



Explanation of terms and conditions

The excess and aggregate limits

Making claims clear





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At AXA, we want to make dealing with us simple and trouble free, so you can get back on your feet as soon as possible after a loss.

We know the last thing you need when you make a claim is to find any surprises in your policy conditions or get tied up in legal language.

We've put this guide together to explain the excess on your policy and how aggregate cover limits work – key aspects of your insurance that could affect the amount of any claim you make.



The excess and aggregate limits



What is an excess?

Most insurance policies have an excess. This is the amount you contribute towards each claim before your insurance starts paying. There is normally a standard excess for each type of policy, but sometimes a higher or lower excess can be agreed. If so, it may also affect the premium. Normally, a higher excess will mean a lower premium and a lower excess will mean a higher premium.

Levels of excess

The excess can also vary depending on the risk. For example, the excess for subsidence is normally higher than other buildings insurance risks, because the likely cost of rectifying subsidence is high. The excess can also vary depending on the probability of an event occurring. For example if you live in a high flood risk area then you may find you have a higher excess for flood risks.

It's important that you check your excess each time you renew your cover as it may increase, for example as a result of claims inflation or the frequency of claims.



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Different types of excess

Most commonly, an excess will be a specific amount, but it can also be a percentage of the loss. In some cases, an excess is not a sum of money, but a period of time after the start of your policy before your insurance cover kicks in. This could be:

- A period following the suspension or withdrawal of a licence.
- A period during which machinery or utilities have to be out of action before cover applies.

Aggregate limits

An aggregate limit puts a cap on the total value of claims that can be made on a policy within a specified period of insurance, usually a year. Once this value limit is reached no more claims will be accepted until the next insurance period.

Example

A contractor has professional indemnity cover and has agreed an aggregate limit of £100,000 on the policy. By the eighth month of the annual policy, they have made three separate claims – the first settled at £23,000, the second £62,000 and the third £15,000. This means the limit of the aggregate agreement has been reached and no further claims will be paid under the policy in that 12 month period. A new aggregate limit will begin at renewal of the policy the following year.



Get in touch

If you have any questions about this document, please get in touch with your usual AXA contact or your insurance broker.





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