What are the Canstar Funeral Insurance Star Ratings?

Canstar's *Funeral Insurance Star Ratings* use a sophisticated and unique ratings methodology that compares both price 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.

What types of products are evaluated for Canstar's *Funeral Insurance Star Ratings*?

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

- The policy must be a level premium product and available to:
  - o The general public
  - o Australian Citizens or Permanent Residents
  - o Those aged 50 and above

How are the Canstar *Funeral Insurance Star Ratings* calculated?

Funeral Insurance products included in the Canstar *Funeral Insurance Star Ratings* 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)		
Late Fifties (55-59 years)		
Early Sixties (60-64 years)	Male & Female	Smoker & Non-Smoker*
Late Sixties (65-69 years)		
Seventies Plus (70-75 years)		

*Non-Smoker is defined as a person who has not smoked for the last 12 months. This includes e-cigarettes (electronic cigarettes).

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 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
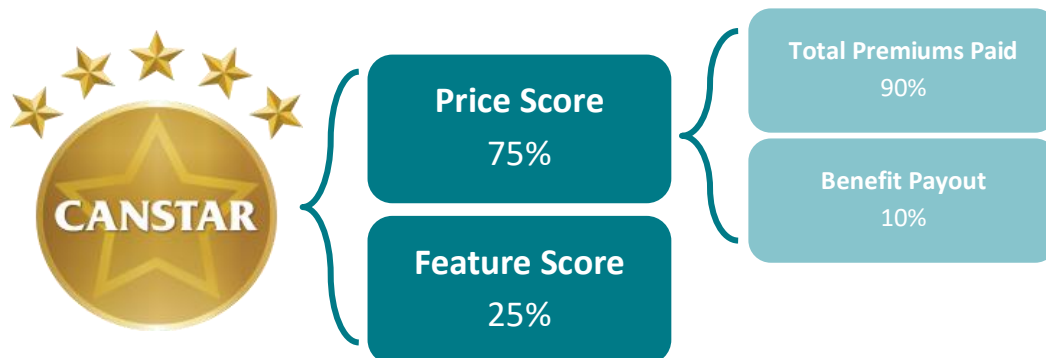
Price Score

The price score is comprised of two components, assessing both total premiums paid and the benefit payout to compare the projected payout received post claim, and its true cost between providers. Quotes for monthly premiums are collected for a $10,000 sum insured amount.

Total Premiums Paid

Total premiums paid are calculated over the duration of the policy, assessing the total cost for policy holders between their age of entry until the age of claim (age of death). Any applicable premium caps, discounts and refunds are factored in to emphasise the variation in total expense of holding funeral insurance until the time of claim between providers.

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 product with the lowest total premiums paid within each profile is allocated the maximum score and all remaining products are indexed against it.

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)					

Benefit Payout

The benefit payout calculation projects the total claimable amount at various ages of entry and death. This recognises those providers who increase the payout amount if the premiums paid by the holder of the policy exceed the initial sum insured amount.

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.

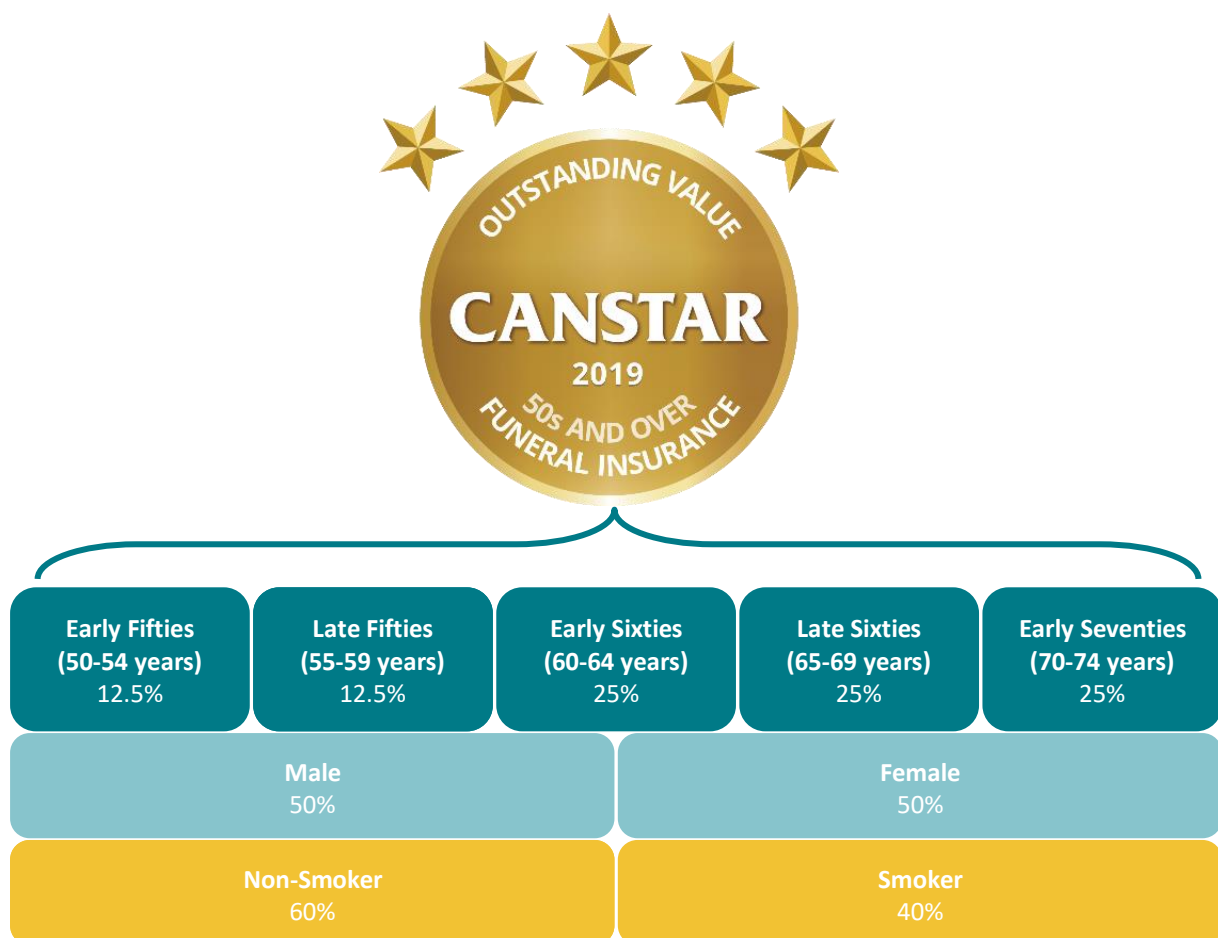The feature categories and sub-categories, with assigned weights are:

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

How are the Awards for Funeral Insurance Calculated?

In conjunction with the *Funeral Insurance Star Ratings*, Canstar recognises institutions who offer Outstanding Value to consumers. To be considered for the *Funeral Insurance Outstanding Value Award* the insurer must provide a policy with a quote available for each age group within the profile structure. To arrive at the total score that makes up the award, Canstar uses a weighted average of the 20 profiles captured within the star ratings.

Award Methodology

Canstar awards an outstanding value award to the insurer or insurers who offer outstanding value cover based on the cumulative score across all 20 profiles. The weight placed on each component within the profiles is shown below and represents the relative importance of each in determining the outstanding funeral insurance providers.

Early Fifties (50-54 years) 12.5%	Late Fifties (55-59 years) 12.5%	Early Sixties (60-64 years) 25%	Late Sixties (65-69 years) 25%	Early Seventies (70-74 years) 25%
Male 50%			Female 50%	
Non-Smoker 60%			Smoker 40%	

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. 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 specific consumers.

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

All ratings are fully recalculated every twelve months based on the latest product offerings within the market. Additionally, Canstar monitors product changes on an ongoing basis. Star rating and award results are published in a variety of mediums (newspapers, magazines, television, websites, etc).

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance products listed below. These star ratings and awards 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