



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.



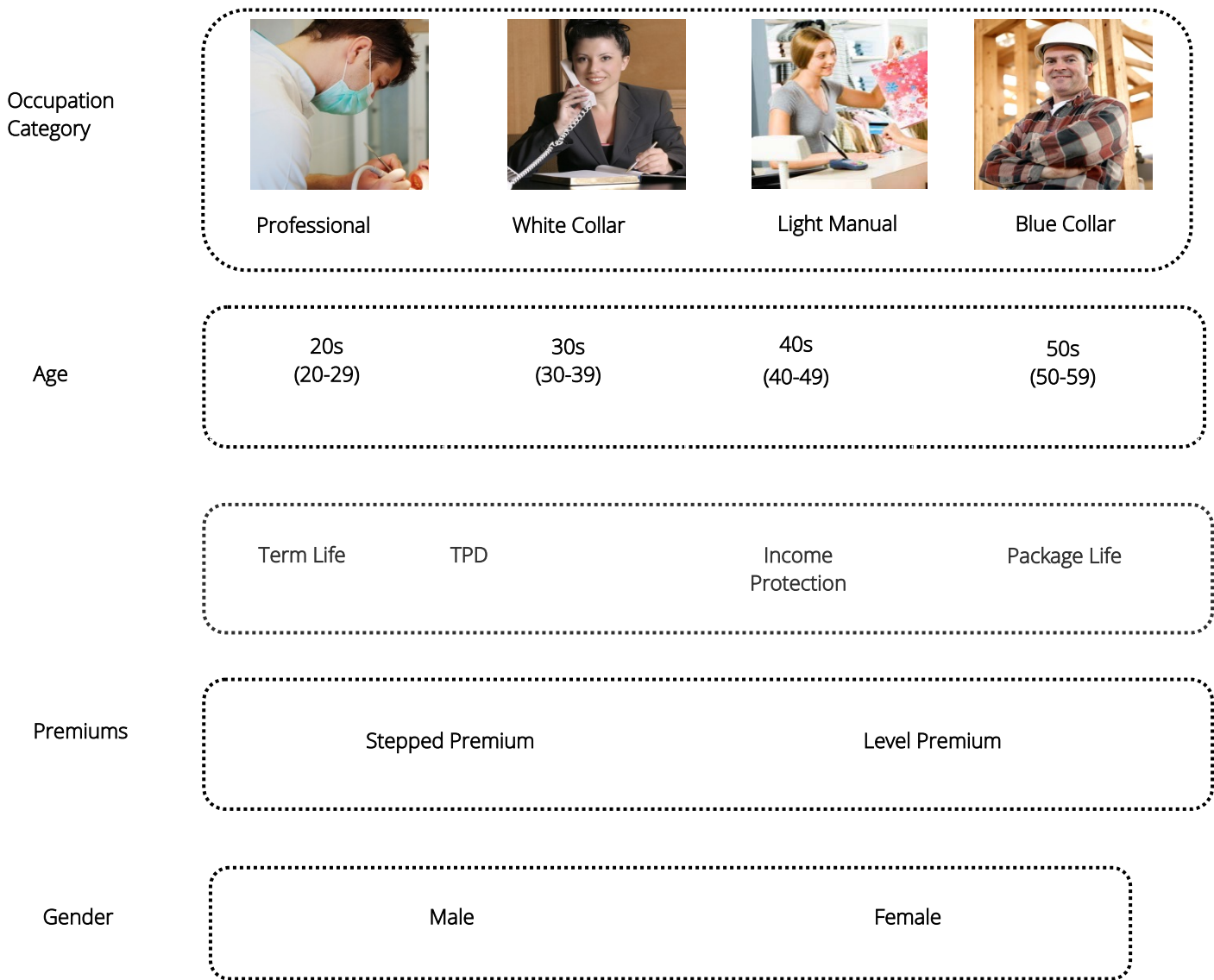
Profile descriptions

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
Death Policy Terms	10%	10%	
<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
Standard Company Terms offered	30%	30%	
<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
Death Policy Benefits and Options	60%	60%	
<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
Stand Alone TPD Policy Terms	10%	10%	
<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
Standard Company Terms	25%	20%	
<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
TPD Stand Alone Policy benefits and options.	25%	10%	
<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, and</i> additional benefit hardship booster
<i>Waiver of Premium</i>	10%	10%	Captures waiver of premiums on disability
Stand Alone TPD Definitions	40%	30%	
<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
Own Occupation quotes	-	30%	
<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
20s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
30s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
40s		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
50s		
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
Stand Alone Trauma Policy Terms	10%	10%	
<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
Standard Company Terms	10%	10%	
<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
Policy Benefits & Options	10%	10%	
<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
Stand Alone Trauma Events	70%	70%	
<i>Cancer</i>	30%	45%	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
<i>Heart</i>	30%	20%	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
<i>Stroke</i>	15%	10%	Captures trauma definitions for stroke
<i>Nervous System</i>	10%	10%	Captures trauma definitions for nervous system, e.g. Parkinson's disease
<i>Others</i>	15%	15%	<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
20s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
30s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
40s		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
50s		
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
INCP - Policy Terms	10%	10%	
<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
INCP - Standard Company Terms	15%	15%	
<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
INCP - Claim Payment Terms	40%	40%	
<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
INCP - Policy Benefits and Options	35%	35%	
<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
20s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
30s		
Professional	60%	40%
White Collar	60%	40%
Light Manual	60%	40%
Blue Collar	60%	40%
40s		
Professional	50%	50%
White Collar	50%	50%
Light Manual	50%	50%
Blue Collar	50%	50%
50s		
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%

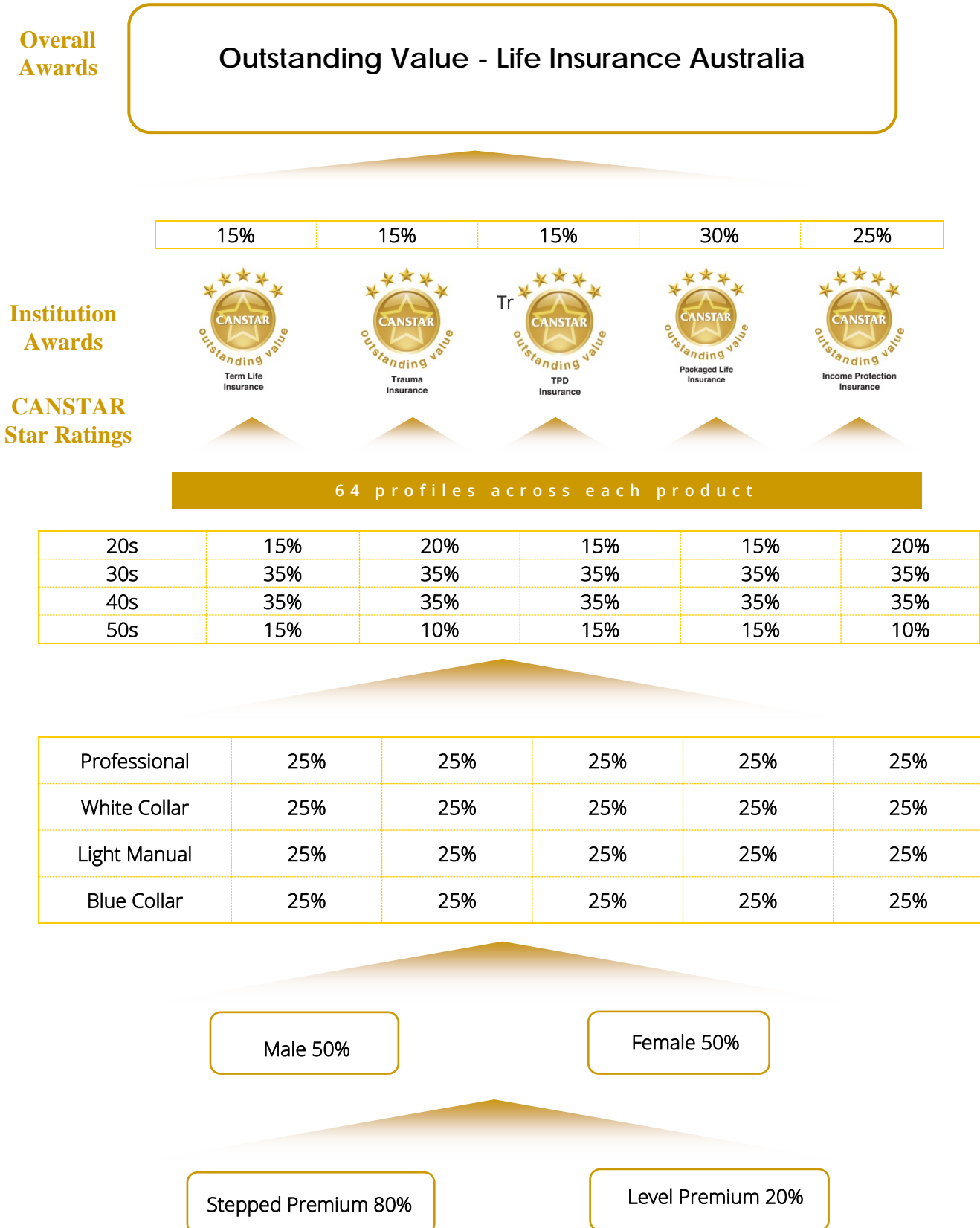
Within package life we consider the four components based on the weights shown above. We have replicated the individual product category weightings within package, but there are some differences in the categories based on the offering for a package product.



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 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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