



# METHODOLOGY

## TRAVEL INSURANCE STAR RATINGS

### What are the CANSTAR *Travel Insurance Star Ratings*?

CANSTAR *Travel Insurance Star Ratings* involve a sophisticated rating methodology, unique to CANSTAR, that compares travel insurance products in Australia. CANSTAR star ratings provide a transparent analysis of a shortlist of travel insurance products, enabling consumers to narrow their search to products that have been reviewed, assessed and ranked.

The results are reflected in a consumer-friendly five-star concept, with five stars signifying outstanding value offered by the product.

### What types of products are evaluated in the CANSTAR *Travel Insurance Star Ratings*?

CANSTAR rates a number of international and domestic travel insurance policies covering the following profile types and destinations:

#### Who?



Single



Couple



Family

#### Where?



Asia

China  
Bali  
Thailand  
Japan



Australia



Europe

UK  
France



Pacific

New Zealand  
Fiji



Worldwide

Brazil  
South Africa  
USA



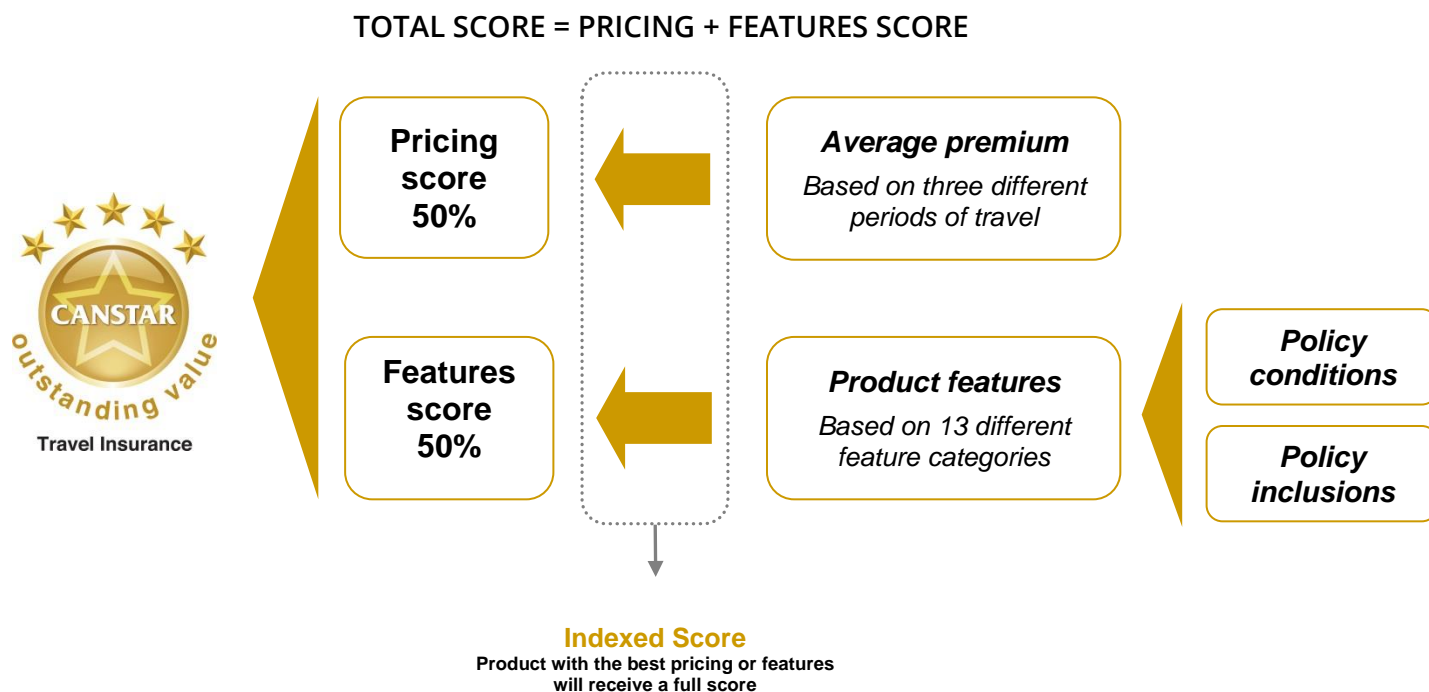
For institutions to be eligible for the international travel insurance star ratings, the policy must be a comprehensive policy. This means it must meet certain basic feature requirements in order to be included in the ratings. The requirements are:

- Overseas medical and hospital cover (international only)
- Repatriation and evacuation services (international only)
- Luggage and personal effects
- Cancellation fees and loss of deposit

## How are the CANSTAR Travel Insurance Star Ratings calculated?

Each travel insurance product reviewed for the CANSTAR Travel Insurance Star Ratings is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a Pricing score and a Features score.

To arrive at the total score, CANSTAR applies a weight against the Pricing and Features scores. This weight will vary from profile to profile and will reflect the relative importance of either costs or features in determining the best product. This method can be summarised as:



## Pricing score

The pricing score for each profile is based on guidelines outlined below. Quotes within the profile types and destinations were used to determine the minimum average premium in each profile. This was then indexed against each policy premium and weighted by its 50% weighting to determine final pricing score.



## Profile types

Quotes were based on the three profile types: Single, Couple and Family. These travellers were based on:

- 40-year-old adult/s
- If family, a 15-year-old child and an 11-year-old child
- NSW as the state of residence

## Travel period

The travel periods used to find the average premium to Japan, South Africa, China, Bali, Thailand, UK, France, USA and Brazil are as follows:

Scenario	Period of travel	Departing date	Returning date
1	10 days	1 July 2015	10 July 2015
2	21 days	1 July 2015	21 July 2015
3	42 days	1 July 2015	11 August 2015

The travel periods used to find the average premium to Australia, Fiji and New Zealand are as follows:

Scenario	Period of travel	Departing date	Returning date
1	5 days	1 July 2015	5 July 2015
2	10 days	1 July 2015	10 July 2015
3	21 days	1 July 2015	21 July 2015

## Excesses

To ensure fair comparison between providers, premiums were quoted at the standard excess amount of \$100. For policies that did not have the option of \$100 standard excess, premiums were adjusted based on industry-based actuarial data.

## Features score

Features are split into different sub-categories that are allocated appropriate weights. Based on the points received, each individual policy receives a total features score. The total score is then weighted against the weights provided in the table below for their respective profile feature score. The feature score is then indexed and weighted by its 50% weighting to provide the final features score.



## Feature categories weightings

Category	International	Domestic
<b>Policy conditions</b>	<b>20%</b>	<b>15%</b>
Definitions	33.3%	33.3%
Policy flexibility	33.3%	33.3%
Claim processes	33.4%	33.4%
<b>Policy inclusions</b>	<b>10%</b>	<b>10%</b>
Inclusions	50%	50%
Scenarios	50%	50%
<b>Policy benefits</b>	<b>70%</b>	<b>75%</b>
Overseas medical and dental	40%	-
Luggage and travel documents	15%	26%
Cancellation fees and loss of deposit	22%	41%
Emergency travel arrangements	14%	8%
Rental vehicle cover	6%	20%
Accidental death, disability and loss of income	1%	2%
Legal liability	1%	2%
Domestic services	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Sub-category	Single/Couple	Family
<b>Definitions</b>	<b>33.3%</b>	<b>33.3%</b>
Conditions	50%	33.3%
Dependants	0%	33.3%
Pre-existing medical conditions	50%	33.4%

## Feature categories definitions

Policy conditions	Sub-category definition
<i>Definitions</i>	<i>Definition of cover, e.g. definition of dependents, pre-existing medical conditions, etc.</i>
<i>Policy flexibility</i>	<i>Nil excess, adjustable excess, extend travel period, extra cover for paying extra</i>
<i>Claim process</i>	<i>Claim online, claim over the phone, 24-hour helpline, helpline accepts reverse charge calls</i>



Policy benefits	Sub-category definition
<i>Overseas medical and dental</i>	<i>Level of cover on medical- and dental-related issues</i>
<i>Luggage and travel documents</i>	<i>Level of cover on personal belongings</i>
<i>Cancellation fees and loss of deposit</i>	<i>Level of cover on administration-related fees</i>
<i>Emergency travel arrangements</i>	<i>Level of cover on unexpected changes during period of travel</i>
<i>Rental vehicle cover</i>	<i>Level of cover on rental vehicle excess</i>
<i>Accidental death, disability and loss of income</i>	<i>Level of cover on death, disability and loss of income</i>
<i>Legal liability</i>	<i>Level of cover on legal liability</i>
<i>Domestic</i>	<i>Level of cover for domestic-related issues, e.g. domestic pets</i>

Policy inclusions	Sub-category definition
<i>Inclusions</i>	<i>Land-based recreational vehicles, water-based recreational vehicles, non-professional sporting trip, extreme activities, etc.</i>
<i>Scenarios</i>	<i>A number of situations that insurers may/may not cover</i>

## What is the CANSTAR Travel Insurance Award?

In conjunction with the travel star ratings, CANSTAR has awarded two separate awards to the insurers who provide outstanding value in the following categories:



These are awarded to the insurers that provide the strongest combination of products across the travel insurance star ratings profiles, as well as excelling in a range of travel destinations and features. The award aims to give recognition to those insurers who offer quality products with desirable features to travellers in a particular category.

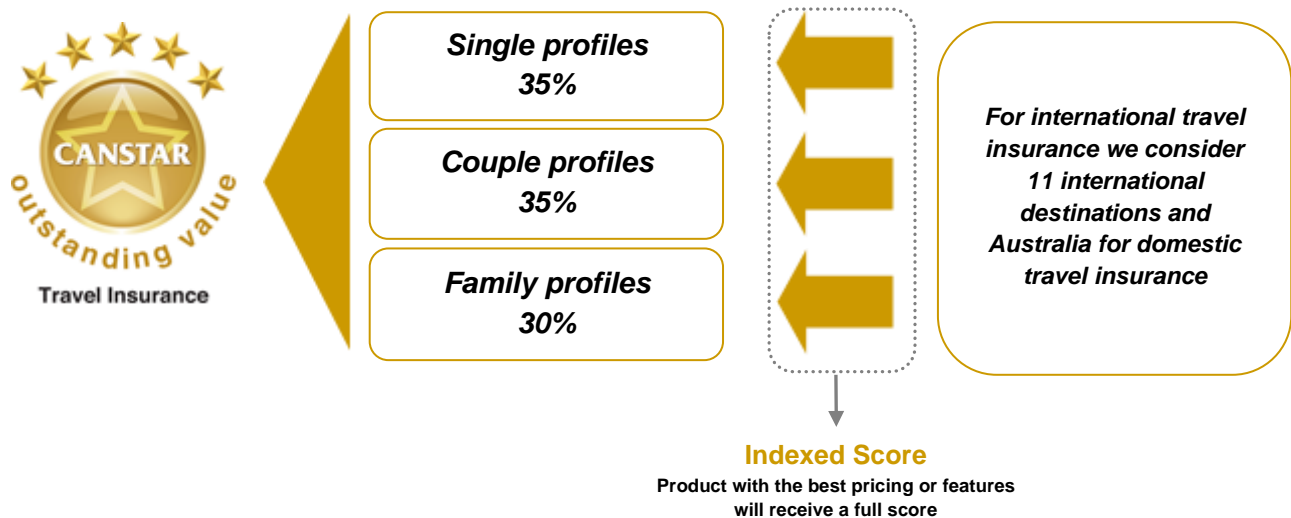


For institutions to be eligible for the overall awards, they must meet certain minimum requirements. The requirements are as follows:

- 24-hour helpline available
- Ability to extend cover while travelling (international only)
- \$10 million + family overseas medical and hospital cover (international only)
- \$5 million + family cover for repatriation and evacuation services (international only)

## How are the CANSTAR Travel Insurance Awards calculated?

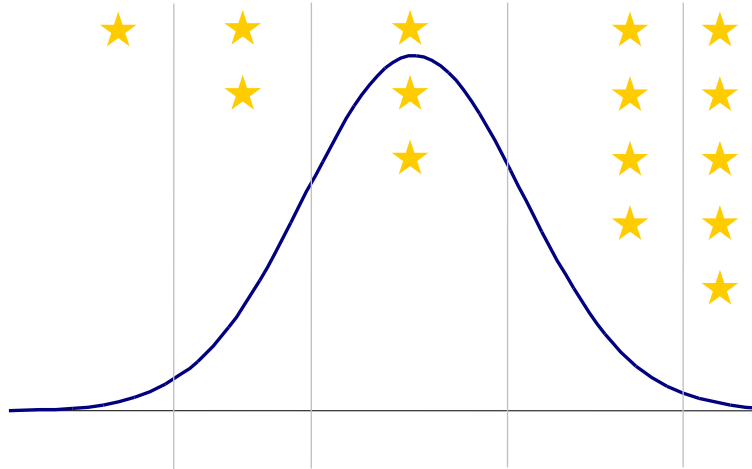
The maximum total score of each country profile is taken from each insurer and is indexed against the maximum possible top score in each country profile. This produces an indexed score which is then weighted against the profile type weights provided in the methodology tree below. Each of the profile type scores is then summed to determine the final award winner in both categories.



## How are the stars awarded?

The total score received for each profile ranks the products. The stars are then awarded based on the distribution of the scores according to the following guidelines. As you can see, only the products that obtain a score in the top 10% of the score distribution receive a five-star rating.





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

### 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 products reviewed for star ratings purposes?

All ratings are fully recalculated every 12 months, based on the latest submissions from each institution. CANSTAR also monitors 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](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
- Agribusiness
- Car insurance
- Direct life insurance
- Home & contents
- Life insurance
- Online banking
- Personal loans
- Superannuation
- Business banking
- Credit cards
- First home buyer
- Home loans
- Managed investments
- Online share trading
- Pet insurance
- Term deposits
- Youth banking



#### **COMPLIANCE DISCLOSURE and LIABILITY:**

To the extent that the information in this report constitutes general advice, this advice has been prepared by Canstar Research Pty Ltd A.C.N. 114 422 909 AFSL and ACL 437917 ("Canstar"). The information has been prepared without taking into account your individual investment objectives, financial circumstances or needs. Before you decide whether or not to acquire a particular financial product you should assess whether it is appropriate for you in the light of your own personal circumstances, having regard to your own objectives, financial situation and needs. You may wish to obtain financial advice from a suitably qualified adviser before making any decision to acquire a financial product. Canstar provides information about credit products. It is not a credit provider and in giving you information it is not making any suggestion or recommendation to you about a particular credit product. Please refer to Canstar's FSG for more information.

The information in this report must not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANSTAR's prior written consent. All information obtained by Canstar from external sources is believed to be accurate and reliable. Under no circumstances shall Canstar have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of Canstar or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2014 CANSTAR Research Pty Ltd A.C.N. 114 422 909

The word "CANSTAR", the gold star in a circle logo (with or without surmounting stars), are trademarks or registered trademarks of CANSTAR Pty Ltd. Reference to third party products, services or other information by trade name, trademark or otherwise does not constitute or imply endorsement, sponsorship or recommendation of CANSTAR by the respective trademark owner.

