



2025 Product Review & Fair Value Assessment

Insurance Premium Finance for
Consumers & 'Micro' Businesses



Information to distributors of Insurance Premium Finance for Consumers and ‘Micro’ Businesses

The Financial Conduct Authority (FCA) Consumer Duty requirements sets a higher standard of consumer protection across financial services including the requirement for firms to put the customer first. Consumer Duty also sets out different requirements for firms who manufacture and distribute products.

What is the difference between manufacturers and distributors?

- **Manufacturers** are firms that create, develop, design, issue, manage, carry out, operate, or underwrite a product or service. In this case of premium finance, Premium Credit is a manufacturer.
- **Distributors** are firms that offer, sell, recommend, advise on, propose, arrange, deal, or provide a product or service. In this case of premium finance this is you, our distributor.

What is Consumer Duty and why are we sharing the below information with you

Consumer Duty requires us, as a **manufacturer** of products, to share information with you, the **distributor**, to enable you to meet your own obligations under the Consumer Duty if you are regulated by the Financial Conduct Authority (FCA).

Premium Credit has undertaken a Product Review and Fair Value Assessment as the manufacturer of this product in accordance with our obligations under Consumer Duty. Further information on the Consumer Duty can be found on the FCA website. We have used all available data relevant to this product as part of this review, and in line with the policy statements and guidance from the FCA including PS21-5, PS22/9 and FG22/5 to distributors.

In this document, we are providing you with the information that is required as per PRIN 2A.3.12.R (2) and (3) on the product and product approval process, and PRIN 2A.4.15.R on the outcome of our value assessment.

As an insurance intermediary, you have an obligation to comply with Fair Value assessment requirements under PS21/5. The Consumer Duty extended the obligation for consumer credit providers to undertake product reviews and Fair Value assessments and to provide information to distributors.

Product Review and Fair Value Assessment Timeline

Date of most recent Product Review and Fair Value Assessment:	July 2025
Date of next Product Review and Fair Value Assessment:	July 2026

The conclusions of the Product Review and Fair Value Assessment

1. The product meets the identified needs, characteristics, and objectives of the target market (Product Review).
2. Our distribution strategy remains appropriate (Product Review).
3. The product provides Fair Value to the customers for which the product is intended.

Whilst we have some customers paying higher APR's (typically over 30%), we have clear action plans in place with our distributors to validate that the product still represents Fair Value. This is a shared responsibility with our distributors.

Key Product Information for Consumers and ‘Micro’ Businesses

What is this product?	<ul style="list-style-type: none">• Our Product is a running account credit agreement providing the customer in the target market with a line of credit to spread the cost of insurance and associated costs.• The repayment period is typically up to 12 months.• After a successful application Premium Credit pays the distributor directly to finance the customer’s insurance premium and the customer then repays this amount plus interest over the agreed term to Premium Credit.• If the customer does not wish to pay by premium finance when the underlying General Insurance Product renews, the premium finance lapses.• Premium Credit is not an insurer and has no connection to any underlying General Insurance Product.
What customer need does this product satisfy?	<ul style="list-style-type: none">• This proposition enables consumers and businesses to pay for their insurance in instalments over 6-12 months via a simple application process, avoiding a one-off payment.
Who is the product designed for?	<ul style="list-style-type: none">• Consumers and businesses (“customers”) who are purchasing general insurance products via one of our distributors and who may wish to spread the cost of their insurance premium across convenient monthly instalments.• For Consumers, these products include gadget, travel, home, pet and motor insurance.• For businesses, these products include employers’ liability, tool, business contents and building, shop and health insurance.• Sole traders and partnerships of less than four partners who require finance of £25,000 or less to spread the cost of their General Insurance product, which is needed for business purposes, and has pro rata or short rate cancellation terms.• Customers that do have the available funds to pay for the premium in a lump sum payment but choose to spread the cost for convenience.• Customers that do not have available funds to pay the premium in full, who would otherwise rely on other credit products with a higher APR than our Product, such as credit cards, overdrafts or other higher interest borrowing.• Customers that are UK based, aged over 18 and are introduced to us via a FCA regulated distributor.

<p>Are there any customers where this product is not appropriate?</p>	<ul style="list-style-type: none"> • Consumers based outside of the UK. • Consumers who are under 18. • Consumers who are bankrupt or otherwise prohibited from borrowing. • Consumers who do not have a UK bank account for Direct Debit collection. • Consumers who cannot afford the monthly repayments. • Customers unable to meet their repayments out of income or savings. • Customers who are not purchasing a linked insurance product via one of our distributors. • Non-retail customers (limited companies, limited liability partnerships, and partnerships of four or more partners). • Sole traders and partnerships of less than four partners, who require finance of more than £25,000.
<p>What are the product limitations?</p>	<ul style="list-style-type: none"> • Product must be sold via our distributor network and linked directly to an underlying general insurance product. • Funds are advanced to the distributor not the customer. • Premium Finance can make the cost of General Insurance products more expensive. • Foreseeable harm could be caused to customers if premium finance is sold to customers not in the target market and this is mitigated by partners delivery of the following responsibilities: <ul style="list-style-type: none"> – Partners being aware of the target market and having adequate processes in place to make sure the product is only sold within the target market. – Pre-insurance contract disclosures before conclusion of the General Insurance product that provide customers with a direct comparison of the cost of insurance with and without premium finance. – Pre-contract credit information explaining the cost of borrowing, fees and terms of premium finance. • Other product limitations occur where: <ul style="list-style-type: none"> – The customer cancels their General Insurance policy and there is a shortfall between the amount owed on the Credit agreement and the amount refunded from the insurer. The customer is liable for and must pay the shortfall. – The customer wishes to settle the premium finance early – the customer will not receive an interest rebate should they exercise their right to repay early, either in part, or in full. – The customer cancels their General Insurance product and there is no value in the General Insurance product and so no refund is provided to Premium Credit to clear the outstanding debt. This occurs in two situations: <ul style="list-style-type: none"> – The General Insurance product is void due to customer dishonesty and no refund from the insurance is provided leaving the customer with the full outstanding balance to repay in the event of cancellation. – The customer has claimed on the General Insurance product so no refund from the insurance is provided leaving the customer with the full outstanding balance to repay in the event of cancellation.



What are the summary of overall fees and charges?	<ul style="list-style-type: none">• Administrative charges: Pay £25.00 if we write to remind the return of signed Agreement.• Missed payment charges: Pay a Default Charge of £25.00 for each missed payment or a Direct Debit from bank account is returned unpaid for any reason (payable at the same time of the missed payment or with next Monthly Payment, whichever occurs earlier). No interest is payable on late payments.• A £25 Reminder Fee may be charged if we write to the Consumer to remind return of signed Agreement.• Variation of fees and charges: We may vary our fees and charges from time to time and/or introduce additional fees and charges as follows:<ul style="list-style-type: none">– Transaction Fee: We can determine what the Transaction Percentage and Transaction Fee are for future Transactions.– Facility Fee: We can vary the Facility Fee for future Transactions for any reason. We will inform the new Facility Fee on any future Transaction and any such variation will only apply to future Transactions.– Other fees and charges: We may by giving you thirty days’ notice: (i) vary any of the charges to be paid; (ii) introduce additional fees and charges; and (iii) vary any additional fees and charges we have introduced.
Who are vulnerable customers?	<ul style="list-style-type: none">• Customers with characteristics of vulnerability are within the target market. The objectives of those customers are consistent with those of non-vulnerable customers. Vulnerable customers can benefit from the product in the same way as non-vulnerable customers.• Distributors are required to identify potential vulnerability and share this information with Premium Credit.• We record customer vulnerability either when alerted by the customer, or by a third party (partner, family member, charity).• We have 18 types of vulnerability groupings which include financial (job loss, cost of living, financial crime, low financial understanding, etc.) and non-financial (e.g. critical illness, bereaved, mental health, divorced or separated, learning difficulties, learning disability, mental capacity, drug/alcohol problems, breathing space, etc.).• We recognise the needs of vulnerable customers are likely to vary, especially in the current economic climate, and often require additional measures to ensure good outcomes.• In addition to the standard controls and checks in place, we also have clear vulnerability processes supported by staff training for all colleagues (i.e., front and back of house) throughout the lifecycle of our offering, and staff have authority and discretion to offer flexible solutions including waving missed payments and improve customer outcomes.• These controls and checks cover how we interact with vulnerable customers including the relationship with the distributor, how we identify, record and adjust for vulnerabilities, and how we continue to improve going forward.• We can and do apply forbearance measures when required, and our staff have the authority and discretion to offer flexible solutions and outcomes.



Which channels are the product distributed through?	<ul style="list-style-type: none">• Premium Credit never sells premium finance directly to consumers.• This proposition is distributed through its network of regulated intermediaries (distributors), including insurance brokers, insurance companies and affinities using face-to-face, telephony and digital channels, who wish to offer an alternative means of payments for their customers.• The partner is responsible for providing pre-contractual information to the customer about premium finance and does this by reading a sales script or following another documented sales process that is acceptable to Premium Credit and compliant with the Consumer Understanding outcome of the Consumer Duty. This information is provided using a variety of channels as determined by the distributors’ business model, including face-to-face, telephony and digital channels.• Distributors determine the commission to charge the customer which is added to the standard distributor net rate – the sum of which is equal to the gross interest rate charged to customers within the limits set by Premium Credit.• Account Manager is assigned to every distributor and is responsible for ensuring they fully understand the premium finance offered and sales process requirements.• Distributors have to be authorised and regulated by the FCA for their activities as a credit broker. This is a prerequisite to entering into a contractual relationship with Premium Credit and accessing and distributing its products to their customers.• Premium Credit supports its distributors to understand the distribution strategy and target market by providing training at the outset of the relationship and at appropriate intervals on an ongoing basis.• Premium Credit has intermediary oversight processes in place in order to determine that distributors are acting to deliver good customer outcomes. This includes the monitoring of key risk indicators and where areas of improvement are identified from this management information, self-assessment questionnaires, mystery shopping, complaints, or other feedback, Premium Credit work with distributors to make these improvements.
What are the manufacturer sharing obligations?	<ul style="list-style-type: none">• Premium Credit may contact you to request information to support our product review process. Information requests may include sales information and the results of distribution arrangement reviews.• Premium Credit must provide adequate information in good time to enable distributors to meet their own obligations.• The information shared will include information regarding the product and the product approval process.

What are the distributor sharing obligations?

- Distributors must obtain sufficient, adequate, and reliable product information from the manufacturer to:
 - Understand the characteristics of the product.
 - Understand the identified target market.
 - Consider the needs, characteristics, and objectives of any retail customers in the target market with characteristics of vulnerability.
 - Identify the intended distribution strategy for the product.
 - Ensure the product is distributed in accordance with the needs, characteristics, and objectives of the target market.
 - Must regularly review the distribution arrangements to verify that it is only distributing the product to the intended target market.
 - If an issue is identified following a review, a distributor must make appropriate amendments to the product distribution arrangements and where harm has been identified, take appropriate action to mitigate the situation and prevent any further harm. Distributors must also promptly inform all relevant persons in the distribution chain, including Premium Credit, about any action taken.
 - To support product reviews carried out by manufacturers, distributors must, upon request, provide manufacturers with relevant information including, where appropriate, sales information and information on the regular reviews of the product distribution arrangements.
 - Must not distribute a product unless its distribution arrangements are consistent with the product providing fair value to retail customers.
 - Obtain enough information from the manufacturer to understand the outcome of the value assessment and in particular identify the benefits the product is intended to provide to a customer, the characteristics, objectives and needs of the target market, the interaction between the price paid by the customer and the extent and quality of any services provided by the distributor, and, whether the impact that the distribution arrangements (including any remuneration) would result in the product ceasing to provide fair value to customers.
 - A firm which distributes products to other distributors must ensure that all information relevant to the value assessment is passed to the distributor at the end of the distribution chain.
 - Where a distributor identifies that the product no longer provides fair value, whether that is due to aspects of the product or the distribution arrangements, it must take appropriate action to inform any relevant manufacturers and other distributors in the chain promptly about any concerns they have and any action the distributor is taking.

What further action should distributors take to ensure the product represent Fair Value to the end customer?

- Distributors must perform their own Fair Value Assessment and satisfy themselves that any commission and/or additional fees are fair, reasonable, and transparent (both within and outside the Premium Credit Pricing Model) and when added to premium finance does not impact the product's Fair Value.
- As the distributor of our product alongside other products, including the core insurance policy, only the distributors can see the total value chain for the customer. As a result of this they must ensure that the commission rate they set for premium finance is in accordance with their own pricing policy and delivers fair price and value outcomes.
- This requirement also sits within PROD4 – the requirement for distributors to satisfy themselves that their remuneration is commensurate with the value and the cost of the services provided as a distributor of this product.
- When assessing the level of commission, they should consider carefully the work done in distributing premium finance, both operationally through staff costs (sales calls, payment queries and finance reconciliations) and systems costs. They may also want to consider the impact of bad debt generated by cancellations and the income required to offset this.
- Documenting how they use our product information and applying it to their sales activities to support them to demonstrate that they act to deliver good customer outcomes. This could include the training they provide to their teams about our finance products they sell, how they should be sold and who they should be sold to. All training must be documented, take place regularly and must be frequently reviewed and updated.
- Documenting how they will regularly review, how they sell their products and what action they will take to prevent causing foreseeable harm, ensuring that customers can use our product as anticipated.
- Notify Premium Credit if there are any concerns around the total fair value assessment when all elements are considered. These could include the total APR paid, the level of fees or commission, or where small premiums lead to higher APR's.
- Distributors should always ensure that when offering our product, it meets the needs of the underlying customer, and continue to ensure that all disclosures about benefits, costs, risks, and limitations, including the fact that premium finance makes insurance more expensive, are in place in line with regulatory requirements that allow the customers to make informed decisions about whether the product meets their needs when choosing instalment finance.
- If contacted by your Premium Credit Account Manager in respect of Fair Value, please provide all reasonable information, and work with us to evidence your conclusion that the additional cost of distribution does not affect the Fair Value of the product.



What is Premium Credit’s role in the distribution of this product?	<ul style="list-style-type: none">• Premium Credit is the manufacturer.• Operating as a regulated consumer credit lender.• Onboarding of customers including any assessment of creditworthiness inclusive of credit risk and affordability risk as per CONC 5.2A.• Meeting applicable regulation around AML and KYC.• Providing systems to the distributor to facilitate the provision of our product.• Providing customer documentation and adequate information in a reasonable time to enable the distributor to meet their objectives.• Ensuring the distributor distributing the product has all the necessary information to understand the value that the product is intended to provide to the customer.• Collecting payments from customers and making payments to distributor.• Supporting customers, including those with vulnerabilities.• Providing oversight of distributors.
What data/information is available for distributors to support their understanding of our product and Fair Value Assessment?	<ul style="list-style-type: none">• There is data available at individual distributor level which benchmarks the total cost of instalment finance against peer groups.• Trading agreements hold key information on pricing and clarity on responsibilities of both the distributor and Premium Credit.• Our Regulatory Guide provides information for our distributors “engaged in the introduction of customers” to us as to the standards expected of them by both Premium Credit and the FCA, when they are dealing with actual or prospective borrowers. These standards provide information and set out several ways that you can comply with your legal and regulatory obligations. Please contact us if you require the latest guide.
Who should you contact with any questions or request for data?	<ul style="list-style-type: none">• Your Premium Credit Account Manager.

Outcome of the Product Review and Fair Value Assessment for Consumers and ‘Micro’ Businesses


When completing our Product Review and Fair Value Assessment we used all relevant information about the product, along with information from our distributors. Where factors were deemed to be an outlier to our review, we investigated with our distributor to ensure that our product delivers value for the customer.

Product governance arrangements are in place to ensure we deliver good outcomes for our end customers to ensure products remain fit for purpose, designed to meet the needs of the end customers for whom they are intended and represent Fair Value.

Our findings are summarised below:

Assessment Area	Key Indicators and Measures	Summary Outputs and Actions
Product Performance	<ul style="list-style-type: none">• Target market review• Customer volumes• Credit quality• Cancellations• Bad debt	<ul style="list-style-type: none">• Our assessment of product performance confirmed that our product is performing as expected, meets the needs of the identified target market, and represents Fair Value.• For each Proposition we produce a one-page Proposition Summary as well as a Value Proposition guide that enables Premium Credit staff to understand the target market, key benefits, competition and key statistics for each Proposition. This is updated on a yearly basis with the next revision due in Q4 2025.
Product Value (including price)	<ul style="list-style-type: none">• Average deal size• Net service rate• Commission• Fees & Charges• Market benchmarking	<ul style="list-style-type: none">• Our assessment of product value confirmed that our net service charge represents Fair Value, and we can evidence the net service charge is reasonable relative to the benefits provided.• Our distributors are responsible for setting any commission rate they receive for instalment finance which sets the final gross sell out rate and APR charged and must satisfy themselves that their remuneration is commensurate with the value and the cost of the services provided as a distributor of this product.• The product provides customers with the convenience and benefit of being able to spread the cost. This benefit is significant to customers who cannot afford or do not wish to pay for their product in one lump sum payment and will support monthly budget planning.



Assessment Area	Key Indicators and Measures	Summary Outputs and Actions												
Distribution Value	<ul style="list-style-type: none">Review of distribution strategyDistributor value add assessmentRelationship management and monitoringCompliance oversight	<ul style="list-style-type: none">We have identified further actions with a small subset of distributors that are underway to ensure Fair Value in conjunction with good customer outcomes, can be clearly evidenced where our assessment has identified customers who pay higher APR's (typically over 30%).Our assessment of how our product is distributed confirmed that our distributors are presenting the product to customers clearly and consistently and represents Fair Value.												
Service Value	<ul style="list-style-type: none">Customer satisfactionNet Promoter ScoreExternal review ratingsComplaints (including FOS)First contact resolution	<p>Customer complaints</p> <ul style="list-style-type: none"><i>Definition:</i> Reportable customer complaints per 100,000 loans written. This is supplemented by the total number of reportable complaints made to the Financial Ombudsman ('FOS').<i>Performance commentary:</i> Our focus on customer journeys and customer compliance results in a low number of complaints. In addition, regular interactions with the FOS to understand their approach results in a low number of complaints referred to the FOS. Of those referred, seven were upheld in favour of the customer in 2024 (four in 2023 and six in 2022). <table><tr><td></td><td>2024</td><td>2023</td><td>2022</td></tr><tr><td>Customer complaints per 100,000 loans</td><td>386</td><td>329</td><td>272</td></tr><tr><td>Complaints referred to FOS</td><td>52</td><td>62</td><td>20</td></tr></table> <p>Trustpilot score</p> <ul style="list-style-type: none"><i>Definition:</i> An overall measurement of customer satisfaction based on reviews received on Trustpilot.com, based on time span, frequency and Bayesian average of the reviews.<i>Performance commentary:</i> Our customer satisfaction level is stable at 4.5 (2023: 4.5), which reflects the critical nature of our products for our customers, the efficient customer onboarding journey, and our strong compliance culture. Reviews 92,995 – ‘Excellent’ score  4.5		2024	2023	2022	Customer complaints per 100,000 loans	386	329	272	Complaints referred to FOS	52	62	20
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Assessment Area	Key Indicators and Measures	Summary Outputs and Actions
Service Value	<ul style="list-style-type: none">• Customer satisfaction• Net Promoter Score• External review ratings• Complaints (including FOS)• First contact resolution	<p>Customer and partner sentiment</p> <ul style="list-style-type: none">• What our customers and partners say and feel about Premium Credit and how we compare with our peer competitors. <p>What we’ve done in 2024</p> <ul style="list-style-type: none">• Strong customer and partner sentiment measures, which have remained stable throughout the year.• We won the Professions Funder of the Year award at ‘Meet the Funder Expo’.• We won the Premium Finance Partner of the Year 2024 award at the Insurance Choice Awards. <p>Key metrics</p> <ul style="list-style-type: none">• Customer satisfaction (‘CSAT’): 94% (target: 75%) (2023: 94%).• Combined Net Promoter Score (‘NPS’): +78 (target: +60) (2023: +81).• Trustpilot score: 4.5 (target: 4.5) (2023: 4.5).• First contact resolution rate: 90% (2023: 90%).• Our assessment of service value confirmed that customers can use our product as expected, can access support when required, are treated fairly when detriment is identified, and remedial actions are completed efficiently. We believe this represents Fair Value.

About Premium Credit Limited

Premium Credit is a leading provider of insurance premium finance and a range of annually charged services, including tax, regulatory and accountancy fees, sports season tickets, memberships and school fees in the UK and Ireland. Each year, we lend more than £5.5 billion to nearly 3 million customers through a network of over 3000 partners and process over 30 million direct debits annually. We are multi award winning and the only premium finance provider accredited by BIBA and Brokers Ireland.



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