



METHODOLOGY

Car Insurance

What are the CANSTAR Car Insurance Star Ratings?

CANSTAR *Car Insurance Star Ratings* are a sophisticated rating methodology, unique to CANSTAR, that compare both Cost and Features across comprehensive car insurance products.

CANSTAR star-rated products represent a shortlist of quality products. This shortlist narrows the search for consumers to products that have been independently assessed and ranked. The results are reflected in a consumer-friendly five-star concept with five stars representing outstanding value to the consumer.

The CANSTAR *Car Insurance Star Ratings* are a transparent analysis comparing comprehensive types of car insurance products.

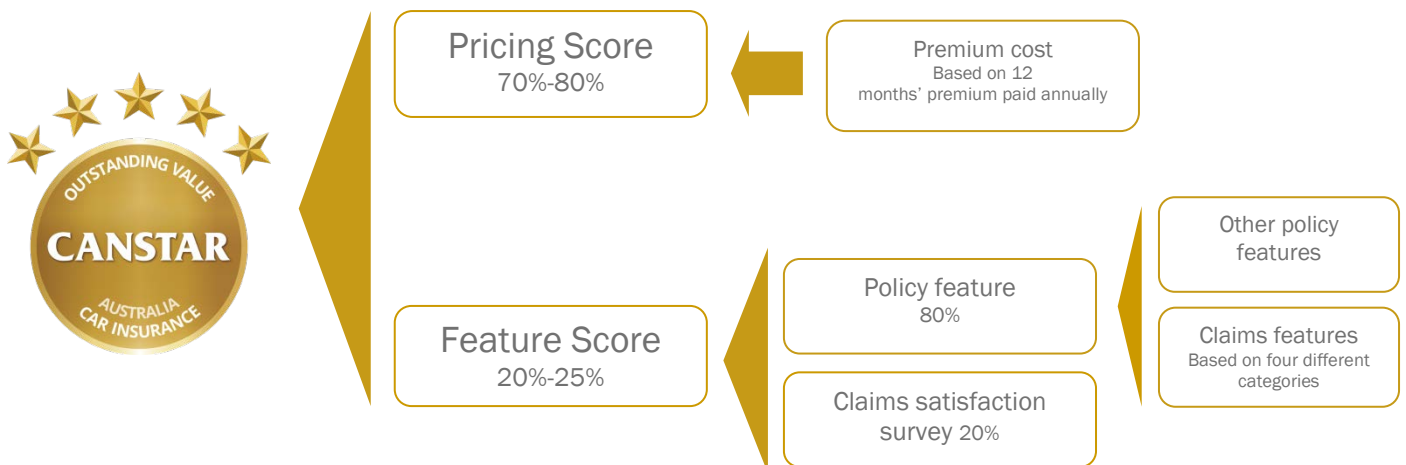
How are the stars awarded?

The CANSTAR *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, scoring of the key features of the car insurance policy (No Claim Bonus, After Accident Care, Car Hire Information and Special Features) and customer claims satisfaction survey.

$$\text{PRICING SCORE (PS)} + \text{FEATURES SCORE (FS)} = \text{TOTAL SCORE (T)}$$

All car insurance policies that provided quotes for all addresses of 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. The quotes used for the CANSTAR *Car Insurance Star Ratings* are for new policies as opposed to renewal prices, which can differ. The results are reflected in a consumer-friendly five-star concept.

Star ratings methodology



Overall Weightings		
Profile	Pricing	Feature
Under 25 year old Male/Female	80%	20%
25-29 year old Male/Female	75%	25%
30-49 year old Driver	70%	30%
50+ year old Driver	70%	30%
Family with Young Driver	70%	30%

Pricing Score (PS)

In order to generate the premium quotes needed for the star ratings analysis, CANSTAR generated thousands of quotes for each profile (seven profiles, six postcodes per state, two cars per profile). These premiums are used to determine the Pricing Score (PS) component of each product's overall score. Twelve quotes generated across six postcodes for two cars for each profile are condensed into an average premium.

The resulting average premium for each insurer in each profile is then indexed to form the Pricing Score.

Excesses

Given the varying amounts and structures of excesses in the market we aim to compare the pricing in the market on an even playing field. To achieve this, a standard target excess is used when quoting each company. Where a product does not offer the target excess we will use the closest value to the target excess. Where two values are an equal distance either side of the target value we will use the lower excess value.

State	Target excess
New South Wales	650
Victoria	600
Queensland	600
South Australia	450
Western Australia	400
Tasmania	400

Features (F)

Each car insurance product is awarded points for useful features available with the policy. These features are split into two categories – the Policy Features and Customer Claims Satisfaction Survey. The total features score for each category of information (e.g. 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.

Category/Subcategory	Weight	Examples
Policy Benefits & Options	35%	
After Accident Care	35%	Towing after accident, vehicle returned after repairs, Taxi fares covered after accident, Emergency accommodation after accident, Accident cleanup benefit/public liability cover
Repairs	30%	Repair for excess outlay, lifetime guarantee, choose own licenced repairer, genuine parts, help locating spare parts
Windscreen Cover	10%	No-excess windscreen claim, extra cost etc...
Other Cover	10%	Personal effects covered in accident, max cover; Key replacement/recoding benefit if lost/damaged, max benefit; Trailer/contents cover, max cover; Baby capsule/child seat cover, max cover; Death benefit, max cover
Rental Car	10%	Rental car included – after theft/accident, additional cost, max days/cost daily for rental car
Roadside Assistance	5%	Roadside Assist offered, extra cost, etc...
Standard Company Terms	20%	
Exclusions	60%	Accidental damage, vandalism, fire/explosion, theft/attempted, hail, flood, storm, war
Company Terms	40%	Agreed/Market value, New-for-new, Same cover for substitute car
Application/Claims Process & Support	15%	
Application Process	30%	Can apply online, over phone, in branch
Claims Process	40%	Can lodge claim online, over phone, in branch, via mobile app
Support	30%	24 hour helpline, phone assistance for claims/application, weather alerts
Policy Terms	10%	
Excess Options	50%	Min/Max excess, default excess in each state, nil excess, non-nominated driver excess, windscreen excess, discount for higher excess
Premiums	50%	Monthly payment, discount for additional driver age restriction, online discount, no claims discount, multi-policy discount, discount for good driving
Customer Claims Satisfaction	20%	
Customer Claims Satisfaction	100%	A survey is conducted measuring quality of service provided during claims

Claims Satisfaction Survey

CANSTAR conducts a national survey to measure the satisfaction level of consumers with their car insurers based on their recent claims experience and whether, based on their experience, they would recommend the insurer to their family and friends. The survey covers all demographics. The claims survey score is the average of the overall satisfaction survey responses.

Companies that do not receive sufficient sample to receive their own survey score are given a score using one of two methods. If part of a larger network of insurers, they are given the average of all the network claim scores. If the above method can't be applied, the standard error is subtracted from the sample mean.

How are the awards judged?

Outstanding Value Car Insurance Awards

The Outstanding Value Car Insurance Awards aims to recognise insurers at both a state and national level. To be eligible for both the state and the national awards providers must meet the following criteria.

- Be available by all channels (e.g. phone and online)
- Must be an independently underwritten brand, not a white labeled product

CANSTAR gives awards to one insurer in each state and two insurers nationally, who have shown a consistent offering across all profiles and locations based on the methodology below.

State Awards

The CANSTAR Outstanding Value State Awards are provided to insurers who have offer outstanding value across the star ratings profiles within each state. Profiles are indexed with the top scoring product receiving the full score and then weighted based on the table below to form each of the state awards. State award winners are not necessarily the best value in all profiles, but the award aims to recognise a consistent offering across the entire market.

Profile	Weights
Male Under 25	7.5%
Female Under 25	7.5%
Male 25-29	10%
Female 25-29	10%
Driver 30-49	25%
Family with young drivers	15%
Mature drivers	25%

National Awards

The CANSTAR Outstanding Value Car Insurance National Award is the culmination of the overall points each individual insurer scores across each profile and state. The state award results are then weighted against respective state population to calculate the national award. The total sum of points scored by each insurer across each profile and state is used to arrive at overall winners at the national level.

Outstanding Claims Service Award

The claims survey award comprises claims survey score and claims feature score.

$$\text{Total Score} = \text{Claims survey score} + \text{Claims feature score}$$

Criteria to be eligible for award

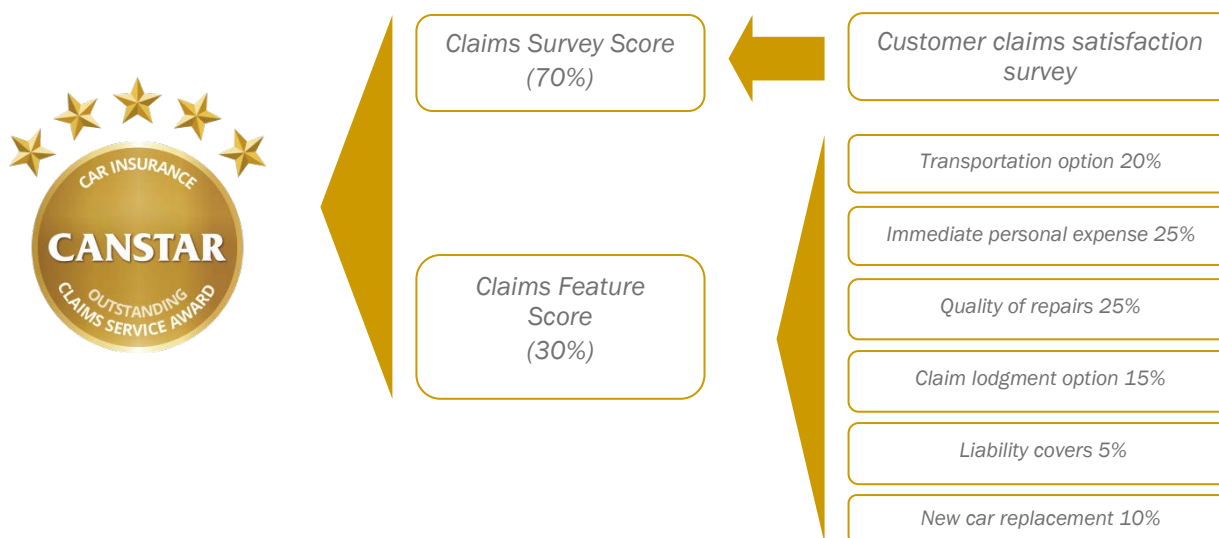
- Minimum sample size requirement is 30
- Should be present nationally with considerable market penetration
- Available to all driver profiles

Claims survey score

CANSTAR conducts a national survey to measure the satisfaction level of consumers with their car insurers based on their recent claims experience and whether they would recommend the insurer to their family and friends. The survey covers all demographics. The claims survey score is the average of the overall satisfaction survey responses.

Claims feature score

The claims features measure the features related to after-accident care such as emergency repairs, emergency accommodation, genuine parts, car hire, liability cover, replacement car, etc. Points are allocated to the features based on their importance and consumer perception of the particular feature at time of claim. The product feature points are measured and the total score is given. The products are further indexed based on their scores. The product with the maximum/highest score has the strongest product with all the necessary claims features. The score measures the strength of the product in relation to claims features.



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?

The Car Insurance Star Ratings and awards are fully recalculated every twelve months based on the latest pricing and features offered by each institution. CANSTAR also monitors product 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
- Life insurance
- Managed investments
- Margin lending
- Online banking
- Online share trading
- Package banking
- Personal loans
- Reward programs
- Superannuation
- Term deposits
- Travel insurance
- Travel money card
- Youth banking



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