

A man in a dark blue suit and white shirt is sitting at a wooden table in a meeting room. He is smiling and holding a pen to his chin. On the table in front of him is a laptop, a white coffee cup on a saucer, and a glass of water. The background is a blurred office setting with other people and papers on a wall.

Premium Credit Insurance Index

May 2026

How credit supports insurance payments for personal and SME customers

Introduction

We have been monitoring the views and experiences of consumers and businesses on buying insurance and the use of credit to do this since October 2020.

It has been a challenging period including the impact of Brexit and the pandemic, as well as rising interest rates and inflation and the ongoing cost-of-living challenges. Research for this year's index was conducted during the current conflict in the Middle East, which is leading to more economic uncertainty.

The index is based on exclusive national research among 1,000 adults¹ aged 18-plus and 1,000 SMEs² conducted in March this year, and focuses on how credit is being used to pay for insurance and the pressures personal and SME customers are under. It also includes analysis of our own lending data which shows continuing strong growth.

That is underlined by the findings of this year's study showing significant increases in borrowing by consumers and SMEs and widespread use of credit to pay for one or more insurance policies.















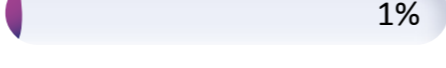
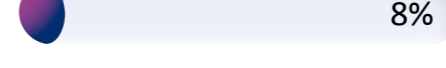
Around 90% of SMEs use some form of credit to pay for some of their cover – up from 54% last year⁴ while 76% of consumers do so. Average amounts borrowed for consumers have increased 26% to more than £500 and by 65% to £1,945 for SMEs.










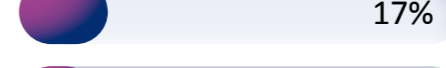
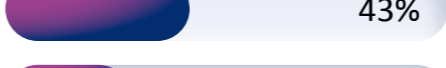


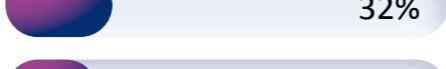
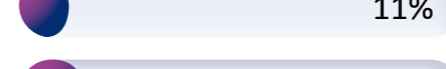






Important role of credit

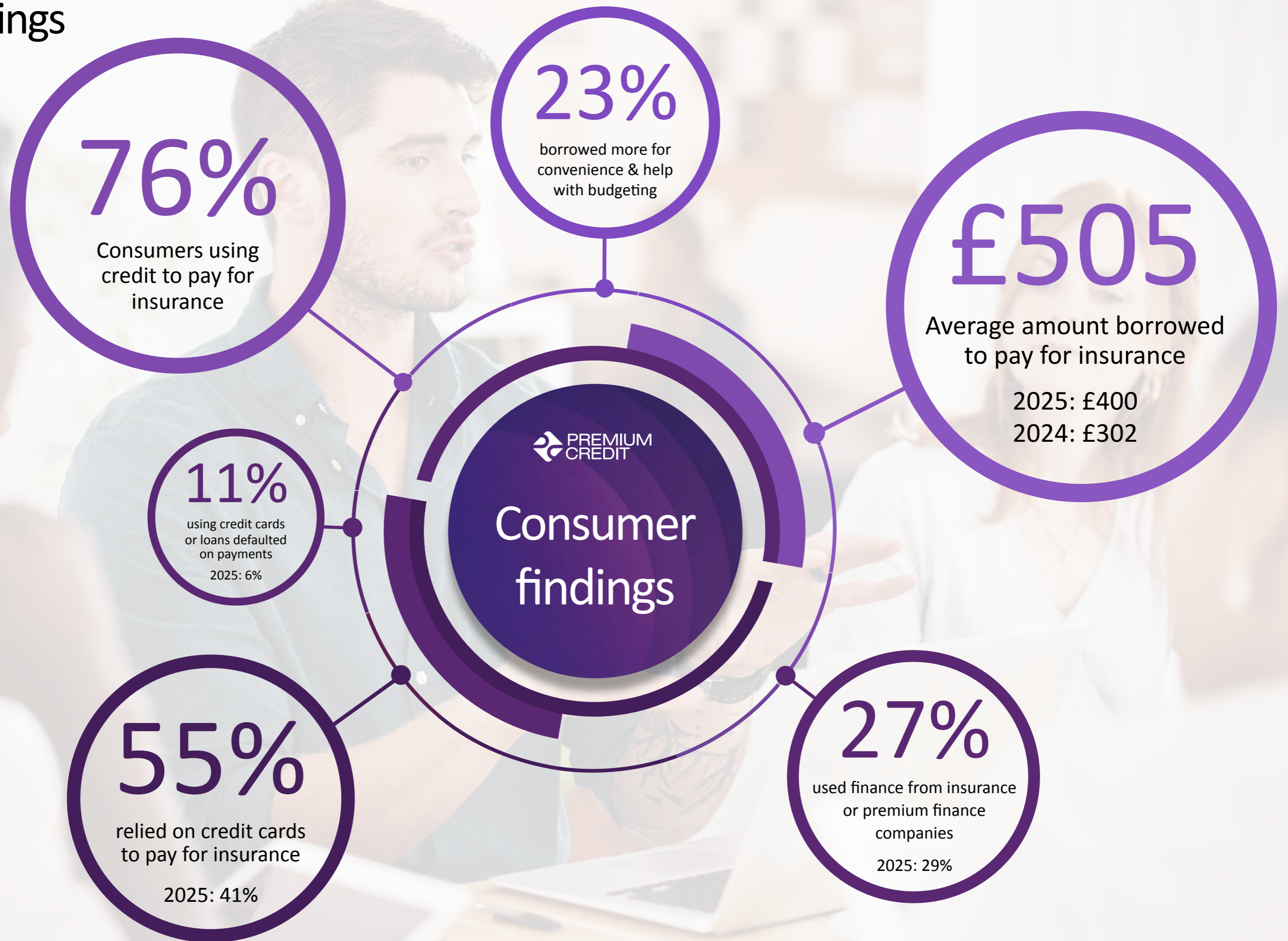
The tables on the right show the important role of credit in funding policies for consumers and SMEs. Substantial numbers of consumers are using credit to pay for all the types of policies monitored by the index.

Among SMEs there has been much stronger growth in their use of credit to pay for insurance with double digit increases across all types of cover monitored. Credit is most widely used to pay for vehicle, property and employer liability insurance.

| Type of insurance | Adults using credit to pay insurance monthly 2026 | Adults using credit to pay insurance monthly ³ 2025 | Percentage point change |
|--|---|---|-------------------------|
| Car insurance |  56% |  56% | No change |
| Home insurance |  56% |  56% | No change |
| Life insurance |  33% |  34% | -1 |
| Pet insurance |  28% |  30% | -2 |
| Travel insurance |  28% |  23% | +5 |
| Health insurance |  23% |  20% | +3 |
| Critical illness cover |  12% |  14% | -2 |
| Specialist insurance (boat, horse etc) |  1% |  8% | -7 |

| Type of insurance | SMEs using credit to pay for their cover – Mar 2026 | SMEs using credit to pay for their cover – Mar 2025 | Percentage point change |
|-----------------------------------|---|---|-------------------------|
| Vehicle insurance |  75% |  43% | +32 |
| Property insurance |  65% |  31% | +34 |
| Employer liability |  64% |  24% | +40 |
| Public & product liability |  59% |  23% | +36 |
| Cyber insurance |  46% |  17% | +29 |
| Business interruption insurance |  43% |  15% | +28 |
| Some form of specialist insurance |  38% | No comparison | - |
| Other financial lines |  32% |  11% | +21 |
| D&O cover |  29% |  12% | +17 |
| Key man insurance |  26% |  10% | +16 |

Key Findings



Key Findings



SME and consumer use of credit to pay for insurance is growing

The number of SMEs using some form of credit to pay for one or more insurance policies has significantly increased – 90% of SMEs now do so compared with 54% last year and 55% two years ago.

The average amount borrowed is 65% higher at nearly £1,945 compared to £1,180 last year. Two years ago the amount borrowed was £1,080 and it was £1,130 three years ago.

More than six out of 10 (61%) said they have used more credit to help pay for business insurance over the past year including one in eight (12%) saying it is significantly more.

Consumers are also borrowing more – on average, customers using credit to pay for insurance estimate they borrowed an average of £505 compared with £400 last year and £302 two years ago.

The number using some form of credit to pay for one or more policies is unchanged on last year at 76% but up on the 71% two years ago⁵ and 70% in March 2023⁷.

More than half (51%) who use some form of credit to pay for one or more insurance policies borrowed more than they had in the previous 12 months, compared with 43% last year.

Nearly two out of five (39%) said they have not borrowed more, slightly down on the 42% last year, while just 2% said they had borrowed less and 7% did not know or preferred not to say.

Owen Thomas, Chief Sales Officer, Premium Credit:

“Credit is playing a very significant role in ensuring SMEs and consumers can pay for insurance with the overwhelming majority using some form of credit to pay for one or more policies. There has been a huge jump in the number of SMEs using credit this year.

“Both consumers and SMEs are facing financial challenges but there is also a realisation that credit is a sensible method of paying for insurance. The alternative of being uninsured or underinsured comes at a cost.”



Broker view

Somerset Bridge is a leading MGA with a mission to help more customers save time and money, providing peace of mind for the motor cover they need.

Premium finance plays a key role in Somerset Bridge’s product proposition, allowing them to offer their customers the opportunity to pay their insurance premium over the duration of the policy at affordable set amounts. Customer payment preferences have changed over the last five years with more customers using premium finance, linked both to rising motor insurance premiums, partly fuelled by inflationary repair costs, and other economic pressures adversely affecting disposable income.

According to Dave Taylor, Chief Customer Officer, *“Premium finance is now a necessity rather than a choice with many customers unable to pay for their insurance in one lump sum. The instalment option is invaluable and the convenience of using premium finance rather than other sources of credit is a key factor in why customers choose to use it.”*

Dave values that customers understand what they are buying, how much it will cost and have the comfort of knowing they can afford the payments over the lifetime of the policy.

Dave adds, *“Good customer outcomes are of paramount importance and what better example than a product that helps customers to manage their cashflow and purchase motor insurance.*

“Our experience with Premium Credit has helped us to deliver solutions resulting in good customer outcomes, with well trained staff in place to support customer interactions and customer journeys which support customer understanding of the product and its value.”

Underinsurance is a risk for some

Around one in seven (15%) consumers in the past year have decided against cover or cancelled policies they already have. That is an increase on last year when 11% had cancelled policies they needed.

More than two out of five SMEs (42%) believe their level of underinsurance will increase in the year ahead while 29% believe it will stay the same. In the previous 12 months 40% said their level of underinsurance increased and 28% said it was unchanged.

Just under a quarter (23%) said their business will not be underinsured in the year ahead while 7% believe their level of underinsurance will decrease. In the previous 12 months just over a fifth said their business was not underinsured while 7% said the level of underinsurance decreased.

SMEs were most likely to cancel key man cover last year with 23% doing so. In the year ahead it is key man cover which is again most likely to be cancelled with 22% thinking they will do so. However, 19% will consider cancelling D&O cover and 18% specialist cover.

Research shows there is a cost to being underinsured. Nearly one in eight (12%) adults said they have not been able to claim for damages to property or belongings in the past five years, either because they were not insured or did not have adequate insurance. Around half (45%) missed out on claims of more than £1,000. For nearly a quarter (23%) the loss was £3,000 or more.

Around two out of five SMEs (39%) said they have been unable to claim for damage to property or equipment in the past five years either because they were not insured or their insurance was inadequate. For around 24% of those unable to claim the damage was valued at £3,000 or more.



Owen Thomas, Chief Sales Officer, Premium Credit:

“Consumers and SMEs recognise that underinsurance is an issue but there is clear evidence the problem is likely to get worse in the year ahead.”

“Consumers and SMEs should be considering premium finance as a way of making sure they avoid the trap of underinsurance.”

Others are increasing certain types of cover

There are also encouraging signs that some SMEs and consumers will increase the cover they have over the year ahead.

SMEs are most likely to increase cyber and employers' liability cover. Around 28% plan to increase cyber cover and a third (33%) employers' liability cover.

Consumers are most likely to increase their level of motor cover in the year ahead. Around 13% questioned plan to boost their level of motor insurance cover while 12% plan to do so for home insurance.

Nearly one in 10 (9%) will increase pet insurance cover and travel insurance while 10% will do so for life insurance and health insurance.

In both cases brokers are having a positive effect - 15% of consumers have started using brokers in the past two years while nearly a third (30%) of SMEs say they have started working with insurance brokers in the past two years in response to price rises.



How paying monthly is helping

Nearly two out of three (64%) consumers would take out less cover or opt for cheaper policies if they could not pay monthly.

More than one in five (22%) said they would sell their cars if they could not pay monthly for insurance. Around one in six (16%) would stop home contents or buildings insurance.

Around a quarter (24%) have started paying for car or home cover monthly in the past year having previously made a one-off payment for the total cost. That includes 12% who have switched to paying monthly for both.

Last year 19% of motorists had switched to monthly payments for insurance and the previous year found 15% had switched. Around 15% of home insurance customers switched to monthly payments over the same period according to last year's index while 11% did the same two years' ago.

The table below shows how personal customers and SMEs are borrowing currently to pay for insurance monthly.

| Type of borrowing | Personal customers | SMEs |
|---------------------------------|--------------------|------|
| Credit cards | 55% | 68% |
| Finance offered by the insurer | 18% | 38% |
| Personal or business loan | 12% | 35% |
| Premium finance | 9% | 31% |
| Borrowing from friend or family | 8% | 11% |
| High interest loan | 5% | 11% |
| Pawnbrokers | 2% | 2% |

Relying on credit cards and other forms of unsecured borrowing can be risky, with 11% of consumers who used credit to pay for one or more insurance policy saying they had defaulted on repayments during the past year. That was nearly double the 6% last year. Around one in eight (12%) questioned said they had been turned down for credit cards in the past two years.

Around a quarter of SMEs borrowing on credit card loans had defaulted on repayments in the past 12 months.



Jon Howells, Chief Commercial Officer, Premium Credit:

“Consumers and businesses opt to pay monthly for a wide range of products and services to help them manage their budgets. Premium finance is specifically designed to take away the pain of paying out a large lump sum.”

“Spreading the cost of an annual insurance policy into more convenient monthly payments is hugely helpful to many millions of UK consumers and businesses.”

Premium Credit's lending is growing

Analysis of our own lending⁸ data showed continuing strong growth in 2025, compared with the previous year, with commercial net advances and net policy counts expanding. We lent to more than three million customers in the UK and Ireland last year compared with 2.9 million in the previous year with total insurance lending growing to £5.3 billion from £4.9 billion.

This highlights the growing interest from firms and consumers in using premium finance as an alternative to other forms of credit. However, we are confident that more growth is achievable as the penetration of lending to SMEs and corporates, as well as individuals, is comparatively small.

Among SMEs our data shows the Professional and Scientific sector has replaced Construction as the sector borrowing the most to fund insurance.

Professional and Scientific firms accounted for 14% of all net advances from Premium Credit last year. That compares to 13% in 2024 and 2023. The share of total lending to the Construction sector slipped slightly to 13% last year from 14% previously.

The strongest growth in share of total lending last year was recorded by the Wholesale and Retail Trade which accounted for 10% compared to 8% in 2024 and 9% in 2023.



Jon Howells, Chief Commercial Officer, Premium Credit:

“Credit is playing an increasingly significant role in funding insurance premiums across a wide range of sectors as demonstrated by the continuing growth in loans we are seeing.”

“The Professional and Scientific Sector accounts for the biggest share of total lending but demand is strong in all sectors. London remains the strongest area although its share of total lending has slipped slightly while West Yorkshire has seen the most growth.”

The table below shows the top five sectors for share of total lending to buy credit and how that has changed.

| Top Sectors | Share of total lending 2025 | Share of total lending 2024 | Share of total lending 2023 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Professional and Scientific | 14% | 13% | 13% |
| Construction | 13% | 14% | 14% |
| Wholesale and Retail Trade | 10% | 8% | 9% |
| Manufacturing | 9% | 10% | 10% |
| Land Transport | 8% | 8% | 8% |

London remains the biggest region for share of total lending for commercial and personal lines but its share of total lending is down on previous years while West Yorkshire has increased its share over the last two years.

| Region | Share of total lending 2025 | Share of total lending 2024 | Share of total lending 2023 |
|----------------|-----------------------------|-----------------------------|-----------------------------|
| London | 8.5% | 8.9% | 9.4% |
| Lancashire | 6.2% | 6.3% | 6.8% |
| West Yorkshire | 4.7% | 3.8% | 4.6% |
| West Midlands | 4.6% | 4.9% | 5.0% |
| Essex | 4.1% | 4.1% | 4.0% |

Conclusion – a growing role for premium finance

Premium finance is growing strongly as more SMEs and consumers use it as an efficient way of managing cash flow in order to fund important insurance cover in the face of growing financial pressures.

It enables customers to pay monthly instead of in a lump sum and is a very cost-effective way for customers to buy insurance and better manage their finances. Spreading payments helps with cashflow and preserves working capital for businesses.

More than a quarter of consumers who have borrowed more to fund insurance say they have done so because premiums have increased while 41% of SMEs who have borrowed more attribute the increase to rising premiums. Around 69% of SMEs say the cost of their business insurance has increased in the past 12 months.

Use of credit to pay for insurance is widespread – 76% of consumers rely on it while 90% of SMEs do so.

However, underinsurance is a growing issue - around one in seven (15%) consumers, in the past year, decided against cover or cancelled policies they already had while 42% of SMEs believe their level of underinsurance will increase in the year ahead.

Insurance professionals can help to ensure both personal and commercial customers have the right insurance at the most competitive price. Premium finance can play a role in achieving that.

Premium finance helps SMEs to safeguard cash reserves, optimise working capital and re-invest into their business.



They can benefit from the offset of Corporation Tax (up to 25%) to reduce the cost of finance in real terms. Our credit facility can be classed as OBS 'Off balance sheet' lending. If using existing credit facilities premium finance not only keeps headroom intact, but it also keeps debt-to-equity and leverage ratios from increasing.



With no application form, an e-sign facility, and the ability to auto renew without further signatures, doing business is straightforward.



Personal customers benefit from our high acceptance rates enabling them to access mandatory or essential products such as motor and home insurance.



Graeme Trudgill, Chief Executive Officer,
British Insurance Brokers' Association (BIBA):

"We really value the support our members get from Premium Credit Limited (PCL) which is BIBA's sole accredited premium finance provider. PCL's team attend all of our annual regional tour events, which PCL sponsors, and their backing of our recent regulatory work on premium finance was invaluable."

"Premium finance remains a vital option for customers who want flexibility in how they access the protection they need, while still securing competitive terms. At the same time, it allows brokers to strengthen their offering with an added-value service that customers genuinely appreciate."

"Premium Credit's Insurance Index, now in its seventh year, continues to provide useful insight into how both consumers and businesses approach insurance purchasing. The independent data it produces remains a helpful reference point in the work we carry out on behalf of our members."





About Premium Credit

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 £6 billion and service over 3 million customers through a network of over 2,500 partners. We are multi-award-winning, and the only premium finance provider accredited by BIBA and Brokers Ireland.

Sources

(1) Independent consumer research conducted by PureProfile among a nationally representative sample of 1,000 adults aged 18-plus between March 13th and March 18th 2026

(2) Independent research conducted by PureProfile among 1,000 SME owners and managers between March 13th and 25th 2026

(3) Independent consumer research conducted by Viewsbank among a nationally representative sample of 827 aged 18-plus between March 7th and March 10th 2025

(4) Independent research conducted by Viewsbank online among 988 SME owners and managers between March 7th and 11th 2025

(5) Independent consumer research conducted by Viewsbank among a nationally representative sample of 1,122 aged 18-plus between March 15th and March 18th 2024

(6) Independent research conducted by Viewsbank online among 1,332 SME owners and managers between March 22nd and 26th 2024

(7) Independent consumer research conducted by Viewsbank among a nationally representative sample of 1,106 aged 18-plus between March 10th and 12th 2023

(8) Analysis of Premium Credit's own data for 2022, 2023 and 2024