

# Premium Funding: Explained

## Insurance doesn't have to be a lump sum expense.

Premium funding is a finance solution that allows business and domestic policy holders, no matter the size of premiums, to break down their annual insurance costs into more manageable repayments, most commonly monthly.

Here we explain a bit more about premium funding and what some of the benefits are to your business.

### How it works

Just like when arranging your insurance policy/cies, your insurance broker will assist you in arranging a quote from a premium funding company (funder) to pay for your annual insurance premiums upfront on your behalf.

Once you have accepted the quote, then all you have to do is make the agreed periodic repayments to the funder. Simple.

### It's fast and easy to arrange

Premium funding can be arranged online in a matter of minutes. Most funders have simple online portals where you can review and accept your quote, or alternatively you can authorise your insurance broker to accept on your behalf.

### It frees up your cash flow

Cash flow is of the utmost importance for all businesses and households. By breaking down your annual insurance premiums into periodic instalments, you can free up your cash flow to use in other areas of your business and reduce the stress to your personal finances.

### It's a simple fixed rate loan

Premium funding arrangements are most commonly fixed rate loans, which means you are protected from interest rate fluctuations and will always know what your repayments will be.

### No additional security is required

There are also no additional guarantees required as the insurance policy/cies acts as security for the loan, which means that premium funding will not impact any finance facilities that you already have in place.

### The interest charges may be tax deductible

Interest repayments may be tax deductible as a business expense. Talk to your accountant.

### Flexible repayment options are available

Most funders offer flexible options, which means you can choose the instalment terms for the loan.

### Multiple payment methods are available

You can choose how you would like to make your repayments, with Direct Debit, Debit Card or Credit Card options being offered by most funders.

### You can pay for multiple insurance policies with one periodic repayment

Have multiple policies in place to protect what you work hard for? No worries. You can roll all your policies into the one premium funding contract so that you only have to make the one recurring payment.

**So, when it's time for you to renew your insurance, ask your insurance broker about premium funding to see if it is right for you.**