

# Insurance Premium Finance

## What is Insurance Premium Finance?

Insurance premium finance is a short-duration lending strategy that enables individuals or businesses to pay insurance premiums over time rather than in a single upfront payment. These loans are typically secured by the underlying insurance policy, with repayment structured in installments. This financing supports liquidity management for policyholders while offering investors asset-backed exposure to essential, time-sensitive obligations.



## Why invest?

- **Secured and collateralized:** Loans are backed by enforceable insurance policies, reducing credit risk in default scenarios.
- **Short-duration and self-liquidating:** Typical loan terms range from 6 to 12 months, promoting consistent capital recycling.
- **Consistent demand:** Businesses and high-net-worth individuals regularly finance large or complex policy premiums.
- **Low market correlation:** Returns are driven by contractual policy obligations rather than public market activity.

## Risks to consider

- **Policy lapse risk:** Failure to repay may result in policy cancellation, limiting recovery.
  - **Mitigation:** Lender control of policy collateral, monitoring of payment status, and direct relationships with insurers.
- **Credit and collection risk:** Borrowers may fail to make scheduled installment payments.
  - **Mitigation:** Underwriting includes credit analysis, policy valuation, and cash flow review of borrowers.
- **Regulatory and compliance factors:** Jurisdictional rules govern insurance premium financing structures.
  - **Mitigation:** Loans are structured in compliance with applicable regulations, with oversight from licensed entities.

## Conclusion

Insurance premium finance offers investors a short-term, secured credit strategy supported by recurring demand and low sensitivity to market cycles. With high-quality collateral and well-defined repayment terms, it serves as a stable income-generating component of asset-backed and specialty lending portfolios.

### Common sectors or products in Insurance Premium Finance



**Commercial insurance financing:** Loans to fund liability, property, and workers' compensation policies



**High-Net-Worth individual policies:** Premium financing for estate planning and wealth transfer strategies



**Captive insurance financing:** Credit solutions for self-insured entities funding regulatory reserves



**Specialty and high-risk coverage:** Financing large, lump-sum premiums for unique or complex policies

## About MA Asset Management

We have a 10+ year track record of investing in directly originated private asset-backed credit across differentiated lending strategies.

The team are focused on income generating assets that provide investors with a steady stream of monthly income. Beyond traditional private credit, we also negotiate both long-term loan flow agreements and credit facilities with originators.

MA Asset Management, LLC is a wholly owned subsidiary of MA Financial Group, a publicly listed company on the Australian Securities Exchange (ASX).

## More information

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