



METHODOLOGY

Funeral Insurance Star Ratings

What are the Canstar *Funeral Insurance Star Ratings*?

Canstar *Funeral Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both cost and features across funeral insurance products. 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.

Eligibility Requirements

To be eligible for inclusion in the Canstar *Funeral Insurance Star Ratings*, a funeral insurance product must meet the following selection criteria.

The plan must be available to:

- Australian Citizens or Permanent Residents
- all people over the age of 55 years, and
- the general public

In addition, the plan must be a premium product.

Profile Description

Funeral Insurance products included in the Canstar *Funeral Insurance Star Rating* are assessed across 20 consumer profiles based on age group, gender and smoking status with a star rating assigned for each profile.

The profiles considered are as follows:

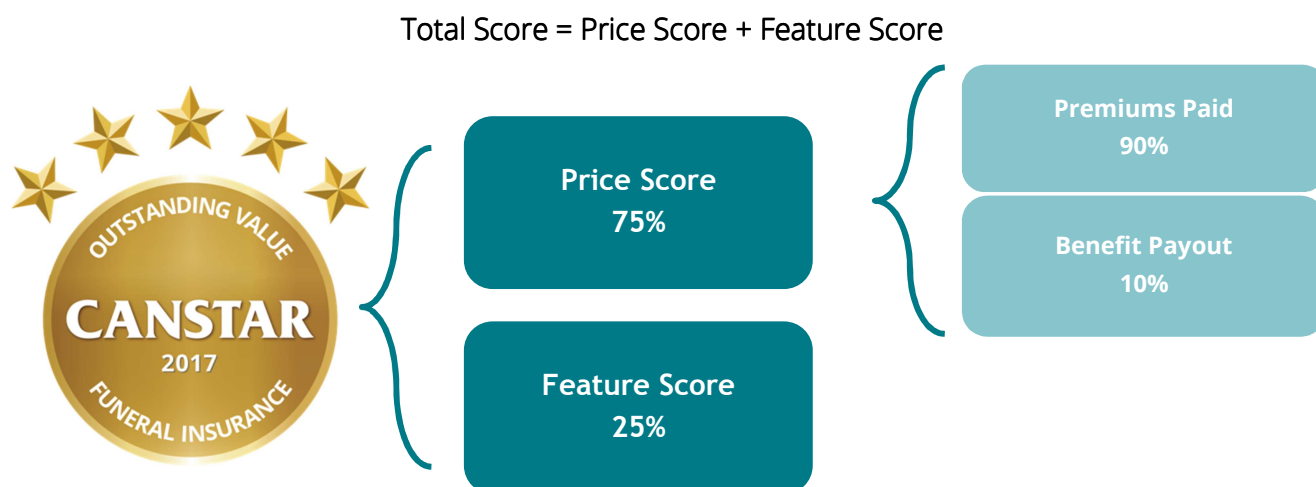
Age Group	Gender	Smoking Status
Early Fifties (50-54 years)	Male & Female	Smoker & Non-Smoker*
Late Fifties (55-59 years)		
Early Sixties (60-64 years)		
Late Sixties (65-69 years)		
Seventies Plus (70-75 years)		

*Non-Smoker is defined as a person who has not smoked for at least the last 12 months

Star Ratings Methodology

Each funeral insurance product reviewed for the Canstar *Funeral 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 price score and a feature score.

To arrive at the total score, Canstar applies a weight against the price score and the feature score. The weights reflect the relative importance of costs and features in determining the products offering outstanding value. This method can be summarised as follows:



Price Score

The price score of the Canstar *Funeral Insurance Star Ratings* is broken down into two components which include the premiums paid and the benefit payout.

Premiums Paid

The price score is calculated by collecting monthly premiums across the various profiles, with quotes based on a \$10,000 sum insured amount. The calculations considered the total amount of premiums paid from the various entry ages until the claim age (age of death) of the policy holder. Any applicable caps, premium discounts and refunds are 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 the specified 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 Plus (%)
50 - 54	4.14				
55 - 59	6.44	6.72			
60 - 64	8.95	9.34	10.01		
65 - 69	12.38	12.92	13.85	15.39	
70 - 74	13.69	14.28	15.31	17.01	20.10
75 - 79	15.36	16.02	17.18	19.09	22.56
80 - 84	15.38	16.04	17.19	19.11	22.58
85 - 89	14.08	14.69	15.75	17.50	20.68
90 - 94	7.50	7.82	8.38	9.32	11.01
95 - 99	2.08	2.17	2.33	2.59	3.06

Data obtained from [Australian Bureau of Statistics](#) (Cancer mortality rates)

The lowest priced product within each profile is allocated the maximum price score, with all remaining products scored against it.

Benefit Paid

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 takes into account a number of features within four different categories, with individual features allocated points and each category, and subcategory, assigned a weighting. The product with the highest feature score is allocated the maximum score, with all remaining products within the profile scored against it.

The features categories and subcategories are:

Category	Weight
Standard Company Terms	30%
Exclusions	50%
Indexation	35%
Discounts	15%
Application and Claims	20%
Application Process	30%
Claims Process	40%
Support	30%
Benefits and Options	30%
Terminal Illness	30%
Accidental Death	25%
Waiver of Premiums	30%
Other	15%
Policy Terms	20%
Coverage Terms	10%
Premiums	70%
Sum Insured	10%
Payment Options	10%

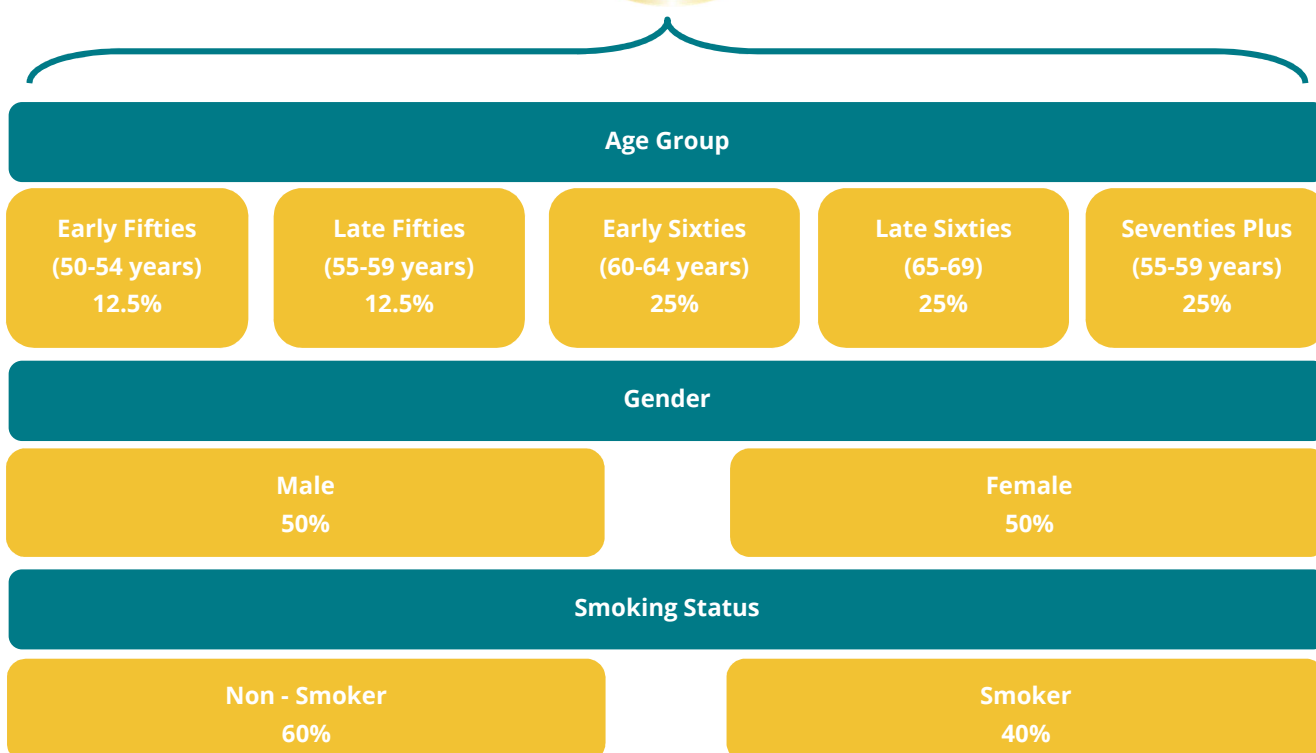
Canstar Funeral Insurance Award

Canstar awards an Outstanding Value award to the insurer or insurers who offer outstanding value based on their cumulative score and star ratings performance across all 20 direct life insurance profiles.

Award Methodology

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 weightings of each input within the three categories are shown below, and represent the relative

importance of each input in determining the outstanding insurance products. 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?

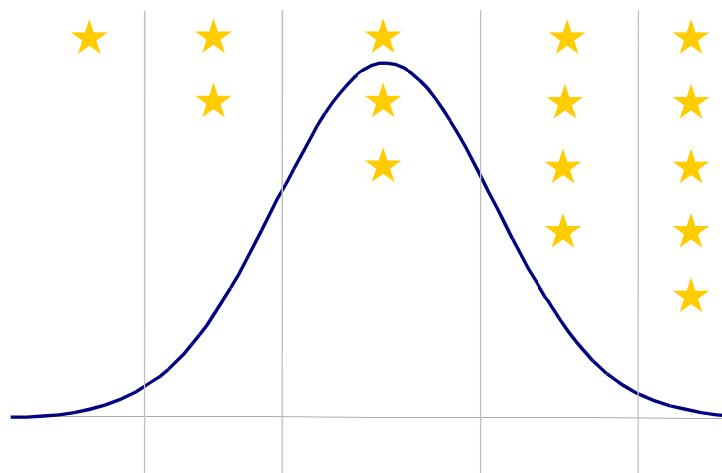
We endeavour to include the majority of product providers in the market and to compare the product features most relevant to consumers in our ratings. However, this process is not always possible and it may be that not every product in the market is included in the rating nor every feature compared that is relevant to you.

How often are products reviewed for awards or star ratings purposes?

All ratings are fully recalculated every twelve months based on the latest features offered by each provider. Canstar also monitors changes on an ongoing basis. The results are published in a variety of mediums (newspapers, magazines, television, websites, etc).

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 with the objective to award the top 5-10% of products with the Canstar five-star rating.



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

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