Insurance Premium Funding - Quick Reference Guide

What is Insurance Premium Finance (IPF)?

Insurance premium finance (IPF) is a fixed-rate, full recourse loan made to a business customer to finance the total cost of premiums on certain types of business insurance.

Cancellable business insurance policies are generally considered to be **secured lending.** If the customer defaults, the bank can cancel the policy, obtain a refund of the unused portion of the premium and clear the debt.

Non-cancellable business insurance policies are generally considered to be **unsecured lending.** This is because the policy cannot be cancelled and the bank cannot get any refund. Types of non-cancellable insurance policies include workers' compensation and professional indemnity. Unsecured lending also includes **practising** certificates and motor vehicle registration fees.

Insurance Premium Finance is available on most types of business insurances, including:

- General business insurance premiums
- Motor fleet policies
- Public liability premiums
- Professional indemnity
- Motor registration fees and CTP insurance

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	FEATURES	BENEFITS
Unsecured or secured policies	In most instances no additional security required	Finance is generally available without tying up other business and personal assets
Flexible financing term	Maximum term is the lesser of the remaining period under the insurance policy being financed, and 12 months. Minimum term is 6 months	Smooths cash flow by breaking one lump sum payment into a series of payments over the year
Budget with certainty	Competitive fixed interest rate/fixed monthly instalment	Assists cash flow and planning with known fixed monthly instalments
Loan amounts	Minimum loan amount $5,000	Assists working capital by breaking one lump sum payment into a series of payments over the year
Potential tax benefits	Simple bank loan facility	Deductions may be available on the interest paid on the facility

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	CANCELLABLE	NON CANCELLABLE
Directors' guarantees	Maximum exposure exceeds $500,000 (excluding public companies), or where professional indemnity insurance (e.g. accountants, solicitors and medical practitioners) is financed through a company (i.e. where the partners are not the borrowers)	Directors guarantees where maximum exposure exceeds $250,000 (excluding public companies) NB: Additional collateral security may be sought where the Credit Officer considers the unsecured risk unacceptable.
When is a financial analysis required?	When loan amount is >$250,000	When loan amount is >$125,000
	NB: Financial analysis not required with renewal of a previously funded insurance premium funding arrangement (cancellable or non-cancellable) where the increase is ≤ 25% of the previously approved limit up to a maximum of $350,000	
When does a cancellable policy become a non-cancellable policy?	Any policy >$100,000 where an insured party has not signed the offer to borrow document	

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Secured (cancellable) policies

Aircraft / Aviation
Accident
Bloodstock / Mortality
Board for Liabilty
Boiler Explosion
Broadform Liability
Burglary & Theft
Business Insurance
Business Interruption
Business Pack
Caravan Insurance
Carriers
CGO Business
Civil Pack Liability
Club Protect
Commercial Motor Vehicle
Commercial Package
Computers
Consequential Loss
Construction
Contract Works (contracters)
Corporate Travel
Defamation
Delivery & Driver
Directors & Officers Liability
Eathquale
Education Package
Electronic Equipment
Employment Practices
Engineering Insurance
Ex Territorial W/ comp
Expatriate Insurance
Farm Motor Insurance
Farm PackFidelity Insurance
Fire
Fleet Insurance
Forefront Insurance
General Inusrance
General Property
Glass
Goods in Transit
Group PA
Heavy Motor Vehicle
Home Insurance
Hospital
Hostpak
Household
Income Protection Insurance
Industrial Special Risk
Instant Profits Insurance
Jewellers Block
Journey Injury
Keyperson Insurance
Kidnap, Ransom, Extortion
Landlord Insurance**
Liability Insurance
Liquidate Damage Excess of Loss
Livestock
Machinery Insurance
Malicious Product Tamper
Management Liability
Marine*
Marine Cargo
Marine Carriers Liability
Marine Liability
Marine Transit
Masterpiece Home Coverage
Material Damage
Medical (Miscellaneous)
Money (Cash in Transit)
Motor Composite
Motor Fleet Insurance
Motor Vehicle
Multi-Peril Insurance
Multi Risk Policy
Oilmens Plan
Overseas Placement
Package Underwritten Risk & Professional Liabilty
Professional Liability
Personal Accident
Plant
Private Pleasure Craft
Property Damage
Prospective Foal
Public / Products Liability
Retail Miscellaneous
Stamp Duty
Tax Probe
Transport
Travel
Umbrella Liability
Voluntary Workers' Insurance

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Unsecured (non - cancellable) policies

- Credit Insurance
- Crop Insurance
- Debtors / Trade
- Hail Damage
- Marine Hull Insurance
- New Builders Warranty Insurance (Home Ins)
- Professional Indemnity Insurance #
- Trade Credit
- Workers Compensation

Unsecured (non - cancellable) business risks

- Commercial 3rd Party Registration & Assoc Fees
- Practising Certificates
- Rego / Greenslips

Only Australian or United Kingdom licensed insurers/underwriters are acceptable.

NB:

1. Should a policy not be listed then confirmation must be made with the insurer to determine if cancellable.

2. If an insurer provides the policy as non-cancellable, we will treat as such.

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