

Paying Insurance Excess

This fact sheet is for information only. You should get professional advice about your personal situation from a financial counsellor or a lawyer.

Main ideas

• The excess is your contribution to an insurance claim. It is defined in your policy schedule.

• Whether you need to pay an excess depends on your insurance contract.

• Sometimes it's best to pay the excess and then dispute it later.

• There are some situations where you may need to pay multiple excesses.

• If you can't afford your excess, tell your insurer. Your insurer can't reject your claim just because you can't pay the excess.

• Financial counsellors can help if you are in financial hardship. Their services are free.

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Most policies need you to pay an excess, unless an exception applies

Most policies have an excess you need to pay, and it may not matter whether you are at fault or not.

Your insurance Product Disclosure Document (PDS) sets out when you don't have to pay an excess, or when your excess is refunded. Check your PDS and your policy schedule to find out more about your excess.

All policies are different.

Some policies do not require an excess for some types of claims, like windscreen damage.

If you're not at fault

Some policies require an excess for all claims, regardless of fault.

Some vehicle policies will say you do not have to pay an excess if you can prove the other driver/owner is 100% at fault.

Some policies will also need you to give your insurer some details of the owner/driver at fault (usually name, address, phone number and registration number).

If you have an accident, photograph the other vehicle's rego plate and the other driver's licence. But this can be difficult if the other driver leaves the accident without providing these details. Even if the police identify the at-fault driver, they may not give the information to you.

The insurer can apply to the police for this information, but it increases their costs. If the other driver cannot be located or refuses to pay, the insurer may decide it is not worth the effort to chase them, and so you may have to pay the excess.

Sometimes the insurer can recover damages from the at-fault driver, and can refund the excess to you. This may not happen, because your insurer may decide it's not worth the time or money to pursue the other person – it could take months or years.

If you don't think you should pay the excess

Pay the excess and dispute it later

To get the claim processed faster – to get your vehicle fixed and deal with demands from the other driver/owner – you can pay the excess, but let the insurer know you don't agree and will dispute it later.

When you dispute the excess and ask for it to be refunded, you will need to provide solid evidence that you meet the conditions in the PDS about not paying the excess.

Refuse to pay the excess

If you refuse to pay the excess, the insurer will not repair your property or the other driver/owner's property. Or they may deduct it from any payout to you or the other driver/owner (so the other driver/owner may chase you for that amount directly).

If you have not paid your excess and the other driver/owner (or their insurer) starts legal action, your insurer may not cover the additional legal and court costs, or the claim itself. Your insurer can reject or reduce your claim if they suffer because you delay the claim by not paying your excess.

We have an [Insurance Complaints to AFCA fact sheet](#) and a [sample letter to raise a dispute](#).

If you are unable to pay your excess, you can ask for a repayment arrangement to pay it off over time. [See our sample letter about being unable to pay your excess to the insurer](#).

Paying multiple excesses

There are 3 common reasons why an insurer will ask for more than one excess:

- 1. You are claiming for multiple incidents. An excess is paid per incident.**
For example, suppose you have a minor accident involving only cosmetic damage to the front of your car. As you drive to the repairer, you run into the back of another car. These are 2 separate incidents, so you need to lodge a separate claim for each, and so pay 2 excesses.
- 2. You are claiming under 2 different policies.**
For example, suppose you accidentally hit the accelerator instead of the brake and drive into the family home. Your car policy only covers the car – you will make a claim and pay an excess for the car damage. Your home policy covers damage to the home – you will make a claim and pay a second excess for the damage to the home.
- 3. Your policy has a basic excess and additional excesses for specific situations.**
For example, there may be an additional excess if the driver is not listed on the policy, or is under 21 years of age.

Check your PDS and policy schedule to check how the excess is calculated.

If you can't afford to pay your excess

Insurers cannot reject your claim just because you cannot pay your excess.

If you cannot pay your excess, you should tell your insurer and ask them to:

- Agree to a payment plan to pay the excess over a reasonable amount of time.
- Cash settle your claim. They can keep the amount of your excess before paying the rest to you.
- Reduce the amount owing or waiving the excess completely. It is up to the insurer

whether they agree to do this. It is more common for people in long-term or severe hardship.

The insurer may ask for relevant evidence of your hardship, for example medical evidence or Centrelink statements.

You should get a response to your hardship request within 21 days. Get legal advice if you think your insurer has rejected a fair payment plan. If you need help to work out what you can afford, you can speak to a free financial counsellor by calling the National Debt Helpline on [1800 007 007](tel:1800007007).

Need more help?

[For a list of other resources and organisations, visit our Useful Help page.](#)

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