DAC BEACHCROFT

Motor
Predictions 2026

The increase in vehicle technology will positively impact road traffic claims volumes

Influenced by increasingly strict safety homologation rules within the European Union, expect the percentage of vehicles with Advanced Driver Assistance Systems to continue to increase. These rules require manufacturers to gain approval from a national authority for a vehicle's entire type, regardless of where components are sourced, therefore confirming compliance with safety, environmental, and market surveillance standards. It allows vehicles to be registered and sold across the EU single market which will accelerate the incorporation of advanced safety systems which is expected to lead to a continued reduction in road traffic claims.

The increase in vehicle technology will negatively impact the cost of road traffic claims

Despite the lower claims numbers, claims costs will continue to rise faster than the Consumer Prices Index. Concerns regarding the integrity of electric vehicle (EV) batteries post-collision, and the need to recalibrate Advanced Driver Assistance Systems will result in increased complexity and cost, for both labour and parts. Insurers and the motor repair sector continue to highlight skills shortages for repairing EVs and cars with sophisticated safety systems post-accident. This increases repair times and with it, costs.

The regulatory void around micromobility devices will not be addressed

Expect the e-scooter rental scheme trials to be extended beyond May 2026 with no new regulation introduced, and the number of e-bikes that do not conform to legal requirements by way of speed and size to continue to increase. This will result in more expensive claims, bodily injury and property damage. The government will come under pressure to tighten regulations, with many local authorities lobbying hard for more powers and enhanced safety rules. The example of Paris, which banned e-scooters in 2023 and experienced a major uplift in cycling, is often cited.

Expect continued focus on post-accident temporary vehicle replacement

The Financial Conduct Authority (FCA) roadmap for retail insurance will ensure continued focus on post-accident vehicular mobility, with the FCA having suggested that insurers look to streamline their processes to reduce the number of parties involved in post-accident repairs and mobility. Getting control of credit hire costs has been a long-running battle for the insurance industry. There is ongoing work on the General Terms of Agreement (GTA) governing the arrangements, which has already done a lot to improve the rate setting process. An alternative dispute resolution pilot has already been launched to try and limit the amount of claims falling out of the GTA.

Care costs will continue to rise

Costs of care are already subject to significant inflationary pressures, not least as a result of labour shortages in the sector. Those labour shortages are likely to worsen as the government clamps down on net migration and the requirements for new entrants to the UK. Until the labour shortages are resolved it is unlikely that the inflationary pressures in the care sector will stabilise.

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