

Step 1. My car is a total loss – can they deduct my premiums, CTP and registration?

If your car is a total loss and the insurer has to pay you the agreed or market value, they can deduct the following:

- excess
- rest of the year's insurance premium, if you pay monthly
- unused car registration and CTP insurance
- value of the wrecked car, if you want to keep it

TIP: You should check your policy – there should be a section about what happens when you lodge a claim, and your car is a total loss. **Your excess** Your excess is your contribution to a claim. For more information see:

- [Why do I have to pay my excess? Or multiple excesses?](#) fact sheet on our website

Your premium When you purchased your insurance policy, you agreed to pay for a year's worth of insurance, even if you make your payments monthly. The premium (the total cost of your insurance) is in exchange for a certain value of coverage, or your 'sum insured'. When you have a total loss claim, the whole premium for the rest of the 12 month period of insurance is due. *Example Your premium is \$1,200 for 12 months insurance. Your car has a market value of \$10,000. You have an accident in month two, your car is written off, and you have paid \$200 but still owe another \$1000 for the rest of the year. The remainder of the year's premiums (\$1000) will be deducted from your payout amount (\$10,000 - \$1,000 = \$9,000).* **The unused portion of your registration and CTP insurance** Most insurance policies define the market or agreed value of the car as including its registration and compulsory third party insurance, just like the car's bonnet or wheels. The insurer will deduct the remaining value of your unused registration and Compulsory Third Party (CTP) insurance from your payout. You can get a refund for your unused:

- CTP from your CTP insurer
- registration from Roads and Maritime Services (RMS).

As you can recover these amounts yourself, they are not losses when deducted by

your insurer.

The wreck The insurer may choose to:

- keep the wreck and pay you the sum insured, or
- give you the option of keeping the damaged car but only pay you the value of the car less its salvage value.

Before deciding if you want to keep the damaged car, you should get advice from a smash repairer and the [Roads and Maritime Service](#) on 13 22 13. It may be difficult or impossible to re-register the car if it is deemed unrepairable and is listed on the written off vehicle register (WOVR). For more information see:

- [Your car has been written off](#) fact sheet on our website

Example *Emily's car had a market value of around \$8000. She took out comprehensive car insurance with BIG insurance company and was paying the premiums monthly. Emily's car was badly damaged in an accident. She was at fault. When she claimed on her car insurance, the insurer told Emily that her car is a write-off. Emily was expecting the insurer to pay her \$8000, so she was shocked when the insurer told her she was only getting \$5800 because they are deducting the excess, the rest of the year's insurance premiums and the unused car registration and CTP insurance and the value of the wrecked car. Emily calls and asks: can the insurer do that? As outlined above – the answer is Yes. If you have more questions about the WOVR in NSW, contact the [Roads and Maritime Service](#) on 13 22 13. If you have more questions about dealing with an insurer, [email](#) or call the Insurance Law Service on 1300 663 464. If you have a general legal questions, start by calling [LawAccess](#) NSW on 1300 888 529.*