



# METHODOLOGY

# MOTORCYCLE INSURANCE STAR

# RATINGS

## What is the CANSTAR *Motorcycle Insurance Star Ratings*?

CANSTAR's Motorcycle Insurance Star Ratings uses a sophisticated and unique methodology that compares the combination of cost and features across comprehensive motorcycle insurance products in Australia. CANSTAR star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked.

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

## Profile descriptions

The breakdown of profiles considered in the Motorcycle Insurance Star Ratings is as follows:

### Age of Rider

- 20 year old
- 24 year old
- 30 year old
- 45 year old

### Engine Capacity of Motorcycle/Scooter

- 125cc
- 300cc
- 600cc
- 1000cc
- 1700cc

## Eligibility requirements for CANSTAR's *Motorcycle Insurance Star Ratings*

To be considered for rating, institutions must have products that meet the following requirements:

- Must be an independently underwritten product and not a white labelled product.
- Cover must be available for daily commute.
- Quoting can be obtained.



CANSTAR Motorcycle Insurance Star Ratings is a transparent analysis comparing all products considered eligible for the star ratings.

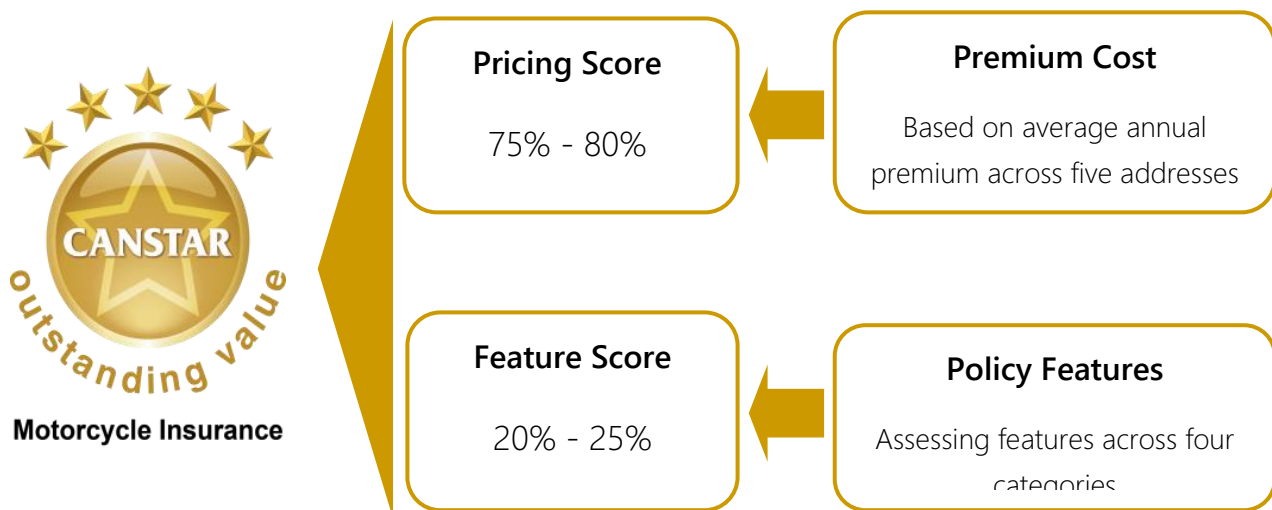


## How is the CANSTAR Motorcycle Insurance Star Ratings calculated?

The CANSTAR Motorcycle Insurance Star Ratings calculations are based on a comparison of costs (average premium) and key features which are considered important to motorcycle insurance plans (application and claims process, policy terms and conditions, after accident care etc.).

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

To arrive at the total score that makes up the profile star rating, CANSTAR considers a price assessment and a feature assessment:



The table below provides a breakdown of weights across both price and features according to the motorcycle rider's age.

Overall Weightings		
Profile	Pricing	Feature
20 year old rider	80%	20%
24 year old rider	80%	20%



30 year old rider	75%	25%
45 year old rider	75%	25%



## Pricing Score

The average annual insurance premium is used as CANSTAR's point of cost comparison. Products are compared to each other, where the lowest cost product in the market is awarded the highest pricing score. All other products are awarded a score based on their relative cost against the rest of the market.

Quotes are generated for each profile requiring a number of assumptions to be made regarding, for example, when full licence was obtained, how often the motorcycle is ridden, if the rider has been in an accident in the last couple of years, whether they have held cover previously and where the motorcycle is parked.

Given the varying amounts and structures of excesses available in the market, CANSTAR aims to compare pricing in the market on an even playing field. To achieve this, a standard target excess of \$500 has been used to quote for each product. Where a product does not offer the target excess, the closest value to the target excess is used. If two values are an equal distance either side of the target value, the lower excess value is used.

## Feature Score

Each motorcycle insurance product is awarded points for useful features available with the policy. The Feature Score is calculated by separating these features into four main categories where the total features score for each category of information is ranked and weighted relative to its overall importance for each profile. The product with the highest points is allocated the maximum score, with all remaining products being indexed against it.

The table below outlines the allocated weights for each category and its corresponding sub-category.

Feature Weights		
Categories	Under 25s (%)	Over 25s (%)
Policy Terms and Conditions	15%	15%
Standard Company Terms	65%	75%
Excess Options	30%	20%
Discounts	5%	5%
Coverage	30%	30%
Coverage	45%	45%
Additional Coverage	35%	35%
Legal Liability	20%	20%



After Accident Care	40%	40%
Immediate Care	60%	60%
Repairs and Services	40%	40%
Application and Claims Process	15%	15%
Application Process	35%	35%
Claims	40%	40%
Support	25%	25%



## Awards to Insurers

Two awards are offered by CANSTAR to insurers. The Outstanding Value Motorcycle Insurance State Award and Outstanding Value Motorcycle Insurance Australia National Award are judged by the cumulative score of the particular product.

### State Awards

State Awards are awarded in each state to institutions to recognise those who offer outstanding value within the star ratings across eighteen profiles. Profiles are based on three different driver age groups (i.e. Under 25s, 26 to 35 year olds and 36 to 59 year olds) and five motorcycle engine capacity amounts (i.e. 125cc, 300cc, 600cc, 1000cc and 1700cc) with the exception of the under 25s where only the three lower engine capacity amounts are considered.

A weight is placed on each age group, each age and each engine capacity amount considered. For the purposes of the award the twenty year old and twenty-four year old are combined to form the Under 25s profile. The institution who achieves the top combined score across the age groups for the state achieves a State Award.

The table below provides a breakdown of weight allocation towards profiles and how CANSTAR arrives at the State Awards.

Overall State Award		Age profile		Motorcycle profile	
Age Groups	Weighting	Ages	Weighting	Engine Capacity	Weighting
Under 25s	20%	20 yo	50%	125cc	33.33%
				300cc	33.33%
				600cc	33.33%
		24 yo	50%	125cc	20%
				300cc	20%
				600cc	20%
				1000cc	20%
				1700cc	20%
26-35	25%	30 yo	100%	125cc	20%
				300cc	20%
				600cc	20%
				1000cc	20%
				1700cc	20%
36-59	55%	45 yo	100%	125cc	20%
				300cc	20%



				<b>600cc</b>	20%
				<b>1000cc</b>	20%
				<b>1700cc</b>	20%

## National Awards

National Awards are based on the cumulative score across all profiles and all states. The same weight is placed on each age group, and motorcycle engine capacity component as with the State Award, with each state then receiving a weight based on the number of motorcycles registered in each state according to the annual Australian Bureau of Statistics (ABS) data.

## How often are all the products reviewed for rating purposes?

The *Motorcycle Insurance Star Ratings* is calculated every twelve months based on the latest information collected by CANSTAR or supplied by each institution.

## 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.

## 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
- Life insurance
- Online banking
- Personal loans
- Term deposits
- Youth banking
- Agribusiness
- Car insurance
- Direct life insurance
- Home & Contents
- Managed investments
- Online share trading
- Reward programs
- Travel insurance
- Business banking
- Credit cards
- First home buyer
- Home loans
- Margin lending
- Package banking
- Superannuation
- Travel money cards



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