

Product: Electric Vehicle Car Dealer Contractual Liability

Manufacturer Information
Product information
<p>This is a Contractual Liability Insurance Product which covers an EV car dealer's liabilities arising from the battery performance breakdown risks and electromechanical failure elements of a non-insured service guarantee provided to purchasers of electric vehicles.</p> <p>This product is designed for car dealer offering a non-insurance service plan to car owners. The service plan might include regular services, parts and labour covering the entire vehicle, as well as EV battery usage insights through the Altelium platform. TMK will indemnify the car-dealership for costs associated with the battery and power train.</p> <p>There are two versions of this product offered by dealers - one for vehicle batteries which are outside of the Original Equipment Manufacture (OEM) warranty period, and one for vehicle batteries for which the OEM warranty remains in place, but where the owner wishes to protect battery SoH to a higher level of performance. For those where the OEM battery warranty remains in place, care will be taken during any repair work to ensure that the underlying OEM battery warranty is invalidated.</p> <p>OEM warranty period is typically 5-8 years on the battery. It varies by make/model.</p> <p>The Product covers:</p> <p>1/ Replacement battery cost where the State of Health (SoH) falls below a pre-determined level; limited to the value of the vehicle.</p> <p>2/For some policies, repair or replacement for electromechanical failure of the battery management system and drivetrain.</p>
Target market
<ul style="list-style-type: none"> • UK Car dealerships selling second hand Electric Vehicles which are outside of the original manufacturers warranty period, offering a service plan to private owners, where the service plan includes a guarantee of the State of Health (SoH) of the battery (state of health is strongly related to the range of the vehicle and how frequently it must be charged, and so is a key concern of many EV purchasers, particularly when buying second hand vehicles). The UK Car dealership in turn seeks to insure its potential contractual liabilities for the guarantees. • UK Car dealerships selling second hand Electric Vehicles where the original manufacturers warranty period remains in place and the car owner wishes to protect the battery to a higher level of performance. The UK Car dealership in turn seeks to insure its potential contractual liabilities for the guarantees. • UK Car dealerships will be small and medium-sized businesses reflecting the administrative costs of set up.
Types of customer for whom the product would be unsuitable
<p>Appropriate to electric vehicle dealers. Not designed for:</p> <ul style="list-style-type: none"> • Consumers or micro-enterprises. • Customers outside of the UK. • Customers who aren't professional car dealers offering a service plan guarantee. This is not a direct to consumer product. • Those seeking contractual liability protection for in non-electric or hybrid vehicles;

- Those seeking contractual liability protection for commercial or fleet vehicles;
- Those seeking contractual liability protection for vehicles which do not meet the SoH criteria;
- Those seeking contractual liability protection for private use electric vehicles where the service plan offered is for vehicles other than those manufactured by Tesla, Nissan and Renault.
- Large businesses who have significant capacity needs.

Any notable exclusions or circumstances where the product will not respond

Indemnity for replacement batteries only provided where SoH is measured as being below policy specified level, based on Altelium monitoring technology.

Indemnity for replacement cost of batteries limited to the value of the car.

Exclusions:

- Damage caused by application of tools (e.g., during servicing)
- Design, defects & product recall
- Force majeure due to (inter alia), SRCC, earth movement, windstorm, flood, wildfire
- Installation, testing and commissioning
- Investigation costs
- Manufacturer’s liability
- Physical damage
- Radioactive contamination
- Resultant damage (other than due to failure of associated covered component e.g., BMS, powertrain)
- Travel and transport costs
- War and terrorism
- Communicable disease, cyber,
- Service contracts issued outside of the policy period; renewals of service contracts unless these are re-underwritten.

Limit of Liability:

- The lower of £35,000 or value of vehicle for service breakdown / electro-mechanical breakdown
- £35,000 per service contract
- Agg limit of £400k under the policy
- Vehicles covered up to 30,000 miles per year

Excesses:

- £250 excess per service contract
- Waiting period of 14 days after issuing a service contract

Other information which may be relevant to distributors

This product should be sold in line with FCA regulations and can only be sold by a regulated insurance distributor.

Distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product.

This product can be sold face to face or via telephone or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

Commission & Fees

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	April 2023
Expected date of next assessment	October 2023