



What's Coming for the Remainder of 2026

Mid Year Update - June 2026

 **Keoghs**
a Davies business

Introduction

As we reach the midpoint of 2026, it is difficult to recall a period in recent years where both the domestic and international political backdrop has been quite so unsettled. The UK political landscape has been marked by a bruising set of local election results for the Government. While the Prime Minister has made clear his intention to remain in post, questions around leadership and direction continue to loom large, and it would be unsurprising if this ongoing uncertainty begins to influence both the pace and focus of policymaking over the remainder of the year.

This is not a backdrop in which legislative delivery thrives. Instead, we are seeing a shift in attention away from day to day reform and towards internal political consolidation, with a corresponding risk that some areas of policy slow or reprioritise.

Internationally, the position is equally complex. The unpredictability of US policy direction continues to create volatility in global markets, while ongoing geopolitical tensions are placing pressure on key supply routes and energy pricing. For insurers, the consequences are immediate and tangible: pressure on motor and property repair costs, disruption across supply chains, and continued volatility in material pricing.

If there is one consistent theme as we look ahead to the remainder of 2026, it is uncertainty. While the direction of travel is clearer in some areas than others, the pace at which reform is delivered will depend heavily on how the broader political and economic environment evolves between now and the end of the year.

Parliamentary and Policy Engagement

Against this backdrop, Keoghs has continued to strengthen its engagement across Parliament, Government and regulatory bodies, recognising the importance of maintaining a clear voice for the insurance sector during a period of heightened political distraction.

Our programme of activity has reflected the breadth of reform currently underway. Earlier this year, we hosted a parliamentary dinner focused on leasehold reform, and we will shortly follow this with a parliamentary drop in session. We recently held a fraud roundtable in Parliament on 1 June, in partnership with Baroness Nicky Morgan, bringing together government and industry stakeholders to explore data sharing and cross sector collaboration.

In addition, on 20 May we hosted a joint ABI/Keoghs roundtable on costs reform in Northern Ireland, with contributions from Lord Gillen and David Dunlop KC. This sits alongside our continued engagement with APPGs, regulators and policymakers across a range of issues, from care costs and employment reform through to property and product safety.

These activities are central to ensuring that the implications of ongoing policy development for our clients are clearly understood and reflected in decision making as reform progresses.



Discount Rate

The discount rate remains an area of active development across multiple jurisdictions.

In Guernsey, despite indications earlier this year that a decision on the rate was imminent, no formal announcement has yet been made. Could it be possible that further consideration is being given to the structure of the rate? Particularly the question of whether a single rate or dual rate model should be adopted. Developments are expected in the coming months.

In Scotland and Northern Ireland, consultations on the methodology for applying inflation in discount rate reviews closed at the end of January. The central issue under consideration is whether future reviews should continue to rely on AWE or move towards an alternative or adjusted measure, such as CPI (adjusted). Responses from both governments are expected shortly.

Further dialogue took place at the University of York's workshop on 8-9 June, where stakeholders including the Ogden Working Party, economists and the actuarial profession considered longer term issues around compensation to include the discount rate, inflation, PPOs and care costs.

Ogden Tables

The research on the reduction factors for loss of earnings has very recently been completed. It is anticipated that the findings together with proposed new Tables A-D and associated commentary will be shared with the Ogden Working Party in the next few weeks. It will also be peer reviewed.

The intention is to incorporate these new Tables, together with updated life expectancy data, into the 9th edition of the Tables, with publication likely to fall towards the end of 2026 or into 2027.

Inflation, Care Costs and Labour Supply

The themes identified at the start of the year in relation to care costs and inflation remain firmly in place, and recent developments have if anything reinforced the underlying trajectory.

The announcement of a new Immigration and Asylum Bill in the King's Speech signals a clear tightening of immigration policy. The proposed reforms include the introduction of a new asylum framework, changes to the appeals system, and a narrowing of the application of Article 8 rights.

While these reforms are primarily focused on immigration control, their implications for labour supply – particularly in sectors already under strain – are significant. When considered alongside the anticipated closure of new social care visas and the move towards Fair Pay Agreements, there is a clear risk that labour supply will contract at precisely the point at which wage floors are rising.

The Fair Work Agency is expected to have become operational from April 2026, although its role is initially focused on enforcement rather than pay setting. Work to establish the Adult Social Care Negotiating Body is anticipated during the remainder of the year, with a view to agreeing a sector wide Fair Pay Agreement by around 2028.

For insurers, the direction of travel remains clear. The combination of demographic pressure, labour market constraints and regulatory intervention points towards sustained and potentially accelerating care cost inflation over the medium term, with direct implications for reserving, PPO valuation and settlement strategy.

Judicial College Guidelines

The latest edition of the Judicial College Guidelines was introduced this Spring. As anticipated, the continued reliance on RPI remains unchanged. Work is ongoing to identify a suitable test case through which the use of RPI can be challenged, with the aim of moving towards a more appropriate inflationary measure for general damages.

Motor

The motor reform landscape continues to evolve, albeit with a clear shift in emphasis.

Road Safety Strategy

The consultations forming part of the Road Safety Strategy have now closed; a Government response is expected in the second half of 2026. Whether these proposals translate into legislative change, or indeed the extent to which they are progressed, remains to be seen.

Post-Implementation Review of the Whiplash Reforms

The post implementation review of the whiplash reforms is expected to conclude ahead of the summer recess. Given the focus of the consultation, expectations for any increase to the small claims track limit remain modest.

Electric Vehicles

Policy in relation to electric vehicles remains broadly unchanged, with continued emphasis on infrastructure rollout. Industry engagement on charge point safety is expected to continue, while micromobility reform has been deprioritised.

Motor Insurance Taskforce

Work through the Motor Insurance Taskforce continues, with ongoing discussions around the development of a voluntary code to address third party referrals.

E-Scooters

The Government and DfT have committed to consulting before introducing e-scooter legislation, but they have not set a firm timetable for this. Consultation timing is explicitly dependent on trial evidence, especially the second national evaluation due in 2026. There has been speculation that a consultation might take place in the second half of 2026 though we wouldn't want to put any money on this.

Automated Vehicles

More substantive reform is taking place in the automated vehicle sphere. The launch of automated taxi and bus pilots has been deferred to September 2026, and further consultations on safety principles and the wider regulatory framework are expected later in the year. Engagement between Government and the insurance industry on accident data continues, although there remains a real possibility that pilots will proceed without a comprehensive data sharing framework in place.



Credit Hire

Progress towards online dispute resolution (ADR) for credit hire claims is accelerating, with a full launch planned for Summer 2026 for GTA signatories.

Key developments:

~60 cases

A UK first pilot scheme has successfully tested the model, with ~60 cases processed and high levels of decision consistency and accuracy achieved.

£10,000

The platform (using Verisk technology) will operate on a voluntary basis for claims under £10,000 where all parties agree, with legally binding outcomes.

61 days

Cases unresolved after 61 days will be directed toward ADR, aiming to reduce litigation.

Overall, ADR is expected to become an increasingly embedded part of credit hire claims handling, with the aim of improving efficiency while containing costs and dispute volumes.

Hillsborough Law

The Public Office (Accountability) Bill continues to progress and is expected to feature prominently during the current parliamentary session. The Bill proposes the introduction of a statutory duty of candour, alongside new criminal offences and enhanced rights for bereaved families.

For insurers and corporates, particularly those operating in environments with public facing responsibilities, the implications are significant. Increased disclosure obligations, more complex inquest processes and the potential for criminal liability at a senior level all point towards increased cost and risk exposure.

UK Captive Insurance Market

Momentum continues to build behind the development of a UK captive insurance regime. Following the Government's policy commitment, consultations by the FCA and PRA on the detailed regulatory framework are expected during Summer 2026, with implementation anticipated in 2027. Inquest processes and the potential for criminal liability at a senior level all point towards increased cost and risk exposure.

Martyn's Law

Following the publication of statutory guidance in April 2026, Martyn's Law remains in a preparatory phase. The SIA consultation on regulatory approach closed earlier this month, with organisations encouraged to familiarise themselves with the framework and begin proportionate planning ahead of anticipated commencement from Spring 2027.



Fraud

Fraud remains a central area of focus. Our parliamentary roundtable on 1 June built on previous engagement with government and explore the critical issue of data sharing between insurers, public bodies and adjacent sectors such as banking and telecommunications.

The Government's Fraud Strategy, published in March 2026, sets out a clear policy direction but also signals a number of further steps expected during the remainder of the year. In particular, we anticipate consultation activity in 2026 in relation to telecommunications infrastructure, including a proposed Call for Evidence on a National Telecommunications Traceback Scheme aimed at improving the traceability and disruption of fraudulent communications. Alongside this, there is a continued emphasis on enhanced cross-sector data sharing between Government, law enforcement, insurers, financial services, telecommunications and technology

providers. We are in discussion with the Public Sector Fraud Authority to arrange to meet with them during the second half of 2026 to further discuss increased data sharing. The newly established Online Crime Centre, launched in April 2026, is intended to act as the central hub for this activity.

While the strategy does not introduce a single primary legislative vehicle, it is clear that the Government intends to build out the framework through targeted reforms across telecommunications, online platforms and financial flows, building on existing measures such as the "failure to prevent fraud" offence. Further development of civil penalties and enforcement powers is also flagged. Taken together, these measures point towards a more system-wide, data-driven approach to fraud prevention, with increased expectation on industry participants to collaborate and share intelligence.

Property

Which? and ABI consumer education campaign

In the property space, discussions continue between the ABI and Which? following the FCA's response to the Super Complaint, with the potential for a joint consumer education initiative during the remainder of the year.

Leasehold Reform

Leasehold reform continues to gather momentum. Following draft legislation and parliamentary scrutiny earlier in the year, a substantive Leasehold Reform Bill is expected to be introduced during the current session. The proposed transition towards commonhold represents a significant structural shift in the residential property market.

Connected to this, Keoghs will host a parliamentary drop-in session during the second half of 2026.

Product Liability

Consultations under the Product Regulation and Metrology Act are now underway, with a particular focus on lithium ion battery safety and wider product regulation. These consultations close in June 2026.

In parallel, the Law Commission is expected to launch a consultation in the second half of the year examining liability issues relating to digital assets, including software failures and AI driven systems. The increasing convergence between digital products, automated systems and traditional product liability presents an emerging area of risk for insurers.

Employment Rights Act

Implementation of the Employment Rights Act continues on a phased basis, with multiple consultations already underway.

However, despite earlier indications, no formal consultation on probationary periods has been launched as at mid June 2026. This consultation remains a critical component of the reform package and is expected later in the implementation process, given its central role in shaping the move towards a six month qualifying period for unfair dismissal from 2027.

Costs

Costs reform remains firmly on the agenda. A broader costs consultation is expected later in 2026.

In the meantime, the Civil Procedure Rule Committee is consulting on proposed amendments to the small claims process, including allowing claims to be determined on the papers without the consent of all parties. While intended to improve efficiency, there is a clear risk that this may increase the number of claims proceeding to determination, with corresponding implications for frequency and overall cost. This consultation closes on 22 June 2026.

Looking ahead, we expect the Department of Justice to publish its response to the consultation during the remainder of 2026, alongside further development of civil justice reform proposals. A more detailed, second stage consultation is likely to follow once a clearer policy direction has been identified.

Costs reform will sit at the heart of that programme, with the Northern Ireland Scale Costs Consultation closing on 10 July. The interaction between alternative funding models and the existing County Court scale costs regime will be critical, particularly given parallel developments including the proposed increase in County Court jurisdiction to £60,000, expected in autumn 2026. While welcome in principle, the absence of clarity on how costs will be structured in the expanded jurisdiction remains a key uncertainty, and a separate consultation on scale costs is anticipated.

Taken together, these developments mark the beginning of a sustained programme of civil justice reform in Northern Ireland. The direction of travel – towards greater proportionality, earlier resolution and more structured cost control – is clear. The detail, however, will be critical, and we will continue to engage closely with the Department of Justice and industry stakeholders as the position evolves over the remainder of the year.

Northern Ireland Civil Justice Reform

Civil justice reform in Northern Ireland has gathered pace during the first half of 2026, with the Department of Justice's Access to Justice consultation – having closed on 20 May – forming the centrepiece of current activity.

The consultation signals a clear intention to reassess how civil litigation is funded and structured, including whether legal aid should be more tightly focused on higher value or more complex cases. Importantly, it is best viewed as an early-stage evidence gathering exercise rather than a set of settled proposals. As our response has highlighted, Reform Option 5 cannot be considered in isolation. Any meaningful reform will require alignment across funding, costs, procedure and digital infrastructure to avoid unintended consequences and increased system cost.

In this context, the continued relevance of the Gillen Review remains clear. Many of the issues now under consideration – proportionality, early resolution, expert evidence and cost control – have long been identified. The current exercise presents an opportunity to move from diagnosis to implementation, provided a coordinated approach is adopted.

Engagement with stakeholders remains a priority. On 20 May, Keoghs hosted a joint roundtable in Northern Ireland with the ABI, bringing together insurers, practitioners and policymakers to discuss the consultation and wider reform issues. The session included contributions from Sir John Gillen and David Dunlop KC, providing a valuable forum to explore both strategic direction and practical delivery.

Conclusion

As we look ahead to the remainder of 2026, the dominant theme is one of clear policy direction coupled with uncertainty of delivery. Across a number of key areas – labour supply, care costs, property reform, product safety and automated vehicles – the path of travel is now well established.

What remains less certain is the pace at which these reforms will be implemented, and the extent to which political and economic pressures will shape or delay their progression.

For our clients, this is an environment that demands forward looking planning and an acceptance that many of the underlying drivers of cost and risk are structural rather than cyclical.

At Keoghs we will continue to engage closely with policymakers and regulators, ensuring that the implications for our clients are fully understood and that their interests are represented as the policy landscape continues to evolve.



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