

Step 1. I am partially at fault, am in financial difficulty and 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 agree you have contributed to the accident, then an excess is generally payable. If you are in financial difficulty it can be difficult to pay your insurer the cost upfront. If you have comprehensive insurance you can ask to:

1. pay the excess in instalments to your insurer, after which they will then repair your car; or
2. If your insurer is going to pay you a cash settlement rather than repair your car, have the excess deducted from your pay out.

If you only have 3rd party insurance ask the insurer to either:

1. Accept a repayment arrangement for the excess; or
2. Deduct the excess from the payout of the at fault party's claim. If they do this you may be contacted by the other party or their insurer seeking payment of the excess amount. You can then negotiate with the other party to pay it in instalments.

An insurer cannot refuse to process a claim simply because you are unable to pay the excess. **Example** *You are at fault in an accident and have 3rd party property insurance with Insurer A. The other party 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 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 experiencing financial hardship, and would like assistance with putting together an instalment arrangement to propose to your insurer, you can make an appointment to see a Financial Counsellor. Call the free National Debt Helpline on 1800 007 007. 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