

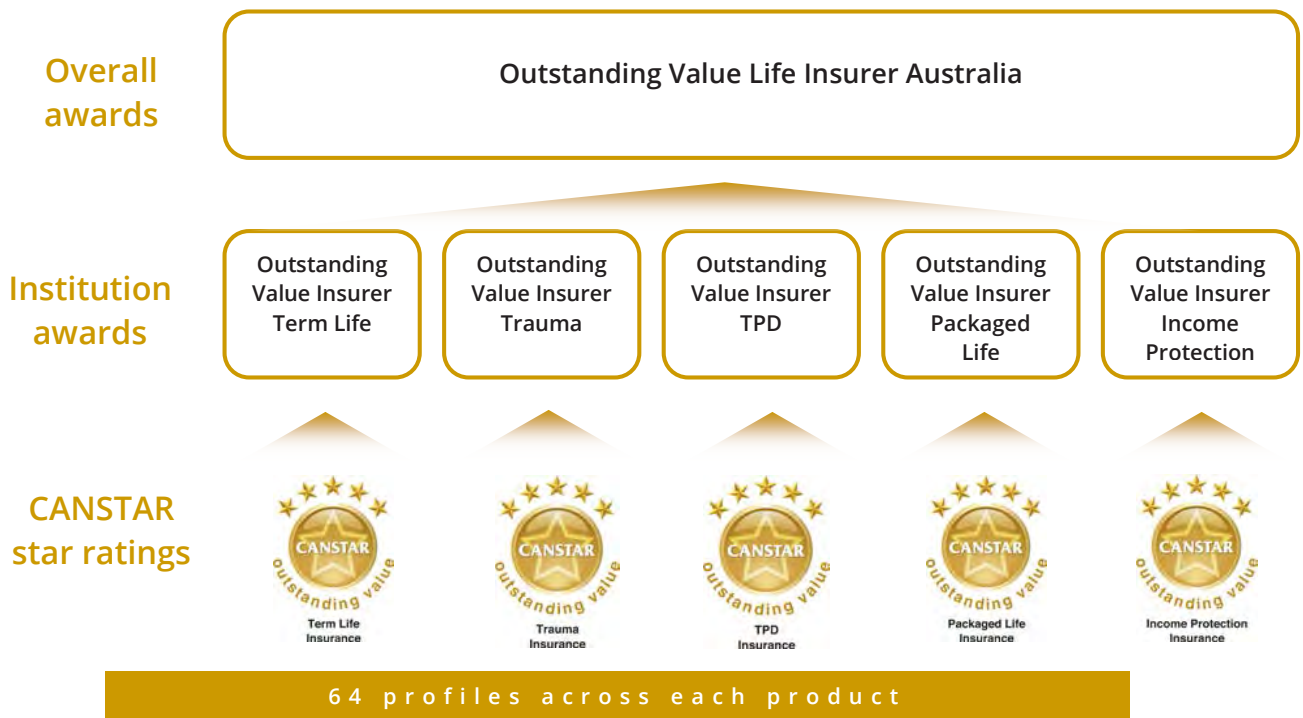


LIFE INSURANCE

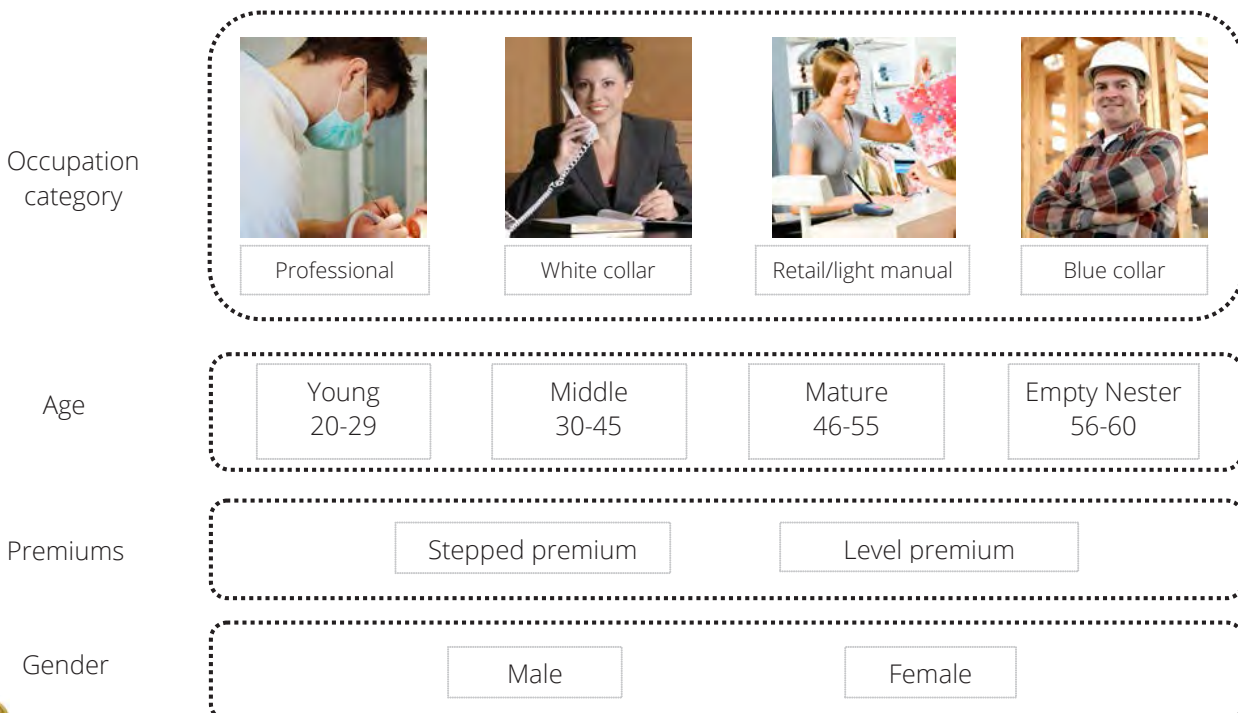
STAR RATINGS
METHODOLOGY

Awards

Institution-based awards are determined by product performance across the 64 star-rated profiles.

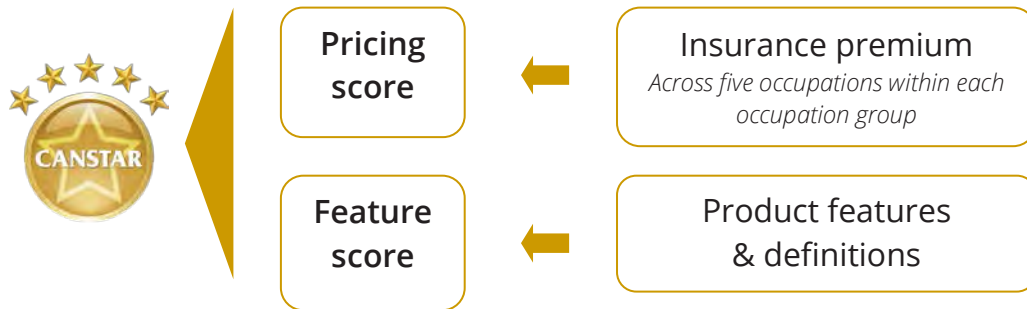


Awards to products - methodology



The *Life Insurance Star Ratings* consist of five separate insurance product types – Term Life, Trauma, TPD, Income Protection and Packaged Life. 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.

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



Life insurance products are rated across four professional groups and four age groups so that consumers can identify their demographic and create a shortlist of five-star products that may be suitable for their needs.

Star ratings weights for IPP, Trauma & Package Life		
	Price	Features
Young		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
Middle		
Professional	50%	50%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
Mature		
Professional	40%	60%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
Empty Nester		
Professional	40%	60%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%

Policy Type	Age	Price	Features
TPD	All	70%	30%
Term Life	All	80%	20%

Pricing score

The insurance premium for risk is used as the main point of cost comparison. Peer products are compared with each other, with the lowest cost product awarded the highest pricing score. All other peer products are awarded a score based on their relative cost against the lowest cost policy (i.e. if a product costs twice as much as the cheapest, it will earn half the pricing score of the cheapest product).

Premiums are based on a non-smoker with stepped and level premiums. Five different occupations are used to represent premium score of a specific occupation group. More than 640,000 premiums are analysed in the CANSTAR Life Insurance Star Ratings.

The sums insured for Term, Trauma and TPD are based on both age and occupation, as follows:

SUM INSURED – Star Ratings (Term, Trauma & TPD)					
Age group	Occupation	Age	Term	Trauma	TPD
Young	Professional	20-29	\$750,000	\$200,000	\$750,000
	White Collar		\$500,000	\$150,000	\$500,000
	Light Manual		\$350,000	\$150,000	\$350,000
	Blue Collar		\$500,000	\$150,000	\$500,000
Middle	Professional	30-45	\$1,500,000	\$250,000	\$1,500,000
	White Collar		\$1,500,000	\$250,000	\$1,500,000
	Light Manual		\$1,000,000	\$200,000	\$1,000,000
	Blue Collar		\$1,000,000	\$200,000	\$1,000,000
Mature	Professional	46-55	\$1,500,000	\$250,000	\$1,500,000
	White Collar		\$1,500,000	\$250,000	\$1,500,000
	Light Manual		\$1,000,000	\$200,000	\$1,000,000
	Blue Collar		\$1,000,000	\$200,000	\$1,000,000
Empty Nester	Professional	56-60	\$1,000,000	\$150,000	\$1,000,000
	White Collar		\$1,000,000	\$150,000	\$1,000,000
	Light Manual		\$750,000	\$100,000	\$750,000
	Blue Collar		\$750,000	\$100,000	\$750,000

The sums insured for Income Protection are also based on age and occupation as follows:

SUM INSURED – Star Ratings (Income Protection)				
Age group	Occupation	Age	Income per annum	Income cover per month
Young	Professional	20-29	\$75,000	\$4,687
	White Collar		\$40,000	\$2,500
	Light Manual		\$30,000	\$1,875
	Blue Collar		\$40,000	\$2,500
Middle	Professional	30-45	\$110,000	\$6,875
	White Collar		\$60,000	\$3,750
	Light Manual		\$42,000	\$2,625
	Blue Collar		\$60,000	\$3,750
Mature	Professional	46-55	\$150,000	\$9,375
	White Collar		\$80,000	\$5,000
	Light Manual		\$48,000	\$3,000
	Blue Collar		\$72,000	\$4,500
Empty Nester	Professional	56-60	\$150,000	\$9,375
	White Collar		\$80,000	\$5,000
	Light Manual		\$48,000	\$3,000
	Blue Collar		\$72,000	\$4,500

For package products we consider the above combination of sum insured across Term, Trauma and TPD within the respective age and occupation groups.

Feature score

The CANSTAR Life Insurance Star Ratings assessed more than 50,000 benefits and options across different products. Below is how CANSTAR weighted these benefits and options:

Term Life – feature weights			
Category/sub-category	Young, Middle & Mature	Empty Nester	Description
<i>Death policy terms</i>	10%	10%	
Coverage terms	10%	10%	Captures coverage range, e.g. entry and expiry age
Other	10%	10%	Captures if the policy can be accident only
Premiums	65%	65%	Captures the premiums options, e.g. stepped, level, hybrid
Sums insured	15%	15%	Captures if sum insured restriction applies

<i>Standard company terms offered</i>	30%	40%	
CPI	15%	15%	Captures the indexation benefits, e.g. dollar cap, max age
Exclusions	50%	50%	Captures what is excluded at time of claim e.g. suicide, pre-existing conditions
Interim cover	15%	15%	Captures interim cover and period covered
Loyalty bonus	5%	5%	Captures if the policy provides any loyalty bonus
Other	10%	10%	Captures additional features like supplementary life cover, guaranteed renewable
Product upgrade	5%	5%	Captures the product upgrades applicable to existing and new customers
<i>Death policy benefits and options</i>	60%	50%	
Terminal illness	30%	30%	Captures terminal illness definition and max benefit age, etc.
Accommodation benefit	5%	5%	Captures if the policy offers accommodation benefit
Financial planning	5%	5%	Captures if the policy offers financial planning benefit
Funeral benefit	5%	5%	Captures if the policy offers funeral and repatriation benefit
Future underwriting	10%	10%	Captures if the policy offers personal future underwriting benefit
GFI	30%	30%	Captures if the policy offers GFI benefit, e.g. no of events etc.
Needle stick	5%	5%	Captures if the policy offers needle stick benefit
Accidental death	5%	5%	Captures additional benefits like child cover, accidental death hardship booster, etc.
Waiver of premium	5%	5%	Captures waiver of premiums on disability

Stand alone Trauma – feature weights			
Category/sub-category	All-male profiles	All-female profiles	Descriptions
<i>Stand alone Trauma policy terms</i>	10%	10%	
Coverage terms	40%	40%	Captures coverage range, e.g. entry and expiry age
Premiums	60%	60%	Captures the premiums options, e.g. stepped, level, hybrid
<i>Standard company terms</i>	10%	10%	
Exclusions	20%	20%	Captures what is excluded at time of claim, e.g. attempted suicide, congenital condition
Indexation	15%	15%	Captures the indexation benefits, e.g. dollar cap, max age
Interim cover	15%	15%	Captures interim cover and period covered
Loyalty bonus	15%	15%	Captures if the policy provides any loyalty bonus
Other	20%	20%	Captures additional features like supplementary live cover, guaranteed renewable
Product upgrade	15%	15%	Captures the product upgrades applicable to existing and new customers
<i>Policy benefits and options</i>	10%	10%	
Trauma reinstatement	60%	60%	Captures if the policy offers trauma reinstatement benefit etc.
GFI	20%	20%	Captures if the policy offers GFI benefit, e.g. no of events etc.
Future underwriting	10%	10%	Captures if the policy offers personal future underwriting benefit
Others	10%	10%	Accommodation benefit, waiver of premium, financial planning benefit
<i>Stand alone Trauma events</i>	70%	70%	
Cancer	30%	45%	Captures trauma definitions for cancer
Breast cancer	5%	40%	Captures trauma definitions for breast cancer
Cancer female	0%	5%	Captures trauma definitions for female cancer, e.g. ovarian cancer
Cancer male	10%	0%	Captures trauma definitions for male cancer, e.g. prostate cancer
Melanoma	15%	15%	Captures trauma definitions for melanoma cancer
Others	70%	40%	Captures trauma definitions for other cancer, e.g. benign tumours

Heart	30%	20%	Captures trauma definitions for coronary related conditions
Coronary by-pass surgery	25%	25%	Captures trauma definitions for coronary by-pass surgery
Coronary artery angioplasty	15%	15%	Captures trauma definitions for coronary artery angioplasty
Triple vessel angioplasty	15%	15%	Captures trauma definitions for triple vessel angioplasty
Heart attack	25%	25%	Captures trauma definitions for heart attack
Others	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
Others	15%	15%	Captures trauma definitions for other trauma events, e.g. blindness, HIV

Stand alone TPD – feature weights			
Category/sub-category	Professional/ managerial	Light manual/ blue collar	Description
<i>Stand alone TPD policy terms</i>	10%	10%	
Coverage terms	40%	40%	Captures coverage range, e.g. entry and expiry age
Premiums	60%	60%	Captures the premiums options, e.g. stepped, level, hybrid
<i>TPD standard company terms</i>	25%	20%	
Exclusions	40%	40%	Captures what is excluded at time of claim, e.g. attempted suicide, terrorism
Indexation	25%	25%	Captures the indexation benefits, e.g. dollar cap, max age
Interim cover	15%	15%	Captures interim cover and period covered
Loyalty bonus	5%	5%	Captures if the policy provides any loyalty bonus
Other	10%	10%	Captures additional features like supplementary live cover, guaranteed renewable
Product upgrade	5%	5%	Captures the product upgrades applicable to existing and new customers
<i>TPD stand alone policy benefits and options</i>	25%	10%	
Accommodation benefit	5%	5%	Captures if the policy offers accommodation benefit
Death cover	10%	10%	Captures if the policy offers death cover benefit
Financial planning	10%	10%	Captures if the policy offers financial planning benefit
Future underwriting	20%	20%	Captures if the policy offers personal future underwriting benefit
GFI	20%	20%	Captures if the policy offers GFI benefit, e.g. no of events, etc.
Life cover purchase	10%	10%	Captures if the policy offers life cover benefit after TPD claim without medical evidence
Needle stick	5%	5%	Captures if the policy offers needle stick benefit
Other	10%	10%	Captures additional benefit hardship booster
Waiver of premium	10%	10%	Captures waiver of premiums on disability
<i>Stand alone TPD definitions</i>	40%	30%	
TPD any	15%	30%	Total and permanent disability based on any occupation
TPD AODL	10%	10%	Total and permanent disability based on activities of daily living
TPD day 1	5%	5%	Total and permanent disability claim from day 1
TPD definition restrictions	1%	1%	Restrictions on total and permanent disability, e.g. survival period
TPD home duties	5%	10%	Total and permanent disability for home duties occupations
TPD loss of sight and limbs	9%	9%	Total and permanent disability as a result of the loss of sight or limbs
TPD own	55%	35%	Total and permanent disability based on own occupation
<i>Own occupation quotes</i>	0%	30%	
Own occupation quotes	0%	100%	Availability of cover based on own occupations

Income Protection – feature weights			
Category/sub-category	Professional/ managerial	Blue collar/light manual	Description
<i>Policy terms</i>	10%	10%	
Accident only cover	5%	5%	Captures if the policy can pay claims in the event of accident only
Benefit periods	10%	10%	Captures the various benefit periods offered by the policy
Benefit type –guaranteed agreed value	10%	10%	Captures the ability to purchase agreed value cover
Benefit type – indemnity	10%	10%	Captures the ability to purchase indemnity cover
Business expenses	10%	10%	Captures ability to add business expense as rider
Entry/expiry ages	10%	10%	Captures coverage range, e.g. entry and expiry age
Premium	10%	10%	Captures the premiums options, e.g. stepped, level, hybrid
Sum insured	10%	10%	Captures if sum insured restrictions applies
Superannuation	10%	10%	Captures the availability under superannuation
Temporary visa holders	5%	5%	Captures the availability of restricted cover for temporary visa holders
Waiting periods	10%	10%	Captures the various waiting periods offered by the policy
<i>Standard company terms</i>	15%	15%	
Company terms	10%	10%	Captures the availability of 24 hour worldwide cover
Cooling-off period	15%	15%	Captures the various cooling off period offered by the policy
Exclusions	25%	25%	Captures what is excluded at time of claim, e.g. attempted suicide, HIV
Guaranteed renewable	5%	5%	Captures the guaranteed renewable definition offered by the policy
Indexation	10%	10%	Captures the indexation benefits, e.g. dollar cap, max age
Interim cover	15%	15%	Captures interim cover and period covered
Loyalty bonus	5%	5%	Captures if the policy provides any loyalty bonus
Product upgrade	15%	15%	Captures the product upgrades applicable to existing and new customers
<i>Claim payment terms</i>	40%	40%	
Benefit offsets	35%	35%	Captures the benefit options offered across various occupations, e.g. sick leave, long service
Claim payment	10%	10%	Captures the period of claims payments made in arrears
Occupation definition	30%	15%	Captures the any/own occupation definition period, e.g. day 1
Pre-disability income	10%	15%	Captures the definitions related to pre disability income in agreed and indemnity
Waiting period	15%	25%	Captures the waiting period start and effective periods
<i>Policy benefits and options</i>	35%	35%	
Claims indexation	10%	10%	Captures if the policy offers claims indexation
Disability Definitions – partial	25%	25%	Captures the benefits offered by the policy at time of partial disability
Disability definitions – total	25%	25%	Captures the benefits offered by the policy at time of total disability
Specified injury	15%	20%	Captures the benefits offered by the policy for specified injury
Specified illness	10%	20%	Captures the benefits offered by the policy for specified illness
Others	5%	15%	Captures the other benefits offered by the policy e.g. family care benefit, death benefit etc.
<i>Agreed quotes</i>	0%	15%	
Agreed quotes	0%	100%	Availability of cover-based on agreed value

Packaged Life – feature weights					
	Young	Middle	Mature	Empty Nester	Categories considered in package life
Term Life	30%	35%	35%	30%	Death policy benefits & options, policy terms & standard company terms
Total and permanent disability	45%	35%	35%	35%	TPD definitions, TPD policy parameters as raiders to term
Trauma	25%	30%	30%	35%	Trauma attached to term, trauma events

Within package life we consider the three components based on the weights shown above. We have replicated the individual product category weightings within package, but there are some differences in the categories based on the offering for a package product.

How are the stars awarded?

CANSTAR ranks life insurance based on value-for-money measures and then awards a star rating according to rank. The number of products awarded each of the five- to two-star ratings will ultimately depend on the dispersion of final scores. Scores are awarded to each product on the basis of price (premiums) and features (benefits and options). The methodology is revised and parameters are updated on a regular basis to make sure that the products are analysed using the most up-to-date information capturing all industry developments.

How often are the CANSTAR 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
- Agribusiness
- Business banking
- Business life insurance
- Car insurance
- Credit cards
- Deposit accounts
- Direct life insurance
- Health insurance
- Home & contents
- Home loans
- Landlord insurance
- Life insurance
- Managed investments
- Margin lending
- Online share trading
- Package banking
- Personal loans
- Pet insurance
- Reward programs
- SMSF loans
- Superannuation
- Term deposits
- Travel insurance



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