

The Impact of Party Manifestos on General Insurers: A Comparative Analysis of Labour, Conservative, Liberal Democrats and Reform Policies

As the UK quickly approaches its general election, all the parties have now published their manifestos, outlining their plans for the country's future. For general insurers, these documents offer crucial insights into how each party's proposed policies might impact the industry. This article examines the key points from the Labour, Conservative, Liberal Democrats and Reform manifestos concerning topics including car insurance costs, fraud, court capacity and electric and autonomous vehicles.

Car Insurance Costs

Labour: The Labour manifesto emphasises the reduction of car insurance costs through increased regulatory oversight and reforms aimed at curbing excessive premiums. Labour proposes an investigation of the insurance industry to prevent unfair pricing practices. Elsewhere, it has confirmed that this would be conducted by the FCA and the CMA.

Conservative: The Conservative manifesto is silent on car insurance costs.

Reform: Reform aims to ban Low Traffic Neighbourhoods and ensure there are no legal requirements for manufacturers to sell electric cars, which may have indirect implications for car insurance costs by potentially influencing driving patterns and vehicle usage.

Liberal Democrats: The Liberal Democrats manifesto includes measures to protect motorists from rip-offs, including unfair insurance prices, ensuring more transparent and fair practices in the car insurance market.

Fraud

Labour: Labour's manifesto highlights a comprehensive approach to tackling fraud, including investment in technology and increasing resources for law enforcement agencies. Labour also proposes establishing a national fraud strategy to coordinate efforts across various sectors.

Conservative: The Conservative manifesto highlights their recent success with a 13% reduction in fraud in the past year, helped in part by their new national fraud squad. They plan to ban SIM farms, which are used to send bulk messages of fraudulent texts and will ban cold calls on financial products so that fraudsters cannot dupe people into buying fake investments.

Reform: Reform aims to scrap all Diversity, Equality and Inclusion (DE&I) roles and regulations, to stop two-tier policing and overhaul the Independent Office of Police Conduct (IOPC) so that the police complaints system becomes more accountable and works for the law-abiding public.

Liberal Democrats: The Liberal Democrats propose creating a new Online Crime Agency to tackle illegal online activities such as personal fraud. They plan to properly resource the National Crime Agency to combat serious and organised crime, name and shame banks with poor fraud prevention records, and require banks to reimburse victims

of automated push payment scams unless there is clear evidence they are at fault. Additionally, they propose launching a public awareness campaign to help people spot, avoid, and report frauds and scams.

Court Capacity

Labour: Labour's manifesto focusses on the court backlog crisis in so far as it impacts criminal matters, they say they will ensure more prosecutors are available by allowing Associate Prosecutors to work on appropriate cases.

Conservative: The Conservatives plan to expand court capacity by continuing to digitise court processes and expanding the use of remote hearings. They will keep open the Nightingale courtrooms, fund extra sitting days and invest in court maintenance. They also plan to match fund 100 criminal law pupillages.

Reform: Reform will increase the Criminal Justice Budget from £10 billion to £12 billion to ensure more high calibre staff to cut delays and will reopen local magistrates' courts to clear the case backlog. They also plan to reopen High Intensity Training Camps for young offenders to teach basic education, teamwork and values.

Liberal Democrats: Propose setting a clear target of halving the time from offence to sentencing for all criminals and implementing a properly funded strategy across the criminal justice system to achieve it. They also plan to develop a workforce strategy to ensure there are enough criminal barristers, judges, and court staff. Furthermore, they propose improving transparency throughout the criminal justice process by enabling all victims to request a transcript of court proceedings free of charge.

Martyn's Law and Public Safety

Labour: Labour has committed to implementing Martyn's Law (Protect Duty), which mandates increased security measures at public venues to prevent terrorist attacks. This will likely lead to higher compliance costs for public venues but could reduce the frequency and severity of claims related to terrorism.

Conservative: The Conservative manifesto also pledges to urgently introduce Martyn's law, following the Prime Minister's call of a snap election immediately after he had told Martyn's mother that he would introduce legislation before the summer recess.

Reform & Liberal Democrats: have not expressed a view on the introduction of Martyn's Law.

Potholes

Labour: Labour promises significant investment in road maintenance, including a dedicated fund to repair an additional one million potholes in England each year. This is expected to reduce the number of car insurance claims related to vehicle damage caused by poor road conditions.

Conservative: The Conservative manifesto commits to an £8.3 billion "National Pothole Fund" to address the issue comprehensively. By prioritising road repairs, they aim to enhance road safety and reduce claims related to vehicle damage.

Reform & Liberal Democrats: have not expressed a view on potholes.

Electric Vehicles and Charging Infrastructure

Labour: There is no mention of electric vehicles and their charging infrastructure in the manifesto, which is perhaps a little surprising given how much Labour have talked about electric vehicles leading up to the General Election announcement. Shadow Roads Minister Bill Esterson previously stated that Labour will restore the scrapped 2030

date for the end of sale of new petrol and diesel cars and it had been reported in October 2023 that Labour was drawing up plans for cash incentives to buy EVs.

Conservative: The Conservative manifesto supports the development and deployment of electric vehicles, stating that they will support people to choose electric cars by ensuring the charging infrastructure is truly nationwide, including rapid charging and delivering the Zero Emission Vehicle Mandate to support manufacturers to safeguard skilled British jobs.

Reform: As well as ensuring there are no legal requirements for manufacturers to sell electric cars, Reform aim to increase and incentivise ethical UK lithium mining for electric batteries.

Liberal Democrats: The Liberal Democrats propose making it easy and cheap to charge electric vehicles by rolling out far more charging points, including residential on-street points and ultra-fast chargers at service stations. They will support new charging points with an upgraded National Grid and a step change in local grid capacity. Additionally, they aim to cut VAT on public charging to 5% and require all charging points to be accessible with a bank card.

Autonomous Vehicles and E-Scooters

Labour: Labour are silent in their manifesto on the topics of autonomous vehicles and e-scooters, despite Shadow Transport Minister Simon Lightwood previously raising the lack of regulation surrounding e-scooters and e-bikes.

Conservative: The Conservatives state that automated vehicles will be on the roads in the next Parliament, thanks to the new world-leading legislation. They are silent on their intentions regarding the regulation of e-scooters.

Reform & Liberal Democrats: No mentions of e-scooters, e-bikes, or self-driving/automated vehicles.

Property

Both the Labour and Conservative manifestos, released ahead of the upcoming general election, prioritise increasing housing availability, but their approaches differ significantly, with implications for general insurers.

Labour commits to an ambitious target of building 300,000 new homes annually, with a focus on affordable and social housing. This includes direct government investment and reforms to the planning system to streamline approval processes. Increased housing availability, particularly in the affordable sector, may influence the insurance market by expanding coverage needs and potentially lowering premiums due to improved risk distribution.

In contrast, the **Conservative** manifesto emphasises market-driven solutions, proposing incentives for private developers and reforms aimed at reducing red tape in the planning process. They say they will build 1.6 million new homes in England by the next parliament. They also highlight a commitment to helping first-time buyers through schemes like the extension of Help to Buy and new initiatives to encourage home ownership.

The **Reform** manifesto pledges to introduce a new “loose fit” planning policy in a bid to encourage large residential development on brownfield sites. They will prioritise local people for social housing, increase protections for leaseholders and incentive the use of new construction technology to speed up the building of new homes, including the use of modular construction.

The **Liberal Democrats** propose to ‘build the homes people desperately need’ with a strong commitment to social housing, aiming to construct 150,000 new social rent homes each year.

For general insurers, the Conservative focus on private sector-led development could result in a diverse range of new insurance products catering to a growing market of new homeowners and developments, while also potentially increasing competition and innovation in the insurance sector.

Post General Election the insurance industry will have concerns surrounding the various commitments to building a volume of new homes on 'grey belt' and brownfield land. For example, that it will lead to the cutting of corners on quality control of developments and increased claims as a result of properties being built on unsuitable land.

Cladding Remediation/Regulation

Labour: Labour commits to improving building safety through regulation and to ensuring that there is never another Grenfell fire. Should Labour be successful at the General Election and commit to removing all of the remaining unsafe cladding from buildings quickly, this would likely reduce insurers' liability risks associated with cladding issues.

Conservative: The Conservative manifesto also supports cladding remediation, with a focus on how to better protect leaseholders from costs and taking steps to accelerate the pace of cladding remediation across the country by requiring the continuation of a developer-funded remediation programme for mid and high-rise buildings.

Reform: Reform are silent on the topic of cladding.

Liberal Democrats: The Liberal Democrats pledge to remove dangerous cladding from all buildings, ensuring that leaseholders do not have to pay a penny towards it. This measure would directly impact insurers by potentially reducing the risks associated with unsafe cladding, leading to lower liability and fewer claims related to building safety issues.

Conclusion

Both the Labour and Conservative manifestos present policies that will have significant implications for general insurers. Labour's approach leans towards increased regulation and consumer protection, aiming to reduce car insurance costs and tackle fraud through comprehensive strategies. Their commitment to building 300,000 new homes annually and improving building safety with cladding remediation may expand insurance coverage needs while reducing liability risks.

The Conservatives focus on innovation, fraud prevention, and infrastructure investment - including an £8.3 billion "National Pothole Fund" and electric vehicle charging infrastructure. Their emphasis on market-driven housing solutions and expanding court capacity may lead to a need for new insurance products and reduced claims related to vehicle damage and court backlogs.

The Liberal Democrats manifesto advocates for protecting motorists from unfair insurance practices, tackling online fraud with a new crime agency, and improving criminal court capacity with clear targets for reducing sentencing times. Their strong commitment to social housing and removing dangerous cladding aligns with reducing insurance risks and improving market transparency.

Reform's manifesto offers unique aspects such as tax relief on private healthcare and insurance, and a focus on scrapping retained EU laws and improving policing accountability. Their stance on banning Low Traffic Neighbourhoods and revising electric vehicle mandates may influence car insurance dynamics.

Overall, insurers will need to navigate these diverse policies carefully, adapting their strategies to align with the incoming government's priorities and policies, whether they focus on regulation, innovation, consumer protection, or infrastructural improvements.

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