

BUSINESS LIFE INSURANCE STAR RATING METHODOLOGY



What are the CANSTAR business life insurance star ratings?

CANSTAR business life insurance star ratings are a sophisticated rating methodology, unique to CANSTAR, which compare the dominant business life insurance products in Australia and present the results in a simple, user-friendly format.

The results are reflected in a consumer-friendly 5-star concept with 5 stars denoting outstanding value to the consumer.

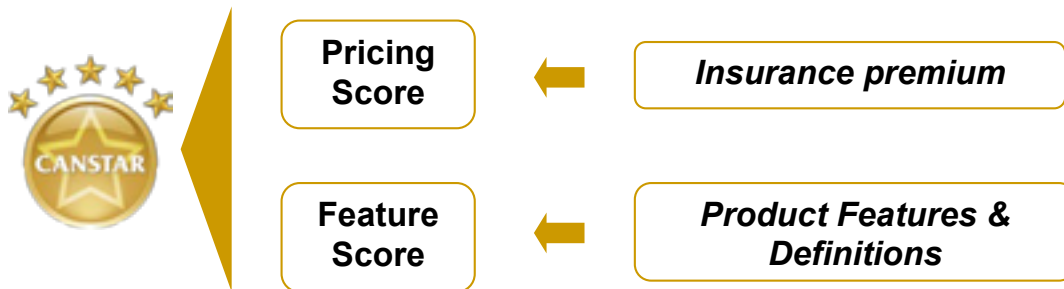
What are the Profiles used by CANSTAR?

CANSTAR has adopted commonly-used profiles in an attempt to cover the majority of business situations.

Occupation Category	Professional	Blue Collar	
Premium	Stepped	Level	
Gender	Male	Female	
Cover type	Key Person	Business Partnership	Business Expense <small>for small business only</small>
Business Size	Small Business	Medium Business	
Age	Young (30-44 yrs)	Mature (45-54 yrs)	

The *business life insurance* star ratings consist of 3 cover types as shown on above chart. The rating process for each of these cover types employs a separate star ratings methodology consistent with the pricing and features model of the CANSTAR star ratings.

TOTAL STAR RATINGS SCORE = PRICING SCORE + FEATURES SCORE



Star Ratings Weights		
	Price	Features
Small Business		
Key Person	50%	50%
Business Partnership	50%	50%
Business Expenses	50%	50%
Medium Business		
Key Person	50%	50%
Business Partnership	50%	50%

PRICING SCORE

The insurance premium for risk 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 and all other peer products are awarded a relative score in comparison to the lowest cost product.

Sum Insured – Small Business				
Cover Type	Term	Trauma	TPD	Business Expenses
Key Person	\$250k/\$500k/\$750k	\$250k/\$500k/\$750k	\$250k/\$500k/\$750k	N/A
Business Partnership	\$250k/\$750k/\$1.25m	\$250k/\$750k/\$1.25m	\$250k/\$750k/\$1.25m	N/A
Business Expenses	N/A	N/A	N/A	\$5k/\$10k/\$20k

Sum Insured – Medium Business			
Cover Type	Term	Trauma	TPD
Key Person	\$500k/\$1m/\$2m	\$500k/\$500K/\$1m	\$500k/\$1m/\$2m
Business Partnership	\$1m/\$2m/\$3m	\$1m/\$1.5m/\$2m	\$1m/\$2m/\$3m

FEATURE SCORE

CANSTAR business life insurance star ratings assessed over 50,000 benefits and options across different products. Below is how CANSTAR weighted these benefits and options:

Key Person - FEATURE WEIGHTS			
Category	Male	Female	Descriptions
Death Policy Benefits and Options	20%	20%	
GFI	35%	35%	captures if the policy offers GFI benefit e.g. no of events etc.
Future Underwriting	50%	50%	captures if the policy offers business future underwriting benefit
Terminal Illness	5%	5%	captures terminal illness definition and max benefit age etc.
Needle Stick	5%	5%	captures if the policy offers needle stick benefit
Waiver of premium	5%	5%	captures waiver of premiums on disability
Policy Terms	5%	5%	
Coverage Terms	45%	45%	captures coverage range e.g. entry & expiry age
Premiums	45%	45%	captures the premiums options e.g. stepped, level, hybrid
Other	10%	10%	captures if the policy can be accident only
Standard Company Terms offered	5%	5%	
CPI	25%	25%	captures the indexation benefits e.g. dollar cap, max age
Exclusions	40%	40%	captures what is excluded at time of claim e.g. suicide, preexisting conditions
Interim Cover	25%	25%	captures interim cover and period covered
Product Upgrade	5%	5%	captures whether a policy holder can be disadvantaged by an upgrade
Loyalty Bonus	5%	5%	captures if the policy provides any loyalty bonus
TPD Definition Attached to Term	25%	25%	
TPD Own	75%	75%	total and permanent disability based on own occupation
TPD Definition Restrictions	5%	5%	restrictions on total and permanent disability e.g. survival period
TPD Day 1	5%	5%	total and permanent disability claim from day 1
TPD Business Purposes	15%	15%	total and permanent disability based on business purposes
TPD Policy Parameters as a Rider to Term	5%	5%	
Coverage Terms	25%	25%	captures coverage range e.g. entry & expiry age
Death Buy Back	25%	25%	captures ability to buy back life cover after a TPD claim
TPD Buy Back	25%	25%	captures ability to buy back TPD cover after a Trauma claim
Double TPD	25%	25%	captures ability to reinstate life cover after a TPD claim
Trauma Attached to Term	35%	35%	
Cancer	30%	45%	captures trauma definitions for cancer
<i>Cancer - Female</i>	0%	5%	captures trauma definitions for female cancer e.g. ovarian cancer
<i>Cancer - Male</i>	20%	0%	captures trauma definitions for male cancer e.g. prostate cancer
<i>Cancer - Melanoma</i>	15%	15%	captures trauma definitions for melanoma cancer
<i>Cancer - Breast</i>	5%	45%	captures trauma definitions for breast cancer
<i>Cancer - Other</i>	60%	35%	captures trauma definitions for other cancer e.g. benign tumors
Heart	30%	20%	captures trauma definitions for coronary related conditions
<i>Heart Attack</i>	25%	25%	captures trauma definitions for heart attack
<i>Heart Angioplasty</i>	15%	15%	captures trauma definitions for coronary artery angioplasty
<i>Coronary By-Pass Surgery</i>	25%	25%	captures trauma definitions for coronary by-pass surgery
<i>Heart Triple Vessel</i>	15%	15%	captures trauma definitions for triple vessel angioplasty
<i>Heart Other</i>	20%	20%	captures trauma definitions for other coronary related conditions e.g. cardiomyopathy
Stroke	15%	10%	captures trauma definitions for stroke
Nervous System	10%	10%	captures trauma definitions for nervous system e.g. parkinson's disease
Other	15%	15%	captures trauma definitions for other trauma events e.g. blindness, HIV
Trauma Attached to Term – Benefits & Options	5%	5%	Trauma benefits and options
Trauma Reinstatement	50%	50%	captures ability to reinstate trauma after a trauma claim
Double Trauma	5%	5%	captures ability to reinstate life cover after a trauma claim
Trauma Qualifying Period	10%	10%	captures whether qualifying period starts as at application date or policy issuance date
Death Buy Back	5%	5%	captures ability to buy back life cover after a Trauma claim
Guaranteed Renewable	30%	30%	policy is guaranteed to be renewed as long as their premiums are paid

Business Partnership - FEATURE WEIGHTS

Category	Male	Female	Descriptions
Death Policy Benefits and Options	25%	25%	
GFI	35%	35%	captures if the policy offers GFI benefit e.g. no of events etc.
Future Underwriting	50%	50%	captures if the policy offers business future underwriting benefit
Terminal Illness	5%	5%	captures terminal illness definition and max benefit age etc.
Needle Stick	5%	5%	captures if the policy offers needle stick benefit
Waiver of premium	5%	5%	captures waiver of premiums on disability
Policy Terms	5%	5%	
Coverage Terms	45%	45%	captures coverage range e.g. entry & expiry age
Premiums	45%	45%	captures the premiums options e.g. stepped, level, hybrid
Other	10%	10%	captures if the policy can be accident only
Standard Company Terms offered	5%	5%	
CPI	25%	25%	captures the indexation benefits e.g. dollar cap, max age
Exclusions	40%	40%	captures what is excluded at time of claim e.g. suicide, preexisting conditions
Interim Cover	25%	25%	captures interim cover and period covered
Product Upgrade	5%	5%	captures the product upgrades applicable to existing and new customers
Loyalty Bonus	5%	5%	captures if the policy provides any loyalty bonus
TPD Definition Attached to Term	30%	30%	
TPD Own	75%	75%	total and permanent disability based on own occupation
TPD Definition Restrictions	5%	5%	restrictions on total and permanent disability e.g. survival period
TPD Day 1	5%	5%	total and permanent disability claim from day 1
TPD Business Purposes	15%	15%	total and permanent disability based on business purposes
Trauma Attached to Term	35%	35%	
Cancer	30%	45%	captures trauma definitions for cancer
<i>Cancer - Female</i>	0%	5%	captures trauma definitions for female cancer e.g. ovarian cancer
<i>Cancer - Male</i>	20%	0%	captures trauma definitions for male cancer e.g. prostate cancer
<i>Cancer - Melanoma</i>	15%	15%	captures trauma definitions for melanoma cancer
<i>Cancer - Breast</i>	5%	45%	captures trauma definitions for breast cancer
<i>Cancer - Other</i>	60%	35%	captures trauma definitions for other cancer e.g. benign tumors
Heart	30%	20%	captures trauma definitions for coronary related conditions
<i>Heart Attack</i>	25%	25%	captures trauma definitions for heart attack
<i>Heart Angioplasty</i>	15%	15%	captures trauma definitions for coronary artery angioplasty
<i>Coronary By-Pass Surgery</i>	25%	25%	captures trauma definitions for coronary by-pass surgery
<i>Heart Triple Vessel</i>	15%	15%	captures trauma definitions for triple vessel angioplasty
<i>Heart Other</i>	20%	20%	captures trauma definitions for other coronary related conditions e.g. cardiomyopathy
Stroke	15%	10%	captures trauma definitions for stroke
Nervous System	10%	10%	captures trauma definitions for nervous system e.g. parkinson's disease
Other	15%	15%	captures trauma definitions for other trauma events e.g. blindness, HIV

Business Expenses - FEATURE WEIGHTS

Category	Weight	Descriptions
Policy Benefits & Options	70%	
Disability definitions - Total	20%	captures the benefits offered by the policy at time of total disability
Disability definitions - Partial	20%	captures the benefits offered by the policy at time of partial disability
Specified injury	35%	captures the benefits offered by the policy for specified injury
Guarantee Future Insurability	10%	captures if the policy allows the life insured to increase monthly benefit without health evidence
Others	15%	captures the other benefits - family care benefit, death benefit, cash flow benefit, depreciation etc.
Policy Terms	15%	
Entry/Expiry Age	5%	captures coverage range e.g. entry & expiry age
Sum Insured	5%	captures if sum insured restrictions applies
Premium Type	5%	captures the premiums options e.g. stepped, level, hybrid
Indexation	30%	captures the indexation benefits e.g. dollar cap, max age
Waiting periods	10%	captures the various waiting periods offered by the policy
Benefit periods	10%	captures the various benefit periods offered by the policy
Benefit Type - Agreed	10%	captures the ability to purchase agreed value cover
Benefit Type - Guaranteed Agreed Value	15%	captures the ability to purchase guaranteed agreed value cover
Benefit Type - Indemnity	10%	captures the ability to purchase indemnity cover
Standard Company Terms	15%	
Product upgrades	5%	captures the product upgrades applicable to existing and new customers
Exclusions	60%	captures what is excluded at time of claim e.g. attempted suicide, HIV
Interim cover	35%	captures interim cover and period covered

How are the CANSTAR Business Life Insurance Awards calculated?

The overall awards are calculated based on the individual Star Ratings following the methodology below.



How many products and financial institutions are analysed?

In order to calculate the ratings, CANSTAR analysed 13 business life insurance companies in Australia offering 30 key person/business partnership policies and 15 business expenses policies.

How are the stars awarded?

Scores are awarded to each product on the basis of price (premiums) and features (Benefits & Options). The total score received for each profile ranks the products. The 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 5-star rating

The results are reflected in a consumer-friendly CANSTAR star rating concept, with five stars denoting outstanding value.

How often are CANSTAR *business life insurance star ratings* re-rated?

All ratings are fully recalculated every 12 months based on the latest pricing and features offered by each insurer.

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 Home Loan
- 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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