



## Contents covered: the role and importance of home contents insurance for low-income renters

A WPI Economics Report for Aviva  
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## About this report

This report assesses the state of knowledge on take up of home contents insurance amongst low-income people in the private- and social-rented sectors. Unless otherwise stated, figures in this report are based on research with low-income renters undertaken by ComRes on behalf of WPI Economics and Aviva. ComRes interviewed 1,006 UK low-income renters, defined as those earning less than £17,000 per annum before tax and housing costs, online between the 18th April and 2nd May 2019. ComRes is a member of the British Polling Council and abides by its rules.

Population figures have been estimated using data from the Family Resources Survey. Department for Work and Pensions. (2018). *Households Below Average Income, 1994/95-2016/17*. [data collection]. 11th Edition. UK Data Service. SN: 5828, <http://doi.org/10.5255/UKDA-SN-5828-9>

## About the authors

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Matthew is a respected economist and policy analyst, having spent well over a decade working in and around policy making in Westminster. Before founding WPI Economics Matthew held a number of roles including Chief Economist and Head of Financial Services Policy at the consumer champion Which?, and Head of Economics and Social Policy at the think tank Policy Exchange. Matthew also led the Independent Review of Jobseeker's Allowance sanctions that reported to Parliament in 2014, and previously spent eight years as an economist at HM Treasury.

## About WPI Economics

WPI Economics is a specialist economics and public policy consultancy. We provide a range of public, private and charitable clients with research, modelling and advice to influence and deliver better outcomes through improved public policy design and delivery.

## About Aviva

Aviva is the UK's largest insurance company - serving 1 in every 4 customers in the UK by providing insurance, savings and investment products. More than 16 million customers rely on us in the UK for protection where we insure approx. 10% of homes. We are committed to serving our customers well in order to build a stronger, sustainable business, which makes a positive contribution to society, and for which our people are proud to work. We currently work with over 90 local councils and other landlords nationwide to provide affordable, accessible contents insurance schemes for social housing tenants.



## SUMMARY

This report presents new analysis of the take up of home contents insurance amongst low-income renters.<sup>i</sup> It demonstrates some of the barriers to take up that exist and some of the financial and emotional impacts that are a result of low take up amongst this group. In this respect, the report strongly supports the findings of the Financial Inclusion Commission which highlighted the vital role of contents insurance in supporting and building financial resilience among low-income households.

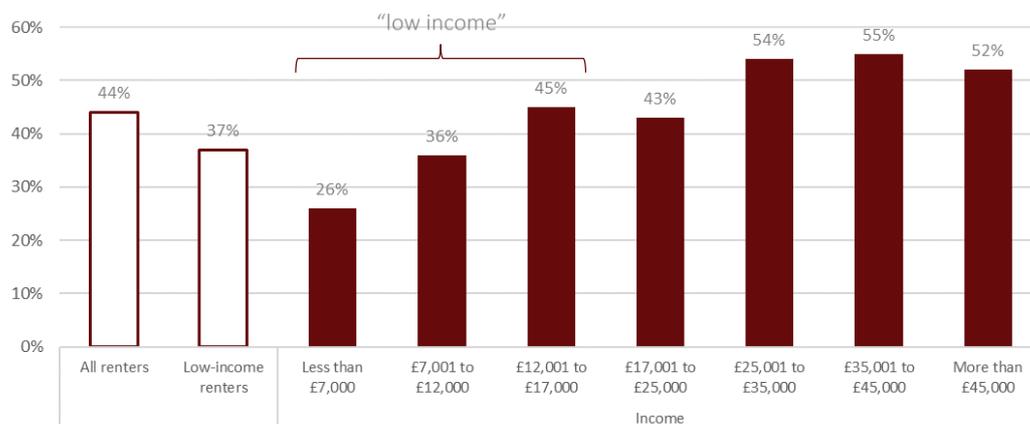
### *Financial resilience amongst low-income renters is low*

Seven in ten (72%) low-income renters are worried about their financial situation. Half (51%) of the group have no savings at all and around one in six (16%) say that they have missed the deadline for a scheduled debt payment in the last month. Three in ten (28%) believe that their personal finances will worsen over the next six months.

### *The need for contents insurance, and lack of take up, amongst low-income renters*

The vast majority of low-income renters have at least one, and typically more, possessions that would be costly to repair or replace in the event of loss or damage. They are also more likely than other groups in society to suffer damage to, or loss of, these items.<sup>ii</sup> Indeed, analysis for this report shows that one in three (33%) low-income renters say they have experienced a potentially insurable loss over the last five years. However, despite these clear needs, there is a significant gap in take up of contents insurance for low-income renters; just 37% currently have contents insurance, meaning that 2.5 million renters in low-income households do not have insurance to cover their household contents.<sup>iii</sup>

**Figure 1: Take up of contents insurance amongst UK renters, by household annual income**



Source: WPI Economics, ComRes<sup>iv</sup>. Notes: Base is UK renters. Full question – see endnote.<sup>v</sup>

Perhaps as a result of delays in life events (like buying a car or house) which are typically linked to increased financial capability and engagement,<sup>vi</sup> take up is particularly low amongst younger low-income renters. For example, only 20% of 18- to 34-year olds say they have home contents insurance, compared to 58% of those aged over 55.

### *The impact of lack of take up of contents insurance*

The majority (72%) of low-income renters who have contents insurance say that they bought insurance as it provides them with peace of mind. Six in ten (58%) say that having contents insurance makes them feel protected. However, many of those without cover display opposite effects, saying that not having contents insurance makes them feel stressed (18%), vulnerable (28%) or nervous (21%) about their

living situation. When losses do occur, those without contents insurance often have to rely on credit to replace or repair their possessions. In turn, the vast majority (95%) of those that have done this say that it has negatively impacted on their finances. The emotional impacts of having to rely on credit are also apparent. For example, of low-income renters who say that they would need to rely on a credit if they experienced losses totaling £500, two in five (38%) say that they would find this situation stressful and close to a quarter say they would be upset (23%) or anxious (22%).

### ***Action needed to tackle a range of barriers to take up***

Increasing take up amongst this group would come with significant economic and social benefits, but it could be challenging. As well as the cost of insurance, this report identifies a wide range of further potential barriers to low-income renters taking up contents insurance. These include perceptions of both their needs and the likely benefits of having insurance, and a lack of understanding of and accessibility to, the market for contents insurance.

The insurance industry has a key role to play here. For instance, as recommended by Fair by Design,<sup>vii</sup> by making available low-cost simple insurance products for low-income families. An example of one such approach that already exists is Aviva's scheme that works in partnership with social landlords to provide contents insurance products for social housing tenants (box 1).

#### ***Box 1: Contents insurance for social housing tenants***

Aviva has been providing an affordable and accessible contents insurance scheme targeted at social housing tenants since 1993. They are currently working with over 90 local councils and other landlords nationwide. Prices vary by location but average at just £1.30 a week for £10,000 of cover.

Policies are sold via brokers through the landlord and tailored to the requirements of consumers who might otherwise be excluded from insurance products. Benefits include; affordable premiums and simple rating structure, lower minimum sums insured, zero excess (on most schemes) and dual branded documentation providing a recognisable trusted brand. Rented items are automatically insured in the home at what can be a fraction of the cost when using hire purchase from high street retailers for just one individual item.

More generally, a number of reports have highlighted potential approaches to tackling the barriers to taking up contents insurance that low-income renters face. An example is the work Aviva and Moneyline are undertaking as part of the FCA Regulatory Sandbox (box 2). Going forward, more work in this area is needed, particularly with young people, where take up is particularly low. We believe that Government and organisations like Fair4All Finance need to recognise the importance of contents insurance in building financial resilience and reducing the incidence and severity of financial distress. The industry also has a role to play themselves; ensuring that products meet the needs of low-income renters, that the potential benefits are effectively communicated and that the market barriers identified in this report are tackled.

#### ***Box 2: Innovation in contents insurance amongst low-income households***

As part of Cohort 5 of the FCA Regulatory Sandbox, Aviva is working with Moneyline (a leading, not-for-profit, social lender) piloting a home contents insurance product for low-income customers that can be arranged at the same time as taking out a loan to provide protection against financial shocks. The aim is to provide continuous insurance cover for customers that may need to take a break from making payments. Piloting this concept will hopefully prove the worth of insurance to this vulnerable sector of society that are traditionally under-insured and lacking in financial resilience.<sup>viii</sup>

## KEY FACTS

*Financial resilience is poor amongst low-income renters:*

**72%** are worried about their current financial situation



**51%** do not have any savings at all



**16%** have missed the deadline for payment of a scheduled debt in the last month



*Source: WPI Economics, ComRes.  
Notes: Base is low-income renters.*

*Most low-income renters would struggle to meet typical insurable losses:*

**£551** is the average payout on claims made to Aviva's contents insurance scheme for tenants.

**73%** of low-income renters say they would **find it impossible to meet an unexpected bill of £500**, without help from an external source.

*Source: WPI Economics, Aviva, ComRes.  
Notes: Base is low-income renters.*

*And many experience losses:*

**Around 1.4 million**

renters in low-income households have experienced some form of potentially insurable loss over the last five years

*Source: WPI Economics, Aviva, DWP, ComRes.*

*Low-income families can be more at risk of suffering loss or damage to personal possessions:*



X 2

Households in social housing are nearly twice as likely to be burgled as owner-occupiers



X 30

Arson rates in low-income communities are 30 times higher than in higher-income communities



X 8

Low-income households are eight times more likely to be in tidal floodplains than more affluent households

*Source: ABI.*

*Contents insurance could provide protection and boost financial resilience but:*

**2.5m (61%)** renters in low-income households are not covered by home contents insurance

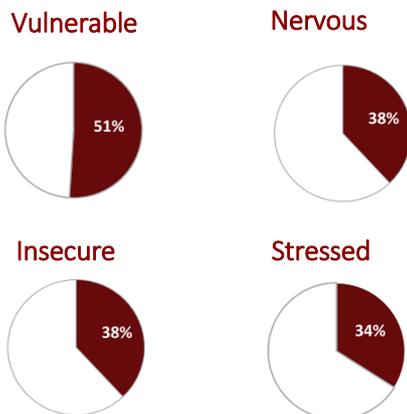
Source: WPI Economics, ComRes.  
Notes: Base is low-income renters.

*Lack of insurance is pushing low-income renters to rely on credit:*

**250,000** renters in low-income households without contents insurance have relied on credit to pay for a potentially insurable loss in the last five years

Source: WPI Economics, DWP, ComRes.  
Notes: Base is low-income renters, without contents insurance, who have experienced a potentially insurable loss in the last 5 years.

**54%** of renters in low-income households say the lack of contents insurance has a negative emotional impact on them. Amongst this group, the most common feelings are:



Source: WPI Economics, Aviva, DWP, ComRes.  
Notes: Base is low-income renters, without contents insurance who report negative emotions.

**95%** of low-income renters without insurance, who relied on credit to repair or replace their possessions after an insurable loss in the last five years, say this has negatively impacted on their financial circumstances:

**28%** say a great extent

**67%** say to some extent

Source: WPI Economics, ComRes.  
Notes: Base is low-income renters, without contents insurance who have experienced a loss in the last five years and had to rely on credit.

**CONCLUSION:** There are clear benefits to increasing take up of contents insurance amongst low-income families in private or social-rented accommodation. It should be a priority to innovate and build on existing industry initiatives and ensure that others including the Government and organisations like Fair4All Finance focus on the role that insurance can play in boosting financial resilience and reducing financial distress. Industry should also ensure that products meet the needs of low-income renters, that the potential benefits are effectively communicated and that the market barriers identified in this report are tackled.

## INTRODUCTION

### Why contents insurance matters

Insurance exists because risk is a part of life, and the impacts of a lack of insurance can be financially significant, and even catastrophic. Household contents insurance exists because there are a range of factors that can cause damage to our personal possessions, whether flooding, burglary, fire or accidental damage. According to the Association of British Insurers (ABI), the average payout on successful buildings and contents insurance is around £2,500 – and with 1.2 million claims made in 2016, this represents £3 billion that households would have had to find from savings or credit, or simply losses they would have had to cope with.<sup>ix</sup>

But insurance does not only bring financial benefits. It also brings peace of mind. Previous research by the Financial Inclusion Commission (supported by Aviva) highlighted that more than half of consumers felt the primary benefit of home insurance was the knowledge that they would be covered in the event of an unforeseen event occurring. The value of insurance, therefore, is closely related to both the actual risk of an insurable event arising and people’s perception of that risk. Where there is a high risk of loss, insurance has the most value.

These risks are not evenly spread across society – in fact they are often concentrated on those least able to manage them. The ABI has highlighted several ways in which low-income households face higher risks, including risk of burglary, arson and flooding.

The importance of insurance for low-income households is also clear. A survey of social housing tenants conducted by Quids In! magazine found that less than two in five could use income or savings to cover (in full or in part) a broken washing machine worth £400.<sup>x</sup> Previous research from a range of sources have highlighted the importance of insurance in helping to mitigate financial shocks and build financial resilience.<sup>xi</sup> This work has also highlighted some of the barriers to take up that exist amongst low-income households. By limiting take up, these barriers mean that households cannot enjoy the benefits of financial resilience and peace of mind that contents insurance provides.

This report builds on this previous work, with a specific focus on low-income people in the private- and social-rented sectors, where take-up of insurance is far lower than amongst homeowners (typically because household insurance is often required as part of receiving a mortgage). It explores the financial and non-financial impacts of a lack of contents insurance and highlights some of the barriers to take up. Unless otherwise stated, it is based on a detailed survey of 1,006 low-income renters.<sup>1</sup>

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**Figure 2: Insurable risks to low-income households**



Source: ABI

<sup>1</sup> ComRes interviewed 1,006 low income renters, defined as earning less than £17,000 per annum, online between the 18th April and 2nd May 2019. ComRes is a member of the British Polling Council and abides by its rules.

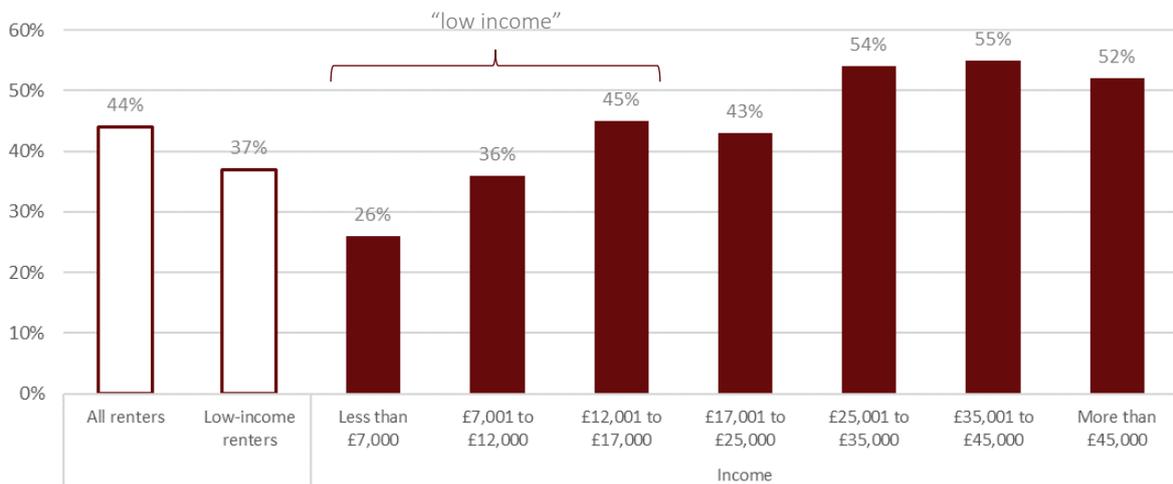
## TAKE UP OF CONTENTS INSURANCE AMONGST LOW-INCOME RENTERS

A range of previous work has highlighted that take-up of insurance amongst low-income households is much lower than in better-off households. For example, the Financial Inclusion Commission found that 39% of people on low incomes (£15,000 or below) had some form of contents insurance, half the rate of those on the highest incomes.<sup>xii</sup>

Original research undertaken for this report allows us to further explore the situation of low-income renters and understand more about the differences in take up of contents insurance amongst this group and the potential impacts of this.

As with the Financial Lives Survey we find that take up is low. Overall, our research suggests that just over a third (37%) of renters in low-income (defined as less than £17,000 in income a year) households hold contents insurance.<sup>2</sup> Just one in four (26%) of renters with household income below £7,000 are covered by contents insurance. This compares to more than half of renters whose household income is above £25,000 a year (figure 3).

**Figure 3: Take up of contents insurance amongst renters**



Source: WPI Economics, ComRes<sup>2</sup>

Notes: Base is UK renters. Full question: *Contents insurance is insurance that covers damage to, or loss of, personal possessions in your home; this is different to buildings insurance, which covers structural damage to the building you live in. Do you currently have contents insurance for the property you live in at the moment?*

Overall this means that 2.5 million people renting in low-income households do not have insurance to cover their household contents. There are also some significant variations between take up rates of different groups of low-income renters. For example, low-income renters aged over 55 (58%) are nearly three times as likely to have contents insurance than those aged 18 to 34 (20%).<sup>2</sup>

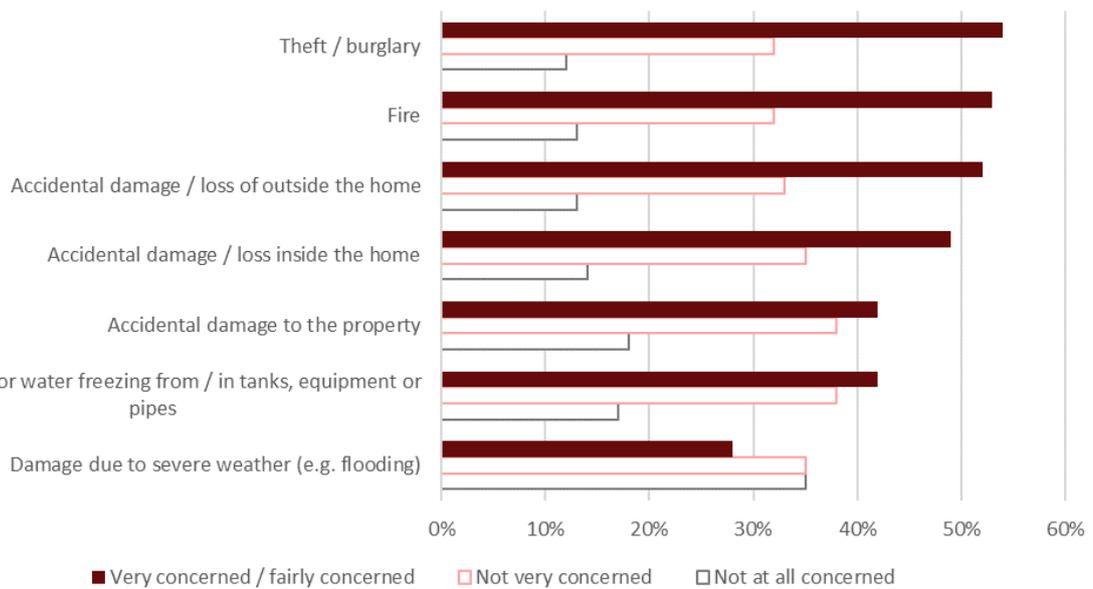
<sup>2</sup> Methodology: ComRes interviewed 4,217 UK adults (1,679 UK renters) online between the 20th and 23rd of May 2019. Data were weighted to be demographically representative of UK adults. ComRes is a member of the British Polling Council and abides by its rules.

## But that doesn't mean there's no need

One obvious factor that might explain this relatively low level of take up is that many low-income renters might not require contents insurance, as they do not have anything that they need to insure. However, this does not appear to be the case. The Financial Inclusion Commission found that some 10.5 million renters with an insurable need did not have contents cover.<sup>xiii</sup> This result is echoed by research for this report (figure 9 in the annex), which shows that the vast majority of low-income renters have at least one, and typically more, possessions that would be costly to repair or replace in the event of loss or damage. For example, nine in ten (90%) low-income renters own / rent to own a television and nearly all (97%) low-income renters own / rent to own a mobile phone / smartphone.

Low-income renters are also aware that losses may occur. Figure 4 demonstrates that more than half (54%) of low-income renters are concerned (21% very concerned, 33% fairly concerned) about burglary or theft of their property. Similar proportions of low-income renters show concern about fire (52%) or accidental damage inside (48%) or outside (51%) of the home.

**Figure 4: Concern about potential causes of losses, amongst low-income renters<sup>3</sup>**



Source: WPI Economics, ComRes

Notes: Base is low-income renters. Full question 18 – annex.

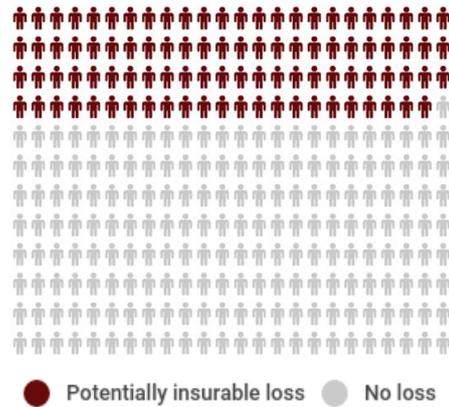
This concern about potential losses is not surprising; when asked about their experiences of potentially insurable losses that had occurred to them in the last five years, one in three (33%) low-income renters had experience some sort of loss. For younger people (aged 18-34) this figure stood at 47%, indicating that nearly half of all young low-income renters have experienced a loss or damage to their possessions in the last five years (figure 10 – annex).

<sup>3</sup> Full question: "Thinking about where you currently live, how concerned or otherwise are you about each of the following happening to your property at some point?"

Figure 5: Take up of contents insurance amongst low-income renters

**33%** of renters in low-income households have experienced some form of potentially insurable loss over

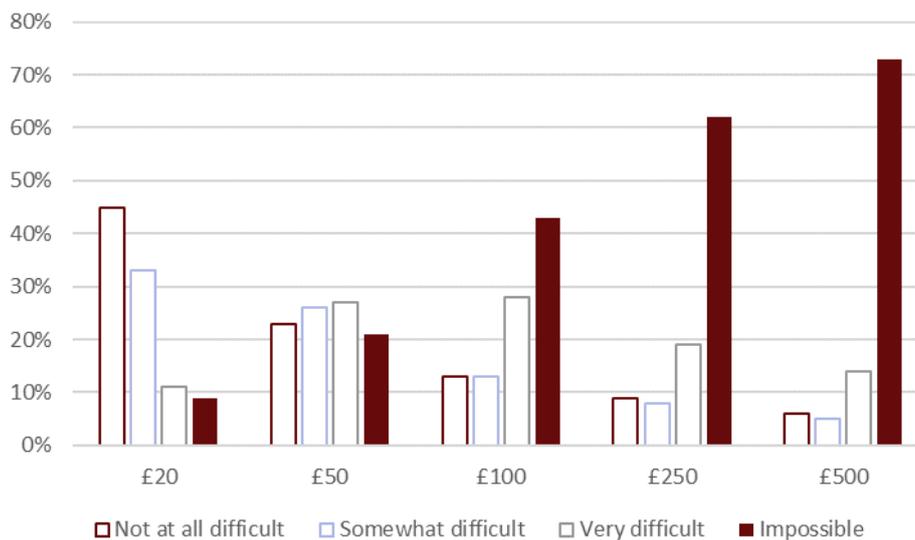
Source: WPI Economics, ComRes  
 Notes: Base is low-income renters. Full question 19 – annex.



### Nor that people could manage without insurance

These results suggest that many low-income renters may experience potentially insurable losses, however, low take up may simply be a case of the majority of this group being able to afford to meet any expected losses out of their current income and savings. But that also does not seem to be the case. For example, figure 6 demonstrates that one in five (21%) low-income renters would find it impossible to immediately pay an unexpected bill for £50 without help from an external source. Further to this, eight in ten low-income renters (81%) said that they would find it very difficult or impossible to meet an unexpected bill of £250 without help from an external source.

Figure 6: Ability of low-income renters to meet the costs of an unexpected bill, without assistance from an external source



Source: WPI Economics, ComRes  
 Notes: Base is low-income renters. Full question 6 – annex.

This low level of ability to meet unexpected bills is particularly concerning given data from Aviva’s tenant’s contents insurance scheme shows that the average payment on a claim (2015 to 2018) came to £551. Average claims for some specific circumstances were much higher, for example; flood (£3,610); theft (£1,273); and fire (£2,018). Given the size of these payouts, the majority of low-income renters, would be highly unlikely to be able to meet the costs without insurance protection.

## THE IMPACT OF LOW TAKE UP

The previous sections have demonstrated that, whilst there is an identifiable need for contents insurance amongst low-income renters, this group has a relatively low take up. This section considers some of the potential impacts of that low take up. The first thing to note is that the impacts will not be the same for each uninsured person. In particular, there are different implications for people depending on whether or not they experience a loss where a claim could have been made (table 1).

**Table 1: Implications of not having contents insurance**

Potentially insurable loss <i>does not</i> occur	Potentially insurable loss occurs
No peace of mind <i>or</i> Unwarranted peace of mind	Must cover cost (with a range of potential longer-term financial impacts) or go without.  Potential for emotional impacts (e.g. stress, worry) both in the short and long-term.

Source: WPI Economics analysis

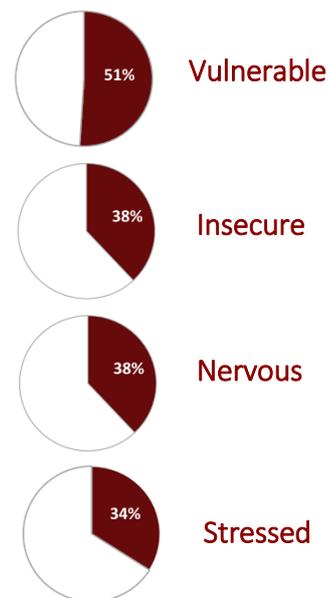
Having contents insurance also as non-financial benefits. For example, research suggests that a key benefit of insurance is the peace of mind that it provides; seven in ten (72%) low-income renters with contents insurance say that this was one of the main reasons they had bought it. Six in ten say (58%) that having contents insurance makes them feel protected and nearly half say it makes them feel secure (45%) or safe (45%).

Based on this, uninsured people could experience negative emotional impacts associated with this lack of peace of mind. This is particular likely given the findings above, which demonstrated that:

- Many low-income renters are concerned about potential losses;
- The vast majority of low-income renters have belongings that would be costly to replace; and
- In the event of a loss, the majority of low-income renters would not be able to afford to meet the costs.

When low-income renters without contents insurance were asked about the potential negative emotional impacts of not having contents insurance, more than half (54%) identified at least one negative emotional impact. The most commonly chosen were being vulnerable, insecure, nervous or stressed.

**54%** of renters in low-income households say the absence of contents insurance has a negative emotional impact on them. Amongst this group, the most common feelings are:



Source: WPI Economics, DWP, ComRes  
Notes: Base is low income renters without contents insurance who report negative emotion impacts.  
Full question 13 – annex

The emotional impacts of a lack of cover are clearly important. However, the potential damage of negative financial impacts if something does go wrong is likely to be more concerning. For example, the findings above showed that low-income renters believed that they would be unable to meet the costs of any losses, raising the prospect of them needing to use savings (which they may not have) or take out credit (which may be expensive or unavailable), or simply go without.

Table 2 demonstrates how low-income renters, without contents insurance, who have experienced a potentially insurable loss over the last five years have gone about replacing or repairing their possessions. It shows that one in three (32%) were able to dip into savings or income, whilst a quarter (23%) made do without. A quarter (27%) of this group had to rely on credit to repair or replace their possessions.

Most concerning, of those without insurance who had to rely on credit to repair or replace their possessions, nearly all (95%) said that this had negatively impacted on their financial circumstances.

More generally, we can also see that the emotional impacts of potentially needing to rely on credit are significant. For example, of low-income renters who say that they would need to rely on credit if they experienced losses totaling £500, two in five (38%) say that they would find this situation stressful. Close to a quarter say that they would be upset (23%) or anxious (22%). In contrast, of those able to rely on contents insurance, more than half (55%) say they would feel relieved.

**Table 2: Actions to replace or repair lost or damaged possession (% of people without contents insurance)**

Response	%
Paid with my savings and / or income	32%
Borrowed a replacement from family and / or friends	20%
Did nothing / made do without	23%
Paid with a loan from family and / or friends	19%
Paid with a credit card	12%
Took out a Pay Day loan	11%
Received help from a charity	9%
Took out a personal loan from my bank / building society	7%

Source: WPI Economics, ComRes

Notes: Base is low-income renters, without contents insurance, who have experienced an insurable loss within the last five years. Full question 20 – annex.

**KEY FACT:**

95% of low-income renters without insurance who had to rely on credit to repair or replace their possessions after an insurable loss in the last five years, say this has negatively impacted on their financial circumstances:

**28%** a great extent

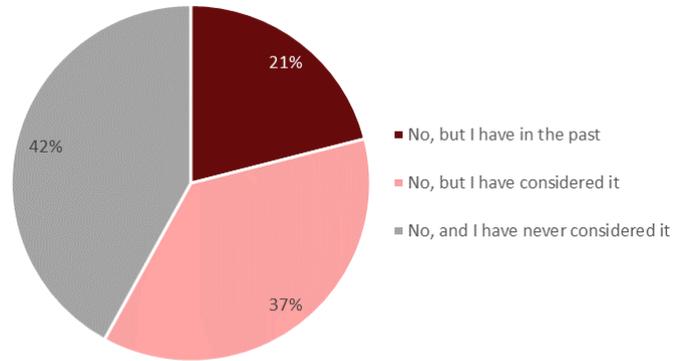
**67%** to some extent

Source: WPI Economics, ComRes  
Notes: Base is low-income renters, who have experienced a loss in the last five years and had to rely on credit. Full question 21 – annex.

## WHAT CAN BE DONE?

With these obvious negative impacts in mind, the question is then around what gets in the way of take up of contents insurance. The first thing to realise is that the route to non-take up will be different for different people. Figure 7 shows that, of those low-income renters who do not have contents insurance, more than half (58%) have either held insurance in the past, or have considered taking up insurance, but ultimately not done so. The remaining 42% say that they have not even considered taking it up. With these different groups in mind, it is likely that a range of responses to a varied set of barriers to action will be needed in order to increase take up.

**Figure 7: Previous experience of contents insurance for those currently without it**



Source: WPI Economics, ComRes

Notes: Base is low-income renters, without contents insurance. Rounding means figures do not sum to 100. Full question – 9 – annex.

Table 3 demonstrates the range of reasons why low-income renters say they have not taken up or considered household contents insurance.

**Table 3: Reasons why low-income renters say they do not have contents insurance**

		All	18-34	35-54	55+
Cost / value	Premiums are too expensive	44%	41%	45%	51%
	I wouldn't be able to afford the excess charges	36%	40%	33%	33%
	It's not worth it / poor value for money	22%	25%	18%	21%
	<b>At least one cost / value factor</b>	<b>78%</b>	<b>81%</b>	<b>75%</b>	<b>78%</b>
Real or perceived lack of need	I could replace possessions myself if they were lost / damaged	31%	33%	27%	31%
	I don't own the majority of the furniture / appliances in my home	21%	25%	21%	10%
	I already have separate insurance policies for my valuable possessions	7%	10%	4%	3%
	<b>At least one factor for real or perceived lack of need</b>	<b>61%</b>	<b>66%</b>	<b>58%</b>	<b>54%</b>
Market barriers	I don't know what would be covered by the insurance	33%	41%	27%	22%
	Too difficult to compare different insurance quotes	14%	16%	11%	16%
	I wouldn't know how to go about making an insurance claim	14%	17%	13%	9%
	I wouldn't know how to go about getting contents insurance	12%	15%	10%	6%
	I tried to get insurance, but wasn't able to get cover	2%	2%	3%	1%
	<b>At least one market barrier factor</b>	<b>61%</b>	<b>67%</b>	<b>55%</b>	<b>52%</b>

Source: WPI Economics, ComRes

Notes: Base is low-income renters without contents insurance. Full question 12 – annex.

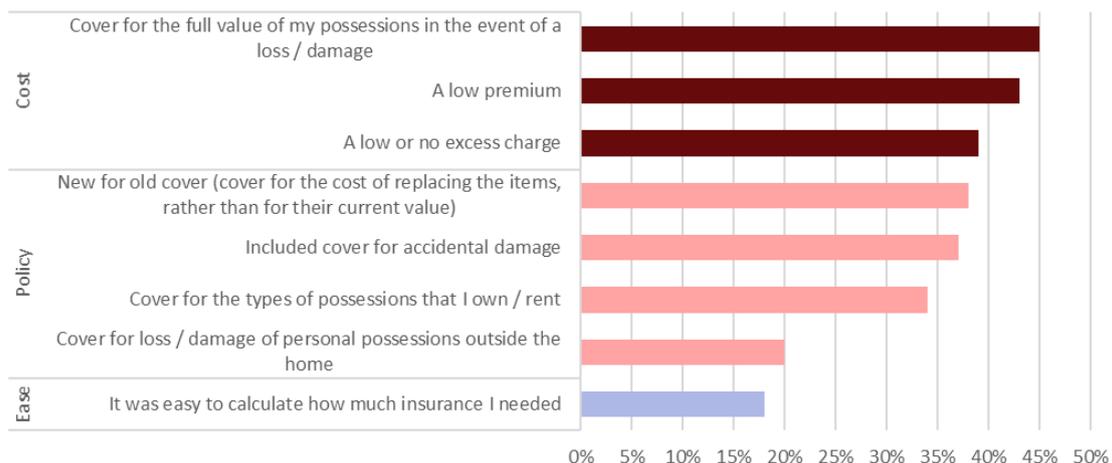
Similar reasoning can be found when considering the motivations of low-income renters who already have contents insurance. This can be viewed from two perspectives:

1. Why they chose to have contents insurance; and
2. Why they chose the particular product that they bought.

On the first of these, half (50%) of low-income renters with contents insurance, said that they took out a policy because they couldn't afford to replace lost or damaged possessions by themselves. Echoing this sentiment, 72% of low-income renters with contents insurance said that they had bought it because they wanted peace of mind. When asked about the features that were most important when choosing their contents insurance policy, responses were split between cost, the policy coverage and ease of calculation (figure 8).

It is of little surprise that cost is identified as a barrier for those who do not have contents insurance and a key deciding factor for those that do have contents insurance. However, what this also shows is that there are a wide range of potential factors getting in the way of take up for low-income renters, despite an obvious need. A wide range of research both for insurance, and financial products more generally, supports this finding.<sup>xiv, xv, xvi</sup>

**Figure 8: Most important features when choosing contents insurance policy**



Source: WPI Economics, ComRes

Notes: Base is low-income renters with contents insurance. Full question 15 – annex.

## Conclusion

This report has shown the clear need for contents insurance that many low-income renters have and the fact that these needs are not matched by take up. It has also shown the significant financial and emotional impacts of not having contents insurance. More generally, and as highlighted by the Financial Inclusion Commission, it is clear that contents insurance can play a vital role in boosting financial resilience amongst many otherwise low-income or vulnerable families.

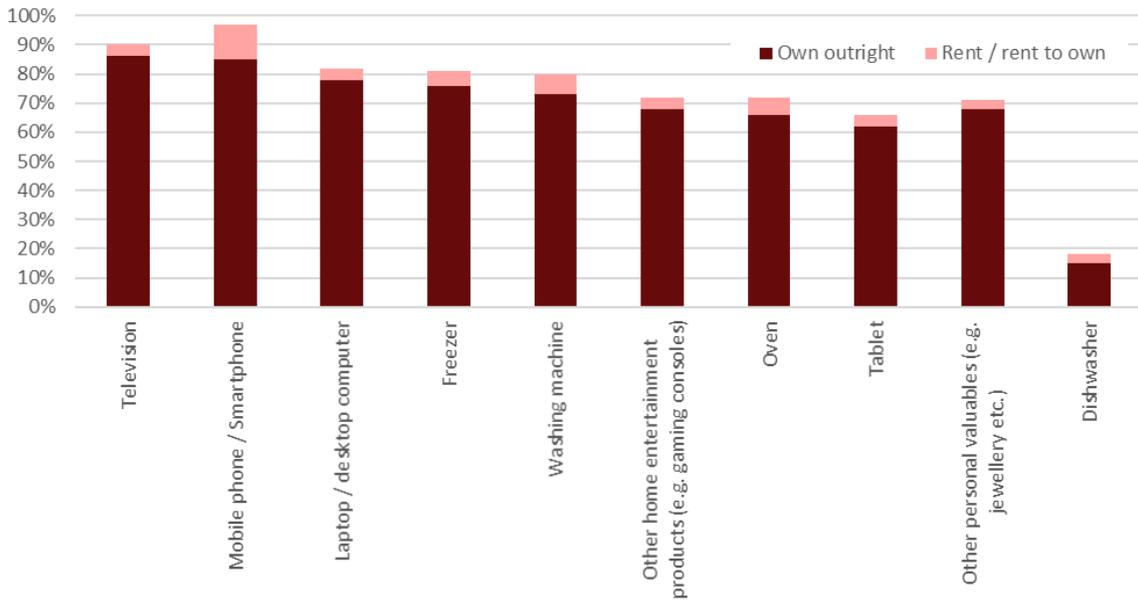
As such, there are clear advantages to be gained from measures and approaches that aim to increase take up amongst low-income families, and particularly those in private or social-rented accommodation. However, the barriers identified in this report are not easily addressed. This means it should be a priority to innovate and build on existing initiatives including those highlighted in this report and ensuring that others including the Government and organisations like Fair4All Finance focus on the vital role that insurance can play in boosting financial resilience and reducing financial distress.

## ANNEX – SUMMARY OF QUESTIONS:

- Q1. Which of the following best describes your housing tenure?
- Q2. Which of the following best describes your household?
- Q3. Which of the following best describes your total household income over the last 12 months, before tax and housing costs?
- Q4. Some months are more financially challenging than others. How do you feel about your current financial situation?
- Q5. Which of the following, if any, apply to you?
- Q6. Without assistance from an external source (e.g. friends, family, a financial institution), how difficult, if at all, would you find it to pay immediately an unexpected bill for the following amount?
- Q7. How would you describe your ownership of each of the following items? If you own multiple of the same type of item, please think about the most valuable item.
- Q8. Do you have Single Item Insurance cover for any of the items which you rent / rent to own? Single Item Insurance provides cover for theft of / damage to the specific item which you rent, and is taken out when you begin renting the item.
- Q9. Contents insurance is insurance that covers damage to, or loss of, personal possessions in your home; this is different to buildings insurance, which covers structural damage to the building you live in. Do you currently have contents insurance for the property you live in at the moment?
- Q10. And does your contents insurance policy cover accidental damage to personal possessions? (e.g. spilling a tin of paint on the carpet, dropping your laptop etc.)
- Q11. And which, if any, of the following have you done in relation to contents insurance?
- Q12. Below is a list of common reasons why other people decide not to take out contents insurance for their property. Which of the following also apply to you?
- Q13. Which of these words / phrases best describe how not having contents insurance makes you feel about your living situation? Not having contents insurance makes me feel...
- Q14. Below is a list of common reasons why other people decide to take out contents insurance for their property. Which of the following also apply to you?
- Q15. Which of the following features were most important in choosing your contents insurance policy?
- Q16. Which of these words / phrases best describe how having contents insurance makes you feel about your living situation? Having contents insurance make me feel...
- Q17. Which one of the following items would be / is most important to have insured against loss or damage
- Q18. Thinking about where you currently live, how concerned or otherwise are you about each of the following happening to your property at some point?
- Q19. In the past five years, which of the following, if any, have damaged / caused you to lose items which you owned or rented?
- Q20. And when you experienced this loss / damage(s) to your possessions, how did you go about replacing or repairing these?
- Q21. And to what extent has using credit to pay for these losses / damages negatively impacted your personal finances to date?
- Q22a. Imagine for a moment that a water pipe bursts in your property, some of your possessions are damaged. You estimate that replacing them will cost you around £500 out of your own pocket. To be able to afford to replace my possessions it would be...
- Q22b. Imagine for a moment that a water pipe bursts in your property, flooding part of your living room and damaging some of your possessions. You estimate that replacing them will cost you around £500 out of your own pocket. To replace my possessions, I would...
- Q22c. Imagine for a moment that a water pipe bursts in your property, flooding part of your living room and damaging some of your possessions. You estimate that replacing them will cost you around £500 out of your own pocket. After receiving this support / compensation I would feel...

## ADDITIONAL CHARTS

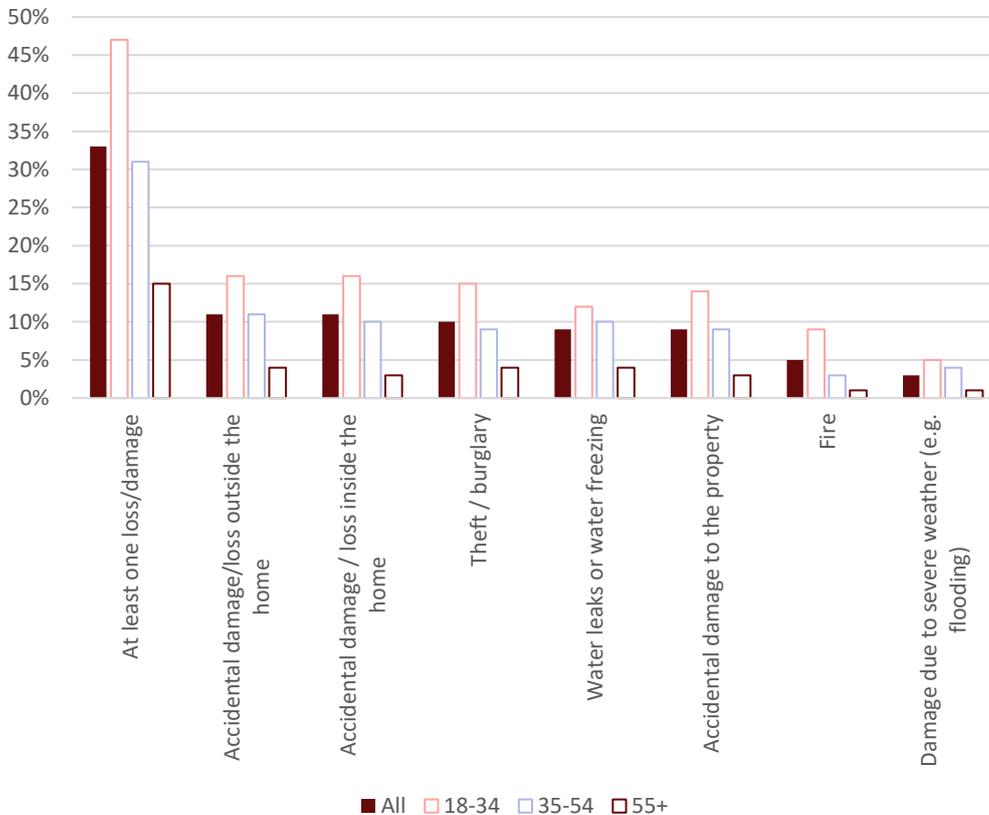
Figure 9: Possession of various household and personal items, for low-income renters



Source: WPI Economics, ComRes

Notes: Base is low-income renters. Full question 7 – annex.

Figure 10: Potentially insurable losses within the last five years, for low-income renters, by age



Source: WPI Economics, ComRes

Notes: Base is low-income renters. Full question 19 – annex.

## ENDNOTES

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<sup>i</sup> Methodology: ComRes interviewed 1,006 low income renters, defined as earning less than £17,000 per annum, online between the 18th April and 2nd May 2019. ComRes is a member of the British Polling Council and abides by its rules.

<sup>ii</sup> <https://www.abi.org.uk/globalassets/sitecore/files/documents/publications/public/migrated/home/helping-tenants-protect-their-possessions.pdf>

<sup>iii</sup> Methodology: ComRes interviewed 4,217 UK adults (1,679 UK renters) online between the 20th and 23rd of May 2019. Data were weighted to be demographically representative of UK adults. ComRes is a member of the British Polling Council and abides by its rules.

<sup>iv</sup> Methodology: ComRes interviewed 4,217 UK adults (1,679 UK renters) online between the 20th and 23rd of May 2019. Data were weighted to be demographically representative of UK adults. ComRes is a member of the British Polling Council and abides by its rules.

<sup>v</sup> Contents insurance is insurance that covers damage to, or loss of, personal possessions in your home; this is different to buildings insurance, which covers structural damage to the building you live in. Do you currently have contents insurance for the property you live in at the moment?

<sup>vi</sup> Oakley, M., (2016). *Fixing Family Finances: Taking a household view to improving financial capability in Great Britain*. SMF, London. Available here: <http://www.smf.co.uk/wp-content/uploads/2016/04/Social-Market-Foundation-Fixing-Family-Finances-A5-FINAL-200416.pdf> Accessed 01/07/19.

<sup>vii</sup> <https://fairbydesign.com/policy/fca-invitation-to-comment/>

<sup>viii</sup> <https://www.fca.org.uk/firms/regulatory-sandbox/cohort-5>

<sup>ix</sup> [http://www.financialinclusioncommission.org.uk/pdfs/improving\\_access\\_to\\_household\\_insurance.pdf](http://www.financialinclusioncommission.org.uk/pdfs/improving_access_to_household_insurance.pdf)

<sup>x</sup> [http://www.socialpublishingproject.com/uploads/9/6/1/1/9611868/qi\\_surveyreport2018\\_13.11.18.pdf](http://www.socialpublishingproject.com/uploads/9/6/1/1/9611868/qi_surveyreport2018_13.11.18.pdf)

<sup>xi</sup> [http://www.financialinclusioncommission.org.uk/pdfs/improving\\_access\\_to\\_household\\_insurance.pdf](http://www.financialinclusioncommission.org.uk/pdfs/improving_access_to_household_insurance.pdf)

<sup>xii</sup> [http://www.financialinclusioncommission.org.uk/pdfs/improving\\_access\\_to\\_household\\_insurance.pdf](http://www.financialinclusioncommission.org.uk/pdfs/improving_access_to_household_insurance.pdf)

<sup>xiii</sup> [http://www.financialinclusioncommission.org.uk/pdfs/improving\\_access\\_to\\_household\\_insurance.pdf](http://www.financialinclusioncommission.org.uk/pdfs/improving_access_to_household_insurance.pdf)

<sup>xiv</sup> <https://www.drewberryinsurance.co.uk/knowledge/research/2015-protection-survey>

<sup>xv</sup> <https://www.insurancetimes.co.uk/only-half-of-british-consumers-trust-insurance-companies-to-pay-claims/1425151.article>

<sup>xvi</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3385021/>

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