



**November 2021**

## **Tomorrow, all in green vehicles?**

In the third quarter of 2021, hybrid car sales exceeded diesel sales in Europe. So, sustainable movement, or passage effect of government support measures? For Bruno Labuzan, founding president of Caarea, an automotive affinity insurance and reinsurance company, the substantive trend is good and well launched. On condition, however, to lift a few brakes.



**Is the European car market really shifting in favor of clean vehicles?**

**Bruno Labuzan:** My wife's Norwegian cousins asked me if, in France, we have a « green attitude » when it comes to purchasing cars.

They look at my V8 with a stern eye, while having in the back of their garage the most sporty combustion models because they too are passionate about cars.

Nevertheless, Norway is indeed ahead of the curve in Europe when it comes to electric vehicles. They already account for more than 80% of car sales, and the sale of combustion vehicles will be banned from 2025, and there is even talk of April 2022. A scenario that will then be rolled out to the rest of the European continent, with similar bans in 2035, according to the decision

of Brussels. But the inflection point in Europe already dates back to 2020. In fact, 1,365,000 electric vehicles were sold that year, a figure that rose by 143 percent - more than in China. And even though China has since overtaken Europe, the increase in sales continue to rise, as evidenced by the figures for the 3rd quarter of this year.

### **What explains this change?**

It's a combination of government support policies and the efforts of car manufacturers to reduce fuel costs and emissions, by not exceeding an average of 95 g/CO<sub>2</sub> per km. I also believe that people experience the car differently. Users are looking for the perfect car, safe and carefree.

However, there are still barriers to the purchase of clean vehicles; not everyone is ready, despite this technological and societal transformation.

### **What are these obstacles?**

Technological barriers related to autonomy and the availability of charging stations remain. However, we should note the efforts made by France: a decree dated February 12<sup>th</sup>, 2021 requires the installation of fast charging points at service areas on the motorway network by January 1<sup>st</sup>, 2023. Autonomy is also improving: 450 km of range and 20 minutes for an 80% charge, and soon 1,000 km of range and charge in 8 minutes. But some fears are also rooted on the user side.

### **How can we identify motorists' apprehensions?**

Our experience in Asia, mainly in China and Korea, where we have been working with manufacturers for many years, has enabled us to analyze the behavior and expectations of these new motorists.

Their fears mainly concern the life span and cost of repairing or replacing batteries, the cost and conditions of vehicle, the evolution of the recharge capacity over time or the resale price, especially in the event of a sudden technological innovation.

### **What solutions should be provided?**

Motorists must be reassured when it comes to the protection of their vehicle, its use and the capital it represents. The question is who will generate this peace of mind and how.

Distribution networks must be provided with new services and insurance offers, integrated into the vehicle sales package.

At Caarea, we have built up with our partners a range of specific products, including warranties to protect battery charging capabilities, maintenance programs to reassure

customers about future costs, marketing and protection offers of residual value in order to boost sales.

Digitalization offers also makes it possible to support motorists in the event of an interruption of their mobility and to automate the settlement of the financial consequences.

The combination of technology and services will provide the peace of mind necessary for the user to go electric. Since then, I have also been driving an hybrid vehicle!



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