

Step 1. I am in financial difficulty and can't afford to pay my excess (I am partially at fault)

The excess is your contribution to a claim, and is generally the amount you have agreed to pay in the event of a claim. The insurer is asking you to contribute an amount to the costs of the claim so that you share some of the risk. This is to reduce claims and premiums (the cost of insurance). If you agree you have contributed to the accident, then an excess is generally payable. If you are in financial difficulty it can be difficult to pay your insurer the cost upfront. If you have comprehensive insurance you can ask to:

1. pay the excess in instalments to your insurer, after which they will then repair your car; or
2. If your insurer is going to cash settle you (for example, pay your total loss pay out or cost to repair) they will deduct it from your pay out.

If you only have 3rd party insurance ask them to deduct it from the payout to the at fault parties claim. What this means is, the insurer may pay the other parties insurer the amount they are demanding less your excess and then you may be contacted by the other party's insurer. You can then negotiate to repay it in instalments with the other party.

An insurer cannot refuse to process a claim simply because you are unable to pay the excess. EXAMPLE You are at fault in an accident and have 3rd party property insurance with Insurer A. the other driver you hit is insured with Insurer B. Insurer B demand \$5,000 from you. Your excess to Insurer A is \$600. Insurer A pays Insurer B \$4,400. Insurer B contacts you, and you arrange to pay the remainder of \$600 in instalments at \$100 per month. It is unreasonable for an insurer to not agree to do either an instalment arrangement or deducting your excess. It is not practical to deduct the excess unless a payment is being made. If the insurer won't be reasonable – GET ADVICE – call the Insurance Law Service on 1300 663 464. For further information, see: [Checklist – Paying your excess](#) [Sample Letter – Can't pay my excess.](#)