Castoria and Berlinie St-Fort | August 11, 2022

E-bike riders are more than three times more likely to have a collision with a pedestrian than either scooters or traditional bikes. Injuries arising from electric bike collisions may be more serious due to the weight and speed of the e-bike at impact; as opposed to impact from a conventional bike. (Credit: Michael Marciano/ALM)

The summer of 2022 has seen record-breaking highs, and not just in the weather reports. Commuters in the United States have seen gas prices soar to unheard-of levels, though there has of late been some relief. High gas prices and overall inflation have forced commuters to seek alternative methods of transportation. For some, biking to work, taking public transit and driving electric vehicles have become the new norm.

Along with this trend, electric bicycle manufacturers have witnessed a surge in sales. Electric bicycles, or “e-bikes,” are an increasingly popular way to get from Point A to Point B, so long as they aren’t too far away. According to the Light Electric Vehicle Association, the United States imported nearly 450,000 e-bikes in 2020. In 2021 imports were close to 790,000 and this year may set a new sales record.

E-bikes are attracting riders because they cost much less than electric autos, making them more accessible to the general population, especially to workers who live within 35 miles of the workplace and don’t need to arrive faster than 28 mph, the top speed. In addition, e-bike riders are not burdened with filling up at the pump or purchasing mandatory insurance policies.

Electing to ride e-bikes, whether as one’s main way of commuting or to visit the local taqueria, has health and financial benefits, especially if the motor works in tandem with pedals. They also have their drawbacks, like everything else does. They are not for highway driving, have little or no storage space and wouldn’t do well in a Minnesota winter. They present some safety hazards: no airbags, greater exposure to injury from careless drivers and, as the prefix “bi” implies, they only have two wheels, making them more susceptible to falls.

Saving a few dollars at the pump can potentially expose e-bikers to greater financial liability if they are found to be uninsured or underinsured following e-bike collisions. A report found that e-bike riders are more than three times more likely to have a collision with a pedestrian than either scooters or traditional bikes. Some of the more serious injuries suffered from electric bike and pedestrian accidents include broken bones, fractures and head injuries. Injuries arising from electric bike collisions may be more serious due to the weight and speed of the e-bike at impact; as opposed to impact from a conventional bike.

E-bike riders may want to purchase specialized insurance policies, even though maintaining insurance for electric bicycles is not mandatory. When injuries are involved, someone must pay up. Injured parties will seek compensation from allegedly responsible parties. Where better to start than with the owner or driver?

Neither fish nor fowl

E-bikes dwell in a murky part of the insurance pond, neither fish nor fowl, but sharing some risk management characteristics with their pedal-only relatives and motor-assisted neighbors. They ride on public roads like Schwinn's and Harleys, but don't require a driver's license, any special training or proof of insurance.

Several insurers offer coverage packages specifically for e-bike owners. That market will expand as e-bikes continue to grow in popularity. But with more e-bikes on mostly urban roads, property losses and injury claims will become more common and more serious due.

Broad property insurance policies, such as homeowners, renters and automobile coverage are usually silent on e-bikes, but they are often excluded because they are considered motor vehicles: "A self-propelled motor or amphibious vehicle." Owners should ask their insurers or agents whether e-bikes are covered, or, better yet, purchase standalone e-bike coverage, especially if they use their e-bikes routinely or in a business. Buying an e-bike is often a larger investment than a pedaled bike. An entry-level bike may cost upwards of \$1,000. A high-end model may cost as much as \$12,000, with the average cost in the area of \$3,000. Full replacement coverage and loaner coverage will be needed to get the rider back on the road more quickly after a theft or accident than starting over from scratch.

Liability coverage for e-bikes may be essential but is not yet mandated. As with automobiles, it is hard to know how high your liability insurance limits should be. The standard "15-30" auto policy can be woefully inadequate in a major injury accident. The same is true for e-bikes.

According to a Consumer Product Safety Commission survey conducted from 2000 to 2017, riders of e-bikes were found to be more prone to internal injuries and to require hospitalization than pedal bikers.

We have litigated traditional bicycle accident cases in which no permanent personal injuries were sustained. It's an unscientific estimate, but \$50,000 to \$100,000 settlements are not uncommon. That's because the bodily damage can be compounded with lost wages, continued physical therapy and pain control. In serious accidents, such as those that result in death or loss of limbs, the damages may be the same as they would be if the same injuries were sustained in an auto accident.

The Centers for Disease Control and Prevention reports, "The costs of bicycle injuries and deaths from crashes typically exceed \$23 billion in the United States each year," and, "Nearly 1,000 bicyclists die and over 130,000 are injured in crashes that occur on roads in the United States every year." These figures include traditional bicycles as well as e-bikes.

How much liability insurance should you have on your e-bike? Try dividing \$23 billion by 130,000. It's a scary number but bear in mind that the truly catastrophic cases skew the average upward.

What's out there?

There is not a standard policy for e-bike insurance, but several insurers offer stand-alone e-bike coverage with varying features. In writing this article we compared three insurance products, offered by Markel, Spoke, and Velosurance. There may be others on the market or near to launching. In mentioning the three providers, we are not endorsing them, only noting that they offer e-bike insurance.

In general, standalone e-bike insurance policies provide coverage for physical damage to or theft of property, subject to the policy's limits. There may also be deductibles that shift some costs of repair, or replacement, and sublimits for medical payments on behalf of the owner/rider may be included. Some policies include liability insurance automatically, others add such coverage for a higher premium.

There are other kinds of insurance that may defer losses or provide services such as:

- *E-bike rental reimbursement*
- *Damage during transit of the e-bike when not in use*
- *Roadside assistance*
- *Replacement of spare parts*
- *Cycle apparel*

Some insurers have annual premiums starting at \$100.

No policy we are aware of provides full coverage for all possible mishaps on and off the road. Owners should discuss with their insurers or insurance brokers when excess coverage — higher limits above the primary policy — is available, or whether the owner's umbrella insurance policy can include e-bike risks among the protections such policies provide.

Safe cyclists know that bike helmets reduce the risk of serious head injuries, and that safety apparel does a better job of protecting limbs from “road rash” abrasions than t-shirts and cut-offs. Owners should think of e-bike insurance as similar protection for their equipment and their wallets.

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