



METHODOLOGY

Life Insurance Star Ratings and Awards

What are the Canstar *Life Insurance Star Ratings and Awards*?

Canstar *Life Insurance Star Ratings and Awards* use a sophisticated and unique ratings methodology that compares both cost and features across 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

To be eligible for inclusion in the Canstar *Life Insurance Star Ratings and Awards*, a life insurance product must meet the following selection criteria:

- Cover is for sickness and accident (i.e. it is not accident-only cover)
- It must be available to the consumer via an adviser (i.e. it is not a direct product)
- Features and premium information is provided directly to Canstar
- Body Mass Index (BMI) is not required when requesting a quote
- Eligibility for the product is not conditional on ongoing health checks
- For comparison purposes, quotes must be available:
 - for all occupations considered within each occupational category
 - at each specified cover amount
 - for every age considered within each age group.

Profile Description

Five types of insurance cover are assessed across 64 different profiles (72 profiles for term life cover) based on occupational category, age group, gender and premium type, with a star rating assigned for each profile. This gives a total of 328 profiles.

The profiles considered combine the following components:

Cover Type	Occupational Category	Age Group	Gender	Premium Type
<ul style="list-style-type: none"> • Term Life • TPD • Trauma • Income Protection • Packaged Life 	<ul style="list-style-type: none"> • Professional • White Collar • Light Manual • Blue Collar 	<ul style="list-style-type: none"> • Twenties (20-29) • Thirties (30-39) • Forties (40-49) • Fifties (50-59) • Sixties (60-69) * 	<ul style="list-style-type: none"> • Male • Female 	<ul style="list-style-type: none"> • Stepped • Level

* Note, the sixties age group is only considered for term life, and for the sixties age group premiums are stepped only as level premiums are not offered.

Star Ratings Methodology

Each life insurance product reviewed for the Canstar *Life Insurance Star Ratings and Awards* 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.

For all ratings profiles, this method can be summarised as:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



The weight placed on the price and feature scores varies across products, as follows:

Product	Price Score	Feature Score
Term Life Insurance	80%	20%
TPD Insurance	70%	30%
Trauma Cover	50%	50%
Income Protection	50-60%*	40-50%**
Packaged Life Insurance	50-60%*	40-50%**

* 60% for twenties and thirties; 50% for forties and fifties age groups

** 40% for twenties and thirties; 50% for forties and fifties age groups

Price Score

The price score is calculated by collecting monthly premiums for each profile. The lowest priced product within each profile is allocated the maximum price score, with all remaining products scored against it.

Quotes are obtained for:

- five occupations within each of the four occupational categories (20 occupations in total);
- every age from 20 to 59 for income protection, TPD, trauma and packaged life insurance, and from 20 to 69 for term life cover;
- both genders;
- stepped and level premiums.

Feature Score

The feature score takes into account a number of features within different feature categories and subcategories, 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 feature categories and subcategories and respective weights vary across products, and are detailed in the following product-specific methodologies.

Term Life Insurance Methodology

For term life insurance the weight on price and features is as follows:

Product	Price Score	Feature Score
Term Life Insurance	80%	20%

Price Score

For quoting purposes one amount of cover is selected per profile, based on occupational category and age group. The amount of cover considered for each occupational category and age group is detailed below:

Age Group	Occupation	Age	Cover Amount
Twenties	Professional	20-29	\$750,000
	White Collar		\$500,000
	Light Manual		\$500,000
	Blue Collar		\$500,000
Thirties	Professional	30-39	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
Forties	Professional	40-49	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
Fifties	Professional	50-59	\$1,000,000
	White Collar		\$1,000,000
	Light Manual		\$750,000
	Blue Collar		\$750,000
Sixties*	Professional	60-65	\$1,000,000
	White Collar		\$1,000,000
	Light Manual		\$750,000
	Blue Collar		\$750,000

*Note for the sixties profiles stepped premiums alone are considered as level premiums are not offered.

Feature Score

For term life insurance star ratings the feature categories and subcategories, with assigned weights, are:

Category/Subcategory	Weight Twenties, Thirties & Forties	Weight Fifties & Sixties
Policy Benefits and Options	60%	60%
Terminal Illness	30%	40%
Guaranteed Future Insurability	30%	10%
Future Underwriting	10%	10%
Other Policy Benefits and Options	10%	10%
Funeral Benefit	5%	10%
Accidental Death	5%	10%
Financial Planning	5%	5%
Accommodation Benefit	5%	5%
Standard Company Terms	30%	30%
Exclusions	50%	50%
Interim Cover	15%	15%
CPI Indexation	15%	15%
Other Standard Company Terms	10%	10%
Policy Upgrade	5%	5%
Loyalty Bonus	5%	5%
Policy Terms	10%	10%
Premiums	65%	65%
Sum Insured	15%	15%
Coverage Terms	10%	10%
Other Policy Terms	10%	10%

Total and Permanent Disability (TPD) Insurance Methodology

For TPD insurance the weight on price and features is as follows:

Product	Price Score	Feature Score
TPD	70%	30%

Price Score

For quoting purposes one amount of cover is selected per profile, based on occupational category and age group. The amount of cover considered for each occupational category and age group is the same as for term life and is detailed below:

Age Group	Occupation	Age	Cover Amount
Twenties	Professional	20-29	\$750,000
	White Collar		\$500,000
	Light Manual		\$500,000
	Blue Collar		\$500,000
Thirties	Professional	30-39	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
Forties	Professional	40-49	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
Fifties	Professional	50-59	\$1,000,000
	White Collar		\$1,000,000
	Light Manual		\$750,000
	Blue Collar		\$750,000

Note, for the price score quotes are obtained for any occupation cover, and own occupation quotes are then considered as a component within the feature score.

Feature Score

For TPD insurance star ratings the feature categories and subcategories, with assigned weights, are:

Category/Subcategory	Weight Professional/White Collar	Weight Light Manual/Blue Collar
TPD Definitions	50%	50%
Own Occupation	55%	35%
Any Occupation	15%	30%
Activities of Daily Living	10%	10%
Home Duties	5%	10%
Day 1 benefit paid	5%	5%
Survival period	5%	5%
Loss of Sight and Limbs	5%	5%
Standard Company Terms	25%	20%
Exclusions	40%	40%
CPI Indexation	25%	25%
Interim Cover	15%	15%
Other Standard Company Terms	10%	10%
Policy Upgrade	5%	5%
Loyalty Bonus	5%	5%
Policy Benefits and Options	15%	10%
Future Underwriting	20%	20%
Guaranteed Future Insurability	20%	20%
Other Policy Benefits and Options	15%	15%
Waiver of Premium	10%	10%
Death Cover	10%	10%
Financial Planning	10%	10%
Life Cover Purchase After Claim	10%	10%
Accommodation Benefit	5%	5%
Policy Terms	10%	10%
Premiums	60%	60%
Coverage Terms	40%	40%
Own Occupation Quotes	0%	10%

Trauma Cover Methodology

For trauma cover the weight on price and features is as follows:

Product	Price Score	Feature Score
Trauma Cover	50%	50%

Price Score

For quoting purposes one amount of cover is selected per profile, based on occupational category and age group. The amount of cover considered for each occupational category and age group is detailed below:

Age Group	Occupation	Age	Cover Amount
Twenties	Professional	20-29	\$200,000
	White Collar		\$150,000
	Light Manual		\$150,000
	Blue Collar		\$150,000
Thirties	Professional	30-39	\$250,000
	White Collar		\$250,000
	Light Manual		\$200,000
	Blue Collar		\$200,000
Forties	Professional	40-49	\$250,000
	White Collar		\$250,000
	Light Manual		\$200,000
	Blue Collar		\$200,000
Fifties	Professional	50-59	\$150,000
	White Collar		\$150,000
	Light Manual		\$100,000
	Blue Collar		\$100,000

Feature Score

For trauma cover star ratings the feature categories and subcategories, with assigned weights, are:

Category/Subcategory	Weight Male	Weight Female
Stand Alone Trauma Events	70%	70%
Cancer	30%	45%
Other Cancers	70%	40%
Breast Cancer	5%	40%
Skin Cancer	15%	15%
Cancer Male	10%	0%
Cancer Female	0%	5%
Heart	30%	20%
Heart Attack	30%	30%
Coronary by-pass surgery	20%	20%
Other Heart	20%	20%
Coronary artery angioplasty	15%	15%
Triple vessel angioplasty	15%	15%
Stroke	15%	10%
Nervous System	10%	10%
Other Trauma Events	15%	15%
Policy Terms	10%	10%
Premiums	60%	60%
Coverage Terms	40%	40%
Standard Company Terms	10%	10%
Exclusions	20%	20%
Other Standard Company Terms	20%	20%
CPI Indexation	15%	15%
Interim Cover	15%	15%
Policy Upgrade	15%	15%
Loyalty Bonus	15%	15%
Policy Benefits and Options	10%	10%
Trauma Reinstatement	50%	50%
Guaranteed Future Insurability	20%	20%
Future Underwriting	10%	10%
Life Cover Purchase After Claim	10%	10%
Other Policy Benefits and Options	10%	10%

Income Protection Methodology

For income protection the weight on price and features is as follows:

Product	Price Score	Feature Score
Income Protection	50-60%*	40-50%**

* 60% for twenties and thirties; 50% for forties and fifties age groups

** 40% for twenties and thirties; 50% for forties and fifties age groups

Price Score

For quoting purposes one annual income and amount of cover is selected per profile, based on occupational category and age group. The amount of cover considered for each occupational category and age group is detailed below along with the average level of cover:

Age Group	Occupation	Age	Annual Income	Monthly Benefit
Twenties	Professional	20-29	\$80,000	\$5,000
	White Collar		\$50,000	\$3,125
	Light Manual		\$55,000	\$3,437
	Blue Collar		\$80,000	\$5,000
Thirties	Professional	30-39	\$100,000	\$6,250
	White Collar		\$70,000	\$4,375
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250
Forties	Professional	40-49	\$150,000	\$9,375
	White Collar		\$105,000	\$6,562
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250
Fifties	Professional	50-59	\$150,000	\$9,375
	White Collar		\$105,000	\$6,562
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250

Note quotes are obtained for indemnity cover only (not agreed value).

Feature Score

For income protection star ratings the feature categories and subcategories, with assigned weights, are:

Category/Subcategory	Weight All Profiles
Policy Benefits and Options	40%
Disability Definitions – Total	30%
Disability Definitions – Partial	30%
Specified Injury	15%
Specified Illness	10%
Claims Indexation	10%
Other Policy Benefits & Options	5%
Claim Payment Terms	35%
Benefits Offsets	35%
Waiting Period	30%
Occupation Definition	15%
Claim Payment	10%
Pre-Disability Income	10%
Standard Company Terms	15%
Exclusions	25%
Interim Cover	15%
Cooling off period	15%
Policy Upgrade	15%
Company Terms	10%
Indexation	10%
Guaranteed Renewable	5%
Loyalty Bonus	5%
Policy Terms	10%
Benefit Periods	15%
Waiting Periods	15%
Benefit Type – Guaranteed Agreed Value	10%
Benefit Type – Indemnity	10%
Business Expenses	10%
Entry/Expiry Ages	10%
Premium	10%
Sum Insured	10%
Superannuation	10%

Packaged Life Insurance Methodology

The packaged life insurance star ratings consider four different product types (term life, TPD, trauma and income protection). The package is considered to consist of a standalone term life policy with TPD and trauma as riders, with standalone income protection.

For packaged life insurance the weight on price and features is as follows:

Product	Price Score	Feature Score
Packaged Life Insurance	50-60%*	40-50%**

* 60% for twenties and thirties; 50% for forties and fifties age groups

** 40% for twenties and thirties; 50% for forties and fifties age groups

Price Score

Quotes used for the packaged life insurance star ratings are for a term life product with a TPD and trauma rider, plus an income protection product, minus applicable package discounts.

Feature Score

The features considered within the packaged life insurance star ratings are the same as those considered within the standalone product ratings, with the exception of TPD and trauma which differ as the rider is considered within the package.

The weight assigned to the feature score for each life insurance product (term life, TPD, trauma and income protection) towards the overall package varies across age groups. The weights are as follows:

Category	Twenties	Thirties	Forties	Fifties
Term Life Insurance	20%	20%	20%	20%
TPD Insurance	25%	20%	15%	10%
Trauma Cover	15%	20%	25%	30%
Income Protection	40%	40%	40%	40%

For the packaged life insurance star ratings, the weights for the TPD rider feature categories and subcategories are as follows:

Category/Subcategory	Weight Professional/White Collar	Weight Light Manual/Blue Collar
TPD Definitions	70%	70%
TPD Own	55%	35%
TPD Any	15%	30%
TPD AODL	10%	10%
TPD Home Duties	5%	10%
TPD Day 1	5%	5%
TPD Survival Definition	5%	5%
TPD Loss of Sight and Limbs	5%	5%
TPD Business Purposes	-	-
Policy Terms	30%	15%
Coverage Terms	25%	25%
Death Buy Back	25%	25%
TPD Buy Back	25%	25%
Double TPD	25%	25%
Own Occupation Quotes	0%	15%

For the packaged life insurance star ratings, the weights for the trauma rider feature categories and subcategories are as follows:

Category/Subcategory	Weight Male	Weight Female
Standalone Trauma Events	85%	85%
Cancer	30%	45%
Breast Cancer	5%	40%
Cancer Female	0%	5%
Cancer Male	10%	0%
Melanoma	15%	15%
Other Cancers	70%	40%
Heart	30%	20%
Heart Attack	30%	30%
Coronary by-pass surgery	20%	20%
Coronary artery angioplasty	15%	15%
Triple vessel angioplasty	15%	15%
Other Heart	20%	20%
Stroke	15%	10%
Nervous System	10%	10%
Others	15%	15%
Policy Benefits and Options	15%	15%
Trauma Reinstatement	35%	35%
Double Trauma	20%	20%
Best Doctors Service	5%	5%
Trauma Qualifying Period	20%	20%
Death Buy Back	10%	10%
Guaranteed Renewable	10%	10%

Outstanding Value Awards

For each of the five insurance products rated, Canstar awards an Outstanding Value award to the insurers who offer outstanding value based on their cumulative score and star ratings performance across age groups, occupational categories, genders and premium types.

An overall Outstanding Value – Life Insurance Australia award is then awarded, with the following structure and weight placed on each component:



Cover Type

Term Life Insurance
20%

TPD Insurance
10%

Trauma Cover
20%

Income Protection
25%

Packaged Life Insurance
25%

Age Group

Twenties
15%

Thirties
35%

Forties
35%

Fifties
15%

Occupational Category

Professional
25%

White Collar
25%

Light Manual
25%

Blue Collar
25%

Gender

Male
50%

Female
50%

Premium Type

Stepped Premiums
80%

Level Premium
20%

Does Canstar rate all products available in the market?

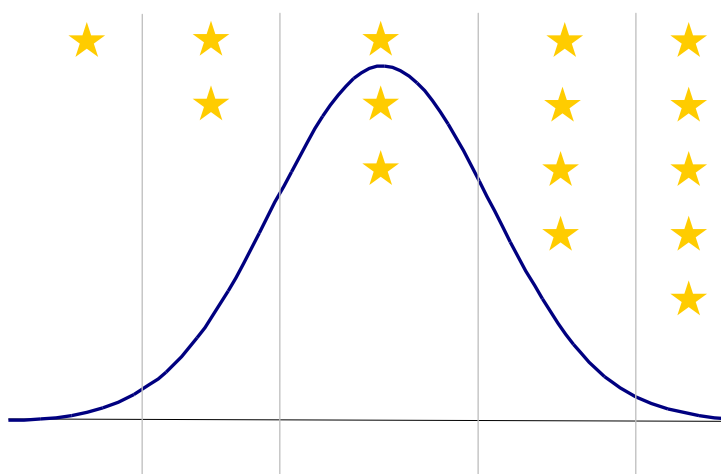
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant 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 following suite of banking and insurance products. 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
- Life insurance
- Online banking
- Personal loans
- Term deposits
- Youth banking
- Agribusiness
- Car insurance
- Direct life insurance
- Home & Contents
- Managed investments
- Online share trading
- Reward programs
- Travel insurance
- Business banking
- Credit cards
- First home buyer
- Home loans
- Margin lending
- Package banking
- Superannuation
- Travel money cards

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