What are the Canstar *Direct Income Protection Star Ratings and Awards*?

Canstar's *Direct Income Protection Star Ratings and Award* use a sophisticated and unique rating methodology that compares both cost and features across direct income protection policies. Canstar Star Ratings represent a shortlist of products enabling consumers to narrow their search to products that have been assessed and rated.

Ratings range from five to one star. Five Star rated products have been assessed as offering outstanding value to consumers.

What types of products are evaluated for Canstar's *Direct Income Protection Star Ratings and Award*?

To be eligible for evaluation in Canstar's *Direct Income Protection Star Ratings and Award*, a policy must meet the following criteria:

- Cover is for sickness and accident (i.e. it is not accident-only cover)
- The provider must have existed in the market for 12 months or longer
- It is not restricted solely to members of a specific organisation
- It must be available directly to the consumer without an intermediary (e.g. a financial planner)
- For comparison purposes it must offer a 28 or 30 day waiting period and a 2 year benefit period
- Quotes must be available:
  - Directly from the provider, online, or from rates in the Product Disclosure Statement
  - At all coverage amounts, and for all occupations Canstar considers

How are the Canstar *Direct Income Protection Star Ratings Calculated*?

Direct Income Protection policies included in the Canstar *Direct Income Protection Star Ratings and Awards* are assessed across 80 consumer profiles considering age, occupational category, gender and smoking status. A Star Rating is assigned to each profile.

The profiles considered are as follows:

Age	Occupation	Gender	Smoking Status
Twenties (20 – 29 yrs) Thirties (30 - 39 yrs) Forties (40 - 49 yrs) Early Fifties (50 – 54 yrs) Late Fifties (55 - 59 yrs)	Professional/White Collar Light Blue Collar Medium Blue Collar Heavy Blue Collar	Male Female	Smoker Non-Smoker*

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

Star Ratings Methodology

Each direct income protection insurance product reviewed for the Canstar Direct Income Protection Star Ratings is awarded points for its comparative pricing and for the array of 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 which products offer outstanding value. The method can be summarised as follows:

Total Score = Price Score + Feature Score

Price Score 60%

Monthly Premiums

Feature Score 40%
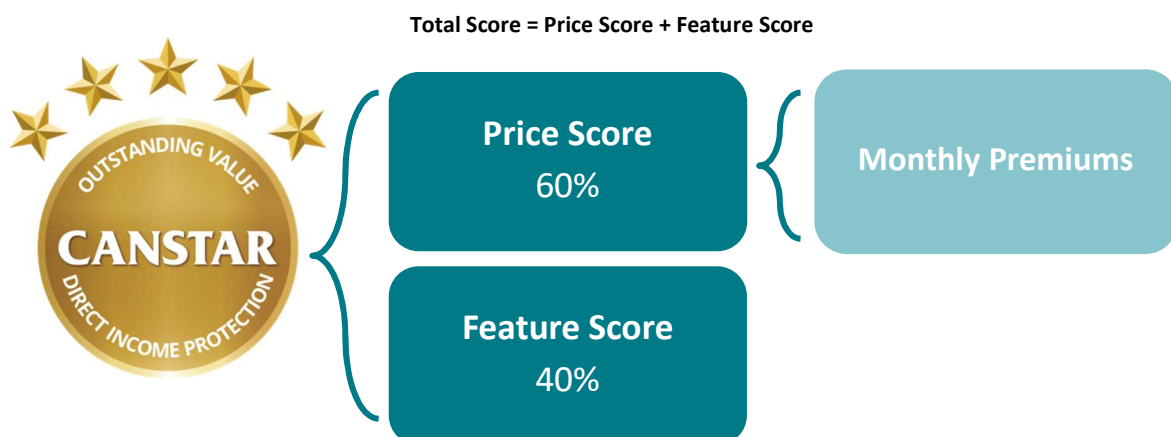
Price Score

Across each of the 80 profiles, the price score is based on the average monthly premiums quoted for the underlying profile. Monthly premiums are for two levels of monthly cover with a 28 or 30 day waiting period and a two year benefit period.

Premiums are obtained for a range of occupations within each occupational category, and for a sample of ages within each of the age groups considered.

Two sum insured amounts are considered, for simplicity, referred to as high and low sum insured amounts. The high sum insured amount is based on an annual income of $100,000, while the low sum insured amount is based on an annual income of $50,000 (both high and low monthly benefit amounts are based on 75% of monthly income). An equal weighting (50%) is placed on high and low sum insured amounts.

Monthly Cover	Weight
$3,125	50%
$6,250	50%

The average monthly premium for each product is calculated across the ages and occupations considered within each profile. The lowest priced product within each profile is allocated the maximum price score, with all remaining products scored against it.

Feature Score

The feature score takes into account a number of features within five different categories. Individual features are allocated points and each category and subcategory is 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 feature categories, and subcategories, with assigned weights are:

Category	Weight
Claim Payment Terms	**30%**
Benefit Offsets	20%
Claim Payment	20%
Occupation Definition	20%
Pre-Disability Income	20%
Return to work in waiting period	20%
Policy Benefits and Options	**30%**
Disability Definitions – Partial	25%
Disability Definitions – Total	25%
Recurrent Disability	10%
Redundancy Cover	10%
Specified Injury	10%
Other Policy Benefits and Options	5%
Specified Illness (i.e. Trauma)	5%
Unemployment	5%
Waiver of Premium	5%
Standard Company Terms	**20%**
Other Exclusions	50%
Pre-Existing Conditions	30%
Company Terms	20%
Policy Terms	**10%**
Benefit Periods/Indexation	25%
Eligibility	25%
Waiting Periods	25%
Sum Insured	15%
Benefit Type	5%
Premium	5%
Application & Claims Process	**10%**
Application Process	40%
Claims Process	30%
Support	20%
Interim Cover	10%

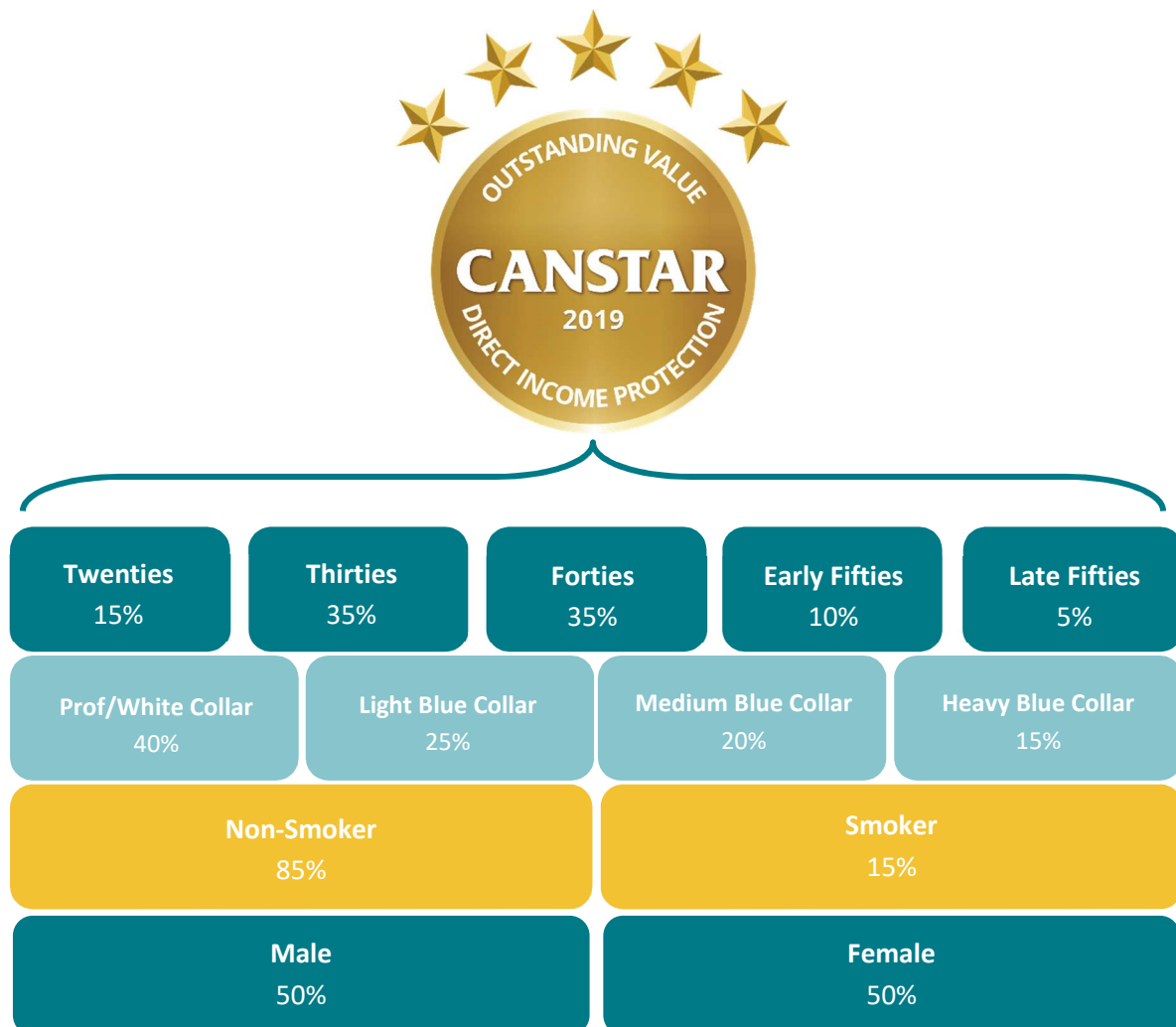Direct Income Protection Star Ratings and Award – Methodology

How is the *Outstanding Value Direct Income Protection* Award calculated?

In conjunction with the *Direct Income Protection Star Ratings*, Canstar recognises institutions who offer outstanding value to consumers.

To be considered for the *Outstanding Value Direct Income Protection Award* the insurer must provide a policy with a quote available for each occupation within the profile structure.

To arrive at the total score that makes up the award, Canstar uses a weighted average of the total scores for the 80 profiles captured within the Star Ratings.

Canstar awards an *Outstanding Value Direct Income Protection Award* to the insurer or insurers who offer outstanding value cover based on the cumulative score across all 80 profiles. The weight placed on each component within the profiles is shown below, and represents the relative importance of each in determining the outstanding direct income protection insurance providers.

Twenties 15%	Thirties 35%	Forties 35%	Early Fifties 10%	Late Fifties 5%

Prof/White Collar 40%	Light Blue Collar 25%	Medium Blue Collar 20%	Heavy Blue Collar 15%

Non-Smoker 85%	Smoker 15%

Male 50%	Female 50%

Direct Income Protection Star Ratings and Award – Methodology

How often are products reviewed for Star Ratings and award purposes?

Ratings and awards are recalculated annually 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, magazine, television, websites, etc.).

Does Canstar rate all products available in the market?

Canstar endeavours 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.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth 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
- Car Insurance
- Car Loans
- Credit Cards
- Deposit Accounts
- Direct Life Insurance
- First Home Buyer
- Health Insurance
- Home & Contents
- Home Loans
- Landlord Insurance
- Managed Investments
- Margin Lending
- Online Banking
- Online Share Trading
- Package Banking
- Personal Loans
- Pet Insurance
- Reward Programs
- Superannuation
- Term Deposits
- Travel Credit & Debit Cards
- Travel Insurance
- Travel Money Cards
- Youth Banking