



METHODOLOGY

Car Insurance Star Ratings

What are the Canstar *Car Insurance Star Ratings*?

Canstar *Car Insurance Star Ratings* use a sophisticated and unique ratings methodology that compare both cost and features across comprehensive car insurance products.

Canstar's star ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked. The results are reflected in a consumer-friendly five-star concept with five stars representing outstanding value to the consumer. Ratings range from five to one star. Five-star rated products have been assessed as offering outstanding value to consumers.

Eligibility Requirements

In order to be considered for inclusion in the Canstar *Car Insurance Star Ratings*, a product must meet the following requirements:

- ✓ It is a comprehensive car insurance policy.
- ✓ For comparison purposes, a quote is available:
 - via information the provider supplies directly or online;
 - for all profiles and addresses considered.

Profile Description

Car insurance policies included in the Canstar *Car Insurance Star Ratings* are assessed across six consumer profiles, as follows:

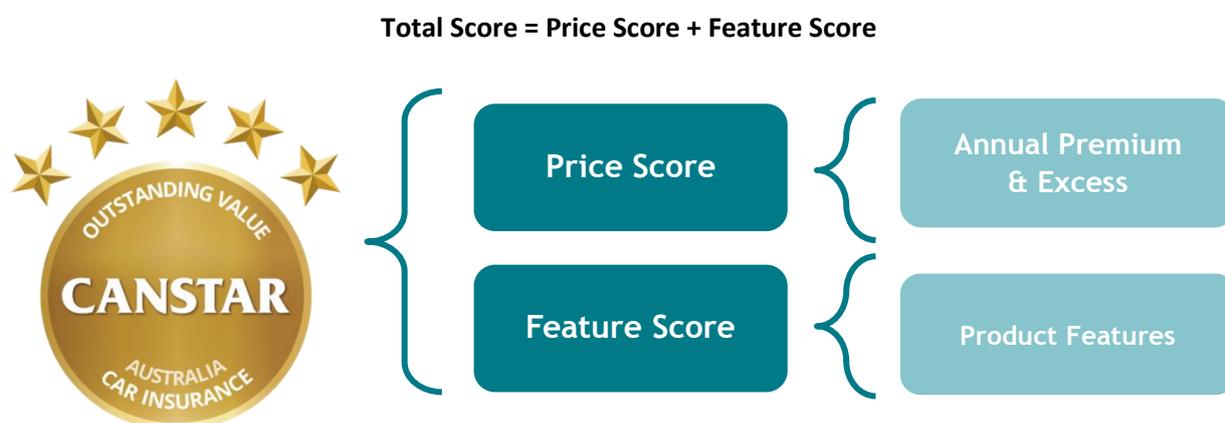
Profile
Under 25 year old Male
Under 25 year old Female
25-29 year old Driver
30-49 year old Driver
50+ year old Driver
Family with Young Driver

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), as well as 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.

Each eligible car insurance product reviewed 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:



The table below provides a breakdown of the weights allocated to the price score and feature score based on profile:

Profile	Price	Features
Under 25 year old Male/Female	80%	20%
25-29 year old Driver	75%	25%
30-49 year old Driver	70%	30%
50+ year old Driver	70%	30%
Family with Young Driver	70%	30%

Price Score

The price score takes into consideration the annual insurance premium and the policy excess. The quotes used for the Canstar *Car Insurance Star Ratings* are for new policies as opposed to renewal prices, which can differ. Products are compared to each other, with the lowest cost product awarded the highest price score. All other products are awarded a score based on their relative cost against the lowest cost policy.

Quoting Assumptions

Some key assumptions made when obtaining quotes relate to the driver’s age and address, and the type of car being insured. For quoting purposes, six addresses are selected within each state.

Car Make/Model

While we recognise that the type, make, model and age of all cars available in the market cannot be represented, for comparison purposes we select two different car models and makes to represent each profile, one car being new and the other being 5 years old.

The type of vehicles for the rating are shown below:

Profile	New car Description	5 year old car Description
Under 25 year old Male/Female	4cyl Hatchback	4Cyl Medium Sedan
25-29 year old Male/Female	4Cyl Medium Sedan	4Cyl Medium Sedan
30-49 year old Driver	4cyl SUV	4Cyl Medium Sedan
50+ year old Driver	4cyl Medium Sedan	4Cyl Medium Sedan
Family with Young Driver	6cyl Large Sedan	4Cyl Medium Sedan

Excesses

Excess options offered by providers vary. For comparison purposes, the excess amount used for quotes (i.e. the “target excess”) is \$700. When the target excess amount is not offered as an option for a product, the closest excess amount is instead selected. When there is more than one excess amount of equal distance from the target excess, the lower excess amount is selected.

State	Excess
New South Wales	\$700
Victoria	\$700
Queensland	\$700
South Australia	\$700
Western Australia	\$700
Tasmania	\$700

Annual Premium and Excess

As the target excess cannot always be met, this has an influence on the annual premiums. To combat the inequality created through a lower annual premium derived from a higher excess and conversely a higher annual premium with a lower excess. Canstar applies 20% of the excess to the annual premium. 20% represents the frequency of claims per year per 100 car insurance policies.

Features Score

The feature score takes into account a number of features across four different categories as well as the customer claims satisfaction survey, 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 indexed against it. 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

Awards

How are the awards judged?

The Outstanding Value Car Insurance Awards 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 phone or online
- Must be an independently underwritten brand, or a subsidiary

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 following methodology.

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
Under 25 year old Male	7.5%
Under 25 year old Female	7.5%
25-29 year old driver	20%
30-49 year old driver	25%
50+ year old driver	25%
Family with young driver	15%

National Awards

The National Award is awarded based on the cumulative score across all profiles and all states. The same weight is placed on each profile as with the State Award, with each state then receiving a weight based on population representation according to annual Australian Bureau of Statistics (ABS) data.



National Award State Weights					
New South Wales	Victoria	Queensland	Western Australia	South Australia	Tasmania
33%	26%	21%	11%	7%	2%

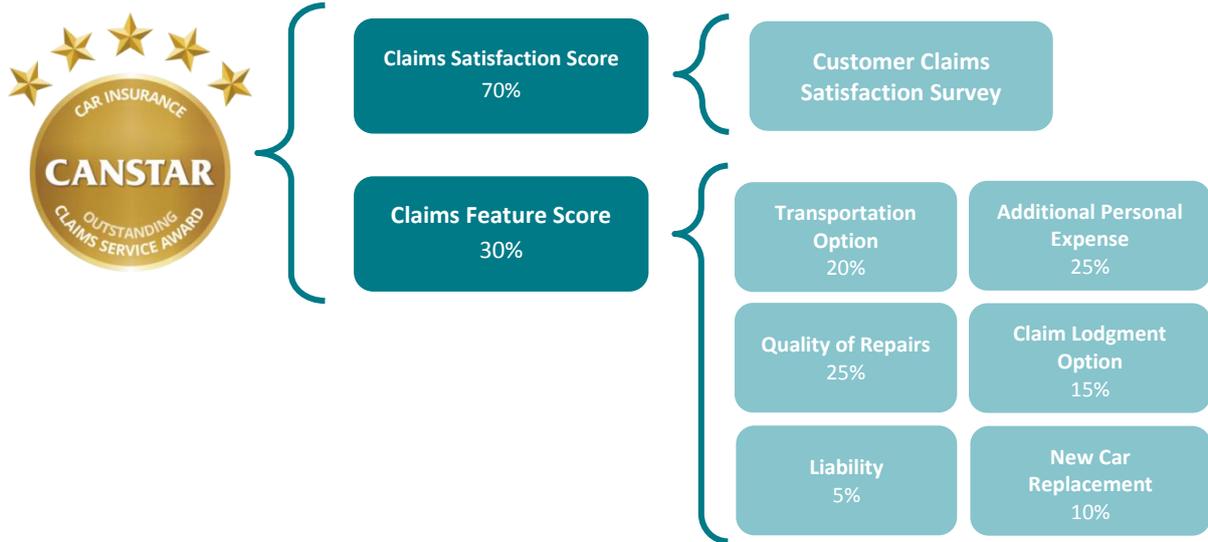
Outstanding Claims Service Award

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

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

To be eligible for the Outstanding Claims Service Award, requirements are it must be available:

- to all consumer profiles we consider
- in all states



Claims Survey Score

A national survey is conducted by Colmar Brunton to measure the satisfaction level of consumers on their car insurance based on their recent claims experience, and likelihood to recommend the insurer to their family and friends based on their experience. The Claims Satisfaction score is the company-specific average of survey responses provided.

For companies that do not receive at least 30 responses:

- if the insurer belongs to an insurance network, they are given the average Claims Satisfaction score across the insurance network
- if they do not belong to an insurance network, they are given an adjusted average of the Claims Satisfaction score across all providers (subtracting the standard error from the mean).

Claims Feature Score

The Claims Features score is the cumulative score when scores are assigned for features related specifically to when a claim is made following an accident, such as emergency repairs and accommodation, genuine parts, car hire, liability cover, replacement car, etc. Points are allocated to the features based on their importance (factoring in what is important to consumers) at the time of claim. The product feature points are measured and the total score is given. Products are indexed relative to the best performer, with the best performing product in terms of claims features assigned the maximum score.

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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