

What's Coming in 2026

A Look Ahead

December 2025

Contents

Introduction.....	2
Key Areas of Expected Change in 2026.....	2
1. Discount Rate	2
2. Ogden Tables.....	3
3. Inflation, Care Costs and Damages	3
4. Motor & Whiplash Reform.....	4
5. Automated Vehicles	4
6. Electric Vehicles	5
7. E-Scooters	5
8. Costs.....	5
9. Mediation.....	6
10. Premium Finance Market Review	6
11. Martyn’s Law (Terrorism (Protection of Premises) Act 2025)	6
12. Employment Law.....	7
13. Property – The Most Politically Active Area for 2026.....	7
Conclusion	8

Introduction

As we look ahead to 2026, it is fair to say that the political landscape has remained turbulent for the Labour Government. Following an initial period of slower-than-expected policy rollout at the start of 2025, the Government rapidly accelerated its legislative programme into the second half of the year. The parliamentary timetable is now operating at full capacity, with a notable shift in ministerial focus away from traditional motor-related reform (save for automated and electric vehicles) and towards **wide-ranging property and consumer protection reforms**.

Throughout this period, Keoghs has significantly strengthened its parliamentary and regulatory engagement. Our work has included:

- **Extensive engagement with the Public Sector Fraud Authority**, including discussions on improved data-sharing frameworks between government and the insurance sector and participation in the demonstration of the new organised-crime-group (OCG) detection model.
- **Active participation in the Insurance & Financial Services APPG**, with Keoghs attending the majority of its parliamentary meetings and contributing insights to MPs, peers, and industry stakeholders.
- **Direct engagement with parliamentarians on Labour's planned reform of the leasehold system**, including constructive discussions with Lord Bailey and Gideon Amos MP as momentum builds towards a move to commonhold.
- **Ongoing relationship-building across Labour and opposition benches**, recognising the importance of engagement ahead of the May 2026 local elections and as parties begin to shape their positions ahead of the next general election campaign period.

What follows is a detailed review of the major developments expected in 2026 – some already underway, others imminent – and how they may affect claims, risk, operational planning, pricing, and wider business strategy across the sector.

Key Areas of Expected Change in 2026

1. Discount Rate

Although the new England and Wales discount rate only came into effect on 11 January 2025, activity has remained high. The industry is already looking ahead to the next review cycle.

England & Wales

GAD met with the ABI and a number of industry representatives in September 2025 to discuss data quality and the potential structure of future reviews. A Call for Evidence is expected to take shape during 2026 and into 2027.

Key themes likely to dominate include:

- **A potential dual-rate model** (mirroring growing international interest).

- **Revisiting the ‘claimant universe’ assumptions**, given continued concerns that the investment behaviour of real claimants differs materially from the model used.
- **Improving availability and reliability of claimant investment data**, an area of disappointment in the 2025 review.
- **Possible formal consultations** on PPO use and on the data required from insurers, claimant representatives and courts.

Guernsey

The Guernsey consultation closed in August 2025, with the Expert Panel recommending retention of a dual rate (based on either two or three claimant categories). The Government’s response is expected shortly and may influence debates in UK jurisdictions.

Scotland & Northern Ireland

Both governments launched consultations in late 2025 on how inflation should be calculated for future discount rate reviews, closing January 2026.

Keoghs will submit responses to both consultations in early 2026.

2. Ogden Tables

Academic research into reduction factors for loss of earnings – initiated in September 2024 – is due to complete around March 2026. Once concluded, GAD is expected to incorporate this research alongside the latest ONS life expectancy data into a new edition of the Ogden Tables which may be published at the back end of 2026.

3. Inflation, Care Costs and Damages

Fair Work Agency – Care Sector Wage Reform

The Employment Rights Bill, due to receive Royal Assent imminently, will establish the **Fair Work Agency**, which is expected to begin work during 2026.

The Agency is expected to recommend a **new, higher ‘care worker living wage’**, potentially with major impacts on:

- future care claims;
- catastrophic injury reserves; and
- PPO valuations.

Implementation may take up to **two years from Royal Assent**.

Judicial College Guidelines – 18th Edition

Expected **Spring 2026**.

Despite government plans to phase out RPI, the 18th edition is still anticipated to rely on RPI in the absence of judicial direction to the contrary.

A test case on inflationary measures is due for an application hearing in **December 2025**, with hopes that a new inflation measure may be in place by the time the **19th edition** is drafted.

4. Motor & Whiplash Reform

Civil Liability Act – Post Implementation Review

The MOJ's consultation closes on **22 December 2025** and focuses heavily on access to justice. A government response is anticipated in **Spring 2026**.

Motor Insurance Taskforce Report

With the Taskforce report having been published on 10 December, we expect work to follow by the ABI in 2026 on the development of a 'good practice code' to limit third-party referrals.

Road Safety Strategy

If not published by the end of 2025, it is expected **early 2026**, including:

- mandatory eye testing for drivers over 70;
- lower drink-drive limits;
- harsher penalties for seatbelt non-use and uninsured driving; and
- **notably absent: young driver reform.**

5. Automated Vehicles

2026 will be one of the most significant years for AV policymaking.

Main Regulations Call for Evidence ('Mega Consultation')

Launched on 4 December and closing on **5 March 2026**, the call for evidence seeks views on the following aspects of the automated vehicles regulatory framework:

- type approval
- authorisation, user-in-charge and transition demands
- no-user-in-charge operator licensing
- insurance
- data collection
- cyber security
- in-use regulation
- monetary penalties
- incident investigation

UN Regulation 157 will be incorporated into GB law, requiring onboard data storage systems.

Further Consultations in 2026

- Government responses to **safety principles, misleading marketing, and automated passenger services** – all now expected early 2026.
- The **Safety Principles Consultation** is expected after the mega consultation.
- APS pilots scheduled to commence in **Spring 2026**.

Insurers should be prepared for substantial work on liability models, data access, and evidential standards.

6. Electric Vehicles

Government policy remains contradictory, combining significant infrastructure investment with the introduction of new EV-related taxes in the Autumn Budget.

However, the 2030 end-date for the sale of new petrol and diesel cars remains unchanged.

Key development:

- **EV HGV trials** due to launch **early 2026**, with 100 electric HGVs deployed nationally.

The interaction between the growing EV car parc and the introduction of AV models will be a key area of risk, cost and claims evolution for insurers.

7. E-Scooters

Government has extended public e-scooter trials until **May 2028**.

Expect **no meaningful legislative reform** in this area during 2026.

8. Costs

A major year for fixed costs and wider costs reform.

Fixed Costs Stocktake & Consultation

Published 31 October 2025, with consultation closing **5 January 2026**.

Key issues under review:

- complexity bands (Fast & Intermediate Tracks);
- operation of Part 36 under FRCs;
- exemptions from FRC;
- exceptional circumstances and unreasonable behaviour;
- Housing Disrepair exceptions;
- **extension of FRC to clinical negligence**; and
- disbursement recovery rules.

A more comprehensive costs consultation is expected **later in 2026**.

SPPI Data Challenges

ONS paused SPPI in early 2025 due to methodological issues.

Revised SPPI data expected later in 2025 will likely show downward revisions, but:

- a freeze or modest increase in guideline hourly rates remains more likely than reductions; and
- inflation-linked uplifts for RTA, EL/PL and FRCs scheduled for January 2026 may be delayed.

9. Mediation

Mandatory mediation for non-PI small claims was rolled out in 2024.

In 2026 we expect increasing ministerial focus on:

- extending mandatory mediation into a broader set of civil claims.

Keoghs contributed to an informal MOJ consultation in 2025 and will continue engagement as proposals develop.

10. Premium Finance Market Review

The FCA's review is progressing, following:

- launch in October 2024;
- interim report published July 2025; and
- request for further stakeholder input by 30 September 2025.

Key areas under scrutiny:

- fairness and transparency of pricing;
- high interest rates (over 22% motor; nearly 20% home);
- consumer understanding of options; and
- the significant use of premium finance among financially vulnerable consumers.

The FCA had previously indicated an intention to publish final findings by **end 2025**; however, in the recently published Motor Insurance Taskforce report it is noted that the premium finance report will be published in **2026**.

11. Martyn's Law (Terrorism (Protection of Premises) Act 2025)

Royal Assent: **3 April 2025**.

Two-tier structure based on venue capacity:

- **Standard Duty:** 200-799
- **Enhanced Duty:** 800+ or qualifying events

Duties are not **yet in force**. Expected timeline:

- draft Home Office and SIA guidance: **early 2026**
- consultation and regulator build-out: **throughout 2026 into early 2027**
- duties go live: **earliest April 2027**

Insurers should expect substantial queries from commercial policyholders, particularly in leisure, retail, and public-venue sectors.

12. Employment Law

Employment Rights Bill

Royal Assent is expected imminently.

Implementation will roll out **through 2026-2027**, including significant reforms to:

- day-one rights;
- unfair dismissal eligibility;
- flexible working;
- worker status tests; and
- the creation of the **Fair Work Agency**.

Probationary Period Consultation

Planned for the **first half of 2026**, focusing on statutory probation periods and fair dismissal procedures.

13. Property – The Most Politically Active Area for 2026

A. Which? Super Complaint – Home & Travel Insurance

FCA response due by **23 December 2025**. Depending on findings, the FCA may initiate a market study, enforcement work or thematic reviews or they may conclude that no further significant intervention is required following their report published in the Summer.

The ABI and Which? are also discussing a **consumer education campaign for 2026**.

B. Planning and Infrastructure Bill

Royal Assent expected **late 2025 or early 2026**.

This Bill will influence development risk, commercial property planning, and business expansion timelines.

C. Leasehold and Commonhold Reform Bill

A **draft bill and consultation are expected in 2026**.

This is a key area where Keoghs is already heavily engaged with policymakers and parliamentarians.

D. Lithium-Ion Battery Regulation

Product Regulation and Metrology Act received Royal Assent July 2025.

Government has committed to publishing an early-2026 statement on how product safety risks will be identified and prioritised before laying secondary legislation.

A consultation on the secondary legislation is expected in **the first half of 2026**.

E. Property (Digital Assets etc) Act

Achieved Royal Assent 2 December 2025.

The Law Commission has opened a scoping questionnaire (responses due end of December 2025) on **product liability for digital assets**, with a full consultation expected in the **second half of 2026**.

Conclusion

2026 is set to be one of the busiest and most consequential years for regulatory and legislative change in recent memory. A combination of accelerated government policymaking, the growth of automated and electric vehicle technology, major property-related reform, extensive costs consultations, and significant developments in care costs and damages will shape the environment in which insurers and corporate retailers operate.

At Keoghs, we remain committed to ensuring our clients are fully prepared for the changes ahead. Through ongoing engagement with parliament, government departments, regulators, industry bodies and key political stakeholders across all parties, we will continue to represent the interests of the insurance sector and major corporate clients as policy evolves.

As always, we will keep clients updated with timely briefings, consultation responses, and strategic insights throughout 2026.

If you would like to discuss any of these topics further, please get in touch.



Natalie Larnder
Partner & Head of Market Affairs
E: nlarnder@keoghs.co.uk