

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

The excess is the cost an insured person must pay their insurance company if they choose to make a claim with their insurer. 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 hardship, it can be hard to pay your insurer the cost upfront. You can ask your insurer:

- if you can pay the excess in instalments
- to deduct it from your claim If your insurer is going to cash settle you (for example, pay your total loss pay out or cost to repair), ask them to deduct it from your pay out. Note that it is not practical to deduct the excess unless a payment is being made. If you only have 3rd party property insurance (or you are not claiming in relation to damage to your own property) ask your insurer to deduct your excess from the payout to the other party. This means your insurer may pay the other party or their insurer the amount they are demanding less your excess and then 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 with the other party.

Your insurer cannot refuse to process a claim simply because you are unable to pay the excess. *Example You hit a 2007 BMW in your 1994 Ford laser. You and the BMW driver each contributed 50/50 to the accident. You have 3rd party property insurance with Insurer A. The BMW driver is insured with Insurer B. The damage to your Laser is assessed at \$2,600 and the damage to the BMW at \$12,500. 50% of \$ 12,500 = \$6,250; 50% of \$ 2,600 = \$1,300. Therefore, Insurer B demands you pay \$6,250-1,300 = \$4,950. Your excess to Insurer A is \$600. You cannot afford to pay your excess, so at your request Insurer A pays Insurer B \$4,950-\$600=\$4,350. Insurer B contacts you, and you arrange to pay the remainder of \$600 in instalments at \$100 per month.*

Your insurer should either agree to an instalment arrangement or to deduct the excess.

Deducting your excess will only be practical if the claim is being paid out. 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**. For more information see:

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

If you are in financial hardship and need help to propose an instalment arrangement to your insurer, you can call a Financial Counsellor. To speak to a free Financial Counsellor call the National Debt Helpline on 1800 007 007. Click on the **“I am experiencing financial hardship”** link below, if:

1. your own insurer has paid the amount claimed by the other party less your excess, and
2. the other party (or their insurer) is chasing you to pay the deducted amount, and
3. you can't afford to pay that amount.

For more information on excesses, or if you are being asked to pay multiple excesses see:

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