

Media Release

COLUMBIA THREADNEEDLE FOUNDATION PARTNERS WITH FAIR BY DESIGN TO ADDRESS BARRIERS TO FINANCIAL INCLUSION

Research project will explore root causes of the poverty premium in insurance, an under-recognised factor in financial vulnerability. It aims to address systemic barriers to insurance, helping increase economic security and financial resilience among the UK's poorest.

LONDON, 27 APRIL 2022: Columbia Threadneedle Foundation, the charity of leading global asset manager Columbia Threadneedle Investments, has confirmed a grant of £60,000 to Fair By Design, run by the Barrow Cadbury Trust. Fair By Design is dedicated to ending the poverty premium. The grant will fund a research project looking at how the poorest in society can secure more and better access to affordable insurance, as well as challenging structures which create and sustain the poverty premium in insurance, including unfairness and a lack of inclusive design which means insurance will cost more the poorer you are.

A life/income shock is one of the main reasons people now fall into problem debt¹ in the UK. These “shocks” are frequently the result of insurable risks, such as loss of income due to ill health, a fire, burglary. While we are increasingly encouraged to protect ourselves and our families from future risks and to look to the market for protection needs², many people on low incomes do not have the financial resources to invest in securing their financial futures. There are three factors at play here:

- They struggle to afford appropriate insurance because they are deemed to be a higher risk
- They're not able to access insurance that meets their needs due to policy exclusions or the expense of a comprehensive product
- They are being locked out of insurance altogether.

This problem is set to increase as the insurance market moves from a pooled risk approach to one of individualised risk, with risk transferring from insurers and government to individuals. Insurance is now the biggest contributor to the poverty premium. Car insurance is the biggest single contributor, with a

¹ [life-happens-safety-nets-stepchange-debt-charity.pdf](#)

² [The Great Risk Transfer | Institute and Faculty of Actuaries](#)

“geographic penalty” of £300 per annum for people in deprived areas. Additional charges for paying monthly instead of annually can mean an extra £160 per year, making a poverty premium of nearly £500³.

This project will initially focus on car and household insurance and will include new research into the experience of people in the UK who are uninsurable as well as those priced out of the market or foregoing other essentials to pay for insurance. It will engage relevant stakeholders and industry experts and aim to find solutions matched to the political, regulatory and business landscape.

It will utilise funds from the Threadneedle UK Social Bond Fund, which contributes a share of its annual management fee to Columbia Threadneedle Foundation.

Alison Jefferis, Chair of Columbia Threadneedle Foundation said: We’re very pleased to be funding this important work, which will contribute to the Foundation’s aim of improving individual lives while also driving fundamental social change – in this case universal access to affordable financial services that support decent standards of living. This is our first major project funded by proceeds from the Threadneedle UK Social Bond Fund, reflecting the ethos of the fund as well as Columbia Threadneedle’s broader desire to have a positive social impact in the UK.”

Martin Coppack, Director of Fair By Design said: “We are all now encouraged to look to the market to protect ourselves and our families from the inevitable ups and downs of life. But what happens if you can’t move to a different postcode - one seen as less risky by insurers? What happens if you have had cancer or another illness in the past and are seen as a higher risk? We know that a life or income shock is one of the biggest reasons people get into debt, yet those who can least afford a shock to their finances are being priced out or left out.

“As companies become more able to individually price risk and move away from more mutual forms of pricing we are being left with a two-tier market – one that works for the healthiest and wealthiest in society. The poverty premium means that households often go without insurance, and they often have to resort to other more costly ways to protect themselves such as expensive credit.

“To level up our communities, regulators, policymakers and industry need to work together to make sure people on low incomes can access the protection they need at a price they can afford.”

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³ [The poverty premium: A customer perspective – Fair By Design](#)

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Notes to Editors

About Columbia Threadneedle Foundation

Columbia Threadneedle Foundation is the charitable entity of Columbia Threadneedle Investments in EMEA. Through the Foundation, Columbia Threadneedle works with long-term charity partners to improve individual lives while also driving fundamental social change. We seek to address critical social issues – inclusion, opportunity, employment, empowerment, and mental health – using the power of art, sport and education & training as catalysts for change. Common threads we look for in our programmes and charity partners include the ability to build skills and confidence, challenge perspectives and broaden horizons.

Columbia Threadneedle Foundation is a UK registered Charity (no: 1158970). The Foundation Board of Trustee Directors is made up of colleagues from across our EMEA business who work together to create sustainable partnerships with the charities we support.

Columbia Threadneedle Investments is a leading global asset manager that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. We have more than 2500 people including over 650 investment professionals based in North America, Europe and Asia⁴. We manage £531bn / €628bn / US\$699bn⁵ of assets across equities, fixed income, multi-asset, solutions and alternatives.

Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE:AMP), a leading US-based financial services provider. As part of Ameriprise, we are supported by a large and well-capitalised diversified financial services firm.

www.columbiathreadneedle.com

About Fair By Design

Fair By Design is dedicated to reshaping essential services, such as energy, credit and insurance, so they don't cost more if you're poor.

People in poverty pay more for a range of products including energy, through standard variable tariffs; loans and credit cards with higher interest rates; and expensive insurance premiums, by living in postcodes considered higher risk. This is known as the poverty premium.

We collaborate with industry, government, and regulators to design out the poverty premium. Our Venture Fund provides capital to help grow new and scalable ventures that are innovating to make markets fairer. The Barrow Cadbury Trust runs our advocacy work, and Ascension manages the Venture Fund.

<https://fairbydesign.com>

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⁴ As at 31 December 2021, Columbia Threadneedle Investments including BMO GAM (EMEA)

⁵ Source: Ameriprise Financial Q1 2022 earnings release