



METHODOLOGY

50s AND OVER FUNERAL INSURANCE STAR RATINGS

What are the CANSTAR *Funeral Insurance Star Ratings*?

CANSTAR's *Funeral Insurance Star Ratings* involve a sophisticated rating methodology, unique to CANSTAR which compares funeral insurance products in Australia. CANSTAR star ratings represent a shortlist of financial products, narrowing the search for consumers to products that have been reviewed, assessed and ranked.

The CANSTAR *Funeral Insurance Star Ratings* is a transparent analysis comparing all types of funeral insurance covers for an array of characteristics, such as:

- Premiums
- Discounts or refunds
- Benefit payout
- Features

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

Eligibility requirements for CANSTAR's *Funeral Insurance Star Ratings*

To be eligible for a star rating, the funeral insurance cover must meet the following requirements:

- Available to Australian citizens or permanent residents
- Available to the general public
- Available to people over the age of 50 years
- Is a level premium product

How is the CANSTAR *Funeral Insurance Star Ratings* structured?

The CANSTAR *Funeral Insurance Star Ratings* methodology has been designed to reflect various consumer profiles. Specifically the ratings consist of the following sub-sections:

Age Group

- Early Fifties: 50-54 years of age
- Late Fifties: 55-59 years of age
- Early Sixties: 60-64 years of age
- Late Sixties: 65-69 years of age
- Seventies Plus: 70-75 years of age

Gender

- Male
- Female

Smoking Status

- Smoker
- Non-smoker (where a non-smoker is defined as a person who has not smoked for at least the last 12 months)

How is the CANSTAR *Funeral Insurance Star Ratings* calculated?

The CANSTAR *Funeral Insurance Star Ratings* calculations are based on a comparison of costs (including the average premium and benefits paid to the policy holder at time of claim) and key features which are considered important to funeral insurance plans (application and claims process, coverage terms, premium caps, payment options etc.). Points are aggregated to achieve a Pricing score (P) and a Feature score (F).

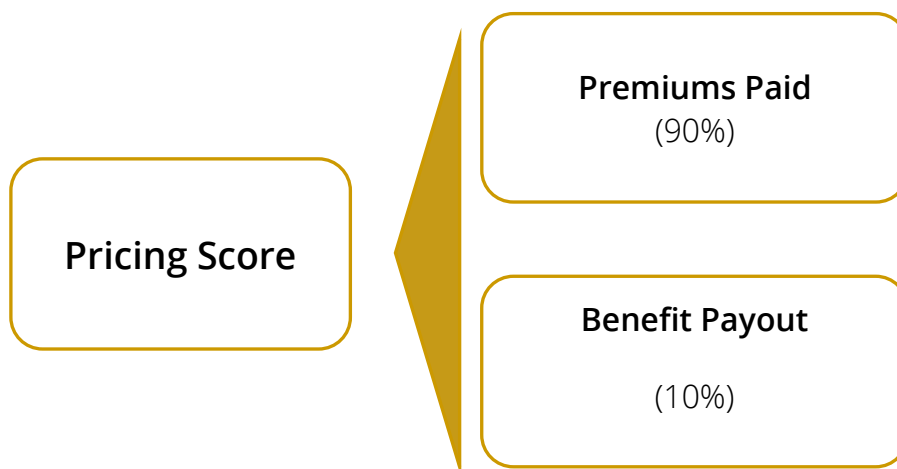
To arrive at the total score, CANSTAR applies a weight (w) against the P and F. The weights reflect the relative importance of either costs or features in determining the funeral insurance cover offering outstanding value. This method can be summarised as:

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



Pricing Score

The pricing score of the Funeral Insurance Star Ratings is broken down into two components which include the premiums paid and the benefit payout. They are weighted as follows:



Premiums Paid

This pricing calculation consists of collecting the premium data across the various profiles, with quotes based on a \$10,000 sum insured amount and entry ages of 52, 57, 62, 67 and 72 years. The calculations considered the total amount of premiums paid from the various entry ages until claim age (age of death) of the policy holder. Any applicable caps, premium discounts and refunds were factored in.

Caps that apply are either one or a combination of the following:

- Once the equivalent of the sum insured has been paid in premiums
- Once an age has been reached

The various ages of death considered in the calculation of total premiums paid are noted and weighted as follows:

Claim Age (years)	Early Fifties (%)	Late Fifties (%)	Early Sixties (%)	Late Sixties (%)	Seventies (%)
53.5	3.10				
58.5	4.23	4.37			
63.5	5.71	5.89	6.16		
68.5	7.31	7.54	7.89	8.41	
73.5	9.48	9.79	10.24	10.91	11.91
78.5	13.45	13.88	14.51	15.46	16.88
83.5	18.49	19.08	19.95	21.26	23.21
88.5	19.52	20.14	21.06	22.44	24.50
93.5	13.63	14.06	14.71	15.67	17.11
98.5	5.09	5.25	5.49	5.85	6.39

Source: Statistics on deaths and mortality in Australia, Australian Bureau of Statistics

The lowest priced product within each profile will be allocated the maximum score with all remaining products indexed against it.

Benefit Payout

The benefit payout calculation projects the total amount claimable from various entry ages and age of death. This calculation is used to recognise the providers who pay a higher sum insured amount, if the premiums paid by the policy holder exceed the sum insured amount. Additionally it is used to penalise providers who have a higher sum insured cap compared to the benefit paid when claim is made or those who do not have a cap altogether.

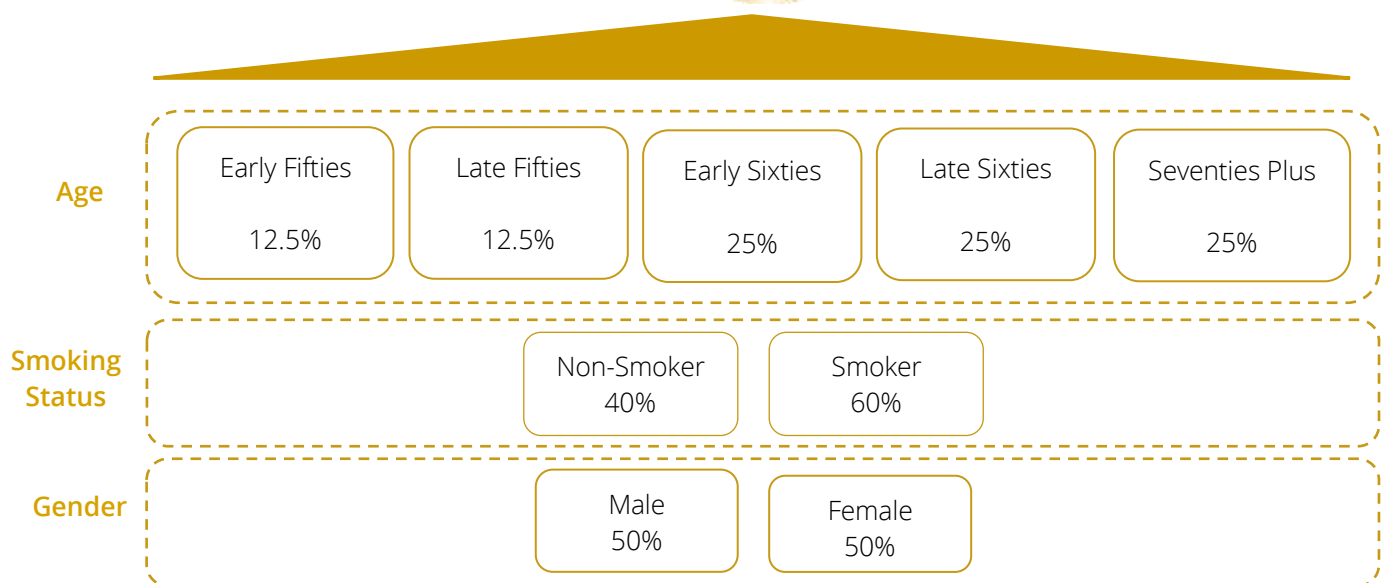
Feature Score

The feature score is calculated by dividing features into four categories, with each category carrying a point allocation and weighting. The product with the highest features score is allocated the maximum score, with all remaining products indexed against it. The features categories and subcategories are:

Category	Weight	Description
Policy Terms	20%	
Coverage Terms	10%	Minimum entry age, maximum entry age etc.
Premiums	70%	Minimum premium allowed, availability of stepped premiums, premium cap etc.
Sums Insured	10%	Minimum sum insured allowed, Maximum sum insured available
Payment Options	10%	Fortnightly, Monthly, Quarterly, Half Yearly, Yearly
Standard Company Terms	30%	
Exclusions	40%	Suicide/ self-inflicted exclusions applies for the first 12 months of the policy only, Sickness/ illness exclusion applies for the 12 months of the policy only, Is there an exclusion if death occurs outside of Australia
Indexation	30%	Sum insured indexation available, CPI refusal available, CPI indexation cap etc.
Discounts	15%	Multi-life discounts, multi-policy discounts, special discounts or incentives etc.
Other	15%	Length cooling off period, can a beneficiary be nominated, Can there be Multiple lives insured
Benefits and Options	30%	
Terminal Illness	30%	Terminal illness benefit, accidental death cover, maximum amount covered under the policy for accidental death etc.
Accidental Death	25%	Maximum amount covered under the policy for accidental death etc.
Waiver of Premiums	30%	Temporary premium waiver if policy holder has financial hardship, period of premium waiver due to financial hardship etc.
Other	15%	Accidental injury- sum insured may be fully or partially paid in the event of injury
Application and Claims	20%	
Application Process	30%	Online application, phone application, ability to save application etc.
Claims process	40%	How many days does it takes for benefits to be paid out, ability to claim online available etc.
Support	30%	Availability of call centre, operating hours, FAQs etc.

Awards to Insurers

CANSTAR names the insurer or insurers who offer outstanding value based on their star ratings performance across twenty profiles. The twenty overall profiles are determined by three categories- age group, gender and smoking status, allowing consumers to identify their demographic and create a shortlist of products to match their needs and or budget. The star ratings across all profiles help to arrive at the national award, Outstanding Value- Funeral Insurance 50s and Over.



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 all the products reviewed for rating purposes?

This award is 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 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
- First home buyer
- 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
- Travel money cards
- Youth banking



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