

Step 1. I'm insured but 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 are in financial difficulty it can be difficult to pay your insurer the cost upfront. If this is the case you can ask to:

1. pay the excess in instalments to your insurer
2. ask them to deduct it from your claim. What this means is, the insurer may pay the other parties insurer the amount they are demanding less your excess.

An insurer cannot refuse to process a claim simply because you are unable to pay the excess.

For 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. It is unreasonable for an insurer to not agree to do either an instalment arrangement or deducting your excess. Deducting your excess will only be practical if money is being paid out. 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](#)