



# METHODOLOGY

## Direct Life Insurance

### Star Ratings & Awards

#### 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.

#### What types of products are evaluated?

To be eligible for evaluation in Canstar's *Direct Life Insurance Star Ratings*, a direct life insurance product must:

- Provide cover for sickness and accident (i.e. it is not accident-only cover)
- Not be restricted solely to members of a specific organisation
- be available directly to the consumer without an intermediary (e.g. a financial planner)
- have quotes 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.

#### How are the Star Ratings calculated?

Direct life insurance 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.

Each direct life insurance product reviewed for the Canstar *Direct Life Insurance 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:

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



\*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.

Products are compared to each other, with the lowest cost product awarded the highest price score. All other products are awarded a score based on their relative cost against the lowest cost policy.

## 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.

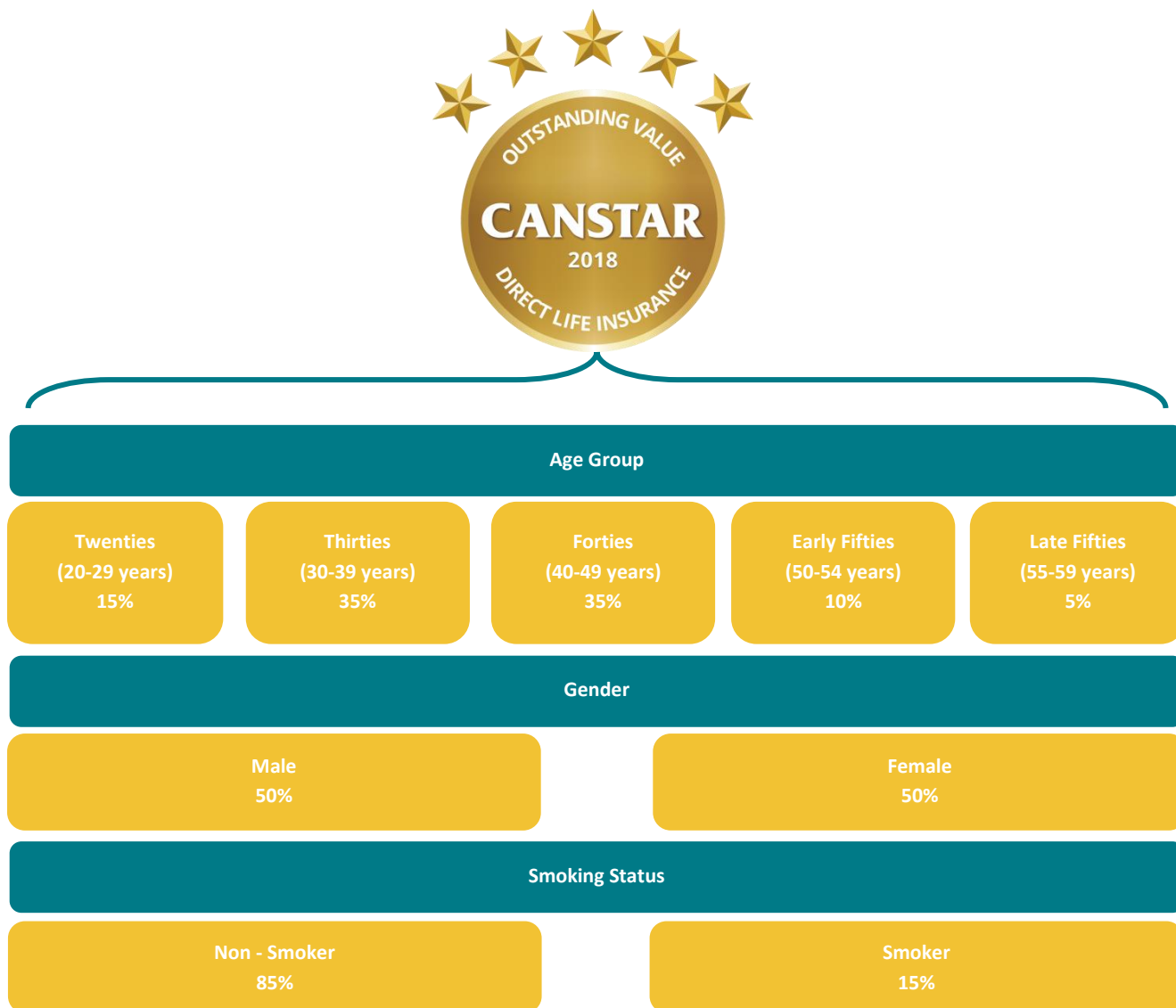
The features categories and subcategories, with assigned weights, are:

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

## How is the Award for Direct Life Insurance Calculated?

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.

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



## ***How often are products reviewed for star ratings and award purposes?***

Ratings and awards are recalculated annually 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, magazine, television, websites, etc.).

## ***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 process 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.

## ***Does Canstar rate other product areas?***

Canstar researches, compares and rates the suite of banking, wealth 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](http://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

### COMPLIANCE DISCLOSURE and LIABILITY DISCLAIMER

The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANSTAR's prior written consent. All information obtained by CANSTAR from external sources is believed to be accurate and reliable. Under no circumstances shall CANSTAR have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of CANSTAR or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2018 CANSTAR Research Pty Ltd A.C.N. 114 422 909.

The ratings and awards results do not include all providers and may not compare all features relevant to you. The rating or award is only one factor to take into account when considering these products. Canstar acknowledges that past performance is not a reliable indicator of future performance. The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without Canstar's prior written consent. All information obtained by Canstar from external sources is believed to be accurate and reliable. Under no circumstances shall Canstar have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of Canstar or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 1996-2017 Canstar Research Pty Ltd A.C.N. 114 422 909

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), "Be Canstar Sure" and versions of the foregoing are trademarks or registered trademarks of Canstar Pty Ltd A.C.N. 053 646 165 Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of Canstar by the respective trademark owner.

