ABI to address low take-up of insurance in lower income groups

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Thirty-five per cent of people in the lowest income households (less than Â£10,000 per year) have no insurance at all. But they also need insurance most as they face higher risks from crime, fire and flooding.

These are the findings of a new report published by the ABI (Association of British Insurers): Access for All: extending the reach of insurance.

The research, conducted for the ABI by ORC International, found that 44% of people in the poorest households purchase home contents insurance, compared with nearly twice as many (82%) in those with average incomes (Â£15,000-Â£30,000). Around a third had motor insurance and only a quarter had purchased life insurance.

When people with low incomes and no insurance have to replace stolen or damaged household goods, around a third of them borrow additional funds, increasing their indebtedness.

Speaking at a seminar on financial inclusion and insurance at the ABI in October, Stephen Haddrill, Director General of the ABI, said:

â€œInsurance provides valuable protection to people on all income levels. The poor are least able to deal with financial loss and depend most on insurance. We need to address the issue of low take-up in low income groups. A lack of spare cash is the biggest factor holding back the purchase of insurance by lower income households.

â€œThe ABI will be addressing this issue through our financial inclusion action plan. In early 2008 we will launch a new campaign, with a special emphasis on insurance with rent schemes, improved financial education and easier access to insurance for customers with particular needs.â€•

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