

# 2015 STAR RATINGS REPORT

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Life Insurance



# Life Insurance

September 2015

## Foreword

As a general rule, anything worth working for is worth protecting. For instance, we're more likely to insure our car (beyond CTP cover) than we are to insure our income. Yet our income is far more valuable; it's the very thing that allows us to buy cars in the first place. That's why the suite of personal insurance products should be part of life, to protect what we hold dear should we either not be here or be unable to provide financially for the family.

The Australian life insurance industry paid more than \$7 billion in claims in 2014, according to the latest figures from the Australian Prudential Regulation Authority (APRA).

Reporting on the performance of the life insurance sector for the period ending 31 December 2014, APRA's figures show that \$7.032 billion was paid in death and disability claims over the past year. This is up considerably on the previous year's figure of \$6.259 billion.

Every year, CANSTAR undertakes a mammoth research project to compare the products available to licensed financial advisers to help you get through life as seamlessly as possible.

This time around, we researched products offered by 13 insurance giants across the spectrum of stand-alone term life insurance, trauma, TPD or disability insurance, income protection and, of course, the full package containing all these products.

Our research spanned 64 profiles and encompassed gender, age groups, occupations, premiums and features offered after collating 635,240 quotes.

Life insurance is complex, no matter how you look at it and the DIY method is fine for those familiar with the product, but talking to a financial adviser is the way to go for many. Sometimes the fine print is bamboozling and leads us down the path we want to avoid at all costs – that of discovering we are not covered for what we thought we were when it comes time to make a claim.



Mitchell Watson  
Research Manager



# PROTECT YOUR BIGGEST ASSET

If you operate under the mantra of “it won’t happen to me,” consider the people in your life. Most of us know someone who has been diagnosed with cancer, was injured in a car accident, experienced a bout of depression or lost a partner suddenly. We all face the same risks. That’s why it makes sense to build contingency plans to be better prepared to handle what life throws at us.

Life insurance is an umbrella term that broadly covers four common products:

## Term Life Cover

Sometimes known as death cover, this is a policy that pays out a lump sum to your beneficiaries in the event of your death or in the event of a terminal illness being diagnosed that will result in your death within 12 months.

It can help your dependents pay out any debts that you may have together and it can provide for the future needs of any children you have. It can also provide a lump sum of money that that your partner can invest and gain an income from. In short, the purpose of life insurance is to ensure that your family will, as far as is possible, still be able to afford the life that you planned to have. Life insurance is a way to prevent financial trauma from compounding the emotional trauma they would inevitably suffer.

## Total & Permanent Disablement (TPD) cover

If accident or illness results in your permanent disability, a TPD policy eases financial pressure by providing financial assistance to help cover debts, provide for the family or pay medical costs. TPD pays you a lump sum if you become totally and permanently disabled. The definition of total and permanent disability varies between insurance companies but it essentially means that you are disabled to the extent that you will probably be unable to work again.

When used in conjunction with income protection cover, TPD can provide a lump sum of money to cover your immediate medical needs as well as to clear any outstanding debts.

## Trauma

Trauma insurance can cover in the event you are diagnosed with certain conditions, the most common being cancer, stroke and heart disease. This is a valuable policy to have, as you never know when illness may strike, let alone how long your treatment and recovery period will be. A trauma payout means peace of mind in stressful circumstances.

A trauma insurance policy may be used to provide a lump sum for immediate medical needs, pay off any personal debts and provide a cash buffer.

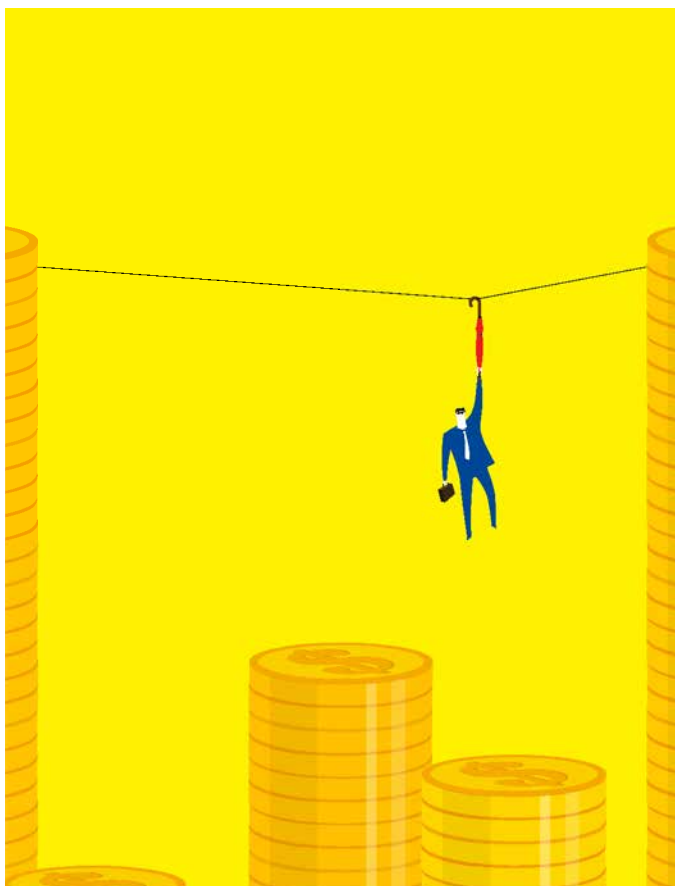
## Income Protection

If you become incapacitated for some reason, perhaps through injury or illness, income protection steps in and provides a set level of your income (often 75% of your gross salary) for a certain period of time.

In the event that you cannot work due to illness or injury, your income protection insurance will continue to pay you at the agreed level and for the agreed length of time.

As well as the four individual policies detailed above, you can also buy the policies as a package which is generally a cheaper way to go, provided all policies from one single insurer meet your needs. This is where advice from a financial planner can be invaluable.





## HOW IS PREMIUM COST CALCULATED?

When it comes to paying for your personal insurance, several factors affect the premium. Some of the main factors include:

**Your sex:** Whether you are male or female can affect the cost of your personal insurance. All other factors being the same, men tend to pay more for term life insurance, for example, whereas women are charged more for income protection insurance. The male/female price divide is based on life expectancy and other risk factors that the insurance provider believes are relevant.

**Your age:** Obviously your age (and associated life expectancy) will affect the cost of your personal insurance products. As the tables on the succeeding pages highlight, you can expect rather sharp increases in cost somewhere south of 45.

**Your current and family medical history:** The cost of

personal insurance is based in part on the likelihood of you needing to make a claim, so your medical history and current state of health is a crucial part of this calculation.

**Your occupation:** Your occupation – and the potential risks of injury, death or illness associated with that role – will partially determine your insurance premiums. As an example, CANSTAR research has found that childcare workers pay a higher per-dollar cost, on average, for their income protection insurance than university lecturers. Similarly, a paramedic can pay more than twice as much, on average, per dollar of income protection than a medical specialist.

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### Income Protection popular

Australians have embraced Income Protection insurance in the past decade, with \$440 million in new annual premiums sold in this country last year.

That's the equivalent of around 63% of life cover only sales and in excess of 1.75 times trauma sales.

New business sales for life insurance have almost doubled in the 5 years from 2010 to 2014 compared to the prior 5-year period.

*Source: Alexandra Threlfall, Munich Re*

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**Your hobbies:** Do you indulge in skydiving? Scuba diving? Jet-skiing or motor racing? There are a host of leisure activities that can raise the cost of your insurance cover – or even spark an exclusion.

**Your smoking status:** There is no excuse for being unaware of the health risks associated with smoking. And in addition to the costs of tobacco, the increased cost of insurance will also be a hit to your finances – smokers face premiums that are potentially double those of their non-smoking counterparts.

**Your weight:** According to the Australian Institute of Health and Welfare (AIHW), three in five Australians are now overweight or obese – that's 12 million of us. If your body mass index (BMI) is outside a healthy range, your risk of various chronic diseases and injury increases. Often, your personal insurance premiums will also reflect this increased risk.

# SO WHAT DOES IT COST?

While the cost of your insurance cover will depend on all the factors outlined on the page above, we have outlined below some average costs of cover for a white collar male, non-smoker, in good health.



## TERM LIFE INSURANCE

Life insurance - Term Life (White Collar - Male - Stepped)

	20s	30s	40s	50s
Sum Insured	\$500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,000,000.00
Min	\$34.03	\$69.40	\$111.86	\$253.21
Avg	\$39.93	\$73.10	\$123.91	\$275.76
Max	\$45.40	\$77.20	\$134.92	\$301.72

## TPD – Total & Permanent Disablement

Life insurance - TPD (White Collar - Male - Stepped)

	20s	30s	40s	50s
Sum Insured	\$500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,000,000.00
Min	\$22.04	\$59.28	\$122.63	\$316.33
Avg	\$28.35	\$66.87	\$138.11	\$379.30
Max	\$37.18	\$81.39	\$166.37	\$426.48

## TRAUMA

Life insurance - Trauma (White Collar - Male - Stepped)

	20s	30s	40s	50s
Sum Insured	\$150,000.00	\$250,000.00	\$250,000.00	\$150,000.00
Min	\$23.41	\$41.41	\$94.85	\$176.79
Avg	\$28.82	\$50.23	\$118.09	\$233.60
Max	\$38.20	\$64.85	\$144.86	\$299.21

## INCOME PROTECTION

Life insurance - Income Protection (White Collar - Male - Stepped)

	20s	30s	40s	50s
Sum Insured	\$150,000.00	\$250,000.00	\$250,000.00	\$150,000.00
Min	\$33.71	\$59.45	\$146.18	\$313.94
Avg	\$42.61	\$76.07	\$183.94	\$394.48
Max	\$58.90	\$100.79	\$233.59	\$515.19

Source: [www.canstar.com.au](http://www.canstar.com.au)

\*Based on the policies selected from the 2015 Life Insurance Star Rating

\*\*The quotes based on the sum insured quoted by profiles for "White Collar-Male-Stepped Premium" Profiles

# BUTT OUT AND SAVE

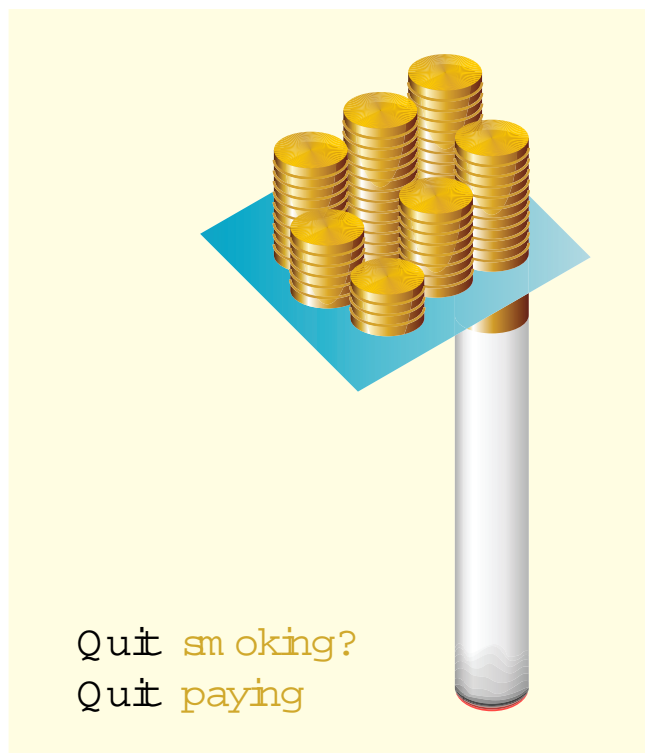
When looking at ways to save on life insurance premiums, the most obvious is to quit smoking. It makes sense anyway because it's good for your health. And apart from the upfront cost of cigarettes, you can also potentially save a fair bit on the cost of your insurance.

As an example, our research has found that the cost of a term life policy for a 30 year old male who smokes would be 183% that of a non-smoker. When he reaches age 40, his premiums would be 239% that of a non-smoker.

Average female premium differences are slightly less, but still significant.

	Male	Female
	Smoker premium as a % of non-smoker premium	Smoker premium as a % of non-smoker premium
20	147%	184%
30	183%	191%
40	239%	201%
50	241%	205%

*Based on rates obtained by Canstar*



If you were a smoker when you signed up for life insurance and have since quit, don't continue to see your premium money go up in smoke. Phone your life insurance adviser and ask about changing your premium category to that of a non-smoker. By the way, an insurance company's definition of a non-smoker is a person who hasn't smoked anything for the last 12 months.

## COMMON EXCLUSIONS

Each different life policy has its own unique set of things it will not cover. It pays to know these beforehand. Here's a brief rundown on the most common things insurers will not provide cover for.

### Term Life

- Suicide is excluded for the first 13 months of the policy;
- Other exclusions may apply at underwriting stage. For example, your insurer will ask if you have definite plans to travel overseas

in the next 12 months. If you are travelling to any of the countries with a "do not travel" alert from DFAT, your cover may be excluded while overseas.

### Trauma

- Cancer, heart attack and stroke are common exclusions for the first 90 days of a trauma policy;
- Many low level cancers are excluded. An example is the relatively minor skin cancer "basal cell carcinoma".

### TPD

- TPD claims generally require the insured to be off work for a period

of 3 consecutive months and be unlikely ever to be able to return to work again. Insurers will waive this requirement for paralysis and/or blindness ;

- Any self-inflicted injury is excluded.

### Income Protection

- Any self-inflicted injury is excluded;
- Another common exclusion is conditions related to an uncomplicated pregnancy. Things such as morning sickness, backache, post-natal depression are typically excluded unless the person is disabled for more than three months.

# HOW MUCH COVER DO I NEED?

How much cover you need will vary according to your individual circumstances, the life stage you are going through and the type of insurance you are considering. Essentially, working out how much you need to cover your family's living expenses shouldn't be too difficult. The best place to start is to write down an annual planner.

This would contain fixed expenses such as mortgage, car repayments, all insurance premiums, kids' school fees, household expenditure including food, utility bills and anything else you can think of that you pay on a regular basis.

It goes without saying that all families need a completely different amount to live on, depending on their circumstances and, of course, ages and commitments. There are plenty of online calculators you can play around with to give you a better idea.

“But I already have life insurance through my super.”

Remember the minimum level of cover provided via your super is not set by you – it is set by the super fund with all fund members in mind – a one-size-fits-all, if you like. It is therefore unlikely to be exactly the level of cover you and your family need. According to Lifewise, research has shown that on average those with cover through their super policy have less than half the level of cover they need. If you are unsure of the level of cover provided through your super fund, give them a call or talk to your employer.



# NO SUBSTITUTE FOR EXPERIENCE



It's now easier than ever to pick up the phone or go online to buy all sorts of personal life insurance cover. That's good news for Australia's under-insurance problem but with it comes the potential for people to be sold the wrong product, leaving them without the cover they need.

Consumers should be wary of making a decision on price alone. The cheapest policy is not always the most appropriate. Price competition can lead some insurers to cut benefits on policies. That's because insurers have to balance price and the risk they are taking on in one way or another. If the price is low, one option is for the insurer to make it harder to claim by tightening definitions or excluding more life events from the policy. Another response is for insurers to push premiums

sharply higher as they start wearing the cost of claims made under generous policies sold in previous years.

Choosing the cheapest policy is a false economy if you can't make a successful claim, as price will be long forgotten after a bad claims experience. Certainly price on day one is important but so is the price in the future and this is where the experience of a licensed financial advisor becomes invaluable. Good advisors will be able to look at different companies and their approach to pricing over a really long period of time.

It's perfectly valid for consumers to buy insurance without advice, but there are a lot of people who really need advice to avoid the inherent dangers in finding the right cover. For instance, if the client has a pre-existing condition such as a back problem, an advisor knows which companies are going to be the most accepting when it comes to that condition.

Do you understand the difference between “any occupation” and “own occupation” and how this might apply to your income-protection or disability insurance? Do you know the difference between “agreed” and “indemnity” income-protection policies? Which insurers do not pass on new benefits to existing clients? Which insurers are prone to big swings in benefits?

If the world of life insurance is a little too complex to explore alone, remember that insurance advisers are at this stage still permitted to work on a commission basis, so it costs nothing up front to obtain advice.



# WHO OFFERS OUTSTANDING VALUE?

Which insurers offer outstanding value for consumers in the area of life insurance, TPD, trauma and income protection?

## TAL and Zurich Australia

In a repeat of last year's results, **TAL** and **Zurich Australia** couldn't be separated for top honours in providing outstanding value overall across the life insurance categories we compared.

**TAL** impressed with its term life policy, maintaining low premiums for the 20s profile, while reducing premiums further for the 30s, 40s and 50s. The company also maintained its 5 star rating in all occupations and genders for level premiums in the 20s and 30s profiles. Not content with this, TAL is actually climbing the five-star ladder with improved overall performances in all occupations for 50 year-old females on stepped premiums.



TAL has also made price-driven improvements in its trauma and income protection policies.

**Zurich Australia** continues to shine with a combination of reductions in death cover premiums of 2.5% for males under 35 and 5% for equivalent females. The company also won 5 stars for 59 of the 64 profiles researched in the TPD category, charging the lowest premiums for 35 out of those 64 profiles and maintaining their strong position in the standalone TPD field. It was no



**ZURICH**

surprise to us when Zurich Australia's demonstrated premium prices and features across all four products – term life, trauma, TPS and income protection – wrapped up with a win in the packaged life category.

We congratulate TAL and Zurich Australia for their overall wins, and also to the following award-winning providers:

### TERM LIFE INSURANCE

AMP  
TAL

### INCOME PROTECTION INSURANCE

Macquarie Life  
TAL

### TRAUMA INSURANCE

OnePath  
TAL

### PACKAGED LIFE INSURANCE

OnePath  
Zurich Australia

### TPD INSURANCE

ClearView  
Zurich Australia



**Life Insurance**







# METHODOLOGY

# LIFE INSURANCE STAR RATING

## What are the CANSTAR Life Insurance Star Ratings?

CANSTAR *Life Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both cost and features across life insurance products. CANSTAR star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked. CANSTAR *Life Insurance Star Ratings* is a transparent analysis considering Standalone Term Life cover, Standalone TPD, Standalone Trauma, Standalone Income Protection Cover and Packaged Life Insurance Cover.

Ratings range from five to two stars. Five-star rated products have been assessed as offering outstanding value to consumers.

## Awards to insurers

CANSTAR names the insurers who offer outstanding value for each individual cover based on their star ratings performance across the 64 life insurance profiles, which then forms the overall Life Insurance Award.



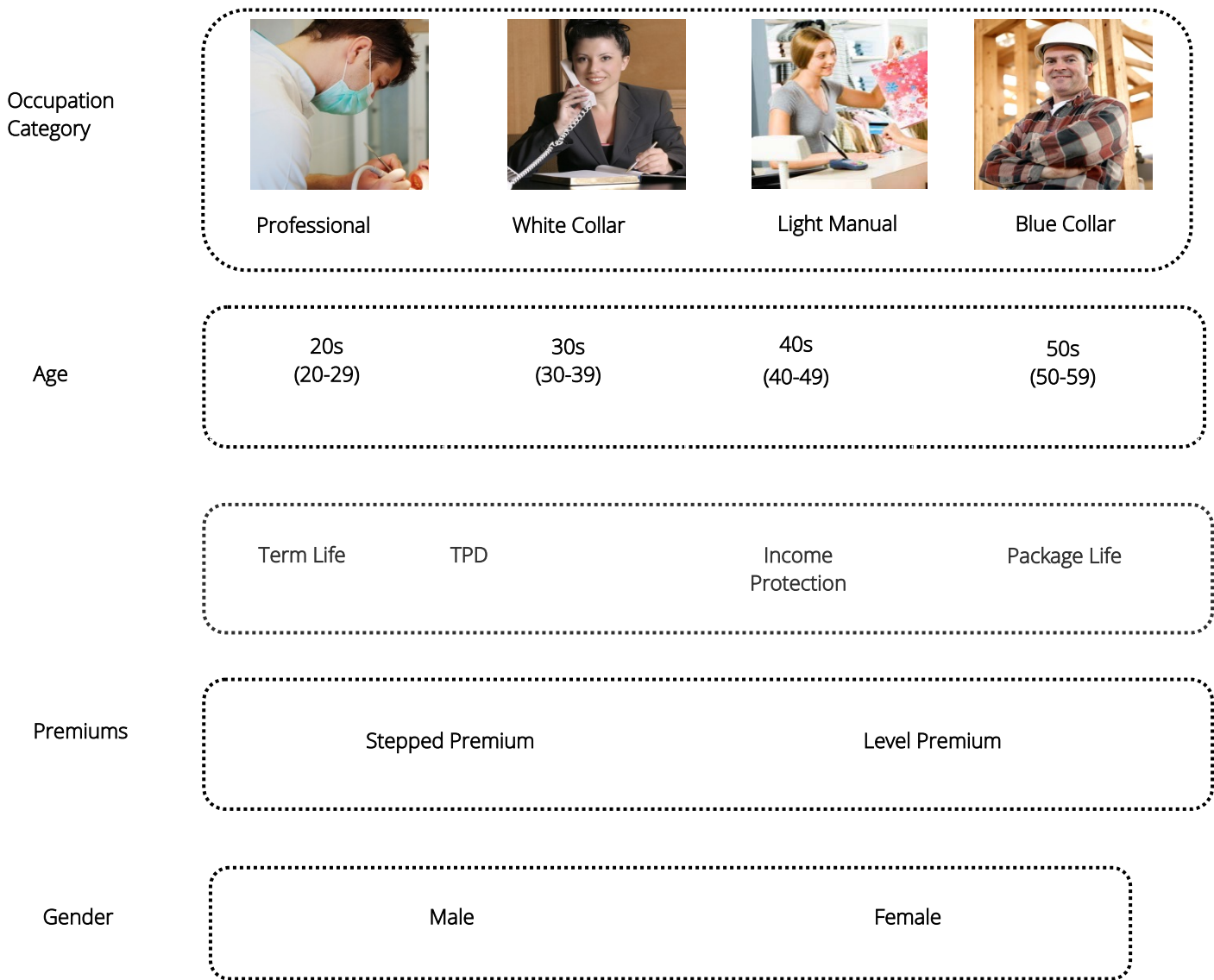
## Profile descriptions

The 64 overall profiles for each individual cover are determined by four categories – Occupation, age group, gender and premium type.

The detail structure is shown in the below methodology overview.



# 1. 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.

## 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.

## Feature score

The CANSTAR Life Insurance Star Ratings assessed more than 50,000 benefits and options across different products.

## 1.1 Term Life

Star ratings components – Term Life	
Pricing	Features
80%	20%

### 1.1.1 Pricing Score

SUM INSURED - Star Ratings (TERM LIFE)			
Age Group	Occupation	Age	Sum Insured
20s	Professional	20-29	\$750,000
	White Collar		\$500,000
	Light Manual		\$500,000
	Blue Collar		\$500,000
30s	Professional	30-39	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
40s	Professional	40-49	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
50s	Professional	50-59	\$1,000,000
	White Collar		\$1,000,000
	Light Manual		\$750,000
	Blue Collar		\$750,000

### 1.1.2 Feature Score

Term Life			
Category/Sub-Category	20s,30s,40s	50s	Description
<b>Death Policy Terms</b>	<b>10%</b>	<b>10%</b>	
<i>Coverage Terms</i>	10%	10%	Captures coverage range, e.g. entry and expiry age
<i>Other</i>	10%	10%	Captures if the policy can be accident only
<i>Premiums</i>	65%	65%	Captures the premiums options, e.g. stepped, level, hybrid
<i>Sums Insured</i>	15%	15%	Captures if sum insured restriction applies
<b>Standard Company Terms offered</b>	<b>30%</b>	<b>30%</b>	
<i>CPI</i>	15%	15%	Captures the indexation benefits, e.g. dollar cap, max age
<i>Exclusions</i>	50%	50%	Captures what is excluded at time of claim e.g. suicide, pre-existing conditions
<i>Interim Cover</i>	15%	15%	Captures interim cover and period covered
<i>Loyalty Bonus</i>	5%	5%	Captures if the policy provides any loyalty bonus
<i>Other</i>	10%	10%	Captures additional features like supplementary life cover, guaranteed renewable
<i>Product Upgrade</i>	5%	5%	Captures the product upgrades applicable to existing and new customers
<b>Death Policy Benefits and Options</b>	<b>60%</b>	<b>60%</b>	
<i>Terminal Illness</i>	30%	40%	Captures terminal illness definition and max benefit age, etc.
<i>Accommodation Benefit</i>	5%	5%	Captures if the policy offers accommodation benefit
<i>Financial Planning</i>	5%	5%	Captures if the policy offers financial planning benefit
<i>Funeral Benefit</i>	5%	10%	Captures if the policy offers funeral and repatriation benefit
<i>Future Underwriting</i>	10%	10%	Captures if the policy offers personal future underwriting benefit
<i>GFI</i>	30%	10%	Captures if the policy offers GFI benefit, e.g. no of events etc.
<i>Accidental Death</i>	5%	10%	Captures additional benefits like child cover, accidental death hardship booster, etc.
<i>Others</i>	10%	10%	Waiver of Premium, Needle Stick



## 1.2 Stand Alone TPD

Star ratings components – Stand Alone TPD	
Pricing	Features
70%	30%

### 1.2.1 Pricing Score

SUM INSURED - Star Ratings (Stand Alone TPD)			
Age Group	Occupation	Age	Sum Insured
20s	Professional	20-29	\$750,000
	White Collar		\$500,000
	Light Manual		\$500,000
	Blue Collar		\$500,000
30s	Professional	30-39	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
40s	Professional	40-49	\$1,500,000
	White Collar		\$1,500,000
	Light Manual		\$1,000,000
	Blue Collar		\$1,000,000
50s	Professional	50-59	\$1,000,000
	White Collar		\$1,000,000
	Light Manual		\$750,000
	Blue Collar		\$750,000



## 1.2.2 Feature Score

Stand Alone TPD			
Category/Sub-Category	Professional/Managerial	Light Manual/ Blue Collar	Description
<b>Stand Alone TPD Policy Terms</b>	<b>10%</b>	<b>10%</b>	
<i>Coverage Terms</i>	40%	40%	Captures coverage range, e.g. entry and expiry age
<i>Premiums</i>	60%	60%	Captures the premiums options, e.g. stepped, level, hybrid
<b>Standard Company Terms</b>	<b>25%</b>	<b>20%</b>	
<i>Exclusions</i>	40%	40%	Captures what is excluded at time of claim, e.g. attempted suicide, terrorism
<i>Indexation</i>	25%	25%	Captures the indexation benefits, e.g. dollar cap, max age
<i>Interim Cover</i>	15%	15%	Captures interim cover and period covered
<i>Loyalty Bonus</i>	5%	5%	Captures if the policy provides any loyalty bonus
<i>Other</i>	10%	10%	Captures additional features like supplementary live cover, guaranteed renewable
<i>Product Upgrade</i>	5%	5%	Captures the product upgrades applicable to existing and new customers
<b>TPD Stand Alone Policy benefits and options.</b>	<b>25%</b>	<b>10%</b>	
<i>Accommodation Benefit</i>	5%	5%	Captures if the policy offers accommodation benefit
<i>Death Cover</i>	10%	10%	Captures if the policy offers death cover benefit
<i>Financial Planning</i>	10%	10%	Captures if the policy offers financial planning benefit
<i>Future Underwriting</i>	20%	20%	Captures if the policy offers personal future underwriting benefit
<i>GFI</i>	20%	20%	Captures if the policy offers GFI benefit, e.g. no of events, etc.
<i>Life Cover Purchase</i>	10%	10%	Captures if the policy offers life cover benefit after TPD claim without medical evidence
<i>Other</i>	15%	15%	<i>Needle Stick</i> , and additional benefit hardship booster
<i>Waiver of Premium</i>	10%	10%	Captures waiver of premiums on disability
<b>Stand Alone TPD Definitions</b>	<b>40%</b>	<b>30%</b>	
<i>TPD Any</i>	15%	30%	Total and permanent disability based on any occupation
<i>TPD AODL</i>	10%	10%	Total and permanent disability based on activities of daily living
<i>TPD Business Purposes</i>	0%	0%	Total and permanent disability claim from day 1
<i>TPD Day 1</i>	5%	5%	Restrictions on total and permanent disability, e.g. survival period
<i>TPD Survival Definition (TPD Definition Restrictions)</i>	5%	5%	Total and permanent disability for home duties occupations
<i>TPD Home Duties</i>	5%	10%	Total and permanent disability as a result of the loss of sight or limbs
<i>TPD Loss of Sight and Limbs</i>	5%	5%	Total and permanent disability based on own occupation
<i>TPD Own</i>	55%	35%	Total and permanent disability based on any occupation
<b>Own Occupation quotes</b>	<b>-</b>	<b>30%</b>	
<i>Own occupation quotes</i>	-	100%	Availability of cover based on own occupations



### 1.3 Stand Alone Trauma

Star ratings components – Stand Alone Trauma		
Profiles	Pricing	Features
<b>20s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>30s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>40s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
<b>50s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%

#### 1.3.1 Pricing Score

SUM INSURED - Star Ratings (Stand Alone Trauma)			
Age Group	Occupation	Age	Sum Insured
20s	Professional	20-29	\$200,000
	White Collar		\$150,000
	Light Manual		\$150,000
	Blue Collar		\$150,000
30s	Professional	30-39	\$250,000
	White Collar		\$250,000
	Light Manual		\$200,000
	Blue Collar		\$200,000
40s	Professional	40-49	\$250,000
	White Collar		\$250,000
	Light Manual		\$200,000
	Blue Collar		\$200,000
50s	Professional	50-59	\$150,000
	White Collar		\$150,000
	Light Manual		\$100,000
	Blue Collar		\$100,000





### 1.3.2 Feature Score

Stand Alone Trauma			
Category/Sub-Category	All Male profiles	All female profiles	Description
<b>Stand Alone Trauma Policy Terms</b>	<b>10%</b>	<b>10%</b>	
<i>Coverage Terms</i>	40%	40%	Captures coverage range, e.g. entry and expiry age
<i>Premiums</i>	60%	60%	Captures the premiums options, e.g. stepped, level, hybrid
<b>Standard Company Terms</b>	<b>10%</b>	<b>10%</b>	
<i>Exclusions</i>	20%	20%	Captures what is excluded at time of claim, e.g. attempted suicide, congenital condition
<i>Indexation</i>	15%	15%	Captures the indexation benefits, e.g. dollar cap, max age
<i>Interim Cover</i>	15%	15%	Captures interim cover and period covered
<i>Loyalty Bonus</i>	15%	15%	Captures if the policy provides any loyalty bonus
<i>Other</i>	20%	20%	Captures additional features like supplementary live cover, guaranteed renewable
<i>Product Upgrade</i>	15%	15%	Captures the product upgrades applicable to existing and new customers
<b>Policy Benefits &amp; Options</b>	<b>10%</b>	<b>10%</b>	
<i>Trauma Reinstatement</i>	60%	60%	Captures if the policy offers trauma reinstatement benefit etc.
<i>GFI</i>	20%	20%	Captures if the policy offers GFI benefit, e.g. no of events etc.
<i>Future Underwriting</i>	10%	10%	Captures if the policy offers personal future underwriting benefit
<i>Others</i>	10%	10%	Accommodation benefit, waiver of premium, financial planning benefit
<b>Stand Alone Trauma Events</b>	<b>70%</b>	<b>70%</b>	
<b><i>Cancer</i></b>	<b>30%</b>	<b>45%</b>	Captures trauma definitions for cancer
<i>Breast Cancer</i>	5%	40%	Captures trauma definitions for breast cancer
<i>Cancer Female</i>	0%	5%	Captures trauma definitions for female cancer, e.g. ovarian cancer
<i>Cancer Male</i>	10%	0%	Captures trauma definitions for male cancer, e.g. prostate cancer
<i>Melanoma</i>	15%	15%	Captures trauma definitions for melanoma cancer
<i>Others</i>	70%	40%	Captures trauma definitions for other cancer, e.g. benign tumours
<b><i>Heart</i></b>	<b>30%</b>	<b>20%</b>	Captures trauma definitions for coronary related conditions
<i>Coronary By-Pass Surgery</i>	25%	25%	Captures trauma definitions for coronary by-pass surgery
<i>Coronary Artery Angioplasty</i>	15%	15%	Captures trauma definitions for coronary artery angioplasty
<i>Triple Vessel Angioplasty</i>	15%	15%	Captures trauma definitions for triple vessel angioplasty
<i>Heart Attack</i>	25%	25%	Captures trauma definitions for heart attack
<i>Others</i>	20%	20%	Captures trauma definitions for other coronary related conditions, e.g. cardiomyopathy
<b><i>Stroke</i></b>	<b>15%</b>	<b>10%</b>	Captures trauma definitions for stroke
<b><i>Nervous System</i></b>	<b>10%</b>	<b>10%</b>	Captures trauma definitions for nervous system, e.g. Parkinson's disease
<b><i>Others</i></b>	<b>15%</b>	<b>15%</b>	<i>Pneumonectomy, Coma, Colostomy, Diabetes, Blindness; Burns; Paralysis; Loss of Limbs / Speech / independence /Hearing; HIV; Organ Conditions; Major head trauma; Osteoporosis, etc</i>



## 1.4 Income Protection

Star ratings components – Income Protection		
Profiles	Pricing	Features
<b>20s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>30s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>40s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
<b>50s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%

### 1.4.1 Pricing Score

SUM INSURED – Star Ratings (Income Protection)				
Age Group	Occupation	Age	Income per annum	Sum Insured
20s	Professional	20-29	\$60,000	\$3,750
	White Collar		\$42,000	\$2,625
	Light Manual		\$48,000	\$3,000
	Blue Collar		\$60,000	\$3,750
30s	Professional	30-39	\$100,000	\$6,250
	White Collar		\$70,000	\$4,375
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250
40s	Professional	40-49	\$150,000	\$9,375
	White Collar		\$105,000	\$6,562
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250
50s	Professional	50-59	\$150,000	\$9,375
	White Collar		\$105,000	\$6,562
	Light Manual		\$80,000	\$5,000
	Blue Collar		\$100,000	\$6,250



## 1.4.2 Feature Score

Income Protection			
Category/Sub-Category	Professional/Managerial	Light Manual/Blue Collar	Description
<b>INCP - Policy Terms</b>	<b>10%</b>	<b>10%</b>	
<i>Accident Only Cover</i>	5%	5%	Captures if the policy can pay claims in the event of accident only
<i>Benefit Periods</i>	10%	10%	Captures the various benefit periods offered by the policy
<i>Benefit Type - Guaranteed Agreed Value</i>	10%	10%	Captures the ability to purchase agreed value cover
<i>Benefit Type - Indemnity</i>	10%	10%	Captures the ability to purchase indemnity cover
<i>Business Expenses</i>	10%	10%	Captures ability to add business expense as rider
<i>Entry/Expiry Ages</i>	10%	10%	Captures coverage range, e.g. entry and expiry age
<i>Premium</i>	10%	10%	Captures the premiums options, e.g. stepped, level, hybrid
<i>Sum Insured</i>	10%	10%	Captures if sum insured restrictions applies
<i>Superannuation</i>	10%	10%	Captures the availability under superannuation
<i>Waiting Periods</i>	15%	15%	Captures the various waiting periods offered by the policy
<b>INCP - Standard Company Terms</b>	<b>15%</b>	<b>15%</b>	
<i>Company Terms</i>	10%	10%	Captures the availability of 24 hour worldwide cover
<i>Cooling Off Period</i>	15%	15%	Captures the various cooling off period offered by the policy
<i>Exclusions</i>	25%	25%	Captures what is excluded at time of claim, e.g. attempted suicide, HIV
<i>Guaranteed Renewable</i>	5%	5%	Captures the guaranteed renewable definition offered by the policy
<i>Indexation</i>	10%	10%	Captures the indexation benefits, e.g. dollar cap, max age
<i>Interim Cover</i>	15%	15%	Captures interim cover and period covered
<i>Loyalty Bonus</i>	5%	5%	Captures if the policy provides any loyalty bonus
<i>Product Upgrade</i>	15%	15%	Captures the product upgrades applicable to existing and new customers
<b>INCP - Claim Payment Terms</b>	<b>40%</b>	<b>40%</b>	
<i>Benefit Offsets</i>	35%	35%	Captures the benefit options offered across various occupations, e.g. sick leave, long service
<i>Claim Payment</i>	10%	10%	Captures the period of claims payments made in arrears
<i>Occupation Definition</i>	30%	15%	Captures the any/own occupation definition period, e.g. day 1
<i>Pre-Disability Income</i>	10%	15%	Captures the definitions related to pre disability income in agreed and indemnity
<i>Waiting Period</i>	15%	25%	Captures the waiting period start and effective periods
<b>INCP - Policy Benefits and Options</b>	<b>35%</b>	<b>35%</b>	
<i>Claims Indexation</i>	10%	10%	Captures if the policy offers claims indexation
<i>Disability Definitions – Partial</i>	25%	25%	Captures the benefits offered by the policy at time of partial disability
<i>Disability Definitions – Total</i>	25%	25%	Captures the benefits offered by the policy at time of total disability
<i>Specified Injury</i>	15%	20%	Captures the benefits offered by the policy for specified injury
<i>Specified Illness</i>	10%	20%	Captures the benefits offered by the policy for specified illness
<i>Others</i>	5%	15%	Captures the other benefits offered by the policy e.g. family care benefit, death benefit etc.



## 1.5 Packaged Life

Star ratings components – Package Life		
Profiles	Pricing	Features
<b>20s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>30s</b>		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
<b>40s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
<b>50s</b>		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%

### 1.5.1 Price Score

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

### 1.5.2 Feature Score

Packaged Life				
Category	20s	30s	40s	50s
Term Life	30%	30%	30%	30%
Total and Permanent Disability	20%	20%	20%	20%
Trauma	20%	20%	20%	20%
Income Protection	30%	30%	30%	30%

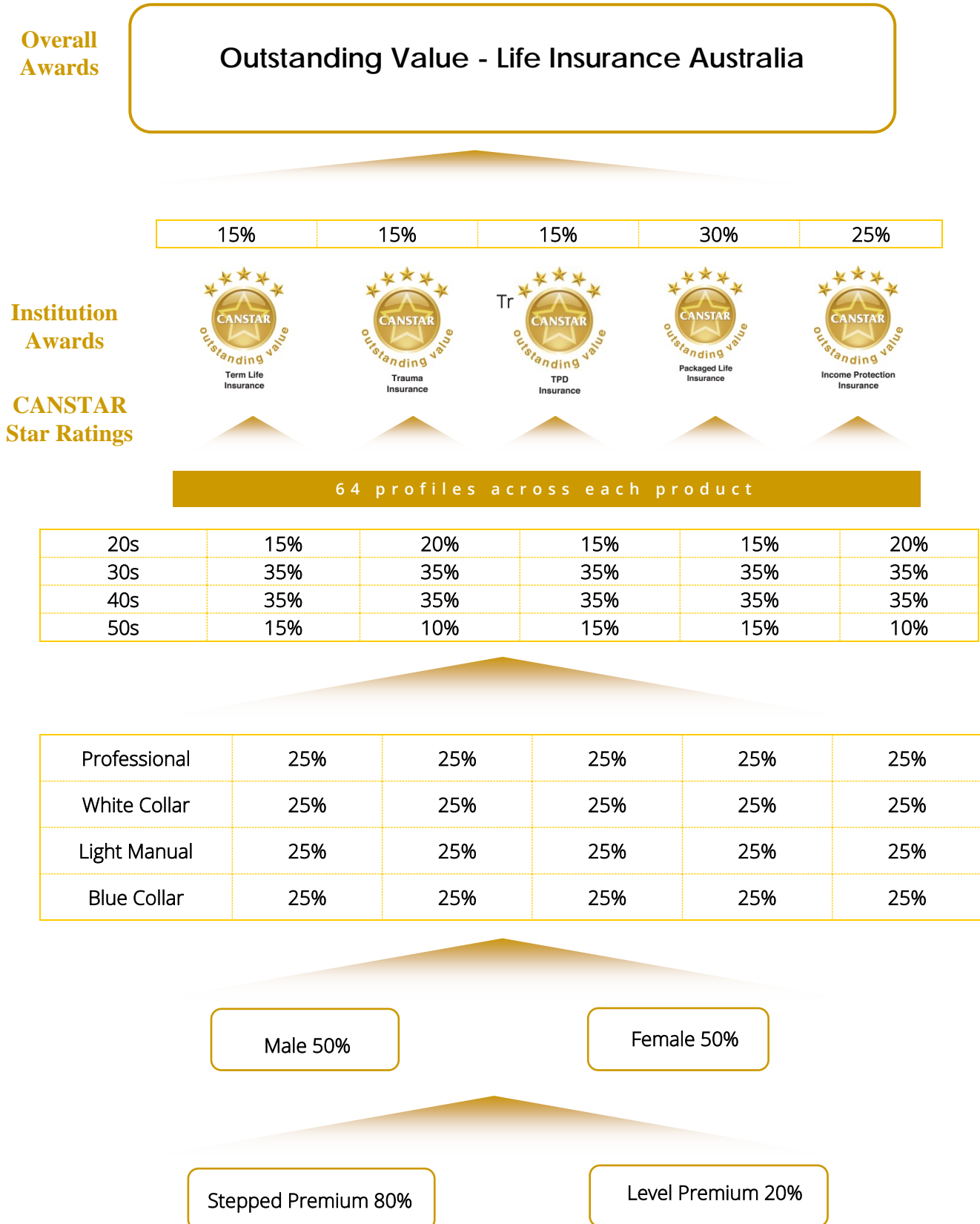
Within package life we consider the four components based on the weights shown above. We have replicated the individual product category weightings within package, but there are some differences in the categories based on the offering for a package product.



## 2. Awards & Categories

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

The structure of the award is as follows:



## 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](http://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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