

## Step 1. I am not at fault, I'm insured but can't afford 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. Your 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). An excess may well be payable even if you don't believe you were at fault: see our [Do I have to pay my excess or multiple excesses?](#) fact sheet on our website. You can also click on the **"I want to know if I have to pay my excess?"** button below for more information. 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; or
2. ask them 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 your car), you can ask them to deduct it from your payout. If you only have 3rd party property insurance (or you are not claiming in relation to damage to your own property), you can ask your insurer to deduct your excess from the payout to the other party. What this means is:
  - a. The insurer may pay the other party's insurer the amount they are demanding less your excess.
  - b. The payment on your behalf by your insurer will be an admission of liability (fault) i.e. you will no longer be in a position to argue that you are not at fault.
  - c. You may then be contacted by the other party or their insurer demanding payment of the balance i.e. the excess amount. You can then negotiate to repay it in instalments with the other party.

*EXAMPLE You are in an accident and have 3rd party property insurance with Insurer A. The other party is insured with Insurer B. Insurer B demand \$5,000 from you. Your excess to Insurer A is \$600, and Insurer A thinks you are at fault. You think you are not at fault, but have decided you want to make a claim and just let your insurer deal with it. However, you can't afford the \$600 excess. At your request, 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 agree to an instalment arrangement or to deduct the excess. Deducting your excess will only be practical if the claim is 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 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.