



## CANNEX *home & contents star ratings - methodology*

### AWARDS TO INSTITUTIONS



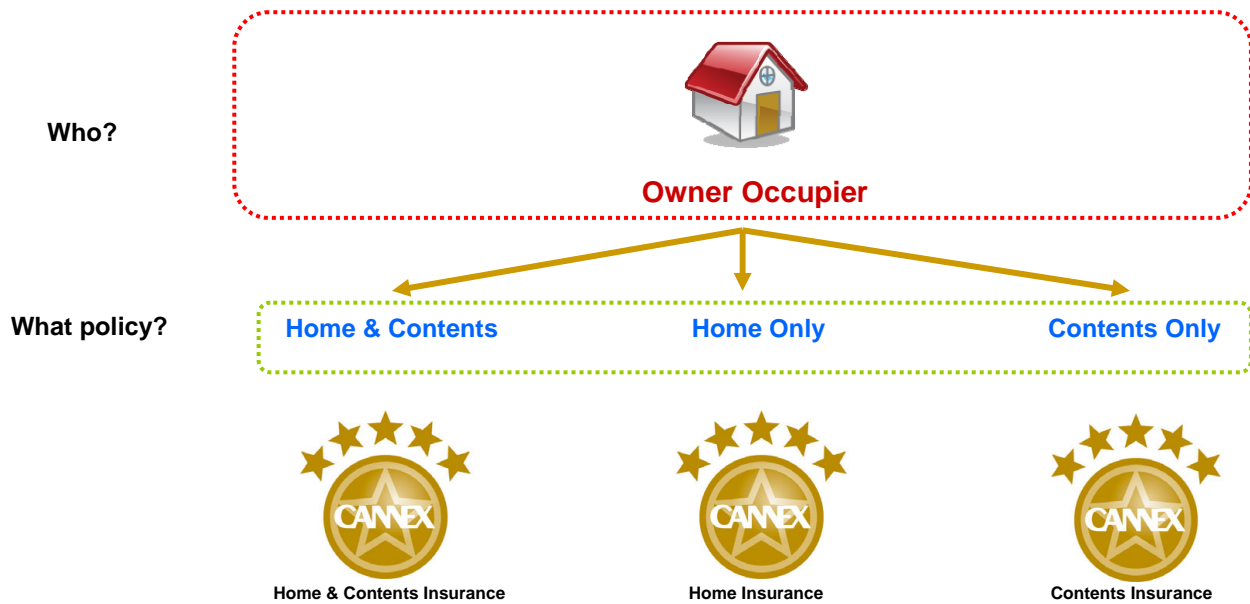
Institution-based awards are determined by product performance across the 36 star-rated categories:

- Home, Contents, Home and Contents (x3)
- State (x6)
- Sum insured – high, low (x2)

To determine the state winners, the contribution of the best product results from each of the categories is considered.

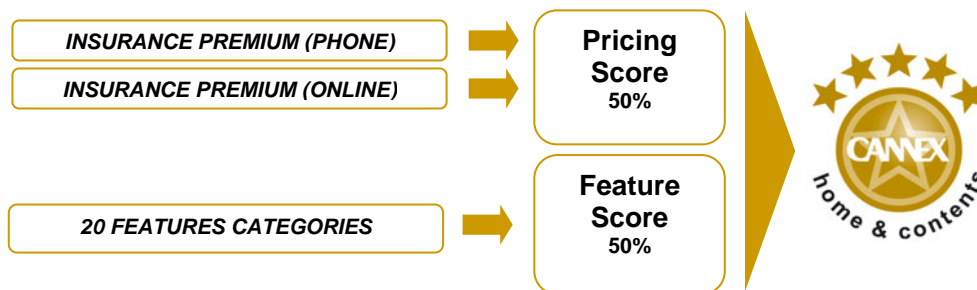
To determine the national winners (overall and per product category), each institution's product performance in each state is considered and these performances are weighted based on the population of the relevant state relative to the overall Australian population. The insurer that has the best weighted average score across all states is awarded the national award for that product category.

## AWARDS TO PRODUCTS - METHODOLOGY



The *home & contents insurance* star ratings consist of 3 separate insurance product types (home insurance, contents insurance and home & contents insurance). The rating process for each of these product types employs a separate star ratings methodology consistent with the pricing and features model of the CANEX star ratings.

$$\text{TOTAL STAR RATINGS SCORE (T)} = w_1\text{PRICING SCORE (P)} + w_2\text{FEATURES SCORE (F)}$$



Home & contents insurance products are rated across 6 states and 2 sums insured so that consumers will be able to identify their demographic and create a short list of 5 star products that may be suitable for their needs.

### PRICING SCORE

The insurance premium for home insurance is used as the main point of cost comparison. Peer products are compared and the product with the lowest cost is awarded the highest pricing score. All other peer products are awarded a relative score based on how much more expensive they are (i.e. if a product costs twice as much as the cheapest, it will earn half the pricing score of the cheapest product).

Sum Insured	Home	Contents
Low	\$250,000	\$50,000
High	\$400,000	\$100,000

To be eligible for Star Ratings, premium quotes have to be available both online and by phone. Some of our quoting was obtained online. In other cases quoting was by phone. The pricing score is weighted 75% to phone price score and 25% to online price score.

## FEATURE SCORE – HOME INSURANCE

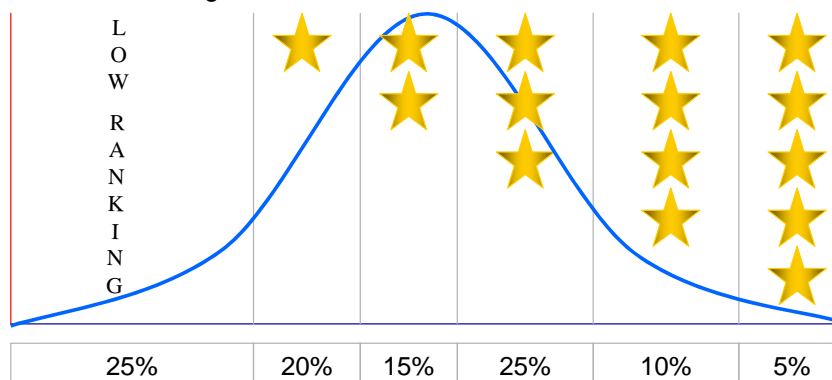
Over 100 different features are assessed from 21 different feature categories. Peer products are compared and the product with the most comprehensive feature is awarded the highest feature score.

### Home & Contents Insurance – Feature Weightings

Feature Categories	Descriptions	Weights		
		Home Only	Contents Only	Home & Contents
<b>Policy Terms</b>		<b>50%</b>	<b>50%</b>	<b>50%</b>
Policy Conditions	List flexibilities in taking the policies (eg. cooling off period, different excesses amounts)	15%	15%	15%
Claim Process	Different flexibilities in making claims (eg. online, phone, 24 hour service)	15%	15%	15%
Defined Events	List all events & maximum cover (eg. earthquake, explosions, lightning cover)	15%	15%	15%
Accidental Damage	Specific conditions for accidental cover event	25%	25%	25%
Flood	Specific conditions on flood related cover	10%	10%	10%
Storm	Specific conditions on storm related cover	10%	10%	10%
Helpline	Flexibilities in assisting policy holders post-event (helpline, trauma counseling)	10%	10%	10%
<b>Building Cover</b>		<b>50%</b>		<b>25%</b>
Building Inclusions	Definitions of buildings	5%		5%
Building Policy	Flexibilities to rebuild (eg. choice of builders, option to rebuild)	20%		20%
Underinsurance protection	Specific features to prevent under insurance	30%		30%
Fusion of electric motor (Building)	Specific conditions on fusion cover	10%		10%
Other benefits (Building)	Other benefits (key replacement, temporary accommodation, removal of debris)	20%		20%
Scenario questions (Building)	Specific scenario question in relate to building cover	15%		15%
<b>Contents Cover</b>			<b>50%</b>	<b>25%</b>
Contents inclusions	Definitions of contents		5%	5%
Contents Policy	Flexibilities on contents term (eg. new for old, contents in open air)		20%	20%
Fusion of electric motor (Contents)	Specific conditions on fusion cover		10%	10%
Theft or attempted theft	Specific conditions on theft related cover		15%	15%
Other benefits (Contents)	Other benefits (credit card theft, guest belonging)		15%	15%
Scenario questions (Contents)	Specific scenario question in relate to content cover		10%	10%
Maximum Item Benefits (Unlisted Items)	Maximum benefits for unlisted item		20%	20%
Specified Portable Items	Specific conditions on specified portable items		5%	5%

## HOW ARE THE STARS AWARDED?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores according to the following guidelines. As you can see, only the products that obtain a score in the top 5% of the of the score distribution receive a 5 star rating and only the top 75% of the score range receive a star rating.





The results are reflected in a consumer-friendly 5-star concept. The star ratings from the **CANNEX home & contents star ratings** are described as follows:

- |       |                   |    |                      |
|-------|-------------------|----|----------------------|
| ★★★★★ | Superior Product  | ★★ | Average Product      |
| ★★★★  | Excellent Product | ★  | Satisfactory Product |
| ★★★   | Strong Product    |    |                      |

## DOES CANNEX RATE OTHER PRODUCT AREAS?

**YES.** CANNEX also rates credit cards, rewards, mortgages, low doc home loans, deposit accounts, margin lending, personal loans, package banking, business banking products, health and car insurance. These star ratings use similar methodologies. This guarantees the quality and transparency of the star ratings. The use of similar star ratings logos also builds consumer recognition of quality products across product categories. Please access the CANNEX website at (<http://www.cannex.com.au/>) if you would like to view the latest reports of interest.

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