

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

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 pay you a cash settlement rather than repair your car, have the excess deducted from your pay out.

If you only have 3rd party insurance ask the insurer to deduct the excess from the payout of the at fault party's claim. If they do this you may be contacted by the other party or their insurer seeking payment of the excess amount. You can then negotiate with the other party to pay it in instalments. 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.](#)*