



CAR INSURANCE STAR RATINGS

Report No. 1

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IN THIS INAUGURAL REPORT WE EXPLORE ...

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RIDE THE INTERNET WAVE TO SAVE

As consumers flock online in greater numbers than ever before to research and purchase, the car insurance industry has been one of the most obvious beneficiaries of this new way of doing business. The internet is now well and truly driving insurance sales growth and renewals, with research experts, ACNielsen, reporting almost half (47%) of internet users accessing insurance information online in the past six months. Over half (52%) stated they had purchased an insurance policy online during the same timeframe.

In recent months CANNEX has surveyed the car insurance market to include as many companies as possible in our research. Our criteria were that insurers must offer online quoting facilities and offer insurance to most drivers with regular cars. At the time of selection, twenty-three insurers met the requirements. Since then we have seen a number of new names enter the market. Bingle, Real Insurance and eCar Insurance have all recently joined the ranks. Although we have not included these brands in our first *star ratings* we are already looking forward to our next ratings results in 6 months time with the new players included. With such a hive of activity in car insurance in Australia right now, the CANNEX *car insurance star ratings* have come at the right time to help to clear some of the confusion.

INSURER	ONLINE PURCHASE DISCOUNT
Budget Direct	15%
GIO	15%
Allianz	10%
ING	10%
AAMI	\$50
Commonwealth Bank	5%
National Australia Bank	5%

Many car insurance providers offer online discounts of up to 15% but, oddly enough, not all are cheaper online. CANNEX research findings suggest that some discounted online premium offers are actually more expensive than other brands available by phone or at a branch. So it's very important shop around to get the very best savings on offer.

The car insurance market is constantly evolving; new insurers entering the market and new discounts being offered by established brands are changing

every week. CANNEX has priced its premiums according to the discounts that were available at the time of quoting, however, to ensure that the information contained in this report is as up to date as possible, we have revised our reporting of the discounts offered to reflect the current market place. Every six months CANNEX will repeat its shadow shopping exercise to ensure that changes in the market place are reflected in our *star ratings*. We will also review our methodology to ensure it remains aligned to the latest car insurance trends and needs of Australian consumers.

The popularity of comparing and buying car insurance online has seen the emergence of a number of new players in the car insurance game. A decade ago, this product was the domain of premier Australian brands such as NRMA Insurance, AAMI and GIO. These days less familiar brands such as Just Car, Budget Direct and Cash Back are in on the act. The market can be likened to the mortgage industry back when Aussie and Wizard Home Loans entered the picture, heralding the arrival of non-bank lenders in what was traditionally the domain of mainstream banks. With the whole car insurance sector wide open and fiercely competitive, consumers are encouraged to compare brands and products, familiar and unfamiliar. Consumers who shop around using the CANNEX *car insurance star ratings* will save a bundle, while making sure they get key features they need along the way.

CAR INSURANCE COMPARISON A FIRST FOR AUSTRALIA

This is the largest consumer research initiative CANNEX has ever undertaken. In order to compare and rate car insurance policies for the first time ever, CANNEX has completed an exhaustive shadow shopping exercise, covering 23 comprehensive policies and obtaining over 10,000 individual quotes across 6 states. We have built Australia's largest car insurance product database with more than 80 different features covered.

The table, at right, shows each insurer and the states in which they offer cover for motor vehicles:

	NSW	QLD	SA	TAS	VIC	WA
AAMI	✓	✓	✓	✓	✓	✓
Allianz	✓	✓	✓	✓	✓	✓
AON	✓	✓	✓	✓	✓	✓
Bendigo Bank	✓	✓	✓	✓	✓	✓
Budget Direct	✓	✓	✓	✓	✓	✓
Cashback	✓	✓	✓	✓	✓	✓
CGU	✓	✓	✓	✓	✓	✓
Commonwealth Bank	✓	✓	✓	✓	✓	✓
GIO	✓	✗	✗	✗	✓	✓
ING	✓	✓	✓	✓	✓	✓
Just Car	✓	✓	✓	✓	✓	✓
nab	✓	✓	✓	✓	✓	✓
NRMA Insurance	✓	✓	✗	✓	✗	✗
Ozicare	✓	✓	✓	✓	✓	✓
RAC	✗	✗	✗	✗	✗	✓
RACQ	✗	✓	✗	✗	✗	✗
RACV	✗	✗	✗	✗	✓	✗
SGIC	✗	✗	✓	✗	✗	✗
SGIO	✗	✗	✗	✗	✗	✓
St George Bank	✓	✓	✓	✓	✓	✓
SUNCORP	✓	✓	✓		✓	✓
Western QBE	✓	✓	✓	✓	✓	✓
Westpac	✓	✓	✓	✓	✓	✓

To estimate the cost of insurance for consumers, our researchers shopped around as if they were typical Australian consumers falling into representative profiles. Our quotes cover eight different driver profiles in several post codes for each capital city in order to represent our diverse driver landscape¹. This study is by far the largest comparison ever done in Australia. The depth of research is way more than many individuals could achieve on their own, and provides a short cut to product comparison. We intend to repeat this study every six months so consumers continue to have a simple and reliable means of keeping up to date with what insurers are offering and so they can choose the best value policy every time.

CANNEX decided to rate comprehensive car insurance products because Australians are comparing these products more frequently than ever. According to ACNielsen research, for the first time internet sales are taking away from sales made over the telephone. Also, consumers who shop using the internet are more inclined to obtain three online quotes instead of just two for those who use the phone.²

CANNEX online comparison tools can help consumers to narrow down which policies to investigate whether they pursue internet or phone quotes, compared against indicative star ratings premium prices based on CANNEX's major independent survey.

CASH vs CRASH – A LOOK AT CLAIMS

Of course, we all hope that we won't need to claim on our car insurance but with so many drivers on the road, accidents happen. In Australia in 2005-2006 there were almost 1.5 million motor insurance claims made, 12.6% of all policies³. The handling of claims is therefore going to be very important to consumers when they select an insurer for their car.

Information on how well a particular insurer handles claims is very subjective and thus difficult to collect and analyse. CANNEX has not included claims handling in its assessment of insurers because of this difficulty however consumers should remember that price is not the only factor they should consider when choosing an insurer.

WHO'S IN THE DRIVER'S SEAT?

Not all drivers are the same and no one insurance policy will be the best fit for everyone. Just moving to a different suburb makes a difference to which policy will suit you. This is where the CANNEX profiles come in handy. We have identified eight unique driver profiles that reflect the majority of the spectrum of drivers (see below). Each profile has different expectations of their car insurance policy and so the star ratings methodology assigns different importance to fees and features for each profile. Six different Australian states are included in this analysis; New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia. We selected two cars for each profile that were the most representative of the likely vehicles being driven.

¹ In this study CANNEX research reaches across six states. ACT drivers are considered as part of NSW in the context of our postcode selection, though the NT is not yet covered at this stage.

² "The Internet drives insurance industry sales growth and renewals", by ACNielsen, 27 March 2007.

³ Source: The Insurance Ombudsman Annual Review 2006

CANNEX realises that not everyone will slot neatly into one of the driver profiles listed below. There are bound to be those few who fall outside a category, for any number of reasons such as an unusual driving record, a car that is not typical or a residential address that is considered much higher or lower risk than the locations we evaluated. These individuals will be best served going direct to the insurer of their choice or going through an insurance broker. Our results, however, will be very helpful for the bulk of Australians in the following profiles:

Profiles 1 & 2 Young Drivers – Male under 25, Female under 25

For drivers at the entry point of car insurance, we took a realistic approach and set the car's value at under \$27,000. We gave driver ratings of 4 and included one speeding ticket received within the last 12 months. From a car insurance point of view, the sex of young drivers can make a difference, with young males deemed a bigger risk, according to road crash statistics.

Profiles 3 & 4 Male Driver – mid-to-late 20s, Female Driver – mid-to-late 20s

An accident-free driving record means these drivers, aged 25 to 29, have progressed to a rating 1. For our profile, we put this driver behind the wheel of a medium-priced car, valued under \$35,000. As no-one under 25 will be driving this car, it's ideal if looking for a standard comprehensive policy with no extras. The difference in sex, while not as crucial as in the young, first-time drivers, is nevertheless of significance to some car insurance companies.

Profile 5 Driver – over 30

As there are no young drivers to be considered with this profile, this male or female benefits further from competitive prices. The driver in this profile qualifies for the full no-claim bonus and saves even more on annual premiums by covering minor incidents with his or her own money. The value of the car driven is under \$45,000.

Profile 6 Car Connoisseur – over 30

No kids, at least not of driving age, and more disposable income mean this driver can afford a more expensive and desirable car. Sure, the car costs extra to insure but this driver qualifies for the full no-claim bonus. For our profile, we have selected the market value of the car driven by the car connoisseur to range from \$45,000 to \$75,000.

Profile 7 Family – with at least one young driver

The stereotypical family consists of mum, dad and perhaps a son and daughter who are both aged under 25. The family wishes to insure a car, valued at under \$45,000, for the entire household to drive.

Profile 8 Mature Drivers – over 60

These long-time drivers are looking for a hassle-free policy which provides a few more features to make their lives easier, should they have to make a claim. Their car is valued at under \$40,000 and there are no young drivers to complicate matters.

WHAT'S THE BEST POLICY FOR ME?

The best way to use CANNEX star ratings is by using the car insurance comparison is to decide which profile fits you and tell us which state you live in. Our results will allow you to compare indicative prices for the profile that best matches your situation.

To cut to the winning brands, the companies detailed below delivered the very best value for money after we factored in key features needed for each profile around the country:

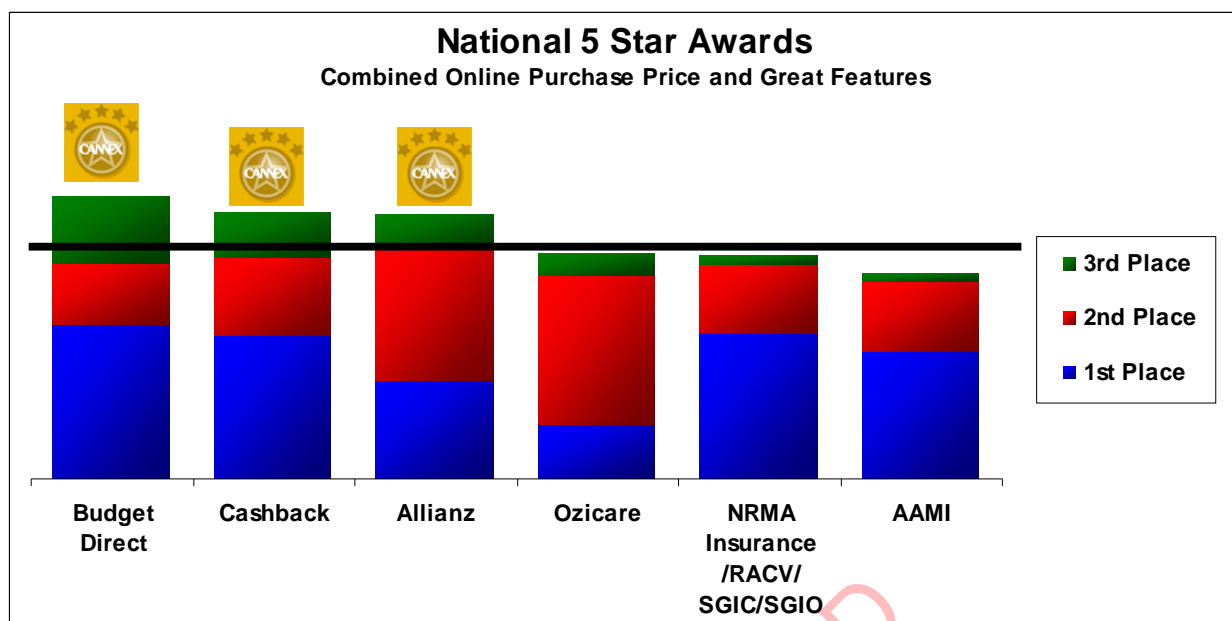
	NSW	QLD	SA	TAS	VIC	WA
Young Female Driver <25	NRMA Insurance	NRMA Insurance	SGIC	Just Car	Just Car	SGIO
Young Male Driver <25	NRMA Insurance	NRMA Insurance	Just Car	Just Car	Just Car	SGIO
Female Driver 25 - 29	NRMA Insurance	NRMA Insurance	ING	ING	Allianz	Allianz
Male Driver 25 - 29	Westpac	NRMA Insurance	ING	ING	Cashback	Westpac
Drivers 30 - 59	Westpac	Ozicare	ING	Ozicare	Allianz	Allianz
Car Connoisseur	National Australia Bank	National Australia Bank	ING	ING	ING	National Australia Bank
Family with Young Drivers	AAMI	Budget Direct	Budget Direct	Budget Direct	AAMI	Budget Direct
Mature Drivers	Budget Direct	Cashback	Cashback	Budget Direct	Cashback	Cashback

OVERALL WINNERS ACROSS THE COUNTRY

After we added up strong performance by particular car insurance brands for each profile around the country, some brands really stood out for their broad and deep value offer to consumers. In this research survey we have awarded two types of gongs. The first is awarded at the individual product level: after pricing premiums for all profiles in each capital city where the 23 brands are offered, products are awarded three, four or five stars (the very best on offer). The second gong is given at the national, state and profile level to reflect real product value in those areas. The enormous variance in car insurance products offered to suit different consumer needs between states and even within states dictated this to be the fairest approach.

Our national award winners are Budget Direct, Cashback and Allianz, and they won by having the most number of first, second and third place rankings right around the country and for the bulk of consumer profiles researched. CANNEX created population-based weightings across our eight consumer profiles to make sure our winners were reaching the most consumers possible. As you can see on the graph below, there is great variety in the amount of first, second and third placings awarded to the major car insurers who operate in the national market.

The National Five Star winners are products that offer superior value for money for most consumers in most states and profiles:



STATE-BY-STATE BREAKDOWN: SOME SURPRISES

Using the same methodology as the National Award but on a state basis, the insurer offering the best value across all profiles (which were weighted by their respective population size) was determined in each state. For state winners, the top scoring product in each state was chosen as the winner.

STATE	WINNER
New South Wales	NRMA Insurance
Queensland	Cashback
South Australia	ING
Tasmania	Cashback
Victoria	Allianz
Western Australia	Allianz

Quite apart from the relative strength of brands in each capital city location, CANNEX research reveals a much more detailed picture of how different consumers fare within in each state and between states. The table below highlights some key differences.

For example, the average national premium across all eight CANNEX profiles is \$853. However the average premium results by state are quite different: \$1,430 in New South Wales; \$917 in Victoria; \$753 in Queensland; \$700 in both South Australia and West Australia; and \$568 in Tasmania. Sydneysiders may be surprised to learn that, based on CANNEX's extensive national research, they are paying \$577 more than other urban drivers around Australia for comparable car insurance policies. Sydney and NSW premiums are more expensive because the risk for insurers is greater; a higher population density means more cars on the road and more accidents or thefts which of course more claims for insurers. Sydney streets are certainly full of

cars and residents see this reflected in their premiums.

Summary State Results Across 8 CANNEX Profiles				
	Average Premium	Average Premium vs. National Average	Potential Savings (1)	
NSW	\$ 1,430.2	68%	\$ 973.5	
VIC	\$ 917.3	8%	\$ 599.4	
QLD	\$ 752.5	-12%	\$ 560.3	
SA	\$ 699.8	-18%	\$ 468.5	
WA	\$ 700.0	-18%	\$ 456.0	
TAS	\$ 567.5	-33%	\$ 375.0	
National	\$ 852.9	0%	\$ 572.1	
Notes: (1) Potential savings are the difference between the highest and lowest average premiums across all brands available in the State.				

Source: CANNEX

The following section of this report pulls apart our findings at a state level, by profile. The postcodes we have used for each state are based upon population density statistics so they mostly center around the capital cities. Although the ACT has not been individually priced we have assumed that the premiums of the Canberra area are comparable with those of the Sydney/NSW market.

We list the minimum average, average and maximum average for each profile and for the state overall. The “Minimum Average Premium” is the average premium offered by the cheapest priced insurer for that state and profile. The “Average Premium” is the average cost of insurance for that profile in that state. Finally the “Maximum Average Premium” is the average premium offered by the most expensive priced insurer for that state and profile.

RESULTS – NEW SOUTH WALES

NSW premiums are expensive compared to the rest of the country because of the higher risk that comes as a results of the greater population - on average a NSW premium is 68% higher than the national average. Young people and families with young drivers stand to save the most by shopping around.

- If all NSW consumers used star ratings to find the very best indicative premium levels based on CANNEX’s online research, they would save 45% on their car insurance.
- The average potential for savings available in NSW is \$974.
- If you’re a young man under the age of 25, you could save up to \$1,879 – surely worth the time and effort!

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
NSW	Young Female Driver <25	\$858	\$1,694	\$2,643	\$1,785	68%
NSW	Young Male Driver <25	\$899	\$1,775	\$2,777	\$1,879	68%
NSW	Female Driver 25 - 29	\$1,057	\$1,260	\$1,708	\$650	38%
NSW	Male Driver 25 - 29	\$1,102	\$1,302	\$1,708	\$606	35%
NSW	Drivers 30 - 59	\$894	\$1,074	\$1,258	\$364	29%
NSW	Family with Young Drivers	\$878	\$1,607	\$2,231	\$1,353	61%
NSW	Car Connoisseur	\$1,387	\$1,740	\$2,132	\$746	35%
NSW	Mature Drivers	\$927	\$1,078	\$1,332	\$406	30%
	Average for all profiles	\$1,000	\$1,430	\$1,974	\$974	45%

RESULTS – VICTORIA

Victorian drivers are, on average, paying less than their New South Wales counterparts but premiums in Victoria are, on average, 8% higher than the national average.

- If Victorian consumers used star ratings to find the very best indicative premium levels based on CANEX's online research, they would save 43% on their car insurance.
- The average potential for savings available in Victoria is almost \$600.
- Young Female and Male Drivers, and Families with Young Drivers could all save over 50% on their car insurance – this means they could be paying more than twice as much as they need to!

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
VIC	Young Female Driver <25	\$793	\$1,098	\$1,763	\$971	55%
VIC	Young Male Driver <25	\$821	\$1,180	\$1,910	\$1,089	57%
VIC	Female Driver 25 - 29	\$666	\$802	\$942	\$276	29%
VIC	Male Driver 25 - 29	\$703	\$834	\$1,045	\$341	33%
VIC	Drivers 30 - 59	\$580	\$691	\$803	\$224	28%
VIC	Family with Young Drivers	\$628	\$1,013	\$1,553	\$925	60%
VIC	Car Connoisseur	\$851	\$1,059	\$1,517	\$666	44%
VIC	Mature Drivers	\$536	\$712	\$840	\$304	36%
	Average for all profiles	\$697	\$917	\$1,297	\$599	43%

RESULTS – QUEENSLAND

Queenslanders do fairly well compared to the national average premium – the average is \$753 which is 12% below the national \$853 finding.

- The average potential saving of 49% shows that Queenslanders can benefit enormously from shopping around.
- The average potential for saving available in Queensland is \$560.
- Young drivers can benefit the most by shopping around, with the potential to save between \$850 and over \$900.

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
QLD	Young Female Driver <25	\$501	\$827	\$1,354	\$853	63%
QLD	Young Male Driver <25	\$541	\$867	\$1,466	\$925	63%
QLD	Female Driver 25 - 29	\$545	\$665	\$896	\$351	39%
QLD	Male Driver 25 - 29	\$558	\$682	\$896	\$338	38%
QLD	Drivers 30 - 59	\$486	\$583	\$745	\$259	35%
QLD	Family with Young Drivers	\$525	\$836	\$1,252	\$727	58%
QLD	Car Connoisseur	\$769	\$1,010	\$1,363	\$594	44%
QLD	Mature Drivers	\$439	\$612	\$874	\$435	50%
Average for all profiles		\$546	\$753	\$1,106	\$560	49%

RESULTS – SOUTH AUSTRALIA

South Australians pay, on average, 18% less for their insurance but the range of savings available across all profiles is tighter than for the larger states.

- The average potential saving for South Australian drivers is 47%.
- The potential saving for Car Connoisseurs in South Australia is greater than that for the other states because a wider range of premiums are offered showing less consistent pricing for this profile.
- Most drivers in South Australia should be able to keep their insurance under the magic \$1000 mark if they shop around.

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
SA	Young Female Driver <25	\$581	\$868	\$1,231	\$650	53%
SA	Young Male Driver <25	\$625	\$904	\$1,333	\$708	53%
SA	Female Driver 25 - 29	\$458	\$591	\$728	\$270	37%
SA	Male Driver 25 - 29	\$475	\$609	\$760	\$286	38%
SA	Drivers 30 - 59	\$392	\$516	\$696	\$304	44%
SA	Family with Young Drivers	\$537	\$768	\$1,097	\$560	51%
SA	Car Connoisseur	\$576	\$831	\$1,179	\$604	51%
SA	Mature Drivers	\$419	\$556	\$787	\$367	47%
Average for all profiles		\$508	\$700	\$976	\$469	47%

RESULTS – WESTERN AUSTRALIA

WA has some of the cheaper premiums in the country, 18% cheaper in fact than the national average.

- On average Western Australians could save \$456 each year on premiums.
- Young drivers in WA who shop around could be paying as little as older, more experienced drivers, while potentially saving over \$700.
- Mature drivers in WA have a narrower savings range than their counterparts around the country but a potential saving of \$276 is still a healthy margin.

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
WA	Young Female Driver <25	\$466	\$793	\$1,174	\$708	60%
WA	Young Male Driver <25	\$495	\$829	\$1,272	\$777	61%
WA	Female Driver 25 - 29	\$464	\$616	\$749	\$284	38%
WA	Male Driver 25 - 29	\$513	\$636	\$749	\$236	31%
WA	Drivers 30 - 59	\$405	\$542	\$716	\$311	43%
WA	Family with Young Drivers	\$567	\$784	\$1,053	\$486	46%
WA	Car Connoisseur	\$648	\$891	\$1,217	\$569	47%
WA	Mature Drivers	\$466	\$550	\$742	\$276	37%
	Average for all profiles	\$503	\$700	\$959	\$456	46%

RESULTS - TASMANIA

Tasmanians do quite well compared to their mainland counterparts, based on CANNEX research. The average premium across all profiles is just \$568, a massive 33% discount to other capital city prices. This reflects the lower levels of congestion, better traffic and other risk factors.

- Although Tasmanian drivers are already ahead of the rest of the country, on average they could still save \$375 each year.
- Despite the cheaper premiums, Young Drivers around the country could get their car insurance for less than a Young Tasmanian Driver who is not getting the best deal available to them.
- Young, first-time Drivers, Families with Young Drivers, Car Connoisseurs and even Mature Drivers are paying close to twice as much as they need to.

State	Driver Profile	Minimum Average Premium	Average Premium	Maximum Average Premium	Potential Saving \$	Potential Saving %
TAS	Young Female Driver <25	\$504	\$685	\$1,008	\$504	50%
TAS	Young Male Driver <25	\$504	\$702	\$1,092	\$587	54%
TAS	Female Driver 25 - 29	\$419	\$498	\$591	\$172	29%
TAS	Male Driver 25 - 29	\$419	\$510	\$603	\$184	31%
TAS	Drivers 30 - 59	\$360	\$425	\$570	\$210	37%
TAS	Family with Young Drivers	\$404	\$591	\$932	\$529	57%
TAS	Car Connoisseur	\$581	\$714	\$1,125	\$544	48%
TAS	Mature Drivers	\$331	\$456	\$601	\$270	45%
	Average for all profiles	\$440	\$568	\$815	\$375	44%

PROFILE WINNERS – WHICH ONE FITS YOU?

The winners of the profile awards were calculated using a variation of the state methodology. The different states were all given equal weighting because CANNEX deemed that for an insurer to be said to offer good value for a particular driver profile across the nation, it was just as important for them to be good value in the smaller states like Tasmania as it was in the heavy-weight states like New South Wales.

Although only one insurer was to be chosen for each profile, in the case of Female Drivers aged between 25 and 29 there was a tie between Allianz and ING so both were awarded this profile.

PROFILE	WINNER
<i>Young Female Driver <25</i>	Just Car
<i>Young Male Driver <25</i>	Just Car
<i>Female Driver 25 - 29</i>	Allianz & ING
<i>Male Driver 25 - 29</i>	ING
<i>Drivers 30 - 59</i>	Allianz
<i>Family with Young Drivers</i>	Budget Direct
<i>Car Connoisseur</i>	ING
<i>Mature Drivers</i>	Cashback

CANNEX's methodology is outlined following this list of our 5 star winning products.

DISCLAIMER

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Please refer to CANNEX's FSG for more information at www.cannex.com.au.



car insurance star ratings



All States

All Profiles 5 Star Summary

Product	Profile	Average Premium	Total Score	Score Breakdown		Car Replaced if Written-Off		Agreed or Market Value	Monthly Pmts - no Extra cost	Roadside Assist
				Cost	Feature	Available	Age of Car			

AAMI

Comprehensive Car	NSW Family with Young Drivers	\$ 877.83	95.67	85.00	10.67	✓	12 m	Either	✗	✗
Comprehensive Car	VIC Family with Young Drivers	\$ 628.42	95.67	85.00	10.67	✓	12 m	Either	✗	✗

Allianz Australia

SureCover Plus	VIC Drivers 30 - 59	\$ 579.56	97.76	90.00	7.76	✓	24 m	Either	✗	✗
SureCover Plus	VIC Female Driver 25 - 29	\$ 666.31	97.76	90.00	7.76	✓	24 m	Either	✗	✗
SureCover Plus	WA Drivers 30 - 59	\$ 404.62	97.76	90.00	7.76	✓	24 m	Either	✗	✗
SureCover Plus	WA Female Driver 25 - 29	\$ 464.44	97.76	90.00	7.76	✓	24 m	Either	✗	✗

Budget Direct

Comprehensive	NSW Mature Drivers >60	\$ 926.50	95.13	80.00	15.13	✓	12 m	Either	✗	✓
Comprehensive	QLD Family with Young Drivers	\$ 525.25	96.35	85.00	11.35	✓	12 m	Either	✗	✓
Comprehensive	SA Family with Young Drivers	\$ 537.42	96.35	85.00	11.35	✓	12 m	Either	✗	✓
Comprehensive	TAS Family with Young Drivers	\$ 403.83	96.35	85.00	11.35	✓	12 m	Either	✗	✓
Comprehensive	TAS Mature Drivers >60	\$ 330.83	95.13	80.00	15.13	✓	12 m	Either	✗	✓
Comprehensive	WA Family with Young Drivers	\$ 567.17	96.35	85.00	11.35	✓	12 m	Either	✗	✓

cashback

Comprehensive	QLD Mature Drivers >60	\$ 438.83	95.13	80.00	15.13	✓	12 m	Either	✗	✓
Comprehensive	SA Mature Drivers >60	\$ 419.33	95.13	80.00	15.13	✓	12 m	Either	✗	✓
Comprehensive	VIC Male Driver 25 - 29	\$ 703.42	97.56	90.00	7.56	✓	12 m	Either	✗	✓
Comprehensive	VIC Mature Drivers >60	\$ 535.58	95.13	80.00	15.13	✓	12 m	Either	✗	✓
Comprehensive	WA Mature Drivers >60	\$ 465.58	95.13	80.00	15.13	✓	12 m	Either	✗	✓

ING Insurance

Comprehensive	SA Drivers 30 - 59	\$ 391.92	98.90	90.00	8.90	✓	3 y	Either	✓	✗
Comprehensive	SA Car Connoisseurs >30	\$ 575.75	98.35	85.00	13.35	✓	3 y	Either	✓	✗
Comprehensive	SA Female Driver 25 - 29	\$ 474.75	98.86	89.96	8.90	✓	3 y	Either	✓	✗
Comprehensive	SA Male Driver 25 - 29	\$ 474.75	98.90	90.00	8.90	✓	3 y	Either	✓	✗
Comprehensive	TAS Car Connoisseurs >30	\$ 581.33	98.35	85.00	13.35	✓	3 y	Either	✓	✗
Comprehensive	TAS Female Driver 25 - 29	\$ 445.67	98.61	89.71	8.90	✓	3 y	Either	✓	✗
Comprehensive	TAS Male Driver 25 - 29	\$ 445.67	98.61	89.71	8.90	✓	3 y	Either	✓	✗
Comprehensive	VIC Car Connoisseurs >30	\$ 850.92	98.35	85.00	13.35	✓	3 y	Either	✓	✗



car insurance star ratings



All States

All Profiles 5 Star Summary

Product	Profile	Average Premium	Total Score	Score Breakdown		Car Replaced if Written-Off		Agreed or Market Value	Monthly Pmts - no Extra cost	Roadside Assist
				Cost	Feature	Available	Age of Car			

Just Car Insurance

Comprehensive Car	SA Young Male Driver <25	\$ 699.33	96.75	95.00	1.75	✗	N/A	Agreed	✗	✗
Comprehensive Car	TAS Young Female Driver <25	\$ 549.50	96.75	95.00	1.75	✗	N/A	Agreed	✗	✗
Comprehensive Car	TAS Young Male Driver <25	\$ 564.00	96.75	95.00	1.75	✗	N/A	Agreed	✗	✗
Comprehensive Car	VIC Young Female Driver <25	\$ 797.33	96.75	95.00	1.75	✗	N/A	Agreed	✗	✗
Comprehensive Car	VIC Young Male Driver <25	\$ 820.67	96.75	95.00	1.75	✗	N/A	Agreed	✗	✗

nab

Comprehensive	NSW Car Connoisseurs >30	\$ 1451.00	98.71	85.00	13.71	✓	2 y	Either	✓	✗
Comprehensive	QLD Car Connoisseurs >30	\$ 769.47	98.71	85.00	13.71	✓	2 y	Either	✓	✗
Comprehensive	WA Car Connoisseurs >30	\$ 667.52	98.71	85.00	13.71	✓	2 y	Either	✓	✗

NRMA Insurance

Comprehensive	NSW Female Driver 25 - 29	\$ 1079.75	98.93	90.00	8.93	✓	24 m	Either	✗	✗
Comprehensive	NSW Young Female Driver <25	\$ 858.17	99.35	95.00	4.35	✓	24 m	Either	✗	✗
Comprehensive	NSW Young Male Driver <25	\$ 898.67	99.35	95.00	4.35	✓	24 m	Either	✗	✗
Comprehensive	QLD Female Driver 25 - 29	\$ 545.42	98.93	90.00	8.93	✓	24 m	Either	✗	✗
Comprehensive	QLD Male Driver 25 - 29	\$ 590.58	98.93	90.00	8.93	✓	24 m	Either	✗	✗
Comprehensive	QLD Young Female Driver <25	\$ 501.17	99.35	95.00	4.35	✓	24 m	Either	✗	✗
Comprehensive	QLD Young Male Driver <25	\$ 540.92	99.35	95.00	4.35	✓	24 m	Either	✗	✗

Ozicare

Comprehensive	QLD Drivers 30 - 59	\$ 489.58	97.56	90.00	7.56	✓	24 m	Either	✗	✓
Comprehensive	TAS Drivers 30 - 59	\$ 361.83	97.56	90.00	7.56	✓	24 m	Either	✗	✓

SGIC

Comprehensive	SA Young Female Driver <25	\$ 580.75	98.54	94.47	4.06	✓	24 m	Either	✗	✗
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SGIO

Comprehensive	WA Young Female Driver <25	\$ 466.08	99.06	95.00	4.06	✓	24 m	Either	✗	✗
Comprehensive	WA Young Male Driver <25	\$ 495.17	99.06	95.00	4.06	✓	24 m	Either	✗	✗

Westpac

Motor Plus Insurance	NSW Drivers 30 - 59	\$ 894.42	99.09	89.98	9.11	✓	24 m	Either	✓	✗
Motor Plus Insurance	NSW Male Driver 25 - 29	\$ 1132.58	99.11	90.00	9.11	✓	24 m	Either	✓	✗
Motor Plus Insurance	WA Male Driver 25 - 29	\$ 542.25	99.11	90.00	9.11	✓	24 m	Either	✓	✗

your guide to product excellence

5 STAR SUMMARY:

Report Date: September, 2007

Page 2 of 2

What are the CANNEX car insurance star ratings?

How are the 'stars' calculated?

The **CANNEX car insurance star ratings** calculations are based on a comparison of Costs (including the average premium and the gap between the minimum and maximum premiums and any price difference between premiums purchased online and on the phone) and scoring of the key features of the car insurance policy (including No Claim Bonus, After Accident Care, Car Hire Information and Special Features).

$$\text{COST SCORE (C)} + \text{FEATURES SCORE (F)} = \text{TOTAL SCORE (T)}$$

All car insurance policies that provided a quote for a particular profile are eligible to be included in the comparison. The eligible car insurance products are assessed against these measures with the relative competitiveness of each product recognised by the star rating awarded.

Consumers who search at www.cannex.com.au will find indicative average (and minimum/maximum) premiums and ratings results for products matched to their profile. The results are reflected in consumer-friendly 5-star concept. The star ratings results are described as follows:

- ★★★★★ Superior Product
- ★★★★ Exceptional Product
- ★★★ Strong Product

Profiles

The *car insurance star ratings* methodology appreciates that car insurance policies are priced differently for different types of drivers in different locations. In order to accommodate these differences, CANNEX has identified eight unique driver profiles that reflect the majority of the spectrum of drivers (see below). Each profile has different expectations of their car insurance policy and so the star ratings methodology assigns different importance to fees and features for each profile.

As mentioned earlier, each profile is priced differently depending on the location so each profile is compared by state. Six different Australian states are included in this analysis (New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia).

It is intended that users of the car insurance star ratings report will identify the profile and state combination that most closely matches their situation then use the star ratings results to short-list the car insurance policies best suited for their needs.

PROFILES
YOUNG MALE DRIVER <25
YOUNG FEMALE DRIVER <25
MALE DRIVER 25 - 29
FEMALE DRIVER 25 - 29
DRIVER 30 - 59
FAMILY WITH YOUNG DRIVERS
CAR CONNOISSEUR
MATURE DRIVERS

Costs (C)

In order to generate the premium quotes needed for the star ratings analysis, CANNEX generated thousands of quotes for each profile (8 profiles, 6 postcodes per state, 2 cars per profile). These premiums are used to determine the COST (C) component of each product's overall score. Twelve quotes generated across 6 post codes for 2 cars for each profile are condensed into an average premium.

Although research has shown that more and more people are using the internet to both quote for and purchase their insurance, CANNEX appreciates that most consumers are not yet doing this and as a result we have taken a weighted average of both the online and offline premiums to use in our comparison. At this stage we are using a 60% – 40% weighting in favour of offline purchasing, but this weighting will adapt to mirror the behaviour of the market place as it changes. It should also be noted that car insurance discounts offered by new and existing companies are constantly changing. CANNEX has priced its premiums according to the discounts that were available at the time of quoting. However, to ensure that the information contained in this report is as up to date as possible, we have revised our reporting of the discounts offered to reflect the current market place.

COST SCORE ALL PROFILES	
PURCHASE PLACE	WEIGHT
BY PHONE OR BRANCH	60%
ONLINE	40%

The resultant weighted average premium then contributes the bulk of the Cost Score (80%). The range of these premiums (Min – Max) reflects the consistency in pricing and contributes the balance (20%) of the Cost Score.

COST SCORE ALL PROFILES	
COST COMPONENTS	WEIGHT
SCENARIO PREMIUM AVG	80%
SCENARIO PREMIUM MIN:MAX RANGE *	20%
* NARROWEST PREMIUM RANGE SCORES 20% OF MAX COST SCORE)	

$$\text{PREMIUM SCORE (80\%)} + \text{RANGE SCORE (20\%)} = \text{COST SCORE (CS)}$$

Features (F)

Each car insurance product is awarded points for useful features available with the policy. The total features score for each category of information (eg No claim Bonus or After Accident Care) is ranked and weighted relative to its overall importance for each profile to calculate an overall Features Score (F). The features information used are collected from car insurance policy product disclosure statements and are confirmed by the insurers.

CANNEX *star ratings methodology*

DESCRIPTION	YOUNG MALE DRIVER <25	YOUNG FEMALE DRIVER <25	MALE DRIVER 25 - 29	FEMALE DRIVER 25 - 29	DRIVERS 30 - 59	FAMILY WITH YOUNG DRIVERS	CAR CONNOISSEUR	MATURE DRIVERS
AFTER ACCIDENT CARE	30%	30%	20%	20%	20%	20%	20%	20%
CAR HIRE	20%	20%	20%	20%	20%	20%	20%	20%
GENERAL POLICY CONDITIONS	20%	20%	20%	20%	20%	20%	20%	20%
SPECIAL FEATURES	20%	20%	20%	20%	20%	20%	20%	20%
NO CLAIM BONUS (NCB)	5%	5%	10%	10%	10%	10%	10%	10%
UNPROTECTED NCB STAYS INTACT	5%	5%	10%	10%	10%	10%	10%	10%

Weightings

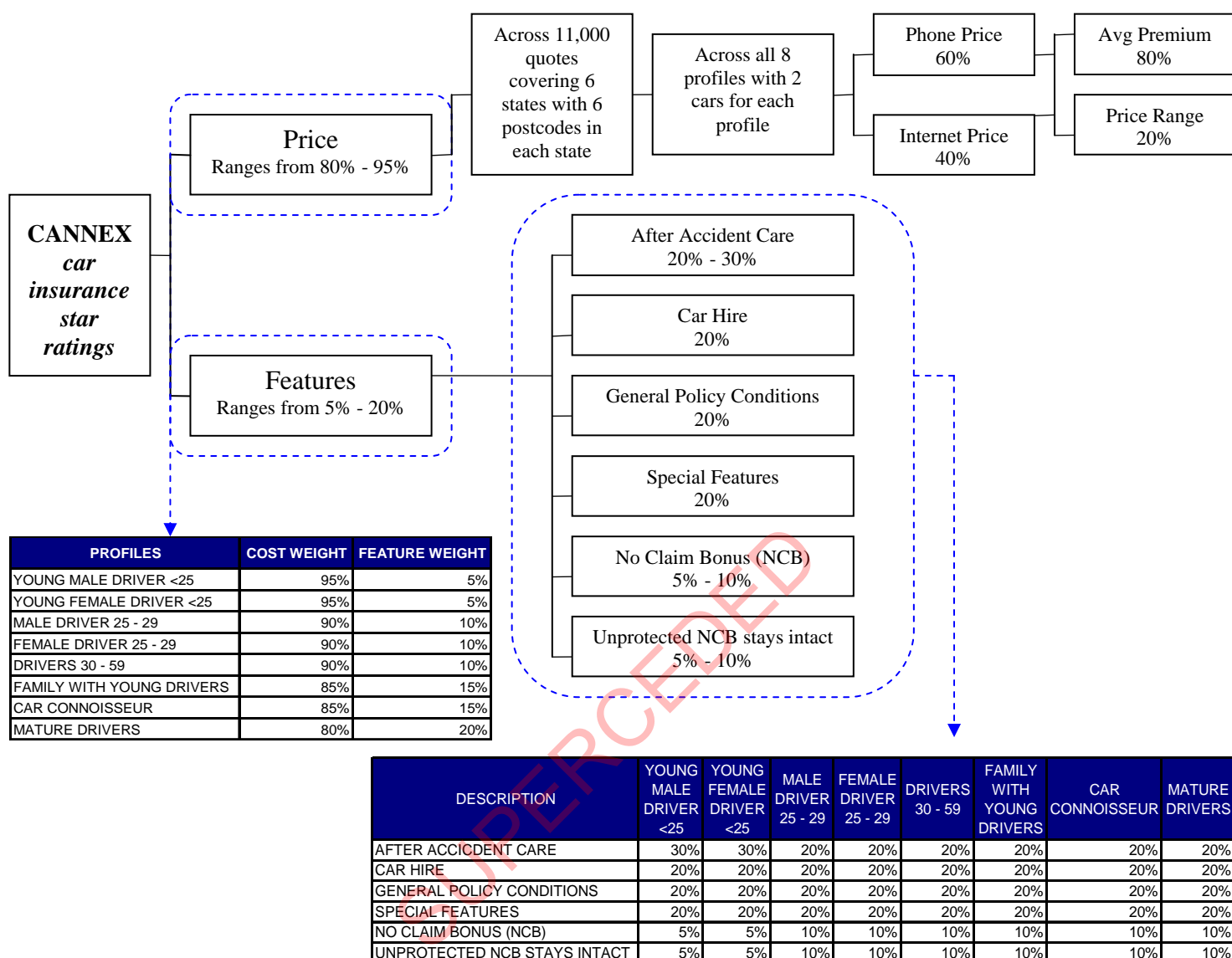
The Costs and Features are weighted differently for each spending profile. This is done in recognition of the appropriate importance to the different product components to each profile.

CANNEX has adjusted its car insurance star ratings methodology slightly to account for the differences between what is important for each type of driver profile. The process considers each profile separately and assigns weights representative of that profile (see table below). For the Young Female Driver for example, the cost component of the policy (including average premium and min-max range) contributes 95% of the total score (as cost is most important to this driver profile) while features contribute the remaining 5%.

The Cost Score (CS) plus Features Score (FS) are indexed and combined to provide the Total Score. Together they form the basis of the CANNEX *car insurance star ratings*.

PROFILES	COST WEIGHT	FEATURE WEIGHT
YOUNG MALE DRIVER <25	95%	5%
YOUNG FEMALE DRIVER <25	95%	5%
MALE DRIVER 25 - 29	90%	10%
FEMALE DRIVER 25 - 29	90%	10%
DRIVERS 30 - 59	90%	10%
FAMILY WITH YOUNG DRIVERS	85%	15%
CAR CONNOISSEUR	85%	15%
MATURE DRIVERS	80%	20%

CANNEX star ratings methodology



Winners

Our focus on car insurance products has resulted in a two-tier award system; each individual state and profile combination will have a product that receives a CANNEX five star rating but there will also be products whose cumulative performance across the states and profiles will earn them a National, State or Profile award of five stars. The enormous variance in car insurance products offered between states and even within states dictated this to be the fairest approach.

To award three National winners CANNEX has looked not only at the number of first places won by a product, but also the second and third place wins. We have also taken into account the fact that each profile in each state contains a different percentage of the overall population of our surveyed driver types and that a first place is worth more than a second or third place. The ratio of weighting for first to second to third place is 3 : 2 : 1. Therefore a second placing is worth two-thirds of a first and a third place is worth only a third of the points of a first.

The following table compiled using data sourced from the Australian Bureau of Statistics shows how each profile is weighted by population.

CANNEX star ratings methodology

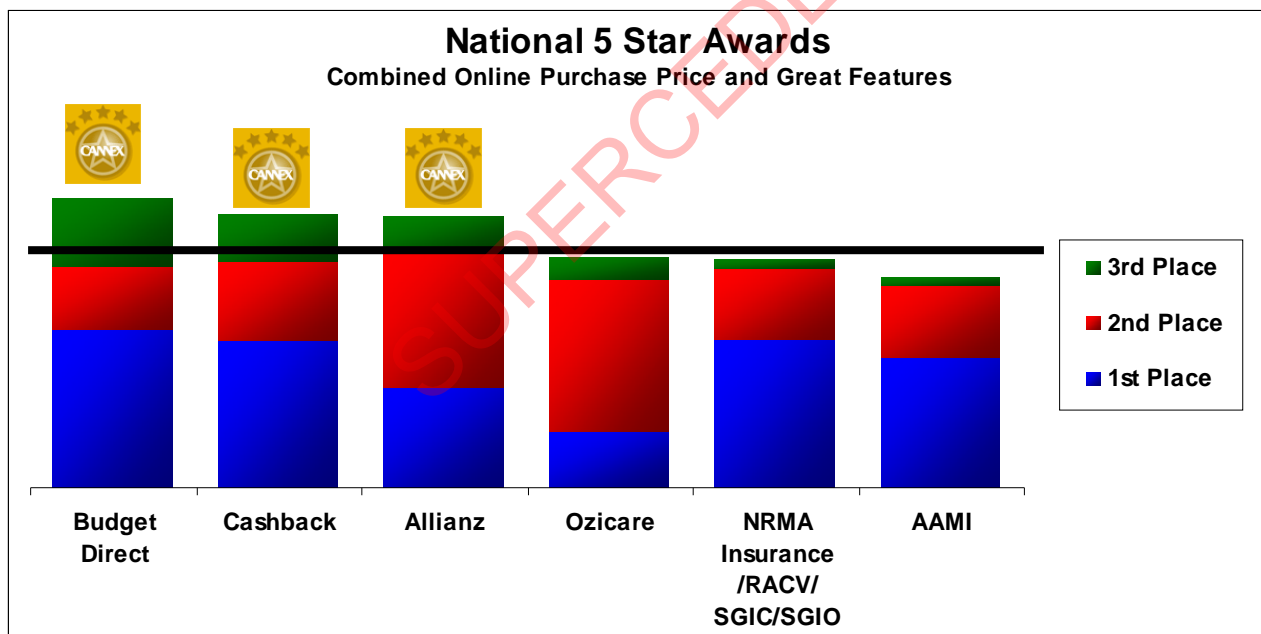
Population Distribution by State and Profile

	NSW	QLD	SA	TAS	VIC	WA
Young Female Driver <25	2.509	1.473	0.536	0.164	1.816	0.747
Young Male Driver <25	2.630	1.561	0.570	0.175	1.891	0.796
Female Driver 25 - 29	1.588	0.873	0.302	0.088	1.146	0.444
Male Driver 25 - 29	1.630	0.906	0.325	0.089	1.161	0.460
Drivers 30 - 59	7.697	4.704	1.699	0.543	5.329	2.378
Car Connoisseur	5.132	3.136	1.133	0.362	3.553	1.585
Family with Young Drivers	6.793	3.269	1.418	0.420	5.162	1.780
Mature Drivers	7.123	3.801	1.681	0.533	5.026	1.863

Source: CANNEX analysis of ABS statistics

By considering the rankings of each product and then awarding points based upon the number of first, second and third places they received and the above population weighting of where those places were received, CANNEX has found that Budget Direct, Cashback and Allianz are the National winners overall. As you can see on the graph below, there is great variety in the amount of first, second and third placings awarded to the major car insurers who operate in the national market.

The National Five Star winners are products that offer superior value for money for most consumers in most states and profiles.



Using the same methodology as the National Award but on a state basis, the insurer offering the best value across all profiles (which are again weighted by their respective population size) was determined in each state. For state winners, the top scoring product in each state was chosen as the winner.

The winners of the profile awards were calculated using a variation of the state methodology. The different states were all given equal weighting because CANNEX deemed that for an insurer to be said to offer good value for a particular driver profile across the nation, it was just as important for them to be good value in the smaller states like Tasmania as it is in the heavy-weight states like New South Wales. Similarly, the top scoring product in each profile was chosen as the winner.

Does CANNEX rate other product areas?

YES. CANNEX also rates credit cards, rewards programs, mortgages, low-doc home loans, personal loans, deposit accounts, package banking, business banking and margin lending products. The star ratings methodologies used for these products is comparable in quality and transparency, ensuring of these other star ratings. The use of similar star ratings logos also builds consumer recognition of quality products across product categories. Please access the CANNEX website (<http://www.cannex.com.au/starrate.html>) if you would like to download the latest CANNEX star ratings reports for the products of interest.



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