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Moves to Close EV Fire Damage Coverage Gap... Tender Launched for “Electric Vehicle Fire Safety Insurance”

- Covers third-party property damage from EV fires while parked or charging, with at least KRW 10 billion per accident
- Applies to vehicles within 10 years of initial registration as of the accident date... government and companies share insurance premiums

The government will newly promote a compensation scheme for electric vehicle fire damage, including the establishment of a policy insurance program that guarantees at least KRW 10 billion per accident for third-party property damage caused by EV fires, and the launch of a public tender to select insurance providers.

The Ministry of Climate, Energy and Environment (MCEE, Minister Kim Sunghwan) announced that it has prepared the “Guidelines for the Administration of Subsidies for Electric Vehicle Fire Safety Insurance” to ensure prompt support for third-party damages in the event of electric vehicle fire accidents, and will invite applications from insurance providers to carry out the program from March 12 to 27.

The Electric Vehicle Fire Safety Insurance is a policy insurance program that will be operated for three years starting in 2026, with the MCEE and EV manufacturers and importers jointly sharing the insurance premiums. This year marks the first year of the program, and the MCEE will provide KRW 2 billion to support its smooth operation.

The MCEE has established minimum insurance standards in the guidelines, including eligibility criteria and coverage limits, and has instructed insurance providers to propose insurance products with favorable terms within a total premium cap of KRW 6 billion based on these standards.

The submitted proposals will then be evaluated to select the insurance provider, and the selected provider will finalize the insurance product in consultation with relevant agencies. Accordingly, actual compensation will apply to accidents that occur after the insurance product is finalized and sales begin.

Under the guidelines, the minimum eligibility for support under the Electric Vehicle Fire Safety Insurance applies to vehicles that were sold and registered in Korea by manufacturers and importers enrolled in the insurance program, and for which no more than 10 years have passed from the date of the accident to the date of the vehicle’s initial registration.

For vehicles with less than one year since registration, a no-fault liability principle will be applied, and this will apply to vehicles registered on or after January 1 of this year.

The MCEE set the scope of coverage as third-party property damage caused by electric vehicle fires that occur while the vehicle is parked or charging. The minimum coverage limit is at least KRW 10 billion per accident, with a total annual compensation limit of at least KRW 30 billion. However, existing insurance policies, such as product liability insurance, automobile insurance, and fire insurance, will take precedence over the Electric Vehicle Fire Safety Insurance.

Manufacturers and importers selling vehicles that receive EV subsidies in 2026 are required to participate in the insurance program. These manufacturers and importers must decide whether to participate and pay the insurance

premiums* by June 30, 2026.

* Insurance premiums will be notified to each manufacturer and importer within the second quarter of this year after the insurance product is finalized.

Subsidies will not be provided for vehicles from manufacturers or importers that do not participate in the Electric Vehicle Fire Safety Insurance program after July 1, 2026.

EV owners will automatically be covered by the insurance if their vehicle was sold by a manufacturer or importer participating in the program, without the need for a separate enrollment procedure. In addition, since determining the cause of EV fire accidents may take time, the Electric Vehicle Fire Safety Insurance will operate on a system of providing compensation first and settling accounts afterward.

Jeong Seon-hwa, Director General for Green Transition Policy Bureau at the MCEE, stated, "As the adoption of electric vehicles expands, it is important to create an environment in which the public can use them with greater peace of mind." She added, "We will proceed without disruption with follow-up procedures, including the selection of an insurance provider and the launch of the insurance product, to support the expansion of EV adoption."