

RISK Alert

Actionable insights for bond policyholders



Awareness

Watch

Warning

Electric vehicle charging station risks

One certainty of more people owning an electric vehicle (EV) is that they will need frequent charging. For that reason, more businesses – including credit unions – are making arrangements for the siting of charging stations on premises. The decision to place a charging station(s) on your property should include adequate due diligence to avoid pitfalls that may involve risks of property damage, unforeseen expenses, liability issues, employment practices, and even reputational risk.

Alert details

As the push towards electric vehicle (EV) adoption expands across the U.S., there's a growing need for support infrastructure. Providing EV charging stations can help meet charging demand and improve the consumer experience.

There are three different types of commercial EV charging stations: level 1, level 2, and level 3 (commonly known as "DC fast charging.") While level 1 is the standard for home charging units, public charging stations usually have level 2 chargers, using 240V. The DC chargers use 480V and represent the fastest way to charge electric vehicles.

Costs can typically range from a couple of thousand to \$75,000+ depending upon the type of charging station and installation. Of course, there are many other factors to consider when budgeting for an EV charging station, such as installation costs, permits, and ongoing maintenance.

Businesses including credit unions are also being approached by third-parties to place charging stations on their property. These agreements can be based on a subscription fee or through a shared revenue agreement.

When considering placing a charging station on credit union property, be sure to review:

- How will users be required to make payment (e.g., RFID/radio frequency ID card, through an app, contactless debit/credit card, or by other means)?
- Can you charge users a fee (other than the fee for the electricity)?
For example, can you choose to allow free usage (other than the fee for electricity) to employees and/or members and charge a fee for the general public? If so, will the system have the ability to differentiate employees, members vs. general public?
- Will special equipment, connections, or network fees be needed to be supplied by the credit union to accommodate the service?

Date:

September 12, 2023

Risk category:

Property risk; liability risk; employment practices; physical damage; business auto; physical security

States:

All

Share with:

- Board
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- Facility management
- Human resources
- Legal/compliance
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Facing risk challenges?:

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- What affect will the charging station have on the credit union's utility bill?
- Have you considered risks posed by electrical installations including interruptions, fault, damage, and fire?
- Upon installation, conduct a thorough assessment of the charging stations looking for potential liability risks such as those related to slips, trips & falls.
- Is the charging station leased or owned by the credit union? Have you ensured that your business property and liability insurance coverage provides the necessary protection?
- What type of maintenance is required on the charging station and who is responsible for it? How often should maintenance be performed?
- Employee usage policy - Whether the charging station is public use or employee use only (in a restricted) area, there should be an employee usage policy ensuring the charging station(s) are used in a equitable non-discriminatory manner which at minimum includes time limits to allow more employees to benefit from the use of the charging station.
- Public usage policy - there should be a public usage policy/disclosure addressing the use of the charging station which should be displayed at the EV charging station. The display of the disclosure should comply with any, federal, state, local, and utility company laws/regulations including the location, font size and verbiage and the disclosure itself should at a minimum:
 - Be in compliance with federal, state, local, utility company regulations/ laws for states in which the credit union has charging stations located
 - Hours of availability
 - Time limits
- Does the traffic flow impact the area including pedestrians walking into the building, building entrances, and driving lanes at the drive-up window/ATM/ITM?
- Is the area where the charging station well-lit, under video surveillance, and include bollards or concrete barriers to minimize the risk of property damage and vandalism?
- Ensure landscaping and other aesthetics don't impact the safety of the structure for operation.
- Does the location provide the ability to monitor the EV charging stations by camera or employees during business and after normal business hours?

Risk mitigation

- Determine if the charging station(s) will be owned or leased and what is allowed under agreement
- Perform vendor due diligence and management practices for all services/ products associated with the EV charging stations including proper licenses, certificates of insurance, permits, and cybersecurity practices.

As part of the due diligence process, determine how they will collect and store user's personal data, payment method data, their cybersecurity practices and their compliance with all laws, regulations and rules for a seller or lessor of the charging stations.
- Have contracts & agreements written and reviewed by legal counsel prior to signing to ensure your interests are protected and compliant with local, state, and federal regulations.
- If leasing, understand which party is responsible for insurance and other compliance obligations.
- If purchased by the credit union, understand the obligations of each party and any ongoing obligations to ensure compliance and security. If maintenance is required, understand who bears the responsibility.
- Determine if a fee will be charged, and if so, ensure it is done in a non-discriminatory manner.
- Ensure compliance with all state rules/ laws/regulations in which you have branches related to the disclosure of time, limits, fees, etc. and the posting of disclosures at the charging stations.
- Disclose at the charging station that the credit union is not responsible for bodily injury or vehicle damage resulting from the use of the charging station.
- Develop a non-discriminatory usage policy for employees, members, and the general public.



For additional support,
call 800.637.2676 or email riskconsultant@trustage.com

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