



METHODOLOGY

Home and Contents Insurance

August 2019

What are the *Canstar Home and Contents Star Ratings and Awards*?

Canstar's Home and Contents Star Ratings uses a sophisticated and unique ratings methodology that compares both cost and features across home and contents insurance policies. 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 Home and Contents Insurance Star Ratings and Awards*, a policy must:

- Be available directly to consumers.
- For comparison purposes, a quote must be available:
 - Online or via phone; and
 - For all addresses considered within the profile being rated.
- Providers must have been in the market for at least 12 months.

Profile Description

Home and Contents insurance products are rated across 35 profiles, including seven regions, three cover types and two different sum insured amounts for home and contents and contents cover.

The cover types, sum insured amounts and the regions considered within each profile are as follows:

Cover Type	Sum Insured Amounts	State
Home	\$550,000*	New South Wales Victoria Queensland ¹ North Queensland ² South Australia Western Australia Tasmania
Contents	\$50,000 \$125,000	
Home and Contents Package	\$550,000* building & \$50,000 contents \$550,000* building & \$125,000 contents	

¹ Queensland includes Rockhampton and all areas south.

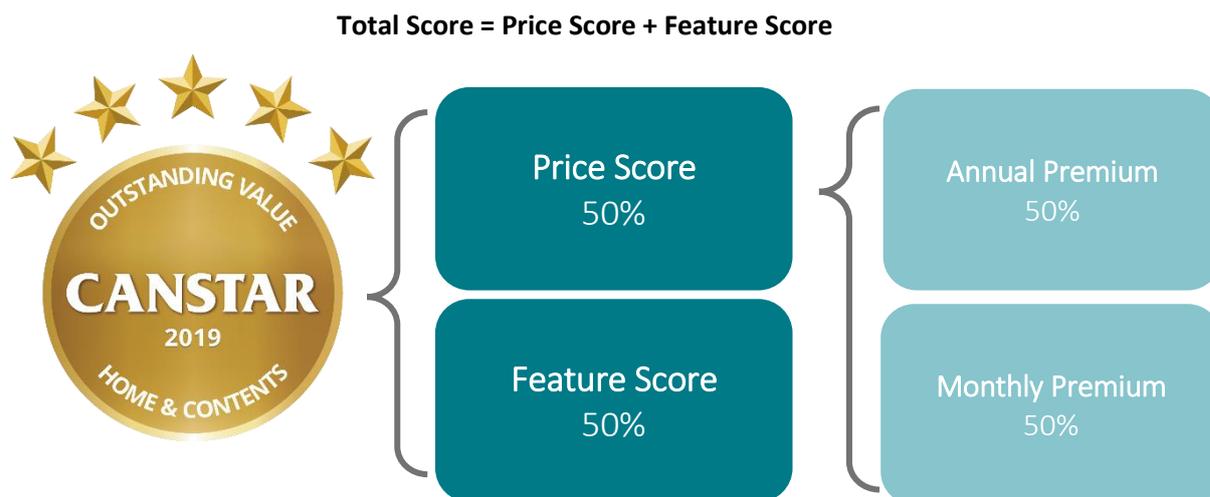
² North Queensland is the portion of Queensland north of Rockhampton.

* Insurers who do not insure for \$550,000, the next closest sum insured amount are used for quoting purposes.

Star Ratings Methodology

Each eligible home and contents 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:



Price Score

The annual and monthly premium for home and contents insurance are used as the point of cost comparison. Peer products are compared and the products with the lowest cost are awarded the highest price score and all other peer products are awarded a relative score in comparison to the market average premium over a normal distribution.

To maintain consistency across providers and premiums, Canstar uses some general assumptions when quoting. An excess of \$500 is used in the quoting process, or the closest available excess when a \$500 excess is not offered. Quotes are obtained for fifteen addresses within each profile considered.

Feature Score

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

The feature categories and subcategories, with assigned weights, are:

Category	Home	Contents	Packaged
Application	5%	5%	5%
Payment	5%	5%	5%
Cover	75%	75%	75%
Building Cover	55%		27.5%
<i>Building Inclusions</i>	40%	-	40%
<i>Underinsurance Protection</i>	30%	-	30%
<i>Settlement Options</i>	15%	-	15%
<i>Fusion of Electric Motor (Building)</i>	10%	-	10%
<i>Other Benefits (Building)</i>	5%	-	5%
Contents Cover		55%	27.5%
<i>Contents Inclusions</i>	-	50%	50%
<i>Fusion of Electric Motor (Contents)</i>	-	20%	20%
<i>Portable Items Cover</i>	-	20%	15%
<i>Contents Inclusion Limits</i>	-	10%	15%
Accidental Damage & Breakage	15%	15%	15%
Events Cover	25%	25%	25%
<i>Flood</i>	35%	35%	35%
<i>Storm</i>	30%	30%	30%
<i>Theft or Attempted Theft</i>	15%	15%	15%
<i>Defined Events</i>	20%	20%	20%
Liability Cover	5%	5%	5%
Service	5%	5%	5%
Claim Channels	5%	5%	5%
Cancellation	5%	5%	5%

What are the *Canstar Home and Contents State Awards*?

Eligibility Criteria

To be considered for a state award for Home and Contents Insurance:

- The policy must be available directly to consumers, not limited solely to those in a particular age group.
- The institution must underwrite its own insurance, or be a wholly owned subsidiary of a general insurer (i.e. white labelled products are not considered for a state award).
- For comparison purposes, a quote must be available:
 - Online or via phone; and
 - For all postcodes considered within each profile; and
 - For all profiles within the state/region being considered.

State Award Methodology

For award purposes only, an additional assessment rating is conducted for those products that are considered to offer comprehensive cover. To be considered comprehensive cover a policy must provide:

- The option to cover Accidental Damage (Home)
- Flash Flooding due to heavy rain as a standard requirement (Home)
- Storm Cover as a Standard Inclusion (Home)
- The option for Fusion Cover (Contents)
- Availability of theft cover (Contents)
- Accidental Breakage as a Standard Inclusion (Contents)

To determine the winners of Canstar's state awards, an insurer's top performing product within each profile is used, where the product meets the eligibility criteria outlined above. Equal weight is placed on general cover and comprehensive cover to determine the overall winner in each state/region considered.



What is the *Canstar Home and Contents National Award*?

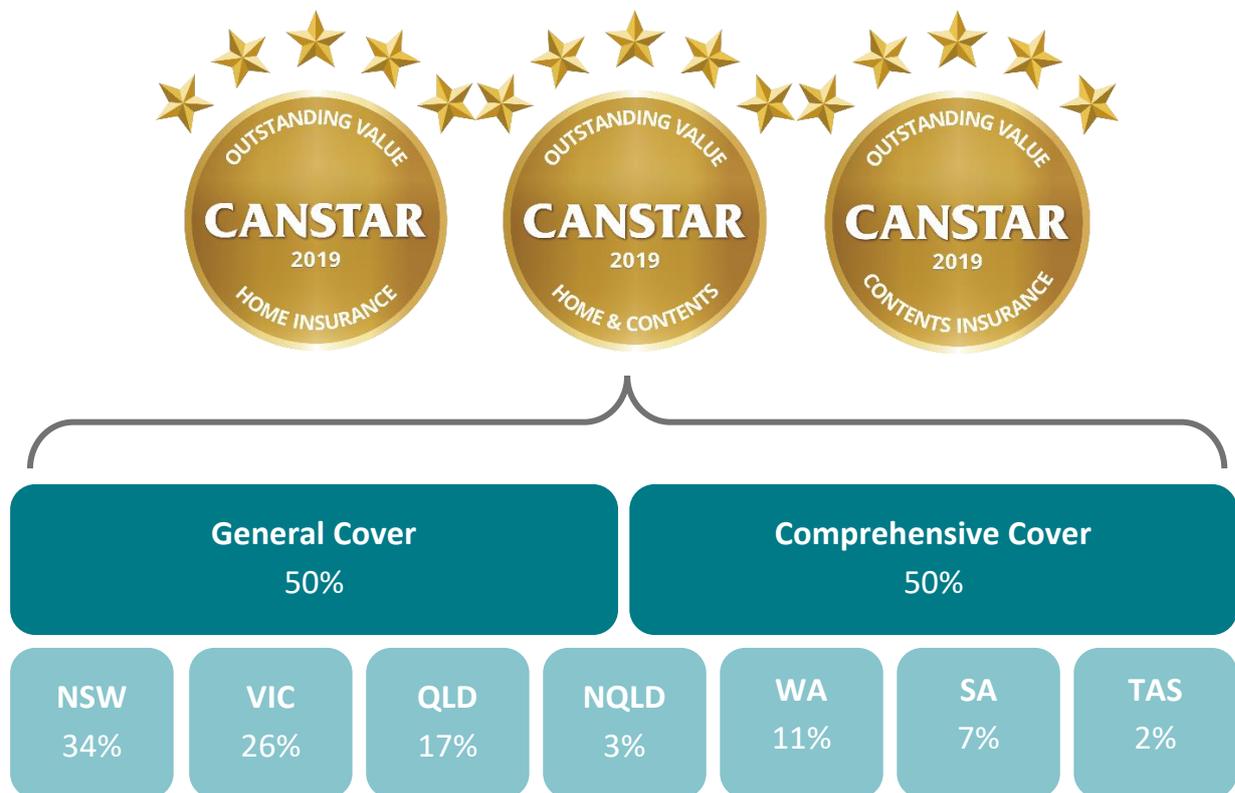
Eligibility Criteria

To be considered for the national Home and Contents Insurance award:

- The insurer must provide consumers with both comprehensive and general cover products for high and low sum insured amounts.
- The policy must be available directly to consumers, not limited solely to those in a particular age group.
- The institution must underwrite its own insurance, or be a wholly owned subsidiary of a general insurer (i.e. white labelled products are not considered for a National Award).
- For comparison purposes, a quote must be available:
 - Online or via phone; and
 - For all postcodes considered within each profile; and
 - For all profiles within each state/region considered.

National Award Methodology

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 states and regions considered in the ratings. The weight assigned to each state/region is based on the population of each state/region relative to the total population of all areas considered. The insurer with the highest weighted average score across all states/regions is awarded the national award for Outstanding Value Home and Contents Insurance.



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

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