

## Step 1. What if I can't pay my excess?

The excess is your contribution to a claim. It is 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. If you are experiencing financial difficulty it can be difficult to pay the excess. You can ask the insurer if:

- you can pay the excess in instalments, or
- deduct it from your claim - if your car was damaged in the accident and your insurer is going to pay your total loss amount or pay the cost to repair, ask them to deduct it from your pay out.

Note: If you have Third Party Property, you can ask your insurer to deduct your excess from the payout to the other party.. You may be contacted by the other party (or their insurer) for payment of the balance. You can then negotiate to repay it in instalments. *Example You are at fault in an accident and have Third Party Property insurance with Insurer A. The other party you hit is insured with Insurer B. Insurer B demands \$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. Your insurer should either give you an instalment arrangement or deduct your excess, unless it is not practical (for example, you will not be receiving money because your car is being repaired). Then you should request to make payments by instalments to cover the excess.*

For more information, see:

- [Checklist – Paying your excess](#) on our website
- [Sample Letter – Can't pay my excess](#) on our website

An insurer can't refuse to process a claim simply because you can't pay the excess. If the insurer won't be reasonable, you should get legal advice. You can [email](#) or call the Insurance Law Service on 1300 663 464. If you are experiencing financial hardship, and need help to offer an instalment arrangement to your insurer, you should speak to a Financial Counsellor. To speak to a free Financial Counsellor, call the National Debt Helpline on 1800 007 007.