

Excess Buyback Insurance



The point of purchasing an insurance policy is to protect you and your business against inordinate and unexpected costs. However, even with an insurance policy in place, you will most likely still be liable for the 'excess', or the amount that must be paid by the policyholder before the insurer pays out on a claim. Therefore, if your insurance policy has a high excess, you are not completely protected against surprising and unexpected expenses.

Paying high excesses can hurt your business' bottom line and take money away from other areas such as expansion and growth. By purchasing an excess buyback policy, you can help soften the blow of having to suddenly pay a large excess in order to receive insurer compensation. Consider securing excess buyback cover to make sure your business is fully covered.

What is it?

Excess buyback insurance protects you and your business against unexpected and high excess costs. For a low annual premium, it covers your excess when you make a claim. The excess limit is typically set as a yearly aggregate of between £250 and £2,500. This means that if your primary policy requires an excess of £500 and you purchase an excess buyback limit of £2000, your excess will be covered for up to four claims within the year.

Typically, general insurance policies with higher excesses will have lower premiums. Consult your insurance policies to see if your costs follow this ratio. If you pay a high excess and a high premium, perhaps it is time to reconsider your cover.

What are the Benefits?

When purchased strategically, excess buyback insurance can help you reduce high premiums and burdensome excess payments without sacrificing cover. When you lower the premium for your original policies, you may be saddled with higher excesses. Reduce this cost by purchasing excess buyback insurance—that way you secure a low premium and help mitigate the risk of the subsequently higher excess.

Excess buyback insurance applies to a wide range of both commercial and personal covers, so you should not have trouble finding a policy to supplement your existing insurance.

What are the Risks?

Despite its ability to circumvent high, unexpected costs, excess buyback is not free of risk. Not all policies are suited for excess buyback cover. A valid excess buyback claim only arises when you make a claim under the primary insurance policy; therefore, the original claim needs to exceed the excess.

Purchasing excess buyback insurance will depend on your unique situation and risk profile. For more information on securing excess buyback insurance to provide additional protection and reduce unnecessary expenses, contact Sirelark Risk Services today.

Provided by Sirelark Risk Services

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