

BLOG

E-Bike Couriers and Lithium Battery Exposures

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Delivery via bicycle is not a new phenomenon, especially in large cities like NYC, Boston and Chicago, where the ability to travel through traffic congestion is crucial. However, over the last few years, the popularity of electric bicycles – a.k.a. e-bikes – has risen dramatically.

Currently defined in [three class capabilities](#), the mid-point, class II vehicle, have a top speed of 20 miles per hour and enough charge to work 10 to 12 hours a day. Depending on their class capabilities, state, and local regulations, e-bikes are typically approved for both bike lanes on the road and sidewalks and can carry hundreds of pounds in cargo. All of these features enable delivering a larger volume of product both quicker and easier.



Bike couriers' have always needed insurance policies that cover top exposures like theft/vandalism of the bike and General Liability (GL) to cover risks such as colliding with pedestrians. These coverage needs were amplified when e-bikes were introduced due to both the expensive nature of these bikes and their speed and weight threatening to cause more damage or injury in an accident.

But there is also a new exposure that must be considered by courier insurance underwriters as well as the insureds' themselves: the risks caused by the e-bikes' lithium batteries.

Real World Examples

In a recent real-world example, a fleet of e-bikes were stationed at various commercial locations in a large city to make it easy for delivery teams living nearby to hop on and begin their shifts. However, while several batteries were disconnected and stored overnight, awaiting their morning charging, a battery spontaneously caught fire causing tremendous damage to the commercial building.

In another instance, hundreds of back-up batteries had been housed in storage. When a defect caused one to begin to smoke, a hazmat crew and full team of firefighters were dispatched to the facility to safely dispose of the batteries before more harm could be done.

Reshaping Future Policies

Both events revealed hidden dangers surrounding e-bikes and their lithium batteries that courier companies and delivery insurance providers should take into consideration to be sure they are addressed

in their coverage and/or rating, including:

- 3rd party liability coverage for both bodily injury and property damage for the injuries and/or damage that may be caused by the e-bikes or batteries themselves
- Business Interruption/Extra Expense coverage to account for the time being shutdown post-fire, or the added cost to continue operations, should the loss occur at your scheduled location of operation
- Inland Marine coverage including offsite equipment coverage to cover the cost of the damage to the e-bikes/batteries held within large storage quantities
- Pollution coverage to cover pollution related exposures as a result of the use of lithium batteries, including the cost of the hazmat team needing to come on-scene which, in most cases, is six figures

While there is certainly blame that can also be placed on the e-bike/battery manufacturer(s) themselves, the truth here is that any product liability claim will take its fair share of time for liability to be determined. In the meantime, the courier operation and their insurers may need to deal with the 3rd party damages/injuries that have occurred as well as their own losses.

While some of these exposures weren't a consideration when e-bikes first came onto the scene, understanding them now helps to further shape future policies and ensures these risks are adequately addressed in both coverage as well as premium.

Whether you're operating a courier business and utilizing e-bikes within your operation, or perhaps renting them out and/or selling them on the distribution side, understanding the liabilities that can be derived from this newer business model can be very helpful in managing your risk.

Make sure you know the answers to these pertinent questions when deploying and managing e-bike fleets:

- Who is the e-bike battery manufacturer?
- Are they UL certified batteries?
- What are the recommended manufacturer(s) guidelines as it relates to:
 - Charging, storage, and maintenance?
 - Disposal?
 - Weather conditions of which they are permitted to be used?
- How many e-bikes/batteries will be stored in a given location at one time?
- Are there any city ordinances for the use/storage of large quantities of lithium batteries?
- Do you have written safety plans in place in the event of a spontaneous fire?

As always, check your insurance policy and reach out if you have any concerns associated with lithium



batteries. Risk Strategies Transportation is here to help you navigate this new area – get in touch with us below.

Want to learn more?

Find me on LinkedIn, [here](#).

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