



METHODOLOGY

Pet Insurance Star Ratings & Awards

August 2020

What are the Canstar *Pet Insurance* Star Ratings?

Canstar *Pet Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both price and features across pet insurance products.

Canstar star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked. The results are reflected in a consumer-friendly five-star concept with five stars representing outstanding value to the consumer. 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 for Canstar's *Pet Insurance* Ratings?

To be eligible for evaluation in Canstar's *Pet Insurance Star Ratings*, a pet insurance product must meet the following requirements:

- The pet insurance product must be directly available to the consumer through a provider's website and not through an affiliated organisation (e.g. pet shop)
- Must be a standalone cover e.g. not pet cover as an additional extra to home and contents insurance
- Must be a lifetime policy
- Quoting must be possible either online, through rates in PDS or via information provider suppliers directly.
- The pet insurance policy provides cover for a minimum of three of the following illnesses:
 - Spinal conditions/intervertebral disc disease
 - Hip Dysplasia
 - Cancer
 - Ear/Eye conditions (excl. cataracts)
 - Skin conditions
- New providers must have been in the market for at least 12 months.

How are the Star Ratings calculated?

Pet insurance products included in the Canstar Pet insurance Star Rating are assessed across 32 consumer profiles based on cover type, pet type and pet age.

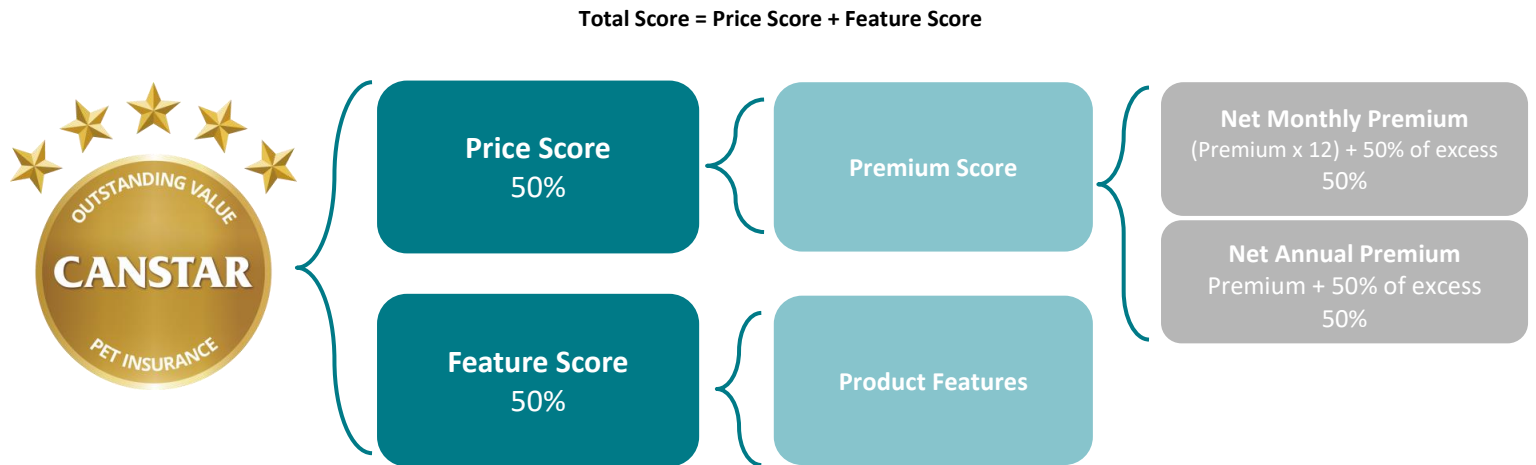
The profiles considered are as follows:

Cover Type	Pet Type	Pet Age
Accident and Illness	Small Dog	Less than 1 year
	Medium Dog	2-3 years old
Accident, Illness and Routine Care (Comprehensive Cover)	Large Dog	4-5 years old
	Cat	6-7 years old

Star Ratings Methodology

Each pet insurance product reviewed for the Canstar *Pet Insurance Star Ratings* is awarded points for its comparative pricing and for the array of 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:



Price Score

The price score takes into consideration annual and monthly insurance premiums as well as the policy excess. The quotes used for the Canstar *Pet Insurance Star Ratings* are for new policies as opposed to renewal prices, which can differ. Products are compared to each other with the product with the lowest average cost awarded the highest price score. All other products are awarded a score based on their relative cost against the lowest cost policy.

For calculation purposes, a quote from each state is collected. The weight assigned to each state is based on the population of the state relative to the cumulative population of all states considered.

Canstar applies 50% of the total excess to the monthly and annual premium where applicable. Applying this loading ensures that the impact on the net cost of the policy in the instance where a claim is made is accounted for in the price score.

Features Score

The feature score takes into account a number of features within six 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 other products indexed against it.

Category/Subcategory	Accident and Illness	Accident, Illness and Routine Care (Comprehensive Cover)
Application	5%	5%
Application Channels	25%	20%
Application Conditions	50%	50%
Premium Discounts	25%	30%
Payment	2.5%	2.5%
Payment Options	50%	50%
Payment Channels	50%	50%
Cover	80%	80%
Illness Inclusions	35%	30%
<i>High Cost Conditions</i>	60%	60%
<i>Low Cost Conditions</i>	40%	40%
Treatment Inclusions	30%	25%
<i>High Cost Conditions</i>	60%	60%
<i>Low Cost Conditions</i>	40%	40%
Accident Inclusions	15%	10%
<i>High Cost Conditions</i>	60%	60%
<i>Low Cost Conditions</i>	40%	40%
Special Inclusions	5%	5%
Extreme Claims*	15%	15%
<i>\$15,000 claim</i>	50%	50%
<i>\$30,000 claim</i>	50%	50%
Routine Care Inclusions	-	15%
Service	5%	5%
Claim	5%	5%
Cancellation	2.5%	2.5%

How is Cover scored?

The following components are considered when scoring various conditions within the Cover category:

- The typical cost of the condition being assessed
- The percentage of fees that the policy will provide cover for
- Claim limits that may be applicable to the condition
- Any annual benefit limit that may be applicable to the policy

To further stress the policy against the condition being claimed, scenarios are included that go beyond the typical cost, where a policy that covers well above a typical vet bill for a procedure will score better than one that only has enough cover for a single typical cost claim.

Within each subcategory, more weight is allocated to conditions considered to be a higher cost for consumers, while the remaining weight is allocated to lower cost conditions. For example, within the Treatment Inclusions subcategory, hip replacement is considered a higher cost condition and therefore is allocated greater weight than radiology and x-ray or emergency boarding fees.

Extreme Claims

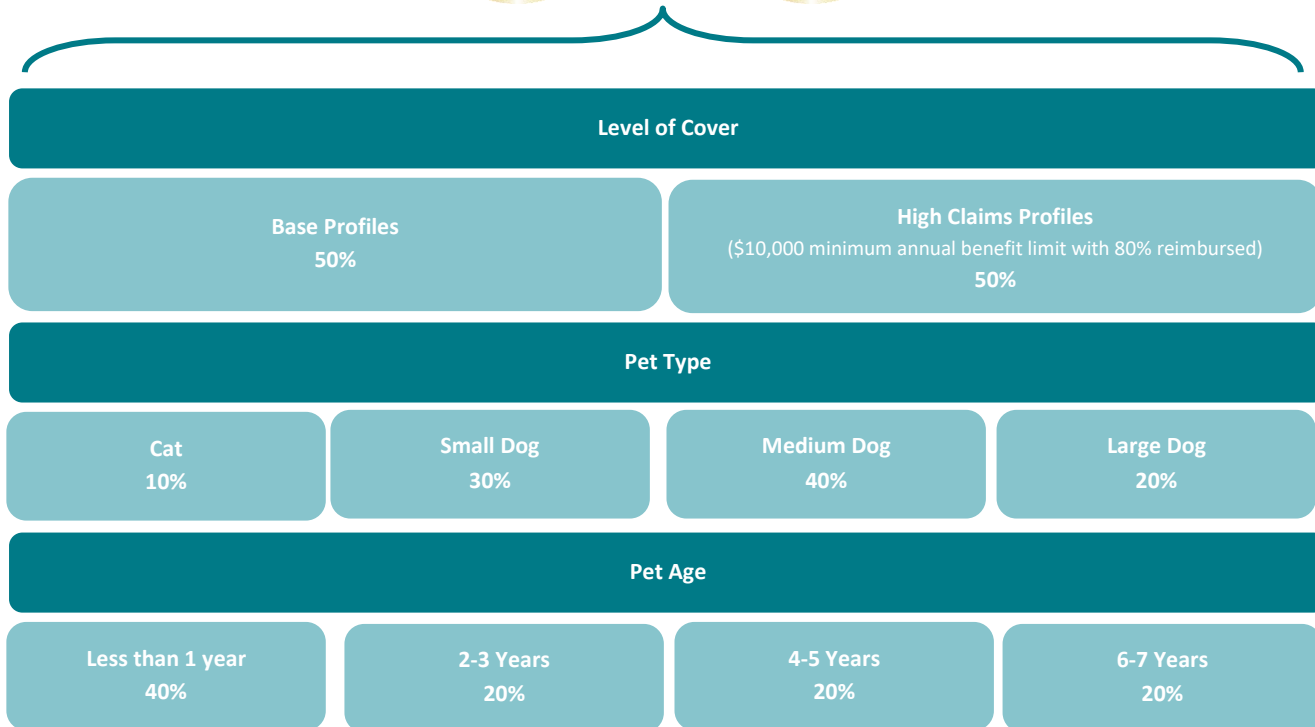
The Extreme Claims subcategory recognises the value a policy offers consumers in the unlikely event that an extraordinarily large claim is made against the policy. This category measures each policy's performance against a hypothetical \$15,000 and \$30,000 claim. Policies with the lowest out of pocket cost for consumers in this scenario will be scored most favourably in this category with all other products in the market benchmarked against them on this metric.

What are the *Canstar Pet Insurance Awards*?

The Awards for Outstanding Value Pet Insurance recognises the cumulative performance of insurers in the underlying consumer profiles for both Accident & Illness and Comprehensive policies.

For award purposes only, an additional assessment rating is conducted to recognise products that are considered to offer high levels of cover. To be considered in the High Claims profiles, a product must have a minimum level of annual benefit cover of \$10,000 and percentage of vet fees reimbursed of 80% or more across all underlying profiles. Any product that meets the minimum eligibility requirements for the *Pet Insurance Star Ratings* is eligible for the Base profiles.

To determine the winners of Canstar’s *Accident & Illness* and *Comprehensive* Awards, an insurer’s top performing product within each profile is used. The weights applied to each profile when determining the award winner for each cover type is summarised below:



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.

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 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 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
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- Home & contents
- Life insurance
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- Home loans
- Managed investments
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- Term deposits
- Youth banking

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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.

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