



# METHODOLOGY

## FUNERAL INSURANCE STAR RATINGS

### What is the CANSTAR Funeral Insurance Star Ratings?

CANSTAR's Funeral Insurance Star Ratings uses a sophisticated and unique methodology that compares the combination of cost and features across funeral insurance products in Australia. 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.

### Profile descriptions

The breakdown of categories considered in the Funeral Insurance Star Ratings is as follows:

#### Age Group

- Early Sixties: 60-64 years
- Late Sixties: 65-69 years
- Seventies Plus: 70-75 years

#### Gender

- Male
- Female

#### Smoking Status

- Smoker
- Non-smoker (where a non-smoker is defined as a person who has not smoked for at least the last 12 months)

### Eligibility requirements for CANSTAR's Funeral Insurance Star Ratings

To be considered for rating, institutions must have products that must meet the following requirements:

- The plan must be available to Australian Citizens or Permanent Residents
- Available to people over the age of 55 years
- Be available to the general public
- Be a level premium product

CANSTAR Funeral Insurance Star Ratings is a transparent analysis comparing all products considered eligible for the star ratings.



## How is the CANSTAR Funeral Insurance Star Ratings calculated?

The CANSTAR Funeral Insurance Star Ratings calculations are based on a comparison of costs (including the average premium and benefits paid to the policy holder) and key features which are considered important to funeral insurance plans (application and claims process, coverage terms, premium caps, payment options etc.).

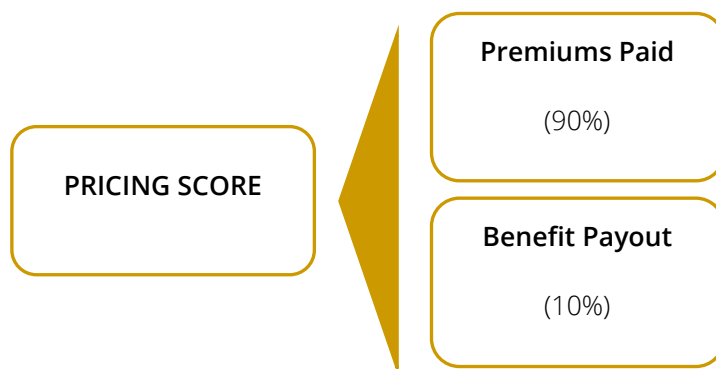
$$\text{TOTAL STAR RATINGS SCORE (T)} = w1 * \text{PRICING SCORE (P)} + w2 * \text{FEATURES SCORE (F)}$$

To arrive at the total score that makes up the profile star rating, CANSTAR considers a price assessment and a feature assessment:



### Pricing Score

Within our calculations, the pricing score is made up of two components, the premiums paid and the benefit payout. They are weighted as follows:



## Premiums Paid

The pricing score is calculated by collecting the premium data across the various profiles, with quotes based on a \$10,000 sum insured amount and sample ages of 62, 67 and 70 years. The calculations considered the total amount of premiums paid from the various entry ages until claim age (age of death) of the policy holder. Any applicable caps, premium discounts and refunds were factored in. Caps that apply are either one or a combination of the following:

- Once the equivalent of the sum insured has been paid in premiums
- Once an age has been reached

The various ages of death considered in the calculation of total premiums paid are noted and weighted as follows:

Claim Age (years)	Early Sixties (%)	Late Sixties (%)	Seventies (%)
63.5	6.17		
68.5	7.84	8.36	
73.5	10.67	11.37	12.40
78.5	15.36	16.37	17.86
83.5	20.39	21.73	23.71
88.5	20.55	21.90	23.89
93.5	13.89	14.81	16.16
98.5	5.13	5.47	5.96

The lowest priced product within each profile will be allocated the maximum score with all remaining products indexed against it.

## Benefit Payout

This calculation is used to recognise the providers who pay a higher sum insured amount, if the premiums paid by the policy holder exceed the sum insured amount. Additionally it is used to penalise providers who have a higher sum insured cap compared to the benefit paid when claim is made or those who do not have a cap altogether.

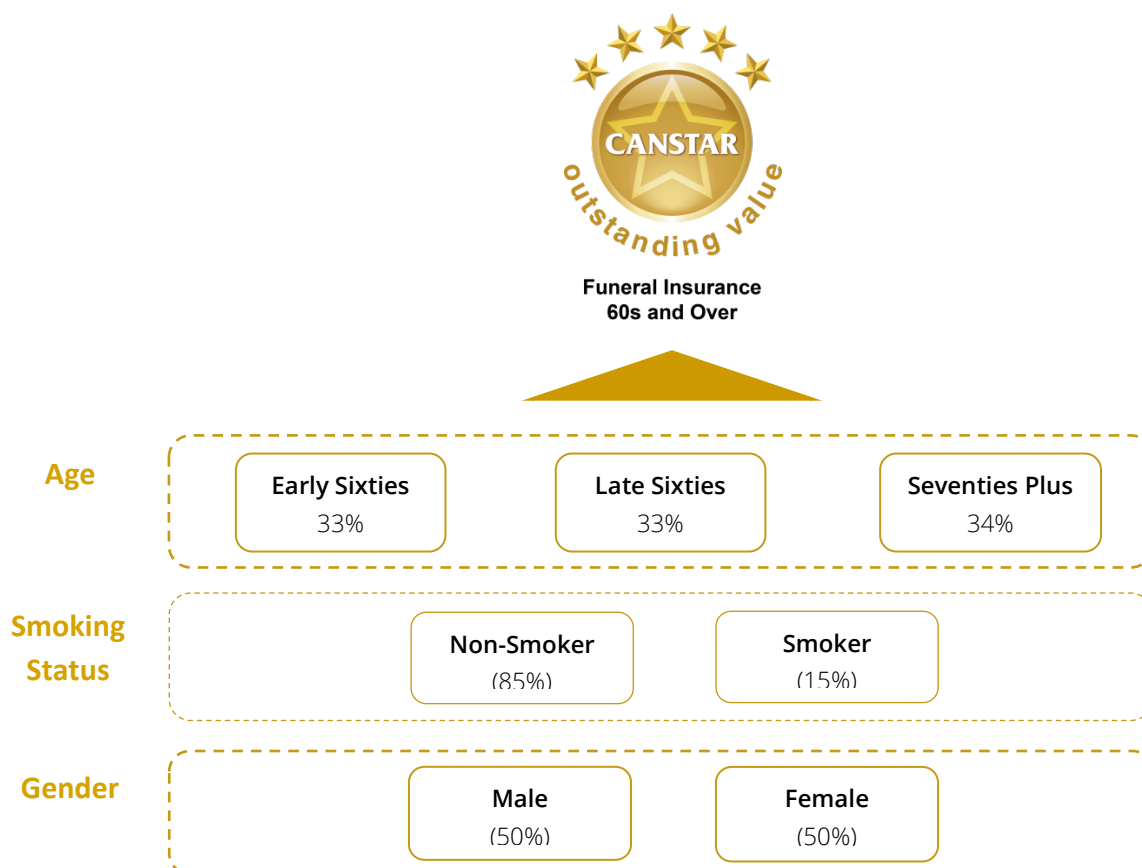
## Feature Score

The feature score is calculated by dividing features into four categories, with each category carrying a point allocation and weighting. The product with the highest features score is allocated the maximum score, with all remaining products indexed against it. The features categories and subcategories are:

Category	Weight	Description
<b>Policy Terms</b>	<b>30%</b>	
Coverage Terms	10%	Minimum entry age, maximum entry age etc.
Premiums	70%	Minimum premium allowed, availability of stepped premiums, premium cap etc.
Sums Insured	10%	Minimum sum insured allowed, Maximum sum insured available
Payment Options	10%	Fortnightly, Monthly, Quarterly, Half Yearly, Yearly
<b>Standard Company Terms</b>	<b>30%</b>	
Other	15%	Length cooling off period, can a beneficiary be nominated, Can there be Multiple lives insured
Discounts	15%	Multi-life discounts, multi-policy discounts, special discounts or incentives etc.
Exclusions	40%	Suicide/ self-inflicted exclusions applies for the first 12 months of the policy only, Sickness/ illness exclusion applies for the 12 months of the policy only, Is there an exclusion if death occurs outside of Australia
CPI	30%	Is indexation of sum insured available, Are CPI increases able to be declined, What percentage rate is the CPI indexation capped at etc.
<b>Benefits and Options</b>	<b>20%</b>	
Terminal Illness	35%	Terminal illness benefit, accidental death cover, maximum amount covered under the policy for accidental death etc.
Accidental Death	10%	Maximum amount covered under the policy for accidental death etc.
Waiver of Premiums	30%	Temporary premium waiver if policy holder has financial hardship, period of premium waiver due to financial hardship etc.
Other	25%	Accidental injury- sum insured may be fully or partially paid in the event of injury
<b>Application and Claims</b>	<b>20%</b>	
Application Process	50%	Online application process, phone support, no. of days the call centre operates in a week etc.
Claims process	50%	How many days does it takes for benefits to be paid out, ability to claim online available etc.

## Awards to Insurers

CANSTAR names the insurer or insurers who offer outstanding value based on their star ratings performance across twelve profiles. The twelve overall profiles are determined by three categories- age group, gender and smoking status, allowing consumers to identify their demographic and create a shortlist of products to match their needs and or budget. The star ratings across all profiles help to arrive at the national award, Outstanding Value- Funeral Insurance 60s and Over.



## How often are all the products reviewed for rating purposes?

The *Funeral Insurance Star Ratings* is calculated every twelve months based on the latest information collected by CANSTAR or supplied by each institution.

## 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 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.



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

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