

Reform and Legislative Programme

Second Half 2025

This paper provides a summary of the key reforms, inquiries, consultations and legislative developments and the expected impact on motor and property insurance in the second half of 2025.

It covers activity across government departments, regulatory bodies, and the judiciary, and is designed to support strategic planning and horizon scanning for insurers and corporate clients.

Motor-Related Reform & Developments

1 Civil Justice System and Whiplash Reforms

Civil Liability Act Post-Implementation Review (PIR)

The Ministry of Justice intends to commence a post-implementation review of the Civil Liability Act 2018 (CLA) later this year. This will likely include:

- ✓ A call for evidence (not yet confirmed).
- ✓ Analysis of the Whiplash Reforms, including tariff-based damages and OIC portal usage.
- ✓ Consideration of the previous increase to the Small Claims Track (SCT) as part of the original whiplash package. However, officials do not expect any immediate recommendations to alter the SCT limit; though this may be flagged as a future workstream for Ministers.

We anticipate this review will also revisit the issue of dormant claims, claimant behaviours, and possible further reform to medical reporting protocols.

2 Discount Rate Review & Ogden Party Research

While the next statutory review of the personal injury discount rate is not due to commence until December 2029, preliminary discussions have begun within the industry on data requirements. Early engagement with the Government Actuary's Department (GAD) is a vital step to ensure industry perspectives are built into future methodology reviews.

The Ogden Working Party has commissioned academic research into the reduction factors applied in relation to loss of earnings claims. This research began in September 2024 and is scheduled to conclude in March 2026.

Judicial College Guidelines (18th Edition)

The Judicial College will commence its periodic review to produce the 18th Edition of the Guidelines; the review is expected to start in September, with the report due in April 2026.

3 Autonomous Vehicle Regulation

The implementation of the Automated Vehicles Act continues apace, with three live consultations (closing 1 and 28 September 2025):

- ✓ Statement of Safety Principles – defining and monitoring AV safety standards.
- ✓ Marketing Offences – proposals for two new criminal offences related to misleading marketing of AV capabilities.
- ✓ Automated Passenger Services (APS) Consultation ahead of small scale piloting of automated passenger services which will commence in Spring 2026.

A series of further consultations will follow through late 2025 and 2026 - with a Call for Evidence on the Main Regulations expected in Summer/Autumn 2025.

4 E-Scooter Regulation & Reform

Two Private Members' Bills are currently before Parliament: the Road Traffic Offences (Cycling) Bill and the E-Scooters (Review and Awareness) Bill. While neither bill is expected to progress – given their status as Private Members' legislation – they reflect growing parliamentary interest in micromobility safety and regulation.

Meanwhile, the public trials for e-scooter use have been extended until May 2028, ensuring continued legal operation of rental schemes. Insurers should remain alert to developments, as permanent legislative frameworks are likely to be considered in the next parliament.

5 Justice Committee Inquiry into the County Court

The Justice Committee's inquiry reopened in January 2025 has focused on excessive court delays. The Committee published its Report on 21 July and:

- ✓ Found operation of the county courts to be dysfunctional.
- ✓ Raised serious concerns about delays - with a 50-week average wait for a small claims hearing.
- ✓ Felt the MoJ Reform Programme was over ambitious and ultimately under-delivered.
- ✓ Questioned whether mediation can be deployed for other claims types.
- ✓ Recommended a single case management system be introduced

The Government's response to the report is awaited later this year.

6 Costs & Fixed Recoverable Costs (FRC) Reform

The Civil Justice Council postponed its planned stocktake of the Fixed Recoverable Costs (FRC) regime (originally scheduled for February 2025) until October 2025. This will now coincide with a wider consultation that is expected to examine:

- ✓ The operation of complexity bands in the fast and intermediate tracks.
- ✓ How Part 36 interacts with FRCs.
- ✓ Exemptions from the FRC regime.
- ✓ The application of the 'exceptional circumstances' and 'unreasonable behaviour' tests.

While the October 2025 stocktake will be relatively targeted, a more substantial review is planned for 2026, which could bring more structural changes to the regime.

7 Credit Hire Reform

Significant progress has been made drafting a new Pre-Action Protocol (PAP) for credit hire disputes. The anticipation is that the CJC will take on the work to secure a PAP for credit hire claims using the draft protocol as the year progresses. There is an expectation that the report of the Motor Insurance Taskforce may also consider wider credit hire reform.

8 Motor Insurance Taskforce

The joint DfT/HMT Taskforce is expected to publish its final report in autumn 2025. Originally due within 18 months of commencement, the work has experienced significant slippage. The FCA recently published a connected report dated 22 July and noted claims costs had increased due to:

- ✓ Rising vehicle values.
- ✓ Longer claim settlement durations.
- ✓ Higher repair and credit hire practices.
- ✓ Involvement of AMCs and CMCs.
- ✓ Credit repair and credit hire practices.
- ✓ Increased costs of bodily injury claims, particularly higher value ones.
- ✓ Increased frequency and value of thefts.
- ✓ Continued and evolving impact of fraud.
- ✓ Uninsured drivers and users of micro-mobility placing a burden on the market.

9 Premium Finance Market Review

Launched by the FCA on 16 October 2024, the FCA published its interim report on 22 July which noted:

- ✓ Premium Finance was used for 48% of motor and home policies.
- ✓ Around 60% of consumers pay headline APRs that are between 20-30%.
- ✓ APRs on new credit card arrangements ranged between 26-32% at the end of 2023.
- ✓ Premium Finance costs consumers between 8-11% more to pay monthly.
- ✓ Premium Finance is used more for motor insurance than for home insurance.

The FCA will continue their review and will consider whether the differing approaches in motor and home insurance are providing consumers with Fair Value. They will publish their final report by the end of 2025.

Property-Related Reform & Developments

Leasehold Reform & Building Insurance Transparency



The Ministry of Housing Communities and Local Government (MHCLG) has launched a consultation under the Leasehold and Freehold Reform Act 2024. Key proposals include:

- ✓ Standardisation of service charge documentation.
- ✓ Restrictions on recovery of legal costs.
- ✓ Reform of major works notices.
- ✓ Transparency around insurance commissions passed on via service charges.

Section 2.7: "Better Information About Insurance" asks what additional disclosures leaseholders should receive. Insurers should prepare for mandatory transparency obligations. The consultation closes on 26 Sept. 2025, with legislation expected either at the end of this year or early 2026.

Digital Claims & Mandatory Mediation



Reforms introduced on 28 July 2025, mean that all money-only claims under £10,000 including those arising from motor and property damage must be issued via the Online Civil Money Claims (OCMC) platform. This development is designed to reduce court burdens but may increase early stage resource requirements for claims handlers.

Conversations with the MoJ and HMCTS continue on the expansion of mandatory mediation across higher value claims. Keoghs are expecting to host a roundtable with the MoJ on this topic in the Autumn of 2025.

Cryptocurrency & Digital Assets as Insurable Property



The Property (Digital Assets etc) Bill – which gives statutory effect to Law Commission proposals – continues to move through parliament. Once enacted, the bill will:

- ✓ Confirm that digital items (including crypto tokens) can constitute personal property.
- ✓ Create scope for these assets to fall within household insurance unless explicitly excluded.

This raises risk for unintended coverage of volatile digital assets, and insurers may need to review wordings across personal lines portfolios.

Tree Root Subsidence – Joint Mitigation Protocol



Industry-level discussions are ongoing around reforms to the Joint Mitigation Protocol, particularly in respect of responsibilities between insurers, local authorities, and homeowners for tree-related subsidence. Updates to the protocol may alter claim allocation and mitigation duties.

Planning & Housing Legislation



- ✓ Planning and Infrastructure Bill: In the House of Lords; committee stage expected imminently. Royal Assent targeted for autumn 2025.
- ✓ Renters (Reform) Bill: Nearing the end of its parliamentary journey; Royal Assent anticipated shortly.

These bills have the potential to reshape landlord liability & insurers' risk profiles, particularly in relation to property condition, tenant rights, and repair obligations.

Other Key Updates

UK Captive Insurance Consultation:



On 15 July the FCA and PRA released a joint statement welcoming HM Treasury's plans to support the growth of the UK's captive insurance market. The FCA and PRA will launch consultations in summer 2026 on the rules and policies for an effective and competitive UK captive insurance regime. The consultations will be based on the scope outlined in HMT's recent consultation response.

Product Regulation & Metrology Act:



Achieving Royal Assent just ahead of the Summer Recess, we expect Government to publish a statement on how they will identify and assess product safety risks along with a consultation by the end of 2025.

Conclusion and Implications for Insurers & Retailers

The second half of 2025 will be characterised by regulatory tightening in motor finance, leasehold property, and digital dispute resolution.

Motor insurers face heightened scrutiny on premium costs, claims inflation, and supply chain practices. Meanwhile, the property sector must continue to ensure its voice is heard on the impact of the government's pledge to build 1.5 million new homes.

Across both areas, the digitisation of civil justice processes continues at pace and will shape the next phase of litigation and claims handling.

For more information



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