

Mr David Baines MP
The House of Commons
London
SW1A 0AA



07 October 2025

Dear Mr Baines,

As an insurance broker supporting insurance buyers, I am concerned by the risk of the government increasing the rate of tax on insurance products. Any such increase would raise insurance premiums, reduce the level of protection, and decrease resilience across the country.

In 2017, the rate of Insurance Premium Tax (IPT) doubled from 6% to 12%. Treasury revenues from IPT already reached a record £8.88 billion last year and are projected to rise further to £9.2 billion in 2025/26.

Insurance allows people and businesses to protect themselves and their assets, reducing the burden on the state should things go wrong. It is particularly pertinent with the economic backdrop only 0.2% growth in the three months to July. The prospect of sustained economic growth is fragile. We need to do everything we can to build a resilient economy which can produce sustained growth, so this is not the moment to add costs that reduce resilience for businesses and individuals, and which hit the financial services industry.

As a regressive tax, IPT penalises those who pay more for cover and disincentives them from improving their overall resilience. This includes groups such as young drivers, businesses facing cyber risks, communities in flood risk areas and even those seeking Private Medical Insurance which in turn helps the government's national mission to cut NHS waiting lists. This is especially unfair with mandated insurances such as motor, where drivers have no choice but to accept ever-rising premiums – contradicting both the government's Manifesto and the aims of the Motor Insurance Premiums Taskforce.

Earlier this year, my trade association, the British Insurance Brokers' Association (BIBA), commissioned WPI Economics to assess the impact of IPT increases on UK businesses and households.

Headline findings from this [research](#) include:

- **64%** of individual respondents see IPT as a **tax on working people**.
- **Current IPT rates cost** each household an estimated **£146 per year**.
- IPT already represents an estimated **£4.7 billion annual burden on British business**.
- **64% of firms** say increasing IPT would indicate the **government is not serious about growth**.

- **40% of firms** say an IPT increase would result in **higher prices for customers**, while nearly **30%** say they would **reduce business investment**.
- **Increases in IPT will disincentivise the take-up** of products that help firms manage risk e.g. cyber insurance.

HMRC's policy objective IPT01300 states "*that IPT should make the required contribution to UK Government revenue while minimising the effect on the take up of insurance*". Yet, any increase in IPT from this point would both harm the take up of appropriate cover and increase costs for individuals and businesses. Alongside this is the **government's ambition to cut inflation to fix the foundations of the economy and help struggling families and businesses**. Any IPT increase would work against this aim and would serve to increase, rather than reduce inflation and setting back the growth mission.

Because of this I support BIBA's call for a freeze to the rate of IPT as part of a pro-Business Budget package, in their submission to HM Treasury.

In your capacity as our local MP, I would be very grateful if you could raise this issue with the Chancellor and the Economic Secretary to the Treasury, Lucy Rigby MP, ahead of the Autumn Budget, calling for a freeze to IPT and targeted relief on key classes of insurance.

If you would like further information on this, please let me know and I will put you in contact with the British Insurance Brokers' Association.

Yours sincerely,



Andrew Rigby

Managing Director

On Behalf of Rigby Financial