HOME & CONTENTS INSURANCE

STAR RATINGS METHODOLOGY

What is the CANSTAR Home & Contents Star Ratings?

CANSTAR Home & Contents Star Ratings use a sophisticated rating methodology, unique to CANSTAR, which compares home and contents insurance policies from across Australia and presents the results in a simple, user-friendly format. Our rating methodology is transparent and extensive, aiming to provide consumers with as much of a market comparison as possible. The methodology compares home, contents and combined home & contents insurance in Australia and accounts for an array of characteristics such as:

- Accidental damage
- Accidental breakage
- Fusion cover
- Open air coverage
- Gap cover
- Item limits

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

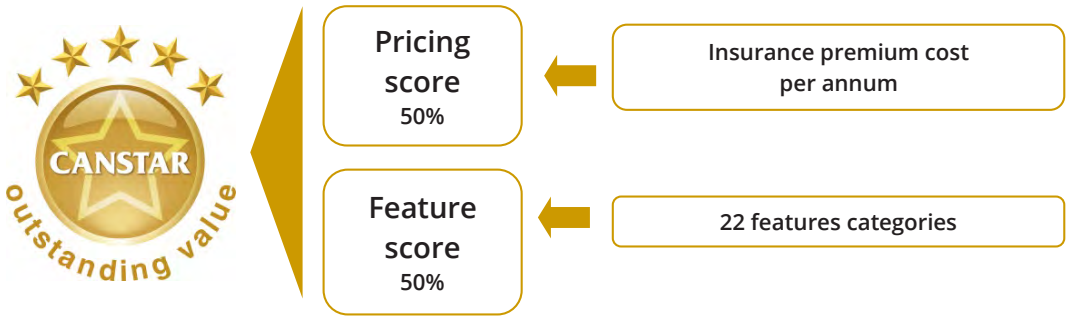
Home Insurance Australia

Contents Insurance Australia

Home & Contents Australia

How is the CANSTAR Home & Contents Star Ratings structured?

The *Home & Contents Insurance Star Ratings* consist of three separate insurance product types (home insurance, contents insurance and home & contents insurance). The rating process for each of these product types employs a separate star ratings methodology consistent with the pricing and features model of the CANSTAR star ratings.



Home & contents insurance products are rated across seven regions and two sums insured so that consumers will be able to identify their demographic and create a shortlist of products that may be suitable for their needs.

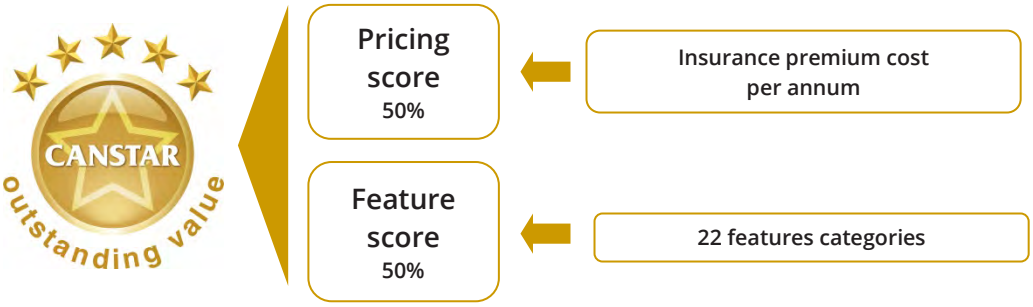
How does it work?

How are the 'stars' calculated?

Each Home & Contents policy reviewed is awarded points for its comparative Pricing and for the array of positive Features attached to the account. Points are aggregated to achieve a Pricing score (P) and a Features score (F).

To arrive at the total score, CANSTAR applies a weight (w) against the P and F. This weight will vary for each policy type and will reflect the relative importance of either costs or features in determining the best home & contents policy. This method can be summarised as:

TOTAL SCORE (T) = PRICING (P) + FEATURES SCORE (F)



Pricing score

The insurance premium for home & contents insurance 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. An excess of $500 is used in the quoting process so as to keep comparability between insurers.

Sum insured level	Home	Contents	Package
Low	$300,000	$75,000	$300,000 Home & $75,000 Contents
High	$500,000	$150,000	$500,000 Home & $150,000 Contents

To be eligible for star ratings, premium quotes have to be available both online and by phone and the provider must provide quotes for all addresses quoted for the specific policy and sum insured level.

Feature score

More than 100 different features are assessed from 22 different feature categories. Peer products are compared and the product with the most comprehensive features is awarded the highest feature score.

Feature categories	Descriptions	Weights		
		Home only	Contents only	Home & Contents
Policy terms		**50%**	**50%**	**50%**
Policy conditions	List flexibilities in taking the policies (e.g. cooling off period, different excess amounts)	15%	15%	15%
Claim process	Different flexibilities in making claims (e.g. online, phone, 24-hour service)	15%	15%	15%
Defined events	List all events and maximum cover (e.g. earthquake, explosions, lightning cover)	10%	10%	10%
Accidental damage	Specific conditions for accidental cover event	25%	25%	25%
Flood	Specific conditions on flood-related cover	15%	15%	15%

Accidental breakage	Specific cover for glass and other breakable items	5%	5%	5%
Storm	Specific conditions on storm-related cover	10%	10%	10%
Helpline	Flexibilities in assisting policy holders post-event (trauma counselling)	5%	5%	5%
Building cover		**50%**		**25%**
Building inclusions	Definitions of buildings	5%		5%
Building policy	Flexibilities to rebuild (e.g. choice of builders, option to rebuild)	20%		20%
Underinsurance protection	Specific features to prevent underinsurance	30%		30%
Fusion of electric motor (Building)	Specific conditions on fusion cover	10%		10%
Other benefits (Building)	Other benefits (key replacement, temporary accommodation, removal of debris)	20%		20%
Scenario questions (Building)	Specific scenario questions in relation to building cover	15%		15%
Contents cover			**50%**	**25%**
Contents inclusions	Definitions of contents		5%	5%
Contents policy	Flexibilities on contents term (e.g. new for old, contents in open air)		20%	20%
Fusion of electric motor (Contents)	Specific conditions on fusion cover		10%	10%
Theft or attempted theft	Specific conditions on theft-related cover		15%	15%
Other benefits (Contents)	Other benefits (credit card theft, guest belongings)		15%	15%
Scenario questions (Contents)	Specific scenario questions in relation to content cover		10%	10%
Maximum item benefits (Unlisted items)	Maximum benefits for unlisted items		20%	20%
Specified portable items	Specific conditions on specified portable items		5%	5%

Awards

Awards are determined by product performance across the 42 star-rated categories:

- Three policy types (Home, Contents, Home & Contents)
- Seven regions (NSW, Vic, South Qld, North Qld, WA, SA, Tas)
- Two levels of sum insured – High (Home $500k and Contents $150k) and low (Home $300k and Contents $75k)

To determine the state winners, the contribution of the best product results from each of the categories is considered.

To determine the national winners (overall and per product category), each institution's product performance in each state is considered and these performances are weighted based on the population of the relevant state relative to the overall Australian population. The insurer that has the best weighted average score across all states is awarded the national award for that product category.

Minimum requirements:

- Must quote in all specific postcodes within the profile to be rated in the star ratings
- Must quote in all profiles within a state to be eligible for a state award
- Must quote in all states to be eligible for a national award
- Must be available to customers of all ages
- To determine the state winners, the contribution of the best product results from each of the categories is considered.
- To determine the national winners (overall and per product category), each institution's product performance in each state is considered and these performances are weighted based on the population of the relevant state relative to the overall Australian population. The insurer that has the best weighted average score across all states is awarded the national award for that product category.
- To be eligible for an award, the institution should underwrite its own insurance or be a wholly owned subsidiary of a general insurer. To win a national award, it should be present nationally.

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 all the products reviewed for rating purposes?

All ratings are fully recalculated every six months based on the latest features offered by each institution. All awards are recalculated every year based on the latest ratings. CANSTAR also monitors rate changes on an ongoing basis.

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 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

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