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New Road Safety Strategy Driving Change in the Insurance Sector

The UK Government's Road Safety Strategy published in January, its first comprehensive plan in more than a decade, sets out ambitions to reduce the number of deaths and serious injuries on roads by 65% by 2035, with this target extending to a 70% reduction for under-16s. Among its key features are lower alcohol limits for driving, mandatory eye tests for the elderly and enhanced training for young drivers.

Rooted in a national Safe System approach, the strategy recognises that human error is inevitable and that responsibility for safety must therefore be shared across road users, vehicle technology, infrastructure and enforcement. Approximately four people die on the roads every day, with many more seriously injured. In addition to signalling a shift in public policy, the new strategy has implications that extend beyond safety outcomes and offers the insurance industry and consumers the opportunity for long-term transformation.

Why This Matters

Vehicle collisions in the UK remain a major driver of increased claims costs, with motor insurers paying out a record £11.7 billion in claims in 2024. The consequence is an upward pressure on premiums and a negative impact to the broader affordability of insurance.

Industry data from the Association of British Insurers (ABI) and the Financial Conduct Authority (FCA) supports this by showing that claims costs have been the primary factor in premium inflation over recent years, fuelled by external factors including inflation, increased theft and the rising complexity and costs associated with repairing modern vehicles.

The Government's new strategy takes aim at the root causes of collision risk, which are the same issues that underpin the frequency and severity of motor insurance claims. If implemented successfully, the proposed reforms could enable insurers to recalibrate risk models, reduce underwriting losses and deliver savings to policyholders.

Direct Impacts

The behavioural, enforcement, training, technology and infrastructure changes outlined in the strategy each have clear parallels with insurance risk assessments and claims outcomes:

High-Risk Driving Behaviours

The proposed consultations on lowering the drink drive limit represent a long overdue focus on thresholds that date back to 1967 and are currently the highest in Europe. Expanding the scope to introduce even lower levels for young and newly qualified drivers and integrating preventative technology, such as alcolocks, are targeting a greater reduction in incidents. Also anticipated are new penalty points for failure to wear seatbelts, which already carries a fine of £500, and greater enforcement against uninsured driving, which is a perennial cost driver for insurers.

Over time, such measures should reduce the frequency of high-severity losses from an underwriting perspective. Drink and drug-related collisions disproportionately contribute to fatal and serious injury claims, with approximately 20% of fatal road collisions in 2023 involving at least one driver over the drink-drive limit or impaired by drugs.

Fewer of these events will therefore improve the overall loss ratio and reduce the need to price for worst-case risk. Similarly, cracking down on uninsured driving can limit 'ghost' claim costs where insurers need to cover losses caused by uninsured third parties.

Driver Training and Licensing Standards

Among the most notable proposals is a consultation on a minimum learning period of 6 months for learner drivers, intended to facilitate broader experience in varied conditions before eligibility for a practical test. This seeks to address inexperienced drivers, a persistent risk concern for insurers, with data showing that claim frequencies for new drivers notably increase in the first few months after passing a practical test. Some insurers, however, claim the scope should be extended to mirror the international practice of graduated licensing for new drivers.

UK statistics show that although drivers aged 17-24 represent a small proportion of licence holders, they are involved in a disproportionately high share of serious collisions; recent analysis of 2024 government data shows accidents involving younger drivers resulted in 44% more deaths or serious injuries than those involving older drivers. Targeting younger drivers through structured learning has obvious road safety benefits, but over time, should also reduce claims frequency for a traditionally high-risk group.

Vision Checks and Age-Related Assessment

Older drivers, while experienced road users, represent a complex risk profile for insurers and their number continues to rise as the population ages. Proposals have been made to introduce mandatory eye tests for drivers aged 70 and above every three years, alongside potential cognitive assessments.

Vision and processing speed can deteriorate with age, increasing the potential for collisions and serious injury. Robust testing and periodic renewal requirements may benefit all road users, as well as reduce age-related claim risk and help build more accurate data for underwriting models.

Vehicle Safety Technology

The government strategy outlines a plan to mandate up to 18 new vehicle safety technologies under the GB type approval scheme, including Autonomous Emergency Braking (AEB) and advanced driver assistance systems (ADAS). These technologies have been proven internationally to reduce the severity and frequency of claims, particularly for low-impact and rear-end incidents.

Adoption of such advanced driver-assistance systems has the potential to significantly reduce casualties and reshape how insurers assess risk, enabling them to offer discounts or differentiated pricing for vehicles equipped with verified safety technology.

Insurer Reaction

The initial response from the insurance profession has generally been positive. Major insurers have welcomed the renewed strategic focus and have acknowledged the government's efforts to reduce deaths and serious injuries. They have, however, emphasised the importance of continued collaboration with policymakers to ensure any proposals implemented have the desired impacts.

Some proposals have been subject to constructive scrutiny, but the overall sentiment is that a long-term reduction in claim frequency will deliver tangible bottom-line benefits and support more sustainable pricing and product innovation.

Insurer Benefits

Reduced Claims

Safer roads with fewer collisions and serious injuries have a direct correlation with lower claims volumes and severity, a priority for motor insurers. Over time, this should enable improved loss ratios, reduced reliance on conservative risk loadings and more effective competition on price and cover terms.

Lower claims frequency can also continue to lessen the upward pressure on premiums that has developed in recent years. Factors such as repair cost inflation and vehicle values remain outside of road safety, but enhanced behavioural and enforcement measures can reduce the frequency of incidents that require payouts, which the ABI report increased by 13% to an average of £4,900 in Q4 2024.

Risk Model Evolution

Mandating safety technology and improved driver standards will produce accurate datasets for risk segmentation and allow insurers to integrate advanced telematics, safety feature performance and behavioural data to offer tailored products that reward safer behaviour.

This evolution supports a broader industry shift towards usage-based insurance (UBI) and value-based pricing that leverages qualitative behavioural insights to price risk more accurately and align premiums with individual driver profiles.

Product and Service Innovation

The focus on vulnerable road users and work-related driving risk, including a proposed National Work-Related Road Safety Charter, presents opportunities for insurers to innovate. Given that around 1 in 3 road deaths can be attributed to at-work driving, whether a HGV driver or motorcycle courier, there is clear potential for employers to follow standards that help manage risk and for insurers to introduce specialised cover, telematics packages for fleets and programmes that incentivise compliance with safety best practices.

There is also the opportunity for insurers to develop risk-reduction partnerships with telematics and data analytics firms to help support client businesses in managing their road risk exposure. This aligns with broader trends in risk management services and value-added propositions that see insurers evolve from reactive indemnity providers to proactive partners.

Consumer Benefits

More Competitive Premiums

The ultimate benefit of improved road safety is lower insurance costs, as a reduction in claims frequency and severity should translate into downward pressure on premiums over time. Market competition, underpinned by better risk data, may also drive more competitive pricing.

Rather than providing immediate relief, this is a longer-term dynamic, but it addresses the affordability of motor insurance, which is one of the most persistent consumer concerns. The ABI has previously highlighted the strain that rising premiums have placed on households when they face increased costs from elsewhere, urging collaboration with the government to address these systemic pressures.

Confidence and Transparency

A more predictable and safer driving environment will help foster greater consumer confidence, while clear regulatory standards will help people make more informed choices when buying vehicles and anticipating the costs of insurance.

Increased transparency in risk pricing, particularly as advanced telematics and behavioural metrics are integrated, will empower consumers to make decisions that directly influence the terms of their insurance.

Looking Ahead

The government's new Road Safety Strategy aims to make travel safer for all road users, seeking to arrest the UK's decline in European road safety rankings seen over the past decade. Its success will hinge on implementation, enforcement, data sharing and cross-sector collaboration, emphasising strong partnerships between government, local authorities, emergency services, industry stakeholders and the public.

For the insurance profession, the focus on behaviour, enforcement and technology directly aligns with key risk drivers that influence claims, underwriting and pricing. Proactive engagement with consultations will therefore be crucial to ensuring policy terms align with real-world risk dynamics and regulatory frameworks support innovation in pricing, products and prevention strategies. The strategy offers a compelling framework for transforming road safety and the opportunity to influence the future of risk and insurance