



## ***Excesses - several payments over time -***

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 This publication is extracted from the Insurance Industry Partnership - issues register. See issue 16 of that register. This publication should be read in conjunction with the related content of that register where further context is required.



## Insurance Industry Partnership

### Excesses – several payments over time

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### Excesses – several payments over time

#### ***Issue***

1. If an excess is paid before the claims settlement is made, and the claim is going to be settled with several payments over time, none of which individually are greater than the excess, how is the excess taken into account in calculating the settlement amount under subsection 78-15(4)? Some insurers are intending, if they know that they are going to have a decreasing adjustment, to account for an amount equivalent to an increasing adjustment on the receipt of the excess. This will have the same effect as if all of the settlement and excess were paid at the one time and the settlement amount calculated on the totals. Is this acceptable?

#### ***ATO view***

2. This is acceptable.