Department for Transport

HM Treasury

Motor Insurance Taskforce: Final Report and Actions

December 2025

Department for Transport
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London
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Ministerial foreword

Motor insurance provides peace of mind and financial security for millions of drivers, but, for too many, the cost of premiums has become a real concern in recent years, impacting household budgets and, in some cases, limiting personal mobility and life chances.

Our manifesto recognised this challenge, promising to tackle the high cost of motor insurance. Our Plan for Change, committing the government to kickstart economic growth and break down the barriers to opportunity, reinforced our commitment to act.

For the last year, the motor insurance taskforce has been working across government departments and with our independent regulators to understand this complex market and agree on the comprehensive set of actions set out in this final report.

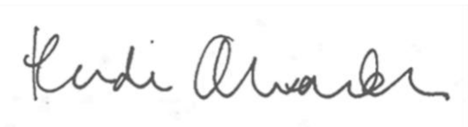
The UK has a robust regulatory framework for insurers. Customers rightly expect that their claims will be handled fairly and promptly, and the Financial Conduct Authority, as the independent regulator of financial services, already has powers to deal with firms that fail to comply with its rules. This includes its Consumer Duty, which requires firms to ensure good outcomes through both the purchase and claims processes, as well as ensuring that products provide fair value.

But the UK's competitive, innovative motor insurance market has faced real and increased costs to serve motorists, and premiums have risen over recent years, putting real strain on households across the country.

So, we've focused on driving down the cost of claims – rooting out inefficiencies, increasing safety, and reducing opportunities for fraud and theft – to stabilise and ultimately reduce the premiums that motorists pay.

We've been fortunate to have been able to draw on the expertise of a stakeholder panel representing both consumers and the motor and insurance industries as we've developed this report. Their perspectives have been vital as we have sought to capture the needs and concerns of people and firms across the UK, and we would like to thank them for their contribution.

The latest figures from the Association of British Insurers show that motor insurance premiums have dropped in each quarter so far across 2025, with the average premium in Q3 of 2025 being £56 lower than the average in Q3 2024. The taskforce's work has now concluded, and this report now provides a roadmap to real change in the motor insurance market. Over the coming months, we as a government will deliver on the actions set out here, securing better value for money for all motorists.



The Rt Hon Heidi Alexander MP
Secretary of State for Transport

Lucy Rigby KC MP
Economic Secretary to the Treasury

Summary of actions

1. A well-regulated insurance market
1.1 The Financial Conduct Authority (FCA) has published further analysis on the cost of motor insurance for particular customer groups.
1.2 The FCA will publish its conclusions on premium finance in 2026.
1.3 The government will continue to work closely with the FCA to support possible insurance use cases for smart data, including in the FCA's Smart Data Accelerator.
2. Improving claims processes
2.1 The FCA will work with the Association of British Insurers (ABI) and firms to consider how claims can be better managed to ensure greater efficiency and cost control, without adversely affecting customer outcomes.
2.2 As recommended in the FCA's report, the ABI and firms are working to develop a good practice code to reduce referrals to third parties and capture the management of more claims.
2.3 The government welcomes the work by the Credit Hire Organisation (CHO) and the ABI to revise the General Terms of Agreement (GTA) to ensure credit hire costs are fair for consumers.
3. Making our roads safer
3.1 The Department for Transport intends to publish a Road Safety Strategy.
3.2 The Department for Transport will continue to invest in highways maintenance.
4. Tackling uninsured driving, fraud and crime
4.1 The FCA will continue to call for more action to be taken by social media companies to prevent fraudulent content from appearing on their platforms. Where the FCA identifies unlawful content, including ghost broking, ad-spoofing and material posted by finfluencers, it will seek to get the content removed and

work with other partner agencies, including law enforcement, working to combat these activities.
4.2 The Home Office will continue its efforts to tackle vehicle theft, introducing new offences concerning electronic devices that are used in vehicle theft through the Crime and Policing Bill.
4.3 The Department for Transport will consider penalties associated with uninsured driving.
4.4 The Department for Transport will continue to engage with counterparts in Northern Ireland to support their exploration of the potential benefits and feasibility of a Continuous Insurance Enforcement (CIE) scheme.
4.5 The ABI will continue work with the National Vehicle Crime Intelligence Service (NAVCIS) at the port of Dover to enable disruption and enforcement activity against criminals who intend to export stolen vehicles from the port.
5. Strengthening the vehicle repair sector
5.1 The taskforce encourages the motor insurance industry to work closely with vehicle manufacturers to review the vehicle risk rating system.
5.2 The Department for Business and Trade will maintain positive relationships with industry to ensure a steady exchange of information on supply chain issues and concerns.
5.3 The Department for Business and Trade, through the long-term investment announced in the Industrial Strategy, will drive innovation, scale up and commercialisation in new vehicle technologies, driving efficiencies and reducing costs.
5.4 The Department for Education and the Department for Work and Pensions will improve skills and training for key professions, aligned with the Industrial Strategy.
5.5 The Department for Transport plans to consult on the introduction of new battery health measures for electric vehicles.

Chapter 1: Context

Market characteristics

Motor insurance provides essential protection for millions of drivers and underpins the safe functioning of the country's roads. It is a legal requirement for drivers to have motor insurance before they can drive their vehicle on a road or other public place.[1] This protects the driver, their vehicle and others against liability in the event of a collision by providing financial compensation to cover injuries and damage to property. For this reason, motor insurance is an essential expense for individuals and businesses.

Motor insurance is a financial service, primarily regulated by the FCA and subject to extensive competition and consumer protection law and rules.

The price of insurance is primarily a function of the cost of claims. Insurers will seek to price their products in a way that allows them to pay all claims they receive, while still making a profit. Therefore, premiums are primarily determined by the frequency and value of claims. The more volatile claims performance becomes, the harder it will be for insurers to predict and price accordingly.

Consumers' insurance premiums are calculated based on a wide range of risk factors. Each insurer will consider their own data and risk modelling when deciding how to weight these different risk factors in order to come to a premium price.

While insurers make commercial decisions about pricing and the terms of cover they will offer based on their assessment of the relevant risks, and informed by their claims experience and available data, they are also required by the FCA to ensure their products offer fair value (i.e. if the price a consumer pays for a product or service is reasonable compared to the overall benefits they can expect to receive).

Market trends

The UK's motor insurance market is highly competitive, with 100 firms underwriting motor insurance,[2] and widespread consumer use of price comparison websites (PCWs) to shop

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[1] Road Traffic Act 1988, s. 143 (1) - https://www.legislation.gov.uk/ukpga/1988/52/part/VI

[2] List of MIB members (underwriting companies), Motor Insurers' Bureau - https://www.mib.org.uk/about-mib/mib-membership/list-of-members/

around, with 64% of motor insurance policy holders using a PCW to arrange their cover in 2024.[3] The competitive nature of the market means that pricing responds quickly to external changes.[4]

Motor insurance prices rose faster than inflation in 2022 and 2023, and by Q1 2024, the average cost of a comprehensive motor insurance policy had peaked at £635 per year.[5] These short-term increases, alongside other cost-of-living pressures, were difficult for many consumers to understand and adjust to.

UK motor insurers also experienced claims costs that rose faster than inflation (up from £6.8 billion in 2019 to £9.1 billion in 2023).[6] In 2022 and 2023 firms made underwriting losses (i.e. paying out more in claims and expenses than they were taking in in premiums).[7] The fact that the market had several years of underwriting losses also illustrates the competitive pressure on insurers to keep premium prices low in the motor insurance market.

The FCA's July 2025 analysis of the drivers behind increases in motor insurance showed that higher premiums between 2019 and 2023 were largely due to increases in claims costs that were outside firms' control, rather than profit. These drivers included more complex and expensive cars, supply chain delays, a shortage of skilled labour, increased costs of replacement vehicles, rising bodily injury claims values, increasing numbers of car thefts and a rise in costs associated with uninsured drivers.[8]

The Covid-19 pandemic in 2020 and 2021 also fundamentally affected the market. Fewer people used their cars during these years, reducing the number of collisions[9] and both the volume and frequency of claims.[10] As a result, the average price of a premium fell by 7% in 2021 when compared to 2020 and were at their lowest rate in six years.[11] Some of the

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[3] 'How and Why Consumers Use Premium Finance', FCA (July 2025) - https://www.fca.org.uk/publication/market-studies/ms24-2-2-how-why-customers-use-premium-finance-paper.pdf

[4] *The Civil Liability Act brought into force measures to reduce fraudulent whiplash claims in England and Wales in 2021. This was estimated to reduce premiums by 4% in financial year 22/23. The speed at which this cost saving was passed through to consumers may also suggest a healthy level of competition in the motor insurance market*. 'Effect of the Civil Liability Act 2018 on motor insurance policyholders', HM Treasury (March 2025) - https://assets.publishing.service.gov.uk/media/67d7f2129dc953ac3bfe92d4/2024-06-06_-_Civil_Liability_Act_2018_Report.pdf

[5] 'Motor premiums stabilise but cost to insurers mount', Association of British Insurers (April 2024) - https://www.abi.org.uk/news/news-articles/2024/4/motor-premiums-stabilise-but-cost-to-insurers-mount/

[6] *The data in this report presents FCA's analysis of a sample of 12 firms' reported data unless otherwise stated.* 'Motor Insurance Claims Analysis', FCA (July 2025) https://www.fca.org.uk/publication/multi-firm-reviews/motor-insurance-claims-analysis-multi-firm-review-2025.pdf

[7] 'Motor Insurance Claims Analysis', FCA (July 2025) referencing; 'UK motor insurers to report profitable 2024, but enter the red again in 2025', EY (December 2024) - https://www.ey.com/en_uk/newsroom/2024/12/ey-s-uk-motor-insurance-results-analysis

[8] 'Motor Insurance Claims Analysis', FCA (July 2025)

[9] *The number of cars involved in collisions in Great Britain fell from 158,000 in 2019 to 117,000 in 2020.* 'Collisions, casualties and vehicles involved by road user type since 1926', DfT Road Safety Statistics - https://assets.publishing.service.gov.uk/media/66f44bd130536cb927482733/ras0101.ods

[10] 'Motor Insurance Claims Analysis', FCA (July 2025)

[11] 'Cost of motor insurance in 2021 was at a six-year low, but signs that cost pressures could be starting to bite according to the ABI', ABI (February 2022) - https://www.abi.org.uk/news/news-articles/2022/02/2021-motor-premium-tracker/

price rises since mid-2021 were a reversal of those pandemic-related price falls, as road usage and claims returned to more normal levels.

There are a range of data sources available covering the cost of premiums and claims costs. The ABI publishes a quarterly premium tracker, which covers over 28 million comprehensive motor insurance policies sold a year, for both new and renewing customers.[12] Other insurance premium trackers generally draw on quoted prices, rather than the price paid. For the purposes of this report, data based on sold policies published by the ABI has been used.

The latest data from the ABI shows that the average cost of motor insurance premiums has decreased, following the peaks seen between 2022 and 2024. The average annual premium paid by motorists fell by £56 between Q3 of 2024 and Q3 of 2025, from £607 to £551.[13]

While the average premium paid by motorists has dropped, claims costs remain high, with Q3 of 2025 seeing £3 billion paid out in motor insurance claims, following the record high of £3.1 billion seen in Q1 and Q2 of 2025.[14] Of the £3 billion paid out in Q3 of 2025, £1.9 billion was down to vehicle repair costs. This sustained level of claims costs continues to place significant upward pressure on premiums.

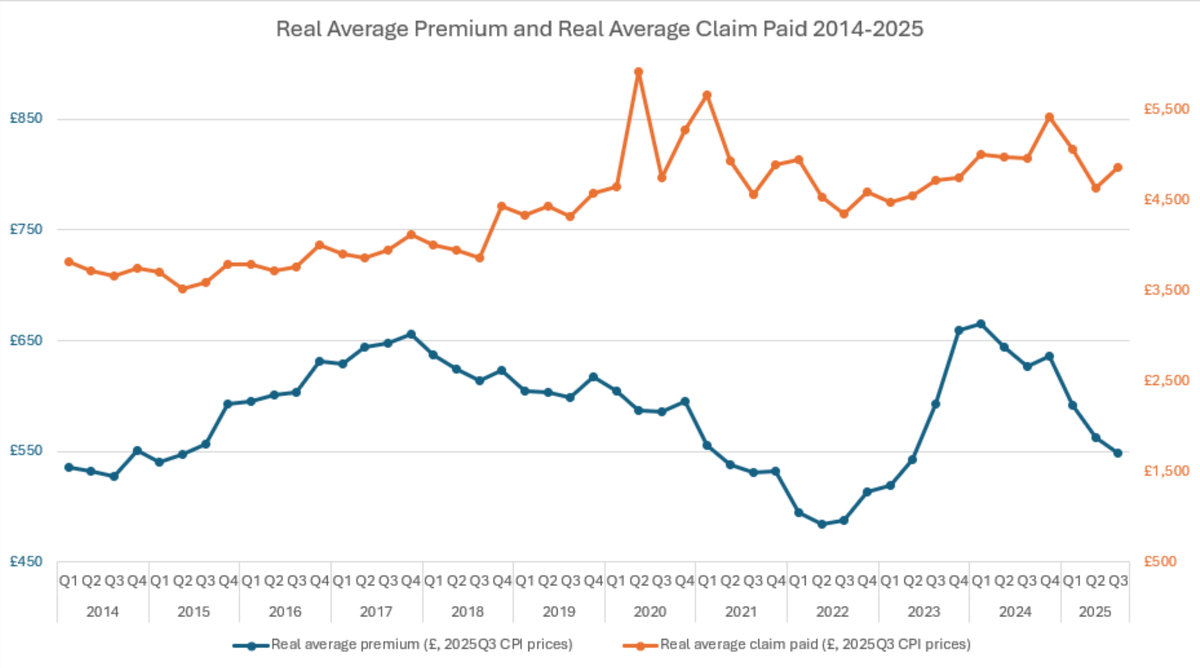
Adjusting for inflation and looking over a longer timeframe, the picture becomes clearer. Chart 1 highlights that motor insurance premiums are, in real terms, now at comparable levels to those charged in 2017. The ABI's latest figures for average premiums, adjusted for inflation, show a real-terms decrease between Q3 of 2024 and Q3 of 2025 amounting to £79 year-on-year, despite the high cost of claims faced by insurers.

[12] 'Tracking the trackers', ABI (August 2023) - https://www.abi.org.uk/news/blog-articles/2023/8/tracking-the-trackers/

[13] 'Three straight quarters of falling motor premiums', ABI (November 2025) - https://www.abi.org.uk/news/news-articles/2025/11/three-straight-quarters-of-falling-motor-premiums/

[14] 'Motor premiums fall – but repair and theft costs keep revving up claims', ABI (August 2025) - https://www.abi.org.uk/news/news-articles/2025/7/motor-premiums-fall---but-repair-and-theft-costs-keep-revving-up-claims/

Chart 1: Real average premiums vs real average claim paid - ABI Motor Premiums and Claims tracker data, copyright ABI (2025) (reproduced with permission)

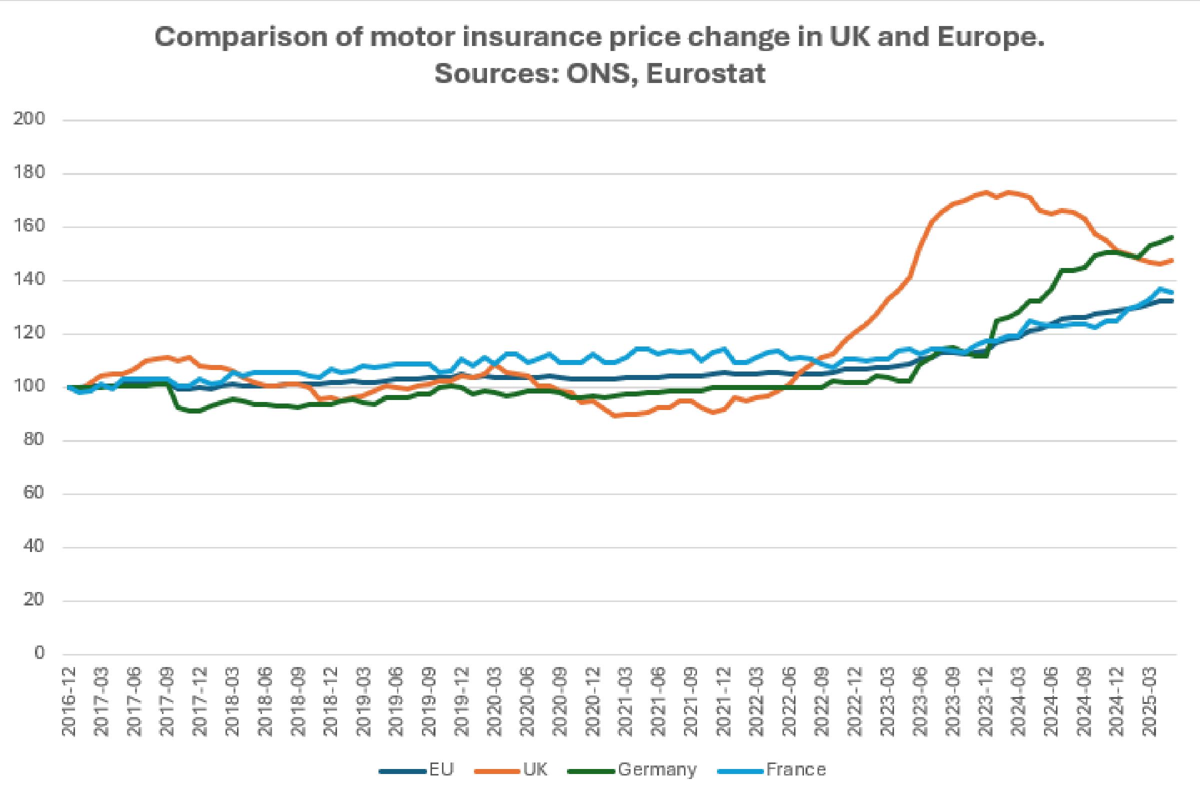


While (at the time of writing) price increases are easing, overall claims costs continue to trend upwards. As set out above, this is largely caused by issues in the wider economy or related to trends in driving, and require broad action to tackle them. The rest of this report focuses in on these different drivers of cost and considers actions that can be taken by government, the regulators, and industry to control these and prevent avoidable increases wherever possible.

International comparisons

It is difficult to compare the UK's motor insurance market with those in other countries due to significant structural, legal, operational and cultural differences.

Chart 2: Comparison of motor insurance price change in UK and Europe



As Chart 2 shows, the UK's recent price adjustments did not follow the same pattern as other European countries. However, premiums are now rising in those countries while they are beginning to fall in the UK. There is no single reason for this pattern, although it is likely that factors driving it will include:

- Competitive pricing pressure in the UK market driving a faster price response to external stimuli.[15]

- Supply chain pressures biting harder in the UK market than EU comparators (e.g. second-hand car prices increased in the UK more than in some other European countries during this period[16]). The UK's exit from the EU, amid increased volatility in global supply chains, may be relevant here.

The vast majority (>90%) of motor insurance policies sold in the UK are comprehensive, which is often cited as a reason for higher premium costs relative to other countries where third party cover is more common. While it is the case that comprehensive policies will tend to be more expensive, due to greater coverage and more policy features, the UK's average annual cost for comprehensive motor insurance is comparable to other EU jurisdictions.[17] Other factors specific to the UK include the UK having a newer vehicle fleet

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[15] 'Effect of the Civil Liability Act 2018 on motor insurance policyholders', HM Treasury (March 2025)

[16] 'Eurostat, harmonised indices of consumer prices', ONS CPI - https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7e9/mm23

[17] France Assureurs - https://www.franceassureurs.fr/nos-chiffres-cles/assurance-de-dommages-et-responsabilite/lassurance-automobile-des-particuliers-en-2022/; Gesamtverband der Vesicherer - https://www.gdv.de/gdv/statistik/mobilitaet/entwicklung-der-durchschnittlichen-jahrespraemie-in-der-kfz-versicherung-157118

than many European countries, with the associated repair costs being more expensive due to the greater sophistication of newer vehicles.

The role of the welfare system in covering injury costs and as the means through which insurers of last resort are funded also differs in other markets.

In the UK, personal injury compensation gets awarded as part of a claim. In many other countries personal injury compensation is wholly or partly funded through the welfare system as opposed to insurance. In the UK, some costs to the NHS are claimed back from insurers via the NHS Injury Costs Recovery Scheme.

In the UK (similar to other European countries), when a collision is caused by an uninsured or untraced driver, compensation is provided by the Motor Insurers' Bureau (MIB). The MIB is funded through a levy on all motor insurers, who are required by law to be members. This levy is ultimately reflected in the cost of motor insurance premiums paid by all policyholders, as insurers pass on the cost.

Some jurisdictions take a different approach to compensation. Whereas the UK assigns liability based on fault, some other jurisdictions adopt a no-fault system. How these operate can vary, but either involves insurers paying for the personal injury costs of their own insureds or a state-backed entity paying compensation. This model is often cited as helping to reduce administrative, judicial, and other costs associated with claims that require assignment of liability and court determinations on costs.

For example, New Zealand's Accident Compensation Corporation provides compensation regardless of fault and is funded through a mix of levies on motorists and insurers, and general taxation. Although New Zealand uses a levy system to help fund personal injury compensation, it is important to note that the cost of comprehensive motor insurance policies in New Zealand is comparable to those in the UK (NZ$1,325 in 2024 or £574 versus average of £622 in the UK).[18]

The UK does not intend to pursue reform towards a no-fault system. Existing tort law supports individual accountability and a change would represent a fundamental shift in how the UK legal system deals with compensation that results from motor insurance claims. At this time, the government does not consider there to be a compelling case for such an intervention.

Regulatory environment

The UK has an internationally respected system of financial regulatory institutions, frameworks and rules, and a strong reputation for high quality regulation that protects consumers and financial stability.[19] For example, regulatory intervention by the FCA has

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[18] 'Comparing car insurance in NZ', Quashed (March 2025) - https://quashed.co.nz/blog/car-insurance-comparison-nz/

[19] *Roughly one third of the UK's motor insurance capacity is provided by insurers based in Gibraltar. These firms are regulated by the Gibraltar Financial Services Commission and subject to limited regulation by the FCA. They can access the UK market under the arrangements that remained in place when we left the EU. The government is developing a new permanent legislative framework on the basis of alignment of regulatory and supervisory frameworks and cooperation between Gibraltar and the UK*. 'Market access arrangements for financial services between the UK and Gibraltar: a consultation', HM Treasury (November

included tackling ‘price walking’, a practice which increased motor and home insurance premiums for loyal customers.

High regulatory standards are very important, but this government recognises that the regulatory environment also impacts the costs faced by firms in providing their services and, in turn, the premiums paid by consumers. The FCA is currently reviewing aspects of its insurance rules to ensure they work well for all the different types of products, providing appropriate protections to consumers whilst supporting innovation and growth and evaluating the impact of its recent interventions.

The FCA, as a member of the taskforce, has carried out a significant package of work on the UK motor insurance market this year. There are a number of discrete areas, including premium finance, where it is investigating further and will publish its findings in 2026. Therefore, the taskforce has not focused on proposing additional regulatory changes. The government is confident that the UK’s existing regulatory framework delivers appropriate consumer protection and that the FCA has robust powers to monitor and take enforcement action against firms that fail to comply with its rules.

In March, the government published its Regulation Action Plan setting out its ambition for a regulatory system that supports growth, is targeted, proportionate, transparent, and predictable, and adapts to keep pace with innovation.[20]

The Financial Services Growth and Competitiveness Strategy, published in July 2025, sets out the government’s approach to this work in financial services.[21] The government is taking forward cross-cutting reforms in the areas it has heard will make a significant difference to firms, including:

- Delivering the most significant reform of the Financial Ombudsman Service (FOS) since its inception, ending its present position as a quasi-regulator for financial services redress and improving fairness and predictability.

- Setting new, shorter deadlines for determining regulatory applications to make it quicker and easier to do business in the UK and radically streamlining the Senior Managers and Certification Regime (which aims to strengthen market integrity by making senior individuals in financial services firms more accountable for their conduct and competence) to reduce its burdens by 50%.

- Stripping away duplicative processes to reduce the compliance burden the regulators face, to minimise bureaucracy while supporting accountability.

- Supporting the actions being taken by the regulators to reduce friction and costs in insurance-specific regulation and to ensure that regulation is proportionate, such as

2020) - https://www.gov.uk/government/consultations/market-access-arrangements-for-financial-services-between-the-uk-and-gibraltar-a-consultation

[20] ‘A new approach to ensure regulators and regulation support growth’, HM Treasury (March 2025) - https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth

[21] ‘Financial Services Growth and Competitiveness Strategy', HM Treasury (July 2025) - https://assets.publishing.service.gov.uk/media/687e612692957f2ec567c621/Financial_Services__Growth___Competitiveness_Strategy_final.pdf

the FCA's ongoing work to streamline product governance and fair value requirements for insurance.[22]

These actions to improve the proportionality of regulation, while maintaining high standards of consumer protection, will help to reduce administrative and regulatory costs for insurers. Insurers can then deploy these savings in other areas of their business, which might include reductions in premiums for consumers.

The government will continue to hold the regulators to account by ensuring that regulation is appropriately facilitating growth and competitiveness, while also delivering the regulators' objective to ensure appropriate levels of consumer protection.

<u>Personal Injury Discount Rate</u>

Insurers have emphasised the impact of the recent change to the Personal Injury Discount Rate (PIDR) on the value of damages settlements, and therefore on motor insurance premiums. The PIDR is a figure used to calculate compensation for future losses in high value personal injury claims when compensation is paid as a lump sum. Those payments typically look to calculate a lump sum payment that compensates an individual for ongoing financial costs as a result of the injury e.g. loss of earnings or care costs. The PIDR takes into account that a lump sum payment can be invested and therefore grow or reduce in value over time. The PIDR is therefore used to adjust the size of lump sum payments, taking account of expected inflation in costs and expected investment returns. It is set every five years by the Lord Chancellor following a statutory review, the most recent of which took place between July 2024 and January 2025.

In January 2025, the Lord Chancellor increased the PIDR from -0.25% to 0.5%.[23] This increase in the PIDR reflected an improved investment environment and the requirement to ensure appropriate outcomes for parties in these cases. The terms of the statutory review meant that the Lord Chancellor cannot consider any consequential impacts on the insurance market or the wider economy in their review of the PIDR. Scotland and Northern Ireland had, in separate processes, moved to a PIDR of 0.5% in September 2024, making rates now consistent across the UK for the first time in eight years.

While the PIDR is not a policy lever, and its effects are difficult to isolate, the market does respond to expected and actual rate changes. Following the Lord Chancellor's decision, the Ministry of Justice estimated the new rate would result in annual savings of roughly

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[22] 'Consumer Duty requirements review: update', FCA (October 2025) - https://www.fca.org.uk/firms/consumer-duty/requirements-review-update

[23] *The reasons for this increase were set out in the Lord Chancellor's* 'Statement of reasons' (December 2024) - https://assets.publishing.service.gov.uk/media/6749c8145ba46550018cec71/PIDR_Statement_of_Reasons.pdf *and were informed by the advisory report of an independent expert panel* (September 2024) - https://assets.publishing.service.gov.uk/media/67502d5e0b3e68dfc448c835/Expert_Panel_report_to_the_Lord_Chancellor_and_annexure_GAD_advice_to_EP.pdf

£150 million per annum to the entire insurance sector.[24] The average premium for Q3 2025 was £551, compared to £612 in the same quarter in 2024.[25]

Industry commentary also welcomed the consistency in the rate across the UK, which would lower costs and simplify processes for firms with UK-wide operations. The most significant rate increase took place in Northern Ireland, where the rate had previously been -1.5%.[26]

The next PIDR reviews across the UK are expected to be commenced by January 2030.

Consumer protection and financial inclusion

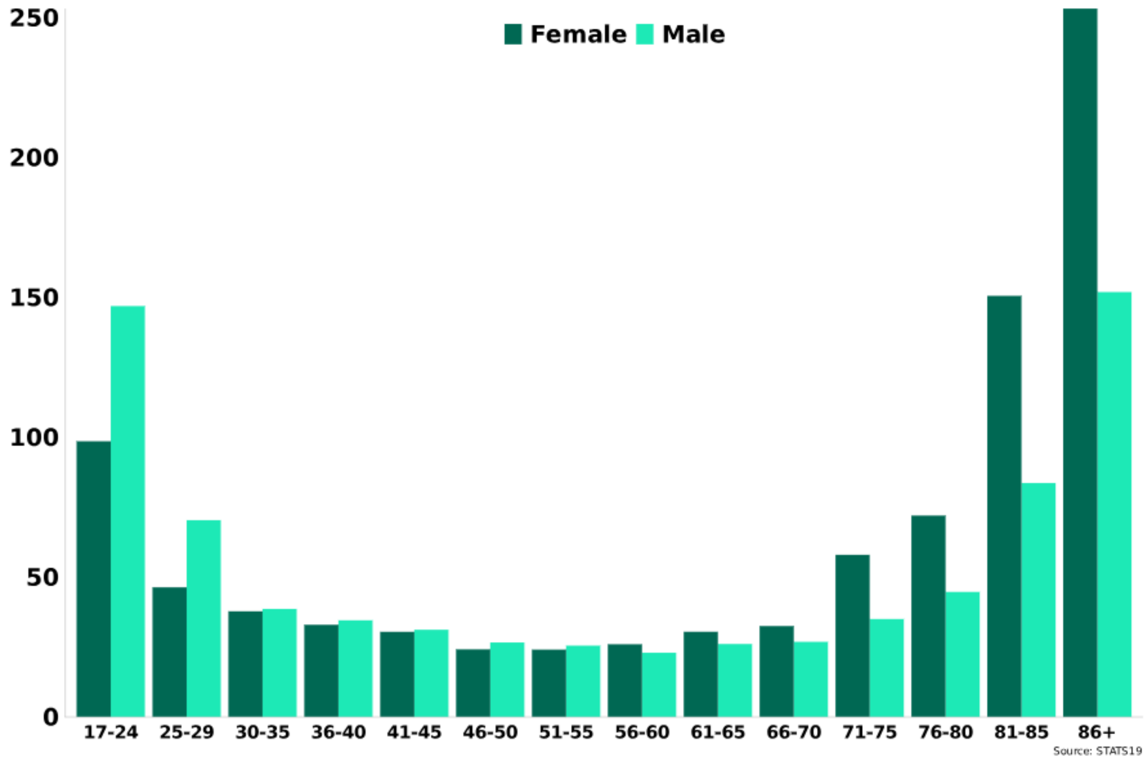
Some groups do face higher than average motor insurance costs and in particular, insurance for younger drivers can be expensive. Insurers argue these challenges and higher costs arise due to the increased risk the drivers and demographics in question present.

[24] 'Impact Assessment: The Damages (Personal Injury) Order 2024: The Review of the Personal Injury Discount Rate', Ministry of Justice (December 2024) - https://assets.publishing.service.gov.uk/media/6749c8f424108edc3c8cec91/PIDR_Impact_Assessment.pdf

[25] Q3 2025 data taken from 'Three straight quarters of falling motor premiums', ABI (November 2025) - https://www.abi.org.uk/news/news-articles/2025/11/three-straight-quarters-of-falling-motor-premiums/, Q3 2024 data taken from 'Motor premiums fall for the second consecutive quarter', ABI (November 2024) - https://www.abi.org.uk/news/news-articles/2024/112/motor-premiums-fall-for-the-second-consecutive-quarter/

[26] 'Motor insurance premiums to fall in Scotland and Northern Ireland', PWC (September 2024) - https://www.pwc.co.uk/press-room/press-releases/research-commentary/2024/motor-insurance-premiums-to-fall-in-scotland-and-northern-irelan.html%20

Chart 3: Car driver casualties per billion miles driven by age and sex, Great Britain, 2024



Consumer groups have also consistently raised the question of whether insurers are treating different customer groups fairly, including seeking to understand whether assessing an individual's risk based on their location or other factors may be unfair. The FCA has published further analysis on the cost of motor insurance for particular customer groups, focusing on ethnicity and age. The FCA has found that while certain groups do pay more for their motor insurance, this is largely explained by differences in risk, for example a higher risk of accidents or crime in densely populated urban areas. Insurers do not collect data on individuals' ethnicity and therefore don't price directly based on it.

It is important to recognise that accurate pricing of risk by insurers is fundamental to ensuring a well-functioning market. Insurers are incentivised to develop a sophisticated understanding of the factors that genuinely influence risk in order to compete effectively on price. Any intervention to reduce premiums for one group, for example through prohibiting the use of certain risk factors or cross-subsidisation models, would inevitably result in increased costs and potential access issues for others, potentially distorting market dynamics. Paying for the risk an individual brings to an insurance pool is also fundamental to removing moral hazard – where consumers are incentivised to take greater risks, in this case by artificially low premiums – from the market.

The taskforce also considered proposals related to subsidising motor insurance for households on low incomes, either through requiring firms to offer pricing structures similar to social tariffs, introducing voucher schemes to offset some of the cost, or creating a government backed reinsurance scheme to increase market capacity and lower premiums in certain areas or for certain customer groups. The consequences of direct interventions in pricing are often hard to predict and may damage what is otherwise a competitive and well-functioning market, and the government has no plans to take these proposals forward at this time.

Devolved Governments

The work of the motor insurance taskforce has focused on issues and concerns associated with the cost of insurance premiums and claims that are shared across the UK. The taskforce has sought to identify means of breaking down barriers for all drivers to reflect the diverse needs, challenges and opportunities across the UK.

The taskforce has heard representations that some of the unique features of the motor insurance market in Northern Ireland have led to increasing costs there. Some of those, such as road safety and costs associated with taking claims through the judicial system, are devolved matters for the Northern Ireland Executive to consider. The government will continue to work constructively with the Executive on relevant reserved areas of policy or other matters of concern to the Executive.

Several stakeholders raised the issue of EU exit having reduced capacity in the Northern Ireland insurance market.

The UK government remains committed to working with European partners for our mutual benefit, including in financial services. The UK and EU have a regular dialogue through the biannual EU-UK Financial Regulatory Forum. The Forum provides an opportunity to discuss our respective approaches to shared policy challenges, and is proving to be an informative and constructive dialogue.

Taxation

Motor insurance is subject to Insurance Premium Tax (IPT), a tax on general insurance premiums. IPT raised more than £8 billion across all insurance subject to it in the last fiscal year.[27] It is a broad-based tax with very few exemptions.

The taskforce notes calls from insurers and other interested parties to consider easing pressures on consumers facing high motor insurance costs by reducing rates of IPT. The government keeps all taxes under review, and any decisions are a matter for the Chancellor and announced at fiscal events.

However, the taskforce notes that revenue raised by IPT funds important public services, such as the National Health Service, defence, and education.

[27] 'Insurance Premium Tax (IPT) commentary (July 2025)', HMRC Insurance Premium Tax (IPT) Bulletin - https://www.gov.uk/government/statistics/insurance-premium-tax-ipt-bulletin/insurance-premium-tax-ipt-commentary-january-2023

Chapter 2: Working together to tackle the high cost of motor insurance

Taskforce members

The taskforce brought together the key government departments (Department for Transport, HM Treasury, Department for Business and Trade, Department for Education, Home Office, and Ministry of Justice) with the relevant independent regulators (the FCA and Competition and Markets Authority (CMA)) to consider actions that could stabilise and reduce motor insurance premiums.

The taskforce was supported by a stakeholder panel of expert and interested organisations including consumer groups (Citizens Advice, Which?) and the motor and insurance industries (the Society of Motor Manufacturers and Traders (SMMT), Association of British Insurers (ABI), British Insurance Brokers' Association (BIBA), Motor Insurers' Bureau (MIB) and Compare the Market). The stakeholder panel has offered valuable policy suggestions, insights and challenge throughout, and the taskforce is grateful for their input.

The taskforce met over the course of 2024 and 2025, considering the emerging market analysis being carried out by the FCA, and deciding on its policy response.

The taskforce has also received representations from members of the stakeholder panel, industry and other consumer representatives and individuals about changes in regulation that could help to drive down the cost of motor insurance. The taskforce has also been mindful of other relevant policy debates (e.g. the work of the Financial Inclusion Committee and development of the government's Financial Inclusion Strategy).[28]

This chapter takes a closer look at five key themes that the taskforce has identified as crucial to stabilising and reducing premiums. It sets out the taskforce's agreed, detailed actions on each.

[28] 'Financial Inclusion Committee', HM Treasury - https://www.gov.uk/government/publications/financial-inclusion-committee

1. A well-regulated insurance market

The government is committed to ensuring that the UK's financial services regulatory environment is proportionate, predictable and internationally competitive.[29] The government is also determined that insurers should treat their customers fairly.

The FCA is the independent body responsible for regulating and supervising the financial services industry, including insurers. The FCA works closely with the CMA on their concurrent competition powers and consumer protection powers in the financial services sector.[30] Both the FCA and CMA participated in the taskforce's work on this basis.

Pricing

FCA rules require firms to ensure their products offer fair value (i.e. if the price a consumer pays for a product or service is reasonable compared to the overall benefits they can expect to receive).

Many policy proposals put forward by stakeholders concentrate on how insurers' pricing models are perceived to work or could be improved. For example, it has been proposed that the taskforce or FCA should:

- Limit the risk factors firms can use, or require firms to publish their commercial pricing models to increase transparency and fairness for consumers;
- Ban firms from charging more where consumers have had no-fault accidents, or where a consumer has made a claim and while that claim is ongoing;
- Require firms to give consumers more freedom to experiment with how they answer application questions to test how that affects the premium they are offered, without risking being flagged as a fraud risk;
- Encourage more use of telematics technology by consumers and firms, potentially linking driving performance more directly to pricing.

The taskforce does not intend to intervene directly in firms' commercial pricing decisions. It notes that many of these suggestions are unlikely to reduce premiums but may increase them where firms would incur costs to comply with new rules.

The taskforce recognises that the FCA, as the independent regulator for this sector, has strong powers to allow it to act where it considers that firms are not delivering good outcomes to their customers or providing fair value.

While the FCA is not a price regulator, it can act where it identifies that pricing structures or practices may be causing harm to consumers. A good example of this is the FCA's reform of general insurance pricing practices, implemented in 2022, that aimed to prevent loyal customers from facing higher prices where they renewed with the same firm, and stop other practices that discouraged switching. Instead, insurers were required to offer

[29] 'Financial Services Growth and Competitiveness Strategy', HM Treasury (July 2025)
[30] 'CMA and FCA memorandums of understanding', CMA and FCA (July 2019) - https://www.gov.uk/government/publications/cma-and-fca-memorandum-of-understanding

renewing customers a price no higher than what they would pay as a new customer. The FCA's July 2025 evaluation of the impact of those reforms found that their interventions decreased consumer prices in the motor insurance market and should, over a ten-year horizon, save consumers around £1.6 billion.

The taskforce also welcomes the FCA's ongoing work on premium finance (a specialist form of credit that allows customers to spread the annual upfront cost of their insurance premium over time, typically in monthly instalments). The FCA will publish its conclusions in 2026.

The government also recognises price comparison websites (PCWs) play a significant role in the motor insurance market. PCWs enable the rapid comparison of hundreds of quotes from varied motor insurance providers. They are the primary channel by which most consumers compare and purchase motor insurance.

PCWs support effective competition and promote consumer choice within the motor insurance market, but they also contribute to a focus on price (rather than quality of cover) which may make it harder for consumers to judge whether they are getting the best possible deal for their circumstances. However, the government considers that PCWs are generally a positive force within the market and that the FCA has strong powers to provide effective oversight of the market in the interests of consumers.

The taskforce welcomes the FCA's work on data innovation. The FCA have launched a Smart Data Accelerator, which will facilitate the development and testing of smart data use cases, and help shape regulatory policy for Open Finance. This will include considering where more open data can support innovation and ensure consumer protection. Among other financial services sectors, the FCA will consider insurance as a potential candidate for a use case and they will publish an Open Finance Roadmap in 2026.[31]

Claims management

Claims Management Companies (CMCs) act as intermediaries between insurers and claimants. CMCs can provide an important function in helping consumers access appropriate levels of redress. Many CMCs in Great Britain are already subject to FCA regulation, which sets out rules on conduct, consumer protection and caps levels of fees. However, as noted in the FCA's report on motor claims, CMCs can also introduce greater complexity and cost to claims, which increases insurers' claims costs.

The government notes the actions set out in the FCA's report on claims handling. These includes working with industry on measures to help reduce claims costs and referral fees. The government will continue to engage with industry and the regulators on these measures and keep the market under review.

The taskforce has also received representations regarding the lack of CMC regulation in Northern Ireland. However, the taskforce has not been provided with clear evidence of how this difference in regulation is affecting the market in Northern Ireland. The

[31] 'FCA announces partnership to accelerate delivery of open finance', FCA (October 2025) - https://www.fca.org.uk/news/news-stories/fca-announces-partnership-accelerate-delivery-open-finance

government, working with its colleagues in the Northern Ireland Executive, will continue to keep this position under review.

Actions
1.1 The FCA has published further analysis on the cost of motor insurance for particular customer groups. 1.2 The FCA will publish its conclusions on premium finance in 2026. 1.3 The government will continue to work closely with the FCA to support possible insurance use cases for smart data, including in the FCA’s Smart Data Accelerator.

2. Improving claims processes

The taskforce has considered a range of policy options aimed at improving the efficiency and efficacy of claims processes.

Whiplash and other bodily injury claims

The FCA's analysis found that the cost of bodily injury claims rose by 7% between 2019 and 2023, indicating that bodily injury has been a less significant driver of the increased premiums observed during the period than other types of claims cost. However, bodily injury claims remain responsible for around a third of total motor insurance claims costs, making bodily injury an important component of premium levels generally.[32]

There have been concerns that, in some cases, bodily injury claims payments have been out of proportion with the injuries sustained. Claims for whiplash were a notable example of this. The Civil Liability Act 2018 included reforms to the claims process for road traffic accident-related whiplash injuries in England and Wales (Scotland and Northern Ireland have their own legal systems and regulations regarding personal injury claims). Part 1 of the Act came fully into force on 31 May 2021, introducing a statutory definition of a whiplash injury, a regulatory ban on seeking or offering to settle whiplash claims without medical evidence, and a fixed tariff for compensation for whiplash injuries lasting up to two years and for minor psychological injuries sustained in the same incident.

Additional secondary legislative reforms to increase the Small Claims Track (SCT) Limit for road traffic accident (RTA) related claims from £1000 to £5000, supported by a new RTA Small Claims Protocol were also introduced. At the same time, the insurance industry-owned and developed Official Injury Claim (OIC) portal was launched to assist claimants affected by the reforms. The OIC system mirrors the requirements in the RTA Small Claims Protocol and completing a journey through the portal will ensure compliance with all its requirements.

The goal of the reforms was to reduce the number and cost of whiplash injuries and deliver savings to consumers. There is some evidence that policyholders did benefit from paying lower premiums over the period 2020-2023 than would otherwise have been the case if the Act had not been introduced.[33]

Following a statutory review in November 2024, the Lord Chancellor decided to increase the fixed tariff by around 15% to account for actual inflation since 2021 and includes an element of futureproofing to account for expected inflation over the next three years, ahead of the next statutory review. This revision seeks to maintain the overall objectives behind the whiplash reforms while ensuring claimants' receive appropriate compensation.

The FCA's July 2025 report noted that the taskforce may wish to consider how best to monitor and manage bodily injury claim trends. The FCA and insurance industry stakeholders have also proposed that the taskforce should consider the amount of damages available for other types of bodily injury or consider a review of the SCT Limit for

[32] 'Motor Insurance Claims Analysis', FCA (July 2025)

[33] 'Effect of the Civil Liability Act 2018 on motor insurance policyholders', HM Treasury (March 2025) - www.gov.uk/government/publications/the-civil-liability-acts-effect-on-motor-insurance-policyholders/the-civil-liability-acts-effect-on-motor-insurance-policyholders-html

RTA related personal injury claims to account for inflation and further reduce the legal costs that insurers can be required to repay.

On 29 October 2025 the Ministry of Justice published a call for evidence on the post-implementation review of the Whiplash Reform Programme.[34] This review will consider the aims and objectives of the whiplash reform programme and assess the impacts and effectiveness of all its elements. This includes the reforms in Part 1 of the Civil Liability Act 2018 and its supporting measures, such as the increase to the SCT for RTA related claims and the introduction of the Official Injury Claim Portal. Once complete, the Ministry of Justice will publish a report detailing the reviews findings along with any recommendations for future action.

The FCA and insurance industry stakeholders have also flagged concerns about the quality and reliability of medical reporting.

The Ministry of Justice continues to work closely with MedCo to improve the quality of medical evidence used in support of low value RTA relate personal injury claims. This includes work to implement the actions highlighted in the response to the ‘Revisions to the Medical Reporting Process for Road Traffic Accident Claims’ consultation.[35]

Replacement vehicles

In non-fault claims, it has become increasingly common for credit hire and repair companies to provide customers with a hire vehicle and handle repairs as an alternative to a consumer claiming on their own insurance policy. This avoids the claimant having to pay the excess on their own policy. The consumer may seek out this service themselves but are often referred on by their own insurer, who will usually earn referral fees for doing so from the credit hire company.

Credit hire rates are generally higher than direct car hire rates due to the risks attached to credit hire, and the length of time before the settlement of the bill. This is usually paid at the resolution of the claim rather than upfront and recovery may be uncertain. Costs also come from the need for credit hire firms to have a wide range of instantly available replacement vehicles to hand and from the length of hire. This is often for a fixed period.

Importantly, the specification of the replacement vehicle provided under credit hire can be higher than that offered under a standard insurance policy. Standard policies frequently offer ‘courtesy cars’ (replacement vehicles not necessarily of equivalent specification) and require the consumer to pay an excess. The offering of credit hire arrangements, by contrast, presents consumers with a more appealing alternative, creating a clear incentive to opt for credit hire.

Since the costs are then charged back to the third-party insurer, the incentives to control the prices paid for replacement vehicles are weak, contributing to elevated costs across the system and, in turn, higher premiums for all policyholders.

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[34] ‘Whiplash reforms post-implementation review’, Ministry of Justice (October 2025) - https://www.gov.uk/government/calls-for-evidence/whiplash-reforms-post-implementation-review

[35] ‘Revisions to the Medical Reporting Process for Road Traffic Accident Claims: Government Response’, Ministry of Justice (December 2024) - https://www.gov.uk/government/consultations/revisions-to-the-medical-reporting-process-for-road-traffic-accident-claims

Some credit hire claims are governed by the General Terms of Agreement (GTA),[36] a voluntary industry agreement that establishes maximum car hire rates for different vehicles. The GTA also provides a streamlined process for agreeing credit hire claims along with a dispute resolution procedure. However, it is a voluntary agreement, and several credit hire firms and compensators operate outside of the GTA.

The FCA's analysis found that the cost of replacement vehicles rose considerably over the period, increasing by almost 50% from £473 million to £699 million, and contributing around 10% to the overall increase in the cost of claims between 2019 and 2023. It is important to note that this increase is not driven entirely through increases in the day rate cost of replacement vehicle hire. The length of repair times has also increased, with the FCA finding that lead times before work begins have doubled and repair times have increased by 36%, which mean that cars have to be hired for longer to meet consumers' needs. [37]

The FCA determined that these processes are not being managed effectively by some insurers, and that referral fees incentivise greater use of third parties like credit hire organisations. These fees and other forms of compensation increase the cost of claims which in turn impacts on premiums.

The taskforce is concerned about the impact of practices which drive up the cost and volume of disputes and mean claims take longer to resolve. This is a driver of the increases in motor insurance premiums but also has important impacts on the efficient functioning of the courts.

The taskforce welcomes the FCA's commitment to work with industry to encourage better claims management practices and sharing of best practices, including robust procedures to challenge unreasonable third-party claims costs.

Actions
2.2 The FCA will work with the ABI and firms to consider how claims can be better managed to ensure greater efficiency and cost control, without adversely affecting customer outcomes. 2.3 As recommended in the FCA's report, the ABI and firms are working to develop a good practice code to reduce referrals to third parties and capture the management of more claims. 2.4 The government welcomes the work by the Credit Hire Organisation (CHO) and the Association of British Insurers to revise the GTA to ensure credit hire costs are fair for consumers.

[36] 'ABI General Terms of Agreement Between Subscribing Insurers and Credit Hire Organisations', The GTA - https://www.gtacredithire.com/protocol/

[37] 'Motor Insurance Claims Analysis', FCA (July 2025)

3. Making our roads safer

The FCA's analysis found that while the cost of claims had increased over the period, overall claims frequency fell slightly between 2019 and 2023. This fall was attributed to reduced commuting traffic, a fall in personal injury road collisions, improvements in vehicle safety and road safety improvements, including reductions in speed limits and variable speed limits.

Vehicle repairs make up a significant proportion of the cost of claims. Latest industry figures show that in Q3 of 2025, repair costs totalled £1.9 billion of the £3 billion paid out in claims. [38] Repairs also have a further impact through the time vehicles spend off the road, with the spend on courtesy or credit hire vehicles being part of the overall claim cost.

Road Safety Strategy

The government takes road safety seriously and is committed to reducing the numbers of those killed and injured on our roads. Safer roads and fewer collisions will reduce pressure on claims costs.

The Department for Transport intends to publish the first Road Safety Strategy in over a decade. The Strategy will set the overarching direction for UK road safety with a view to delivering safer roads for all by reducing the number of individuals killed and seriously injured by aiming to see fewer collisions on the road. This supports motor insurers' ambitions to reduce their overall spend on paying out claims, which in turn would have the effect of reducing premiums paid by consumers.

Record funding to repair roads and fill potholes

Pothole damage to vehicles is a source of great frustration for drivers, and it also impacts premium costs. The RAC found that pothole-related breakdowns hit an unseasonable high in the second quarter of 2025, with 9% more than in April to June 2024.[39]

The government will provide £24 billion of capital funding between 2026-27 and 2029-30 to maintain and improve motorways and local roads across the country. This funding increase will allow National Highways and local authorities to invest in significantly improving the long-term condition of England's road network, delivering faster, safer and more reliable journeys. This includes £1 billion for key local highway enhancement projects and a new Structures Fund for repairing run down bridges, decaying flyovers and worn-out tunnels.

This future funding builds upon the record investment of £1.6 billion in local road maintenance for the 2025-26 financial year, representing a £500 million increase compared to last year. This investment is enough to fix the equivalent of over 7 million extra potholes in 2025 to 2026.

[38] 'Three straight quarters of falling motor premiums', ABI (November 2025) - https://www.abi.org.uk/news/news-articles/2025/11/three-straight-quarters-of-falling-motor-premiums/

[39] 'Pothole breakdowns reach 'unseasonable high'', RAC (August 2025) - https://www.rac.co.uk/drive/news/state-of-the-roads/rac-second-quarter-pothole-breakdowns-reach-unseasonable-high/

Fixing our roads and filling potholes not only makes roads safer, but they also help improve journey times and will help save drivers the time and cost associated with what is one of the root causes of avoidable vehicle repairs.

25% of this additional funding will be subject to local highway authorities demonstrating to government that they are complying with certain criteria aimed at driving best practice and continual improvement in highways maintenance practice.

Younger drivers and telematics

There is evidence to suggest that younger drivers and those with less experience carry a higher risk. Some insurers have introduced the use of telematics or in-car black boxes to allow better risk-based pricing of insurance, especially for new or younger drivers. Telematics take into account how the vehicle is used, assessing driving performance in a range of ways including miles driven, roads used, speed, time of day and braking patterns. This enables insurers to more accurately assess risk. In addition to the benefits of more accurate pricing on vehicle usage, the willingness of a consumer to have a telematics policy may also indicate that they are more likely to be a lower risk driver. Lower-risk drivers in high-risk groups who take out a telematics policy may be offered a lower premium by their insurer.

Criteria used to assess risk in standard policies are still accounted for in the setting of the premium, including a driver’s age and where they live.

Survey data suggests that although drivers are aware of telematics policies and the cost savings they might be able to deliver, uptake remains low.[40] The FCA will consider insurance as a use case for their Smart Data Accelerator.

Actions
3.1 The Department for Transport intends to publish a Road Safety Strategy. 3.2 The Department for Transport will continue to invest in highways maintenance.

[40] ‘Telematics insurance grows in popularity’, The Green Insurer (February 2024) - https://www.thegreeninsurer.com/blog/telematics-insurance-grows-in-popularity/

4. Tackling uninsured driving, fraud and crime

Fraud has a significant impact on motor insurance claims costs and also poses challenges to market integrity and consumer trust. It takes multiple forms, including fraudulent claims, such as staged accidents or exaggerated injuries, or fraudulent policies, such as fake insurance offers sold online by illegal intermediaries (commonly known as ’ghost broking’), ad-spoofing (when a claims firm pays for a search engine ad result that mimics the style of to those of a real insurer) and unauthorised content shared online by finfluencers (social media personalities who uses their platform to promote financial products and share insights and advice with their followers), taking advantage of motorists who unknowingly purchase invalid cover.

Confirmed cases of fraud have risen in number and value from 4,423 cases/£49 million in 2019 to 6,263 cases/£65 million in 2023.[41] The Insurance Fraud Bureau (IFB) and Insurance Fraud Enforcement Department (IFED) work alongside the insurance industry and the enforcement agencies and partners to detect, investigate and deter motor insurance fraud. The IFED are securing more guilty pleas in the first instance, avoiding judicial delays and expediting sentencing. In Q2 2025, IFED finalised 19 convictions at court. Financial investigations by IFED secured a range of outcomes against a total of nearly £1 million in assets in Q2.

In October 2024, the Home Office launched the Insurance Fraud Charter in collaboration with leading insurance firms to combat insurance fraud. The Charter sets out a series of commitments aimed at improving data sharing, enhancing cooperation with law enforcement on the issue of professional enablers, and supporting criminal justice outcomes across the sector.

The Charter includes efforts to identify policies being exploited by illegal insurance intermediaries and to strengthen data security measures to prevent fraudsters from misusing customer information. Additionally, there is a focus on reviewing the tactics used to promote fraudulent insurance offers. For example, the ABI, IFB, City of London Police and National Crime Agency launched a campaign to drive awareness among young drivers of fake car insurance deals being sold online or ‘ghost broking’. The ABI have also published guidance for insurers to use when engaging with victims of insurance fraud so they can receive further support.

The ABI have also reviewed their data collection methodologies and made changes to ensure that there is now a consistent approach to classification of fraud across the market. This enables fraud trends to be identified, and action to be taken across industry and relevant bodies to create tailored interventions.

Work continues on the delivery of actions, including efforts to support criminal justice outcomes. This involves working with Devolved Governments to consider extending the principle of fundamental dishonesty, reinforcing the sector’s commitment to tackling fraud at every level. Progress is monitored through the Joint Fraud Taskforce, which operates under Ministerial oversight and guides the implementation of the Sector Charter programme.

[41] ‘Motor Insurance Claims Analysis’, FCA (July 2025)

The government’s forthcoming Fraud Strategy will introduce a robust suite of measures and policies designed to protect individuals and businesses from the evolving threat of fraud. These measures will prioritise prevention, support victims, and strengthen justice outcomes

Tackling vehicle theft

Tackling vehicle theft is an important way of fulfilling the government’s mission to make the nation’s streets safer. The consequences of vehicle theft are felt not only by the individual impacted but also by businesses and by all motorists through insurance premiums. It is often used to facilitate other forms of serious organised crime too. Home Office have put in place measures, including legislation and partnership initiatives, to help tackle this crime type head on and deliver positive results for industry and vehicle owners alike.

The Crime and Policing Bill sets out measures which will create new offences for possessing, making, adapting, suppling or offering to supply electronic devices, where there are reasonable grounds to suspect they will be used in vehicle theft. This will make it easier for police to prosecute criminals making and supplying these devices, as well as vehicle thieves, and believe it will have a significant impact.

Under these new laws, anyone who is found in possession of one, or to have imported, made, adapted or distributed them, could receive a maximum penalty of five years’ imprisonment and an unlimited fine.

The Crime and Policing Bill also enhances police powers to seize vehicles being used for anti-social behaviour. Police will no longer be required to issue a warning before seizing a vehicle being used anti-socially under section 59 of the Police Reform Act 2002. The government has recently consulted on proposals to allow the police to dispose of seized vehicles which have been used anti-socially more quickly, reducing the time they are required to wait from 14 days to 48 hours. These measures will strengthen the law and send a clear message to offenders that anti-social car driving will not be tolerated.

In autumn 2024, driven by the National Police Chiefs’ Council lead for vehicle crime, the National Vehicle Crime Reduction Partnership began work, bringing together the police, Home Office and industry partners. The government provided funding to set up the Partnership, which aims to enhance information sharing and data analysis, build networks to target offenders and coordinate activity to reduce vehicle crime and associated harm.

Home Office also provided £250,000 funding in the financial year 2024-25 to help support enforcement at the ports to prevent stolen vehicles and vehicle parts being shipped abroad, including additional staff and specialist equipment. Further funding is being allocated this year to conduct analysis of container methodology, support operational cooperation and coordination, strengthen public-private partnership, and foster international collaboration.

Enforcement against uninsured drivers

The cost of claims involving uninsured drivers rose by around 37% between 2019 and 2024.[42]

The Motor Insurers' Bureau (MIB) compensates victims of collisions involving uninsured or untraced ("hit-and-run") drivers. They are funded by a levy on all motor insurers. This levy is likely to be passed onto drivers by the motor insurers as part of their business costs, as an element of their insurance premiums. If the costs associated with uninsured driving decrease, the levies required to fund the costs of uninsured driving may also fall, which be passed on to drivers by ultimately contributing to lower premiums for law-abiding motorists.

MIB and the Driver and Vehicle Licensing Agency (DVLA) collaborate to tackle uninsured driving through the Continuous Insurance Enforcement (CIE) programme, and also Operation Tutelage, which involves collaboration with the police. Together, these programmes aim to reduce the number of uninsured vehicles on UK roads, improving road safety, strengthening the integrity of the insurance system, and supporting fairer premiums for law-abiding motorists.

As part of the CIE programme, the MIB send a reminder letter to registered keepers of vehicles without motor insurance, and those who take no action receive a fixed penalty of £100, followed by enforcement action. Northern Ireland is the only UK jurisdiction that does not operate a CIE scheme as part of enforcement against uninsured drivers. The Department for Transport will continue to engage with counterparts in Northern Ireland to support their exploration of the potential benefits and feasibility of a CIE scheme.

Operation Tutelage aims to reduce the level of uninsured driving. In this programme, the police send advisory letters to keepers of vehicles seen on the road where the vehicle's insurance status is unclear. It acts as a filter, leaving the police to tackle the remaining uninsured drivers.

Both programmes not only enhance road safety but also improve the risk profile of the national insurance pool—helping to stabilise, and potentially lower, premiums for insured drivers.

The government takes uninsured driving very seriously; it is a criminal offence and unacceptable. The penalties for keeping a vehicle without motor insurance or for driving a vehicle without motor insurance have not been reviewed for many years, and there have been calls in Parliament to increase the penalties for the offence of driving a vehicle without motor insurance to match the seriousness of the offence.

Currently the offence of driving a vehicle without motor insurance can result in up to an unlimited fine, 6-8 penalty points on a licence and a potential disqualification from driving. However, the fixed penalty fine for this offence is £300 with an additional 6 penalty points if this fixed penalty is accepted.

The government will consider the penalties for these offences associated with uninsured driving.

[42] 'Motor Insurance Claims Analysis', FCA (July 2025)

Actions
4.1 The FCA continues to call for more action to be taken by social media companies to prevent fraudulent content from appearing on their platforms. Where the FCA identifies unlawful content, including ghost broking, ad-spoofing and material posted by finfluencers, it will seek to get the content removed and work with other partner agencies, including law enforcement, working to combat these activities. 4.2 The Home Office will continue its efforts to tackle vehicle theft, introducing new offences concerning electronic devices that are used in vehicle theft through the Crime and Policing Bill. 4.3 The Department for Transport will consider the penalties associated with uninsured driving. 4.4 The Department for Transport will continue to engage with counterparts in Northern Ireland to support their exploration of the potential benefits and feasibility of a CIE scheme. 4.5 The ABI will continue work with the National Vehicle Crime Intelligence Service at the port of Dover to enable disruption and enforcement activity against criminals who intend to export stolen vehicles from the port.

5. Strengthening the vehicle repair sector

The FCA's motor claims analysis published in July 2025 identifies various pressures which have caused repair costs to increase significantly. These pressures include supply chain challenges, high energy prices, inflation and skills shortages. Imports of car parts are lower than pre-pandemic levels and shortages of parts like semiconductors increase repair times and costs associated with vehicle replacement.

The taskforce encourages the motor insurance industry to work closely with vehicle manufacturers to review and update the vehicle risk rating system. This system should enable insurers to make more dynamic and accurate vehicle insurability assessments, which in turn allows them to offer more individualised premium prices for consumers. It will also help manufacturers to consider repairability and insurability at the vehicle design stage.

Strengthening sector relationships and growing the future supply chain

The Department for Business and Trade has built positive working relationships with both insurance and motor trade bodies including the ABI and SMMT. This ensures that there is a steady exchange of information regarding key concerns and supply chain issues.

To build resilience in our motor industry and developing technologies, the Department for Business and Trade will support the latest R&D in strategic vehicle technologies, accelerate commercial scale-up, and unlock investment across all aspects of automotive electrification. They will continue to do this with DRIVE35, announced in the UK's Modern Industrial Strategy 2025.[43] As part of this ambitious programme, government are committing £2 billion of automotive capital and R&D funding to 2030, plus an additional boost of £500 million to extend the R&D support to 2035. This long-term investment will give innovators the confidence and scope to pursue the technological advancements we need in our automotive sector. Over time, these efforts are expected to contribute to improvements in the repair process for vehicle technologies, which will help enhance efficiency and reduce costs across the industry, including areas such as insurance.

Improving skills and training provision for key professions

This government is transforming the apprenticeships offer into a new growth and skills offer, which will offer greater flexibility to employers and learners and support the industrial strategy.

In August, the Department for Education introduced new foundation apprenticeships for young people in targeted sectors, as well as shorter duration apprenticeships. These flexibilities will help more people learn new high-quality skills at work and fuel innovation in businesses across the country.

[43] 'The UK's Modern Industrial Strategy', Department for Business and Trade (June 2025) - https://assets.publishing.service.gov.uk/media/68595e56db8e139f95652dc6/industrial_strategy_policy_paper.pdf

New short courses will also be introduced in areas such as digital, artificial intelligence, and engineering, funded through the growth and skills levy, to support Industrial Strategy sectors from April 2026.

The government has also published the Post-16 Education and Skills White Paper, which sets out reforms to the skill system to break down barriers to opportunity and drive economic growth, including through ensuring skills provision is aligned to the needs of the Industrial Strategy

Engineering Package

The engineering skills package will provide £100 million investment over three years to support engineering skills in England, working with Skills England to determine how this can increase the pipeline of skills. This will include launching Technical Excellence Colleges to address shortages in engineering, which is critical to the skills needed in priority sectors including advanced manufacturing and clean energy.

Introducing battery health measures for electric vehicles (EVs)

According to the FCA's motor claims analysis, electric and hybrid vehicles are currently more expensive to repair than petrol or diesel vehicles.

The Department for Transport is developing new regulations concerning battery health monitoring in EVs. This would provide consumers with clearer information regarding a vehicle's battery capacity, which could raise confidence in second-hand EVs and support consumers to make informed decisions at the time of potential purchase.

Separately, the European Commission has developed amendments to Annex X of Regulation (EU) 2018/858 (i.e. the vehicle type approval framework).[44] The amendments aim to make it easier for independent repairers to access vehicle information to enable the repair or replacement of EV batteries, where that information would usually be provided to a manufacturer's authorised dealers and repairers.

The Department will consider whether similar amendments should be made to the GB type approval scheme to avoid any technical barriers to trade and to enable improved EV repairability. This could serve to make it easier to diagnose and repair EVs following a collision, limiting the number of vehicles being written off too readily or requiring unnecessary and costly battery replacement. This, in turn, could reduce the cost of claims faced by insurers.

[44] 'Regulation (EU) 2018/858 of the European Parliament and of the Council', The European Parliament and The Council of the European Union (May 2018) - https://eur-lex.europa.eu/eli/reg/2018/858/oj/eng

Actions
5.1 The taskforce encourages the motor insurance industry to work closely with vehicle manufacturers to review the vehicle risk rating system 5.2 The Department for Business and Trade will maintain positive relationships with industry to ensure a steady exchange of information on supply chain issues and concerns. 5.3 The Department for Business and Trade, through the long-term investment announced in the Industrial Strategy, will drive innovation, scale up and commercialisation in new vehicle technologies, driving efficiencies and reducing costs. 5.4 The Department for Education and the Department for Work and Pensions will improve skills and training for key professions, aligned with the Industrial Strategy. 5.5 The Department for Transport plans to consult on the introduction of new battery health measures for electric vehicles.