MS24/2.2 How and why Consumers Use Premium Finance

July 2025

Contents

Introduction

In this paper we describe how customers access premium finance, the customer journey to buying premium finance, the characteristics of customers who use premium finance products, and their motivations for doing so.

We begin by briefly describing how premium finance products are distributed to UK retail customers. *"MS24/2.2 The UK market for premium finance"* paper provides more detail on different types of premium finance providers.

We then discuss customers' ability to shop around for a premium finance product. We do this through analysing the customer journey of an insurance purchase since premium finance is only sold with insurance. Effective competition is supported by customers being able to identify best value offers and acting on that information. We explore how firms present information about premium finance in ways that may affect customers' ability to assess the full cost or compare options. For example, pricing information may be provided late in the purchase journey, reducing the opportunity for customers to shop around, or in ways which may make it harder for customers to identify the best value option.

Following this, we consider common characteristics of customers who use premium finance products to purchase motor and home insurance policies. We look at whether firms' practices may impact different customer groups differently, including vulnerable customers.

Lastly, we explore why customers use premium finance, often due to affordability constraints or a preference to spread costs. These choices are more common among financially vulnerable groups. While the Financial Lives Survey (FLS) found missed payments to be rare, many customers report difficulty paying and few seek support—often due to low awareness or confidence in providers.

These factors, combined with how firms present premium finance options, may bias customer decisions—limiting their ability to assess value or compare alternatives effectively.

We have used a variety of data sources. For a complete view of our data sources, please refer to the Technical Annex.

In our publications, it is often appropriate to use alternative ways of illustrating the cost of credit depending on the context. This includes showing costs as APR, total interest paid, and total interest as a proportion of loan. For an explanation of the relationship between interest rates and APR, please see our Technical Annex. Each of our papers indicates which cost of credit metric(s) are being used.

How customers access premium finance

In this section we describe how premium finance products are accessed by UK retail customers, including how they are sold, the primary channels through which customers access premium finance, and how premium finance is distributed.

Where we use Financial Lives 2024 survey data (see the Technical Annex for an explanation of this), this relates to customers who pay their insurance premium in instalments rather than their use of premium finance specifically. References in this paper to customers who pay in instalments can include both customers who use premium finance with interest and those on interest-free premium payment plans.

How premium finance is sold

Customers are not sold premium finance as a standalone product. Instead, premium finance is integrated into the sale of insurance policies, and customers are offered the option to pay in instalments as part of the broader insurance purchase journey. We do not observe firms actively marketing premium finance separately from insurance products. Rather, the availability of monthly payments is used to make insurance products more accessible or attractive to a wider range of customers. This is consistent across insurers, intermediaries, and price comparison websites. This is mirrored in promotional materials, where we see that mentions of premium finance across insurers, intermediaries, and price comparison websites are used as selling points for the underlying insurance product.

Customers typically access premium finance through providers that have established partnerships with their chosen insurer or intermediary. Specialist Premium Finance Providers (SPFPs) generally do not have a direct interface with end customers. As a result, SPFPs focus their commercial strategies on insurers and intermediaries, rather than developing propositions for consumers directly.

The vast majority of customers qualify for premium finance. We found that very few customers are refused the option to pay monthly. Most insurers and intermediaries accept all customers who qualify for insurance for payment plans, with the remaining providers having acceptance rates of 90–95%. Affordability checks are more streamlined than for other forms of credit (and not required for interest-free plans), with many providers only performing soft credit checks or none at all. Usually, an initial credit check is deemed sufficient for firms to offer monthly instalments. Where this is not the case, a more detailed examination of the customer’s income and expenditure may be conducted and customers may be offered credit products with reduced or waived fees, with the intention that this makes the finance affordable to ensure access to insurance. Firms stated that this is because they consider the essential nature of the insurance that is to be financed to mean that it is in the customer's interest to advance credit whenever possible. When a customer is not offered premium finance, this is often because of adverse credit history, such as a bankruptcy, or because a firm was unable to confirm the customer’s identity or aspects of their financial circumstances.

We have not seen evidence that premium finance leads to frequent consumer harm from compounding debt, fines, credit score damage and reduced access to credit which can be associated with other retail credit products.

Customers are generally, but not always, asked about payment methods at an early stage in the insurance purchase journey, prior to seeing annual premium quotes. If not, they are asked after seeing their annual premium quote. The premium finance option is generally presented alongside an annual premium at the quote stage. Customers are able to opt in or out of premium finance at later stages, regardless of an answer to a prior question about payments. The answer to a question about the customer's preference for paying in a lump sum or in instalments tends to be the primary factor in determining if the customer is presented with a premium finance option.

Concerns have been raised that, in addition to paying finance charges for premium finance, the decision to pay monthly may be factored into the pricing of the underlying insurance premium. This practice has been described as 'double dipping' by some commentators. Our rules require that firms should not increase the insurance premium to customers using premium finance without objective and reasonable basis for the change.

Some insurers have said the choice of payment method is correlated with insurance risk for those paying monthly. If we see evidence of firms not having an objective and reasonable basis for taking such an approach, we will consider our supervisory approach on a firm-by-firm basis.

How customers choose a finance provider

Customers access motor and home insurance through intermediaries, insurers and price comparison websites. We observe customers first choose their insurance provider from available options, and then in that purchase journey they may be offered premium finance from an insurer, a broker or a lender that partners with that insurer/broker. We do not observe evidence that customers seek a premium finance product independently to seeking an insurance product.

Customers are generally introduced to a premium finance product by their insurance provider and do not typically have visibility or choice over the finance provider. The finance option offered is determined by the insurer or intermediary's commercial arrangements, rather than by customer selection. This reflects the integrated nature of premium finance within the insurance purchase process, as also described in our paper *MS24/2.2 UK Markets for Premium Finance*. We have not observed examples of retail customers being offered multiple premium finance options by their insurance provider.

Consequently, the lender a customer can purchase a premium finance product from is broadly determined by:

- which insurance products the customer is offered;
- which insurance product the customer chooses; and
- which lender's premium finance product the chosen insurer or intermediary offers (including their own).

A consumer will be faced with a choice of insurance products and also a choice for each product of whether to pay by instalments (assuming the customer qualifies) or in a single lump sum.

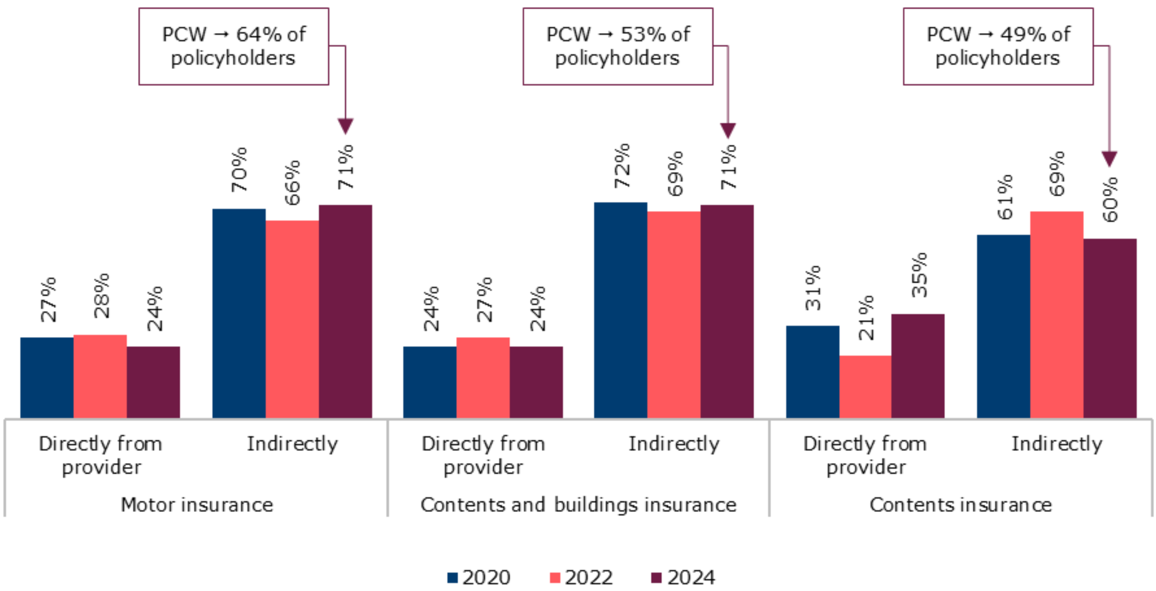
However, premium finance is unlikely to be a common deciding factor for purchase decisions. Since PCWs rank quotes based on total cost—including both the premium and finance charges—and finance charges usually make up a small portion of that total, changes in finance cost are unlikely to affect how customers see and compare quotes. The vast majority of customers give price as the main reason for switching insurance but finance costs are unlikely to directly affect this in most cases. However, we will continue to consider this aspect of the customer journey.

How premium finance is distributed

Given premium finance is integrated into the sale of an insurance policy, the distribution and availability of premium finance is tied to the distribution model of specific insurance products.

From the FLS we can see that a large majority of insurance sales (including both new business and renewals, but excluding insurance arranged as part of an employee benefits package) originate in the indirect sales channels of intermediaries and PCWs. Seven in ten (71%) motor insurance holders did not take out their policy directly from their insurer. For example, 64% of motor insurance policyholders used a Price Comparison Website (PCW). Slightly lower rates of PCW intermediation are observed amongst home insurance policyholders, with 53% of combined contents and buildings insurance, and 49% of contents insurance policyholders using a PCW to take out their policy.

Figure 1: Channels used in the last 3 years for buying or arranging policies that are not part of an employee benefits package, by type of insurance (2020/2022/2024)



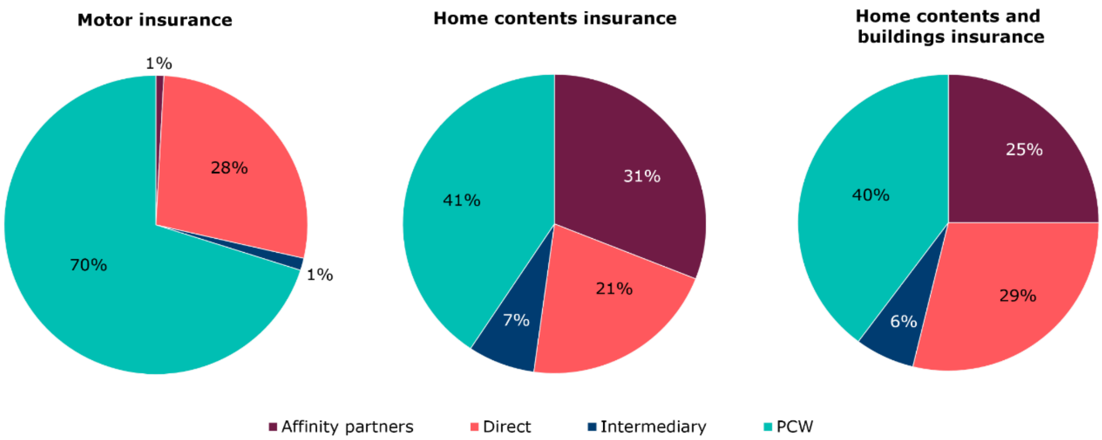
Source: *Financial Lives 2024 survey published reports*

In our analysis we use several data sets in combination to provide as detailed an overview of the market and consumers as possible. This approach can lead to some differences in our findings. Different data sets have different strengths and weaknesses, often reflecting their methodological approach. For example, consumer surveys rely on respondents' understanding of questions and ability to recall product purchase details accurately. To inform our findings we have taken a balanced approach, considering all relevant evidence sources as well as potential drivers for any differences that may exist.

The FLS and data used in our General Insurance Pricing Practices (GIPP) Evaluation (see the Technical Annex for an explanation of this) also tells us where customers paying in instalments purchase their insurance. In motor insurance (see Figure 2), 70% of customers who paid their premiums in instalments arranged their insurance through a PCW, while 28% purchased their policy directly from their insurance provider. This is similar to the proportion of customers who paid for motor insurance annually, 67% of whom arranged a policy through a PCW and 29% purchased directly.

The sale of home insurance products includes a greater spread of intermediation with proportionally more customers who paid in instalments using intermediated distribution channels – 38% of contents insurance customers who paid in instalments arranged their policy through an affinity partner or intermediary, compared to 17% of annual payers.

Figure 2: Distribution channels used by motor, contents and buildings combined, and contents insurance customers who pay in instalments



Source: *Analysis of Financial Lives 2022 survey data and GIPP Evaluation data*

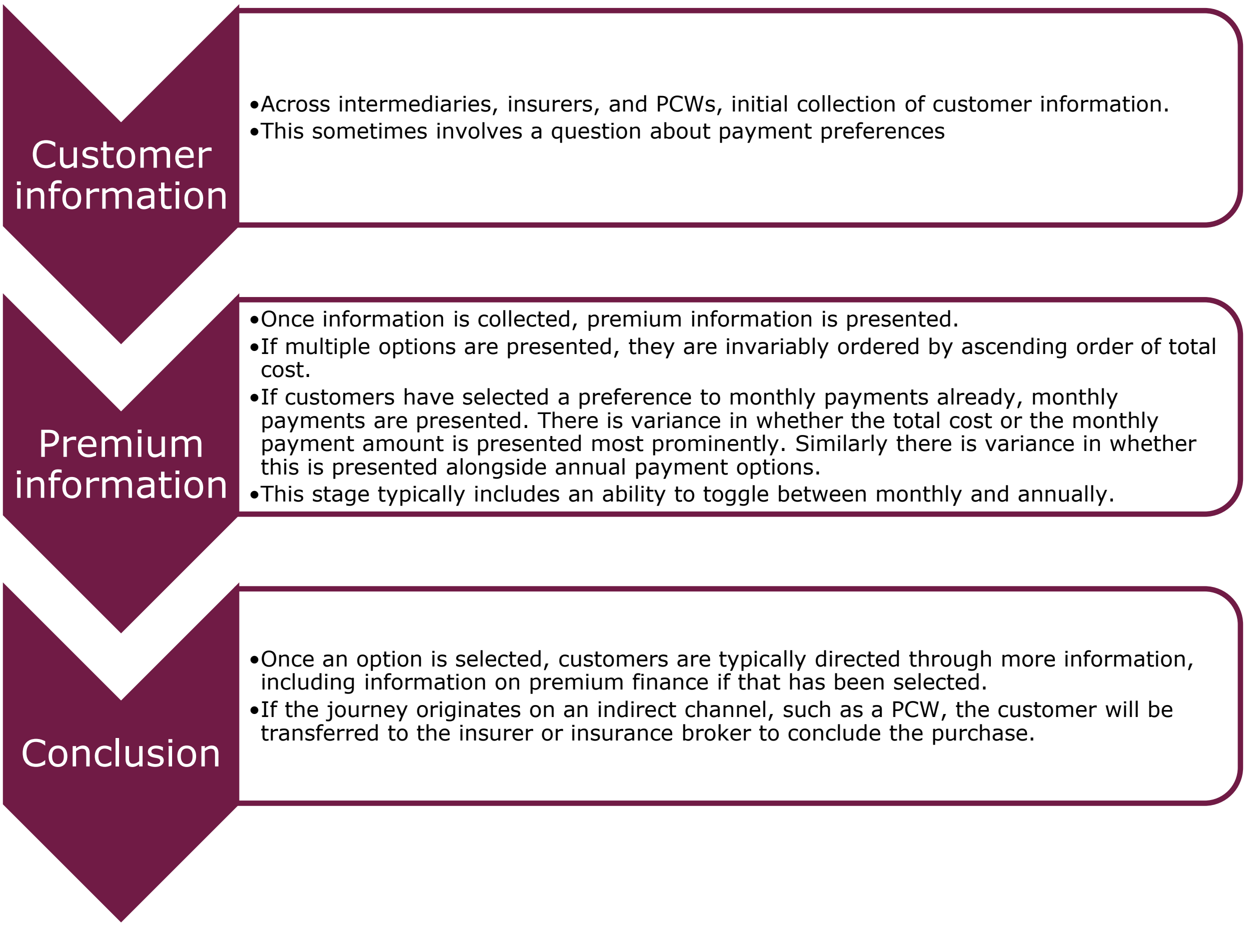
Customer journey

In this section we describe the customer journey through the purchase of premium finance. The sale of premium finance adds features to the customer journey for the insurance product:

- **Information requested from customers:** questions on leanings towards annual or monthly payments, constituting the specific way customers are asked, and the placement in the customer journey. It can also cover how customers ultimately select their payment method.
- **Information made available to customers:** presenting information about annual and monthly payments, constituting the specific information presented, and the placement of that information in the customer journey.

The below flow chart shows the key stages of a typical customer journey.

Figure 3: Stages of a typical premium finance sales journey



Source: *Analysis of information requested from firms*

The below two sections expand further on the information requested from and presented to customers. This information has been gathered across responses from intermediaries, insurers, and PCWs.

Information requested from customers

Customers buying insurance products through various channels are generally asked some form of question about paying monthly or annually. This question generally comes in two forms:

- One form is forward-looking, covering intention and/or preference. This includes formations such as "how do you want to pay?" (intention) and "how would you like to pay?" (preference).
- Another form is backwards-looking, covering previous payment behaviours. This includes formations such as "how do you usually pay?" and as a follow up from a question about preference "is that how you normally pay?"

We observe a high variance in the phrasing of a question on preference within and across channels.

We observe a range of practices regarding the placement of this question about how customers prefer to pay for their insurance premium in the customer journey. This includes:

- The absence of a question, with one example observed of customers not being asked a preference, and all customers defaulting to be offered both monthly and annual options.
- A roughly even split of firms that place a question before any presentation of an insurance product, and firms that place a question after the presentation of an insurance product or products and the costs of paying annually.
- Multiple questions around preference, with one example observed of customers being asked a wider set of questions, including preference, whether repayments are affordable, and whether the customer is happy to enter into a credit agreement.

We also observe through select customer journeys, that after an initial question about payments, customers are typically able to toggle between annual and monthly payments.

Analysis provided by one firm that offered this toggling ability showed that the vast majority of customers buy their insurance through the same preference stated at the start of the journey. There is, however, a slight lean towards customers switching from an initial annual preference to a monthly preference.

We observe little difference in these features across digital and non-digital channels, and the themes above are consistent across intermediary, insurer, and PCW journeys.

Information made available to customers

The presentation of options follows the ordering of the question. In the situation where customers are asked about payment at the start of the process, premium finance is shown throughout. If it is asked afterwards, there is generally an initial presentation of only an annual premium, albeit with some exceptions such as the above-mentioned example of all customers being shown annual and monthly options.

We observed no examples of annual premiums not being shown. Where premium finance is an option, it is always presented alongside the annual premium.

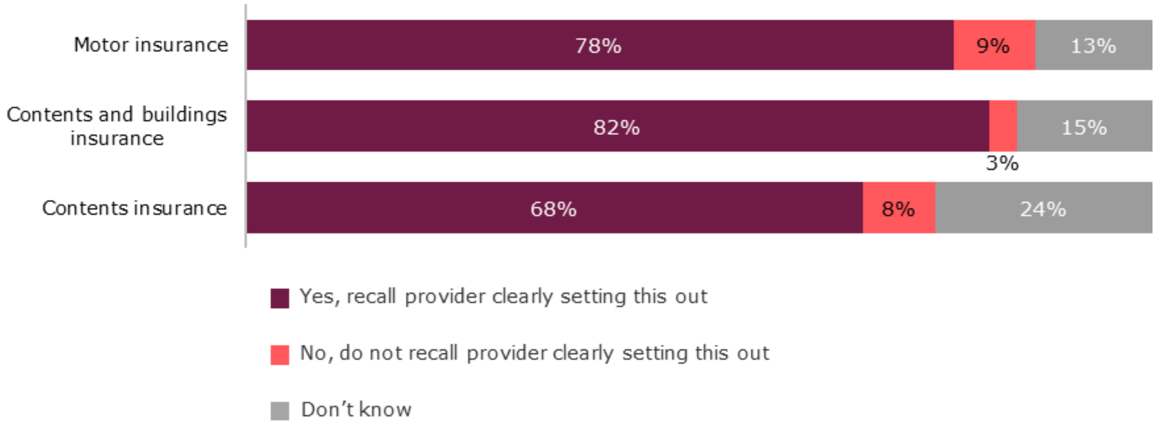
In situations such as PCWs where multiple options are available, we observe that the options are ordered in terms of ascending order of total cost inclusive of the premium and any finance costs, with the cheapest option appearing first. This is straightforward and consistent for annual payment options. With monthly payment options, on the other hand, while the ordering remains on total cost, there are variances in the presentation. Typically, one number is presented more prominently than others, e.g. by increasing the font size, boldening, and/or prominent placement in an information box. This prominently displayed number is sometimes the total cost (the sum of the monthly costs and any deposit), and sometimes the cost of monthly instalments. The latter can cause unexpected ordering of results, as there are further variables such as the deposit amount, in such a way as that the prominent number is not in ascending order.

We generally see high levels of information provided to customers. We observe some firms providing information in an enhanced manner. For example, firms making it clear that premium finance is more expensive, checking understanding that this option is more costly, the difference between APR and interest, and one example setting out who provides the credit.

Generally, this information is presented at later stages of the journey alongside the annual and monthly costs. We observe some providers explaining the impact a customer's answers to questions, including questions about payment preferences, may have on their quote. This is particularly relevant given some insurers use a consumer's stated preference for paying monthly as a factor when setting the insurance premium.

The FLS found that most of those paying for their premiums in instalments recalled that their provider explained the difference in costs between paying in instalments and with a single annual payment.

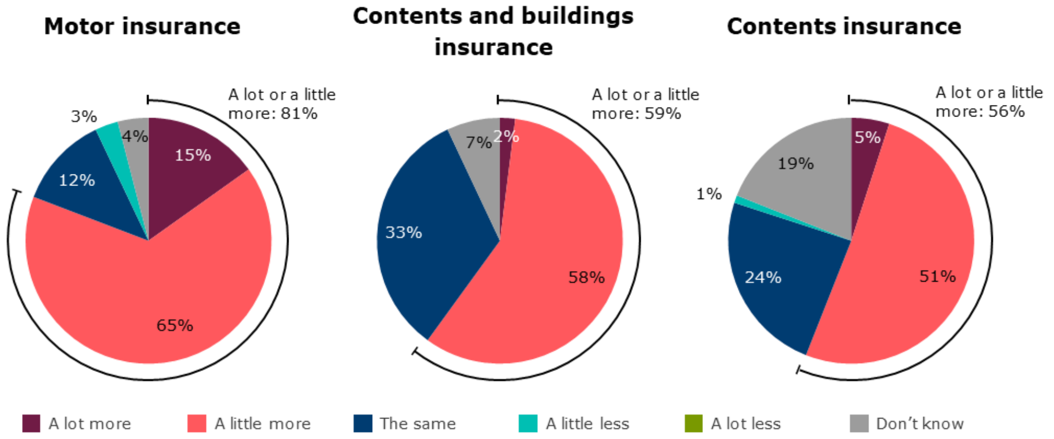
Figure 4: Policyholder recollection of their provider explaining differences in the cost of the premium if paid in instalments versus a single payment, among adults who paid for their motor or any home insurance in instalments (2024)



Source: *Financial Lives 2024 survey published reports*

Responses indicate that most of these customers were aware that paying for their insurance in instalments is typically more expensive than paying annually. Adults who said that the cost is the same whether you pay in instalments or annually may have accessed 0% finance. Relatively few customers paying in instalments thought that it was cheaper to pay this way than to pay in one lump sum. But a significant proportion of customers who paid in instalments for a contents insurance policy (19%) did not know which option was cheaper. This indicates that firms can do more to make the costs of premium finance clear to customers.

Figure 5: Policyholder understanding of whether paying in instalments costs more or less than paying in one single annual payment, among adults who paid for their motor or any home insurance in instalments (2024)



Source: [Financial Lives 2024 survey published reports]

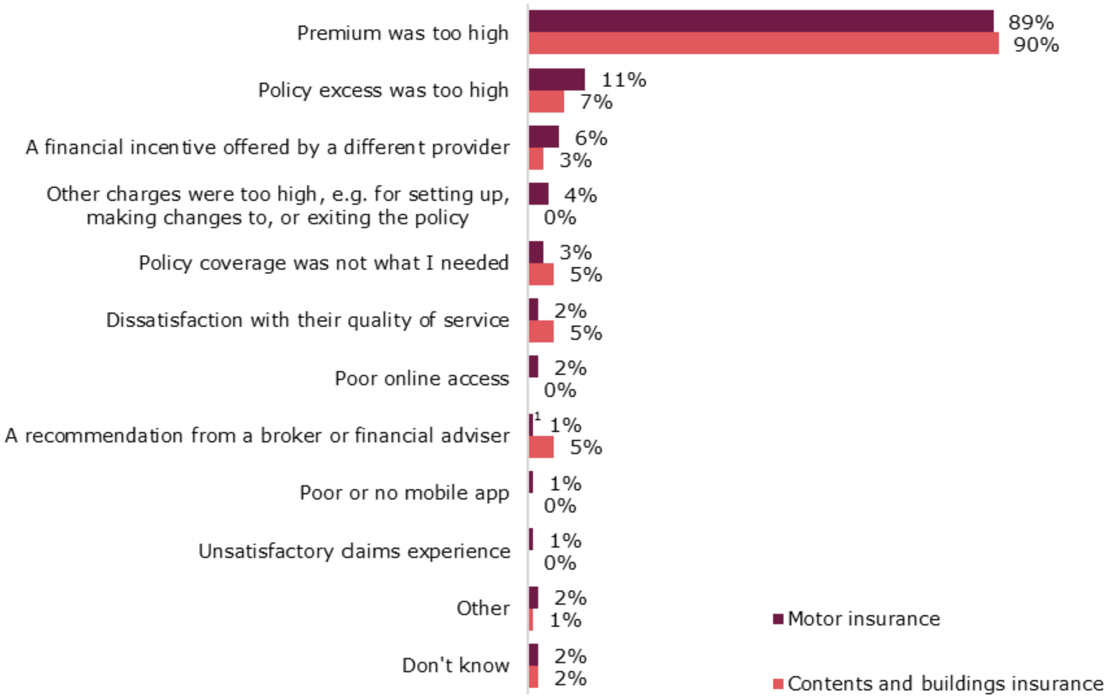
Customer renewal and switching

We have found that insurers, intermediaries, and PCWs do not generally have strategies that focus on retaining specific customers' use of premium finance. To the extent that they do have retention strategies, these are focused on retaining customers in insurance products. SPFPs, who don't sell direct to customers, will have a strategy for retaining their business partners, however.

As consumers generally arrange premium finance from, or via, their insurance provider, whether they seek to renew their premium finance (by continuing a rolling credit agreement or entering into a new fixed sum loan agreement) is generally dependent on whether the customer renews their insurance with the same insurance provider and whether the insurance provider offers or arranges credit with the same lender as before.

The FLS states that 61% of motor insurance customers switched insurance provider in the previous three years. The equivalent figure for combined contents and buildings insurance customers was 49%. The main reason given by customers for switching away from their motor insurance (89%) and combined contents and buildings insurance (90%) providers, was that they considered the premium quoted by their previous provider to be too high.

Figure 6: Important reasons for switching away from previous provider among policyholders who switched in the last year, by type of insurance (2024)



Source: *Financial Lives 2024 survey published reports*

When answering this question, consumers who pay for their insurance in instalments may have included the cost of finance in their thinking about premiums. However, as the insurance premium is a larger component of the total cost relative to the cost of premium finance, it is likely that insurance premium levels are the principal driver of consumers switching insurance provider.

Characteristics of premium finance customers

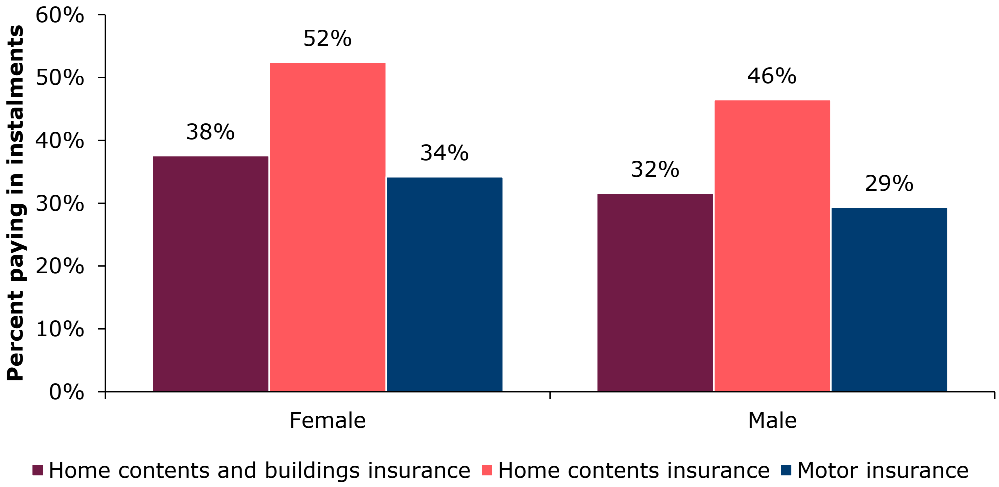
In this section we use FLS data to consider common characteristics of customers who pay for motor and home insurance policies in instalments, including whether doing so is more prevalent amongst customers with characteristics of vulnerability.

Socio-demographic characteristics

There are some regional differences in the proportion of consumers paying in instalments, with those in North East of England most likely to pay in instalments for their motor insurance premium (42%), compared to consumers in London, who are the least likely to pay in instalments for motor insurance (24%).

The data shows that women are also slightly more likely than men to pay for their premiums in instalments, as shown in Figure 7.

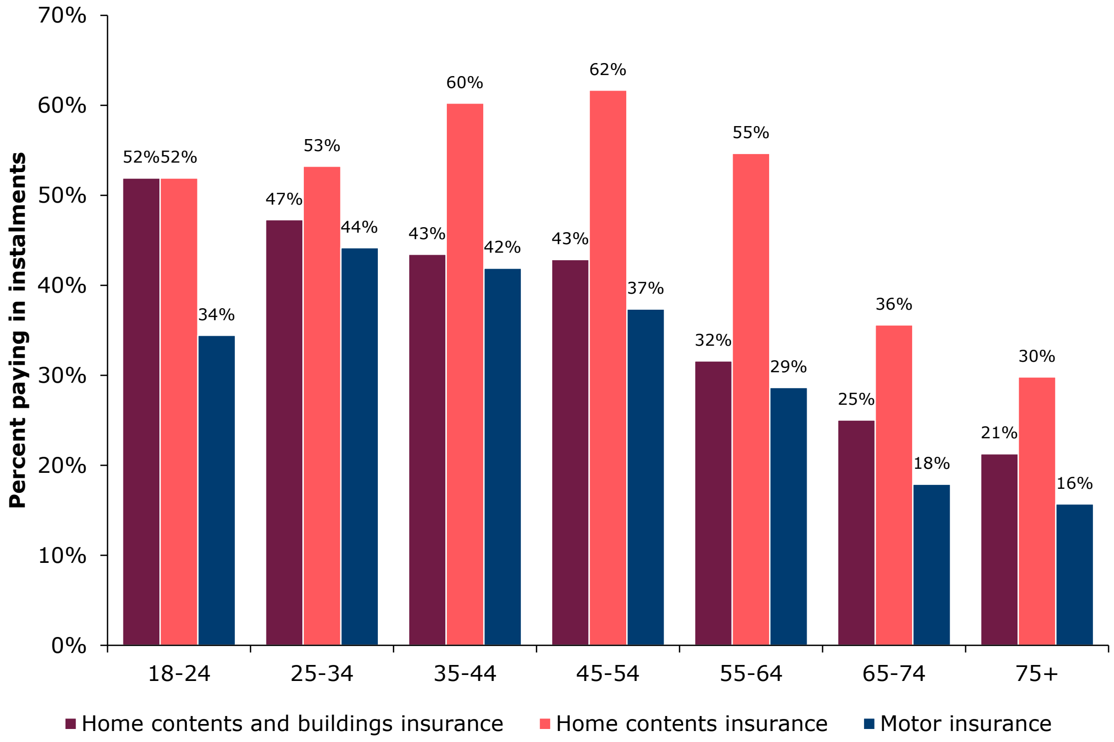
Figure 7: Proportion of female and male contents and buildings combined, contents and motor insurance customers, that pay in instalments



Source: *Analysis of Financial Lives 2024 survey data*

When it comes to age, the proportion of customers who hold motor or home insurance products and who pay in instalments is greater amongst younger customers and broadly reduces with age. For example, 34% of 18–24 year-olds who held motor insurance paid in instalments for their insurance, compared to 16% of customers over the age of 75.

Figure 8: Proportion of motor, contents and buildings combined, and contents insurance customers in age brackets, that pay for insurance in instalments



Source: *Analysis of Financial Lives 2024 survey data*

Table 1 shows paying for insurance in instalments is relatively more common amongst adults in financial difficulty, with low financial resilience and with less than £10,000 in investible assets.

Table 1: Proportion of motor or any home insurance policyholders who pay for their policy in instalments rather than a single annual payment or another arrangement (2024) - Demographic groups most likely to pay in instalments

All UK adults who hold motor or home (buildings only, contents only or combined cover) insurance	**43%**
Adults in financial difficulty	78%
Adults with low financial resilience	65%
Black adults	63%
Adults with investible assets of less than £10,000	62%
Renters	60%
Lone parents	58%
Aged 25-34	53%

Source: *Analysis of Financial Lives 2024 survey*

Use of premium finance amongst vulnerable customers

The FCA defines a vulnerable customer in FG21/1 as someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care. All customers are at risk of becoming vulnerable and this risk is increased by characteristics of vulnerability related to 4 key drivers:

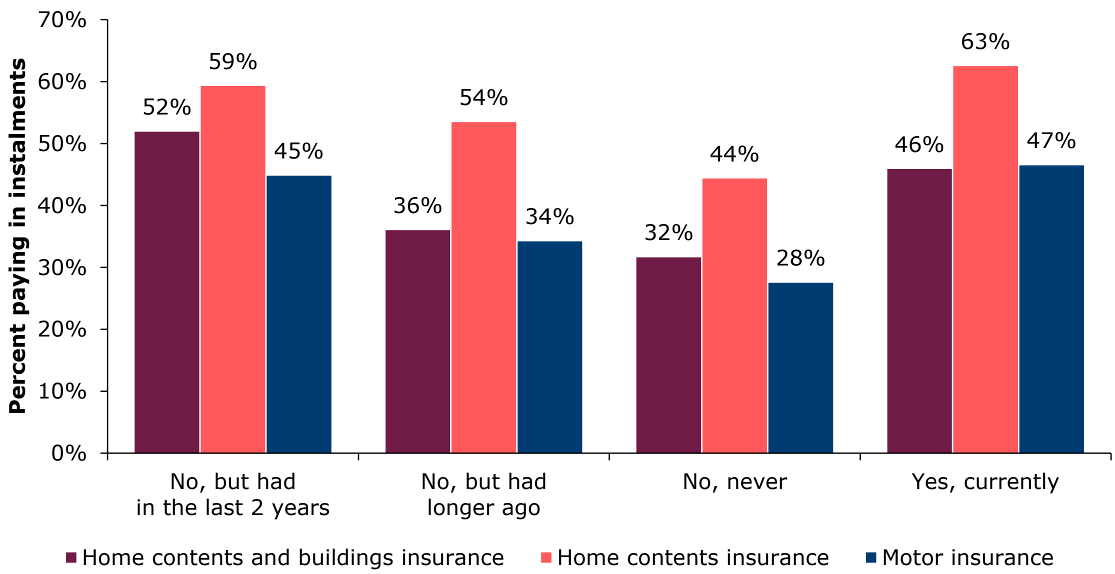
- **Health** – health conditions or illnesses that affect ability to carry out day-to-day tasks.
- **Capability** – low knowledge of financial matters or low confidence in managing money (financial capability). Low capability in other relevant areas such as literacy, or digital skills.
- **Life events** – life events such as bereavement, job loss or relationship breakdown.
- **Resilience** – low ability to withstand financial or emotional shocks.

To reflect this, we consider vulnerability across each of these drivers.

Health

63% of contents insurance customers and 47% of motor insurance customers with current mental health conditions said they currently pay for their insurance using instalments. By comparison, the proportion of customers paying in instalments who have reported never having a mental health condition is 44% (contents insurance) and 28% (motor insurance).

Figure 9: Proportion of motor, contents and buildings combined, and contents insurance customers with mental health conditions, that pay in instalments

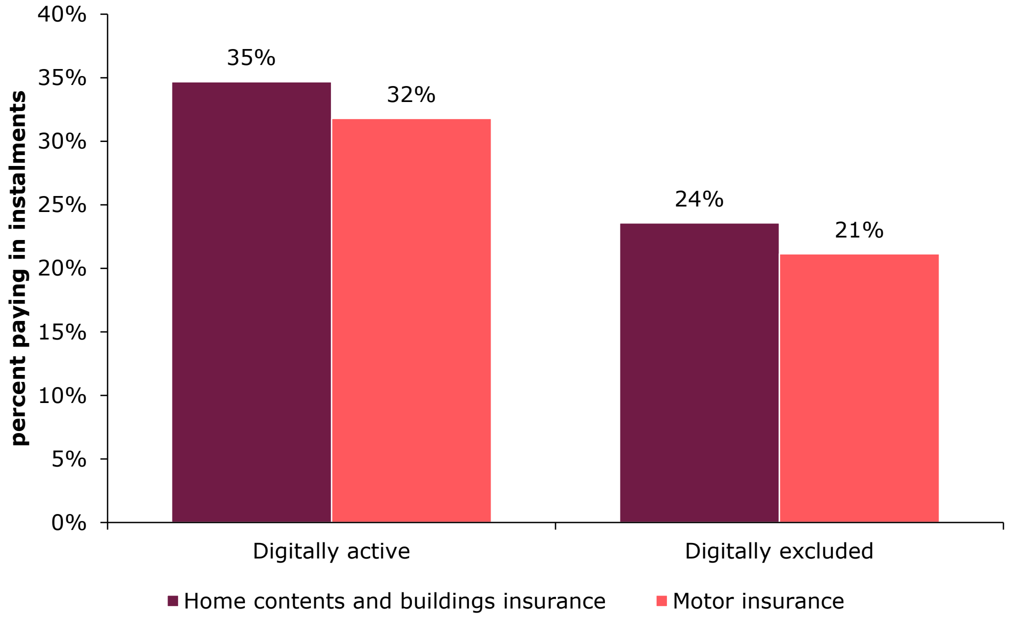


Source: *Analysis of Financial Lives 2024 survey data*

Capability

Digitally active customers are more likely to pay in instalments for their insurance than those that are digitally excluded – for example, 35% of digitally active combined contents and buildings insurance customers do so, falling to only 24% of digitally excluded customers.

Figure 10: Proportion of digitally active and excluded motor, and contents and buildings combined insurance customers, that pay in instalments

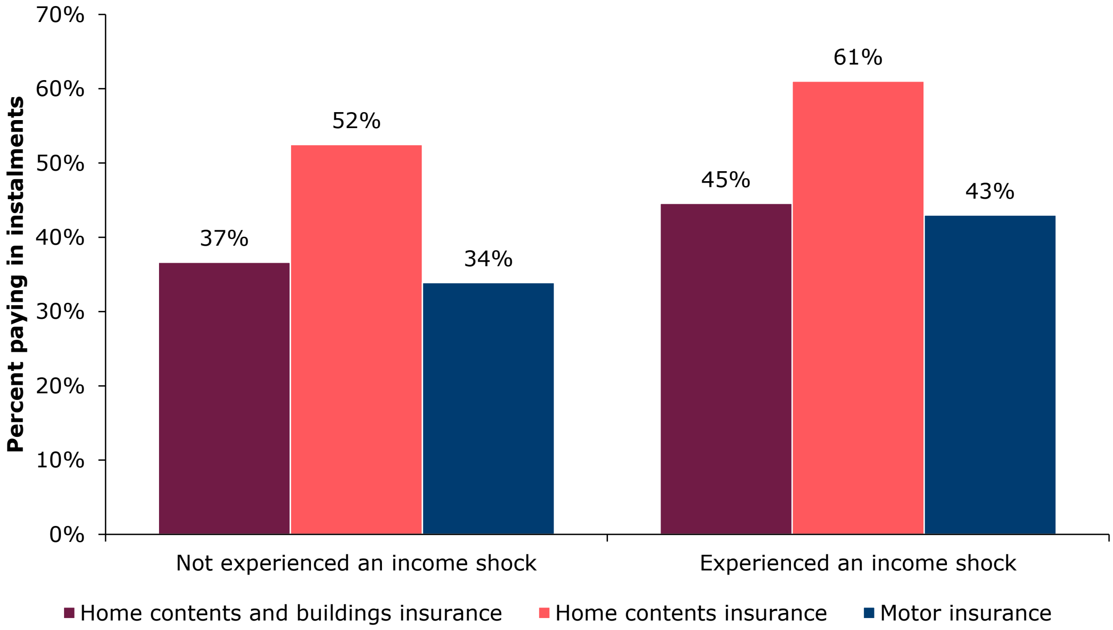


Source: *Analysis of Financial Lives 2024 survey data*

Life events

43% of consumers who have experienced an income shock paid for their motor insurance in instalments, compared with 34% who had not experienced such circumstances.

Figure 11: Proportion of motor, contents and buildings combined, and contents insurance customers who have experienced an income shock, that pay in instalments

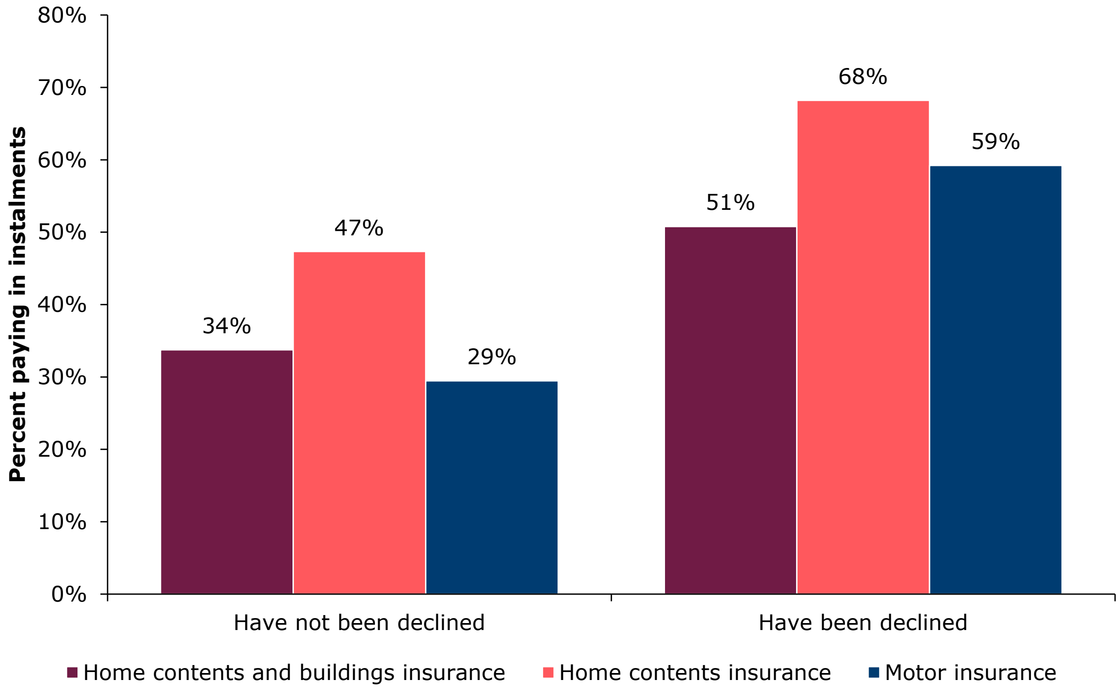


Source: *Analysis of Financial Lives 2024 survey data*

Resilience

Consumers with lower household incomes and assets are more likely to pay for their insurance in instalments. Additionally, consumers who have previously been declined for a financial service or product are more likely to pay in instalments than customers who have not been declined in the past.

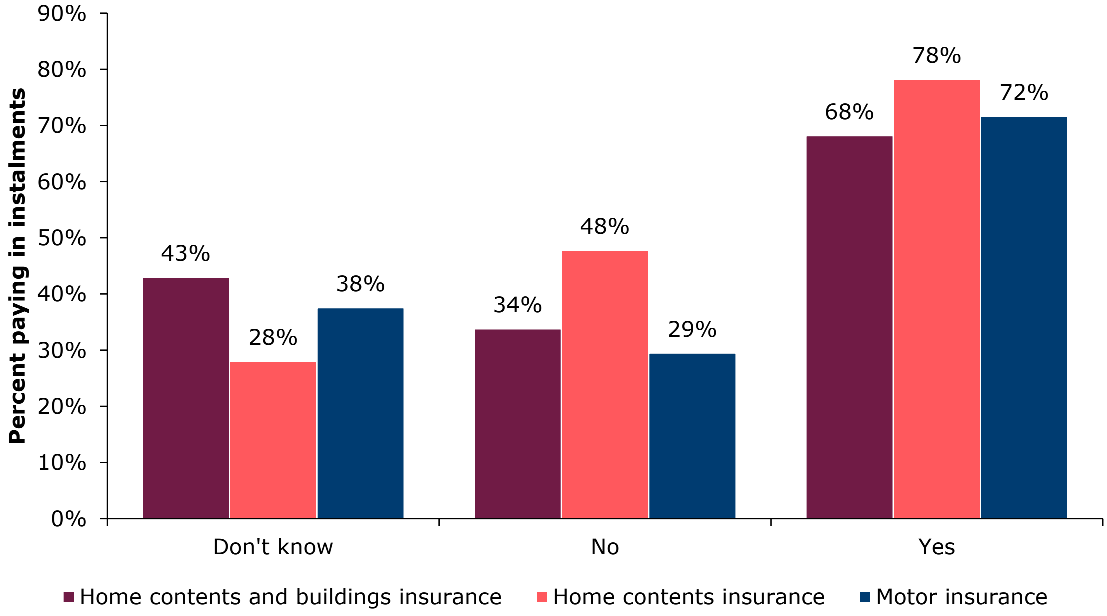
Figure 12: Proportion of motor, contents and buildings combined, and contents insurance customers who in the last 2 years have been declined a financial product or service, that pay in instalments



Source: *Analysis of Financial Lives 2024 survey data*

Those customers who had, in the last 6 months, fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months were also more likely to pay in instalments for contents, contents and buildings combined, and motor insurance.

Figure 13: Proportion of motor, contents and buildings combined, and contents insurance customers, who in the last 6 months have fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months, that pay in instalments

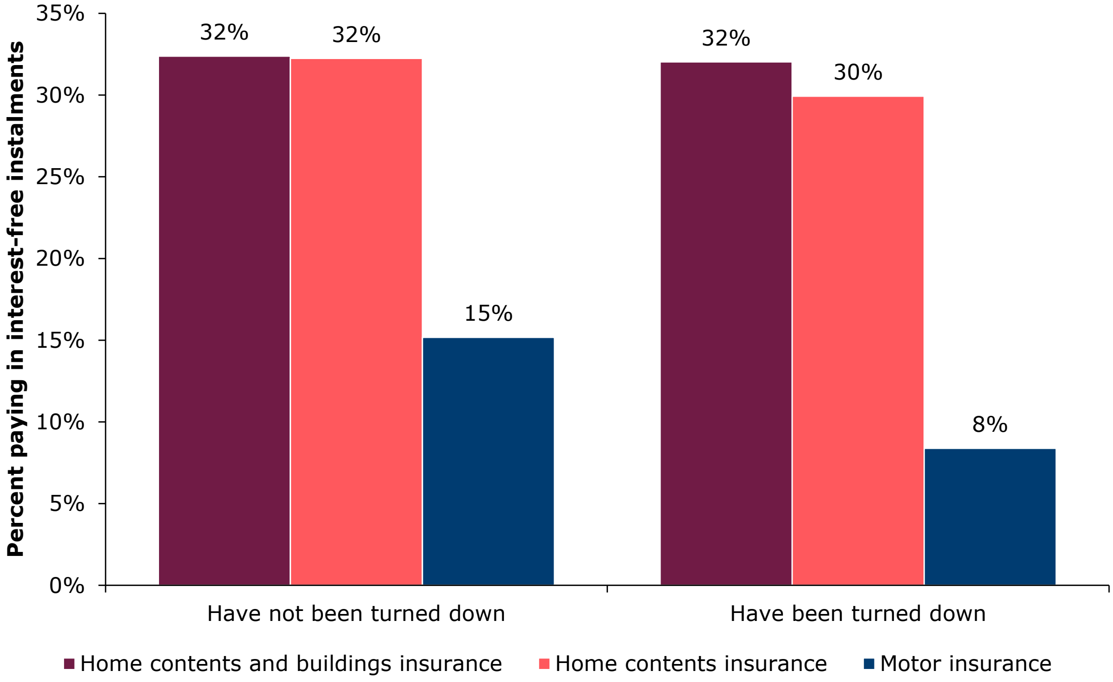


Source: *Analysis of Financial Lives 2024 survey data*

Use of interest-free plans amongst vulnerable customers

Using data from our work on the General Insurance Pricing Practices Evaluation, we can see that customers who pay in instalments and exhibit a vulnerability characteristic—such as customers who have been previously turned down for a financial product or service—are less likely to have an interest-free payment plan to pay for motor insurance (8%) than potentially more financially resilient customers (15%). There is no difference for customers of contents and buildings combined insurance, with 32% of customers who pay in instalments using an interest-free premium payment plan, regardless of whether they have previously been turned down for a financial product or service. This is shown in Figure 14.

Figure 14: Proportion of motor, contents and buildings combined, and contents insurance customers who have previously been turned down for a financial product or service and pay in instalments, that use interest-free payment plans

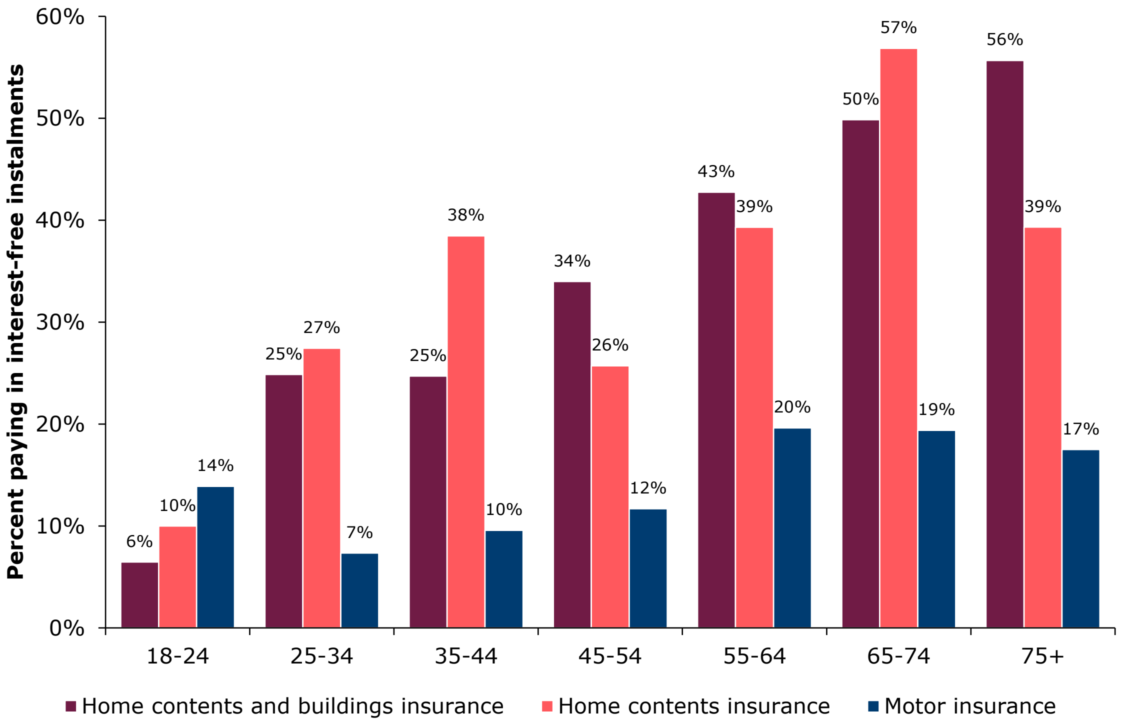


Source: *Analysis of Financial Lives 2022 survey data and GIPP Evaluation data*

This may, at least in part, reflect such customers' limited choice of insurer. For example, customers who have previously been declined for insurance may subsequently have fewer suppliers to choose from and they may have to use specialist insurers, which may be less likely to offer an interest-free finance option, either themselves or through partners.

Another characteristic that is correlated with using an interest-free premium payment plan is age. Whilst a higher proportion of younger customers pay in instalments, it can be seen from Figure 15 that older customers are generally more likely to do so using an interest-free premium payment plan.

Figure 15: Sorted by age, the proportion of motor, contents and buildings combined, and contents insurance customers who pay in instalments, that use interest-free payment plans



Source: *Analysis of Financial Lives 2022 survey data and GIPP Evaluation data*

This may, again, be a reflection of the insurers that these customers buy their insurance from, as insurers that target older, lower risk customers, may be more likely to offer interest-free premium payment plans than insurers which target younger consumers. This is reflected in firms' distribution strategies. Our data shows that younger customers are more likely to purchase their home and motor insurance from PCWs but that interest-free premium payment plans are less commonly available via PCWs. The way consumers purchase insurance may therefore impact the cost of financing their premium.

Customers’ motivations and use of premium finance

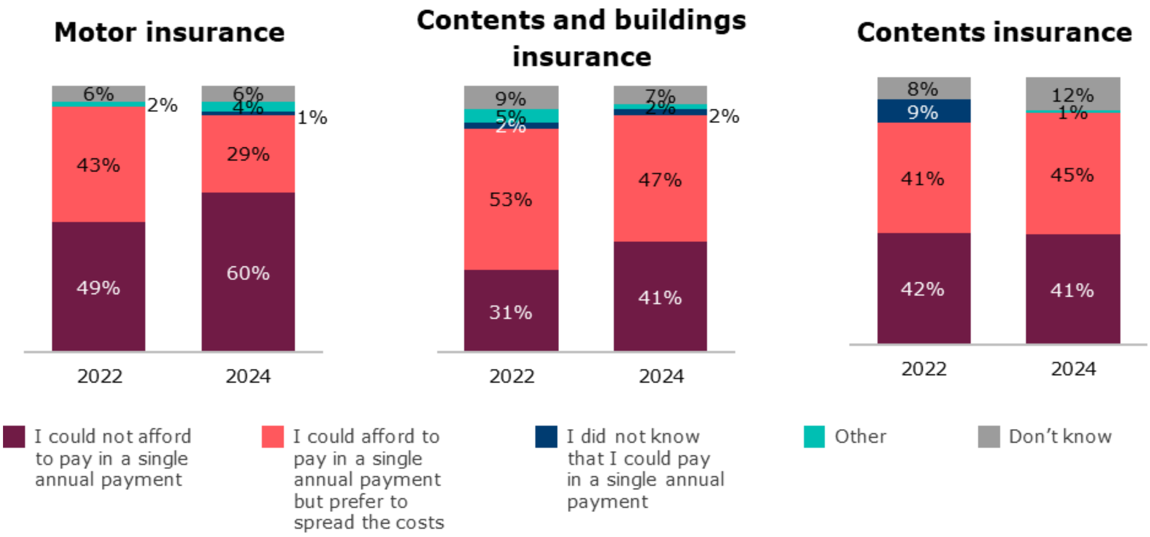
In this section we describe customers’ motivations and use of premium finance.

Motivations amongst premium finance customers

All customers who use premium finance do so to finance the cost of insurance. This can be driven by either the need for finance to afford the annual premium or a preference to spread the cost by paying in instalments regardless of affordability.

According to the FLS, a notable reason for customers paying their premium in instalments was that they valued the option to spread the cost of their insurance across multiple instalment payments. This was more likely to be the case for customers holding contents insurance (45%) or combined contents and buildings insurance (47%) than for motor insurance customers (29%).

Figure 16: Reason for paying in instalments among motor, contents and buildings or contents insurance policyholders who paid for their policy in instalments (2022/2024)



Source: *Financial Lives 2024 survey published reports*

There are a number of potential drivers for this preference. Some possibilities could be:

- to manage cashflow and budget;
- to free up savings and/or other credit lines (e.g. overdraft and credit card limits);
- to combine premium payments for multiple insurance policies;
- other perceived benefit (e.g. that it would be easier to cancel the insurance if paying monthly).

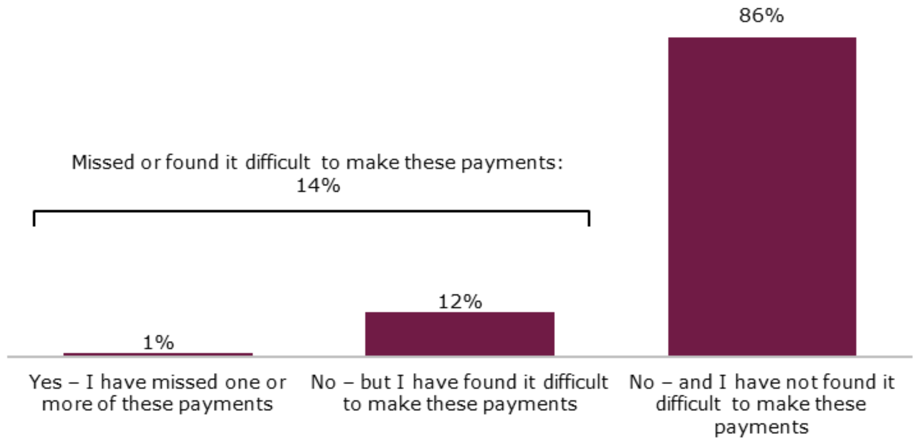
As can be seen in Figure 16, the proportion of consumers who pay in instalments because they are unable to pay in a lump sum or use alternative forms of credit to purchase insurance is larger for motor insurance (60%) than for home insurance policyholders (41%), and has grown since 2022. This likely reflects motor insurance premiums being on average larger than home insurance premiums. Many of these customers have a wide range of characteristics that suggest low levels of financial resilience. This demonstrates that affordable premium finance provides a role in enabling consumers to buy insurance that meets their demands and needs.

The FLS also found that, when choosing an insurance policy, 23% of those who paid their motor, home or pet insurance premium in instalments because they could not afford to pay in a single annual payment, did not agree with the statement "*When buying insurance, I tend to opt for the cheapest rather than compare what different policies cover*". This suggests that even for some of these customers, price and affordability is not the only factor.

How customers use premium finance

The FLS identified that 14% of customers paying in instalments for home or motor insurance missed a payment or found it difficult to make payments.

Figure 17: Motor or any home insurance policyholders who were paying for their policy in instalments who have missed an instalment payment in the last 2 years or have found it difficult to make these payments (2024)



Source: *Analysis of Financial Lives 2024 survey*

It was more likely that customers in financial hardship missed payments or found it difficult to make payments - for example, this was the case for 36% of customers identified as having low financial capability, 34% of customers who were constantly or usually overdrawn, and 25% of customers with no qualifications.

We also see from the FLS (Figure 17) that only 1% of policyholders have reported missing a payment for an instalment plan. Information we received from firms corroborates that the rates of arrears are low, with our research indicating that missed payment is not the main reason for premium finance agreements being cancelled. Data received from firms suggests a higher, although still overall low, missed payment rate. When we asked firms about the percentage of policies that has faced delayed (i.e. not paid by the agreed date) premium finance payments, we saw an arrears percentage of 2.3% for home insurance policies (including buildings, contents, combined buildings and contents) and 8.1% for motor insurance.

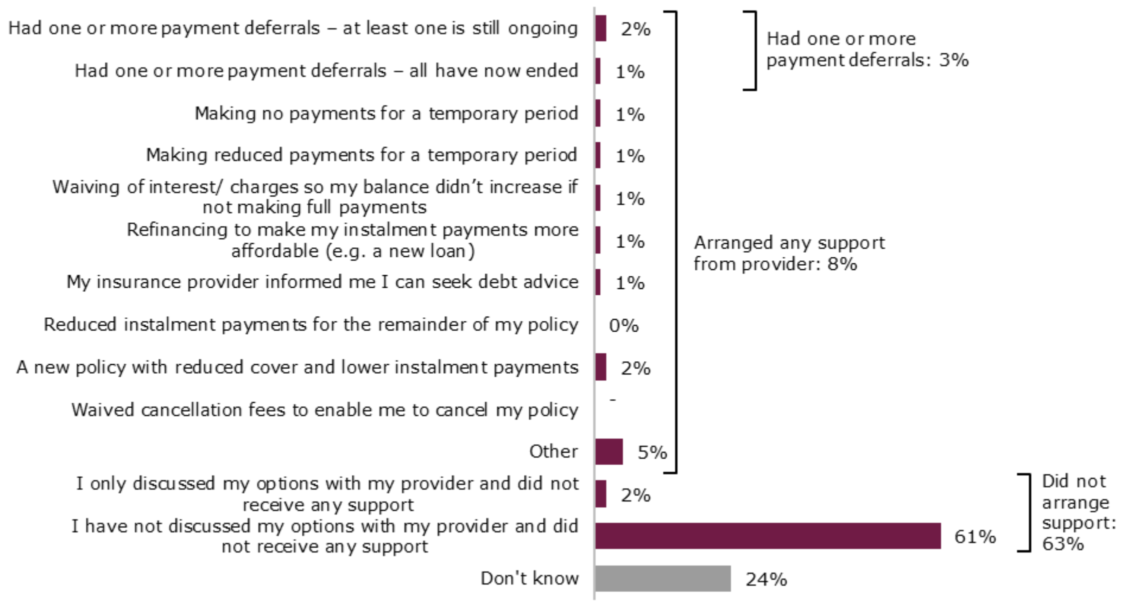
Premium finance arrangements can be cancelled through cancellation of the underlying insurance policy. Regardless of payment method, customer decisions around insurance — including cancellations — are primarily driven by changes in insurance needs. In 2023, approximately 12% of all motor and home insurance policies were cancelled early, with a slightly higher cancellation rate (14%) among customers using premium finance. These cancellations typically occurred for reasons unrelated to the financing arrangement, such as:

- The policyholder selling or replacing the insured vehicle
- The vehicle being scrapped or declared off-road
- A change in personal circumstances (e.g. no longer driving)
- A need to switch to a policy with different coverage

These behaviours suggest that the insurance product itself — rather than the payment method — is the primary driver of customer decisions. Customers paying premiums up front can typically claim a partial refund if they cancel early, unless a claim has already been made, in which case the premium is considered earned and no refund is due.

Figure 18 shows the FLS found that, for customers who paid their insurance premium via instalments and have either missed a payment or found it difficult to pay, 63% did not arrange support with their provider. Only 8% reported arranging any support with their provider.

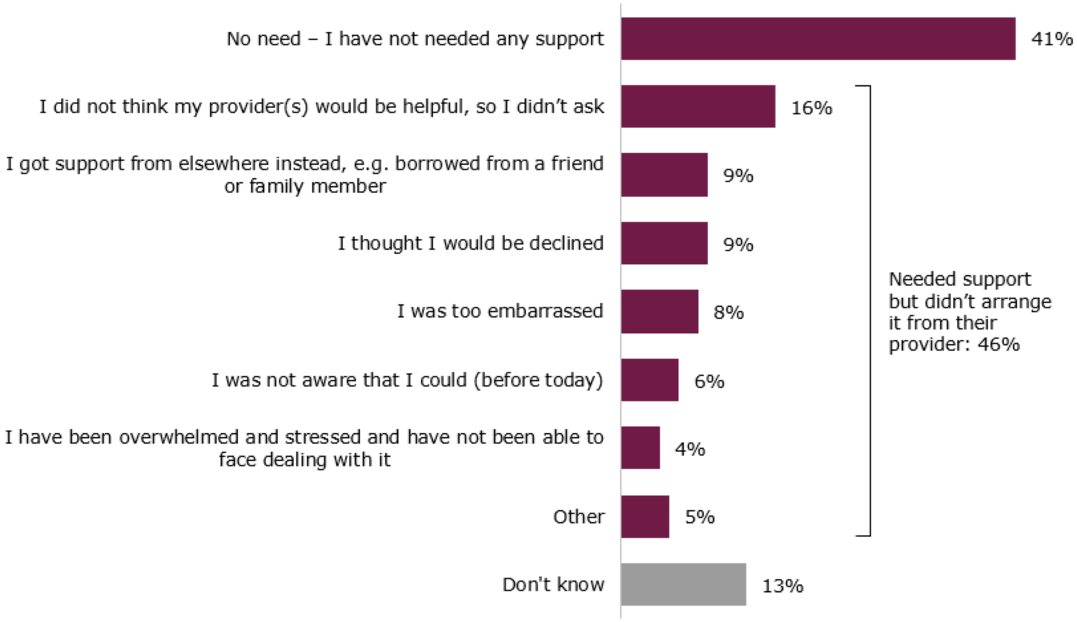
Figure 18: Among motor or any home insurance policyholders who pay in instalments and who have missed a payment or found it difficult to pay in the last 2 years, did they arrange for any support from their insurance provider (2024)



Source: *Analysis of Financial Lives 2024 survey*

As seen in Figure 19, among those who did not speak with their provider, 16% chose not to do so because they did not think their provider would help, 9% thought they would be declined and 6% were unaware that they could ask their provider for help.

Figure 19: Among motor or any home insurance policyholders who pay in instalments and who have missed a payment or found it difficult to pay in the last 2 years, and did not arrange for any support from their insurance provider, why not (2024)



Source: *Analysis of Financial Lives 2024 survey*

Overall, a material proportion (46%) of customers using payment plans and who did not arrange support from their provider, were unaware of what support was available or were not confident that their lender would assist them.