



METHODOLOGY

Direct Life Insurance Star Ratings

What are the Canstar *Direct Life Insurance Star Ratings*?

Canstar *Direct Life Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both cost and features across direct life insurance products. Canstar star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked.

Ratings range from five to one star. Five-star rated products have been assessed as offering outstanding value to consumers.

Eligibility Requirements

In order to be considered for the star rating, a product must meet the following requirements:

- Cover is for sickness and accident (i.e. it is not accident-only cover)
- It is not restricted solely to members of a specific organisation
- It must be available directly to the consumer without an intermediary (e.g. a financial planner)
- Quotes must be available:
 - online, from rates in the Product Disclosure Statement, or via information the provider supplies to Canstar directly
 - at all coverage amounts considered for comparison purposes
 - to Canstar without the need for a medical.

Profile Description

Direct Life products included in the Canstar *Direct Life Insurance Star Rating* are assessed across 20 consumer profiles based on age group, gender and smoking status with a star rating assigned for each profile.

The profiles considered are as follows:

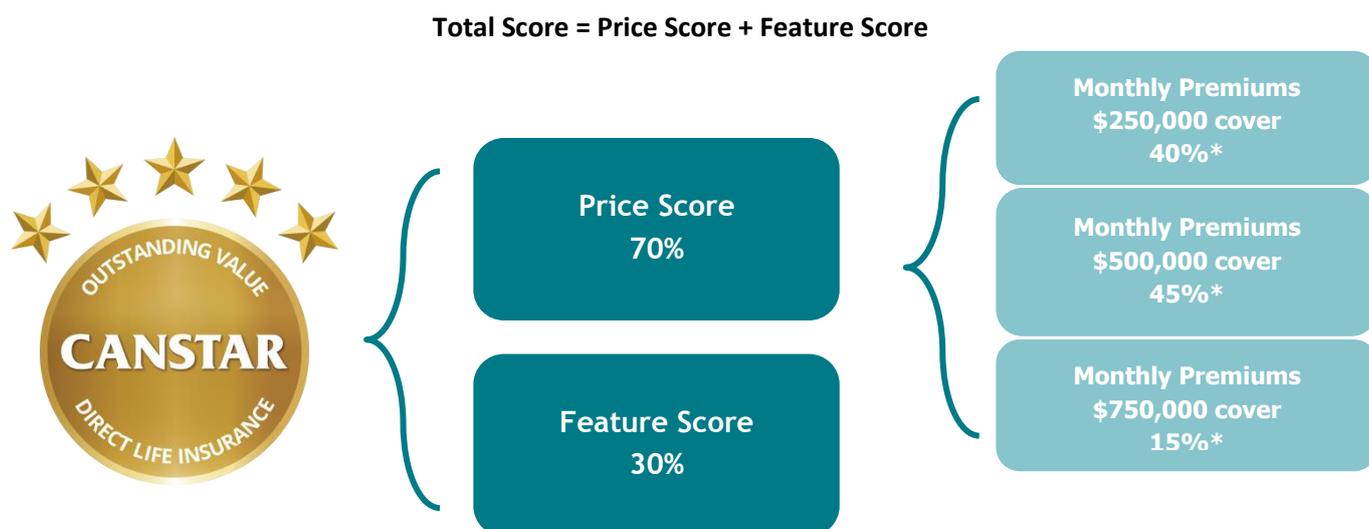
Age Group	Gender	Smoking Status
Twenties (20-29 years)	Male & Female	Smoker & Non-Smoker*
Thirties (30-39 years)		
Forties (40-49 years)		
Early Fifties (50-54 years)		
Late Fifties (55-59 years)		

*Non-Smoker is defined as a person who has not smoked for at least the last 12 months.

Star Ratings Methodology

Each direct life insurance product reviewed for the Canstar *Direct Life Star Ratings* is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a price score and a feature score.

To arrive at the total score, Canstar applies a weight against the price score and the feature score. The weights reflect the relative importance of costs and features in determining the products offering outstanding value. This method can be summarised as follows:



*For the Early and Late Fifties profiles a weight of 50% is allocated towards \$250,000 and \$500,000 cover amounts, and a weight of 0% for the \$750,000 cover amount.

Price Score

The price score is calculated by collecting monthly premiums for each of the 20 profiles, with quotes based on three levels of cover:

- \$250k (low sum insured amount)
- \$500k (medium sum insured amount)
- \$750k (high sum insured amount).

Quotes are obtained for every age from 20 to 59, each gender, smoker and non-smoker, across three coverage amounts.

The lowest priced product within each profile is allocated the maximum price score, with all remaining products scored against it.

Feature Score

The feature score takes into account a number of features within four different categories, with individual features allocated points and each category, and subcategory, assigned a weighting. The product with the highest feature score is allocated the maximum score, with all remaining products within the profile scored against it.

The features categories and subcategories, with assigned weights, are:

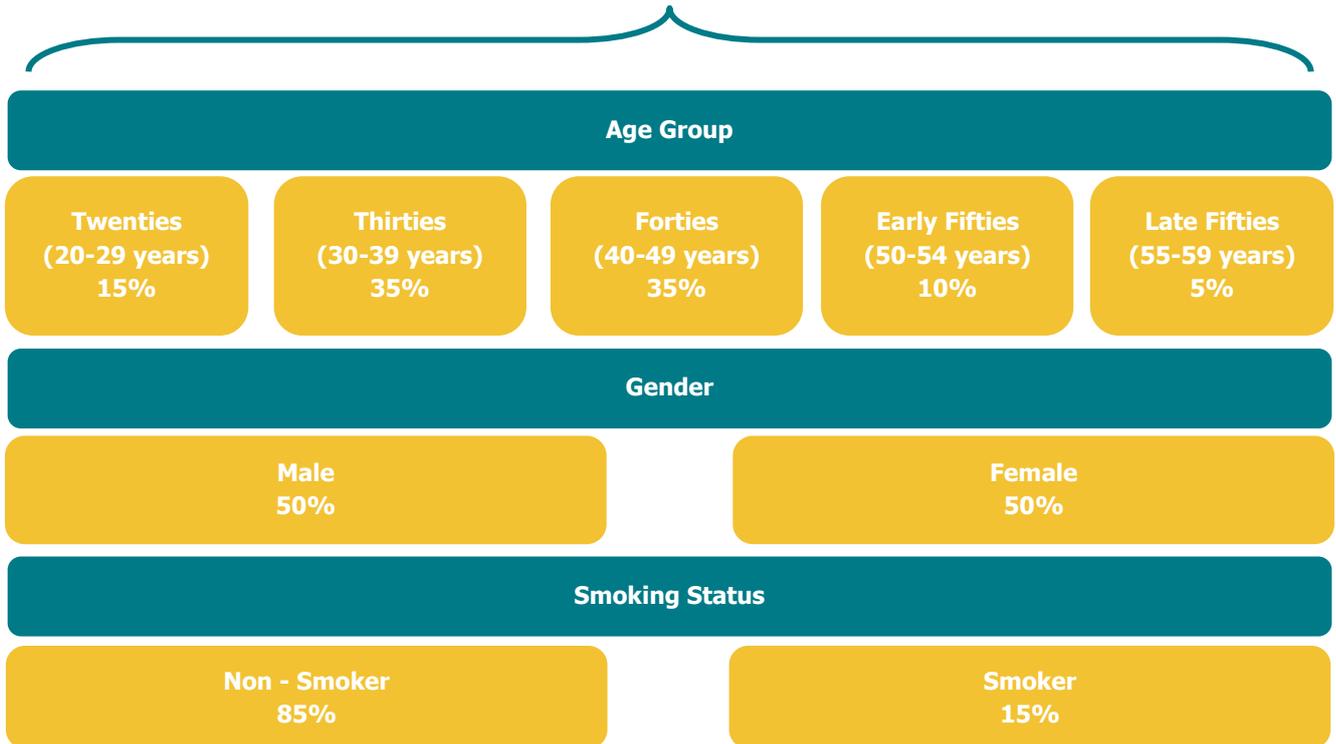
Category/Subcategory	Weight	Total Weight
Standard Company Terms	40%	
General (Other) Exclusions	50%	20%
Pre-Existing Conditions	30%	12%
Other Company Terms	15%	6%
Indexation	5%	2%
Application & Claims Process	25%	
Application Process	40%	10%
Claims Process	30%	7.5%
Support	20%	5%
Interim Cover	10%	2.5%
Policy Benefits and Options	20%	
Terminal Illness	30%	6%
Funeral Benefit	30%	6%
Riders (Trauma & TPD)	15%	3%
Guaranteed Future Insurability	10%	2%
Other Benefits & Options	10%	2%
Financial Advice	5%	1%
Policy Terms	15%	
Premiums	50%	7.5%
Sum Insured	50%	7.5%

Canstar *Direct Life Insurance Award*

Canstar awards an Outstanding Value award to the insurer or insurers who offer outstanding value based on their cumulative score and star ratings performance across all 20 direct life insurance profiles.

Award Methodology

The weight placed on each profile is shown below, and represent the relative importance of each in determining the outstanding direct life insurance products.



Does Canstar rate all products available in the market?

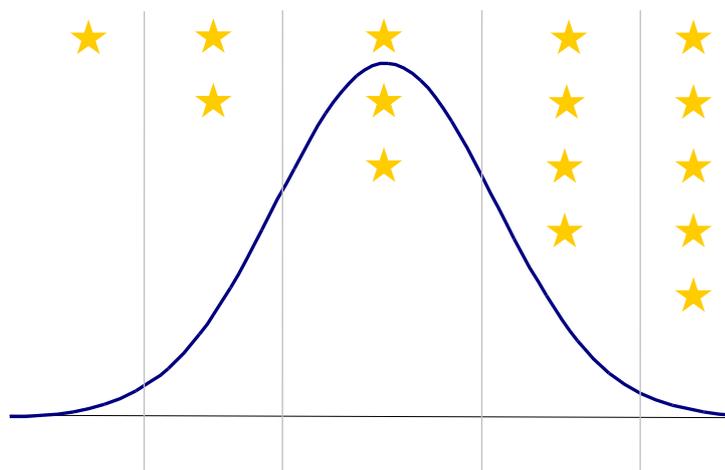
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are products reviewed for awards or star ratings purposes?

All ratings are fully recalculated every 12 months based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazines, television, websites, etc.)

How are the stars awarded?

Products are ranked based on the total score received for each profile. Stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the Canstar five-star rating.



Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the Canstar website at www.canstar.com.au if you would like to view the latest star ratings reports of interest.



- Account based pensions
- Business life insurance
- Deposit accounts
- Health insurance
- Landlord insurance
- Margin lending
- Package banking
- Reward programs
- Travel insurance
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Travel money cards
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits
- Youth banking

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