



Methodology

Travel Insurance Star Ratings and Awards

What are the CANSTAR Travel Insurance Star Ratings?

CANSTAR Travel Insurance Star Ratings involve a sophisticated rating methodology, unique to CANSTAR, which compares travel insurance products in New Zealand. CANSTAR star ratings provide a transparent analysis of a shortlist of travel insurance products, enabling consumers to narrow their search to products that have been independently assessed and ranked.

The results are reflected in a consumer-friendly 5-star concept, with 5 stars signifying outstanding value offered by the product.

What types of products are evaluated by CANSTAR Travel Insurance Ratings?

CANSTAR rates a number of international travel insurance policies covering the following profile types and destinations:

Who?



Single



Couple



Family

Where?



Asia

China
Thailand



Europe

UK
France



Australia

Australia



Pacific

Fiji
Cook Islands



Americas

USA



For institutions to be eligible for the international travel insurance star ratings, the policy must be a comprehensive policy. This means it must meet certain basic feature requirements in order to be included in the ratings. The requirements are as follows:

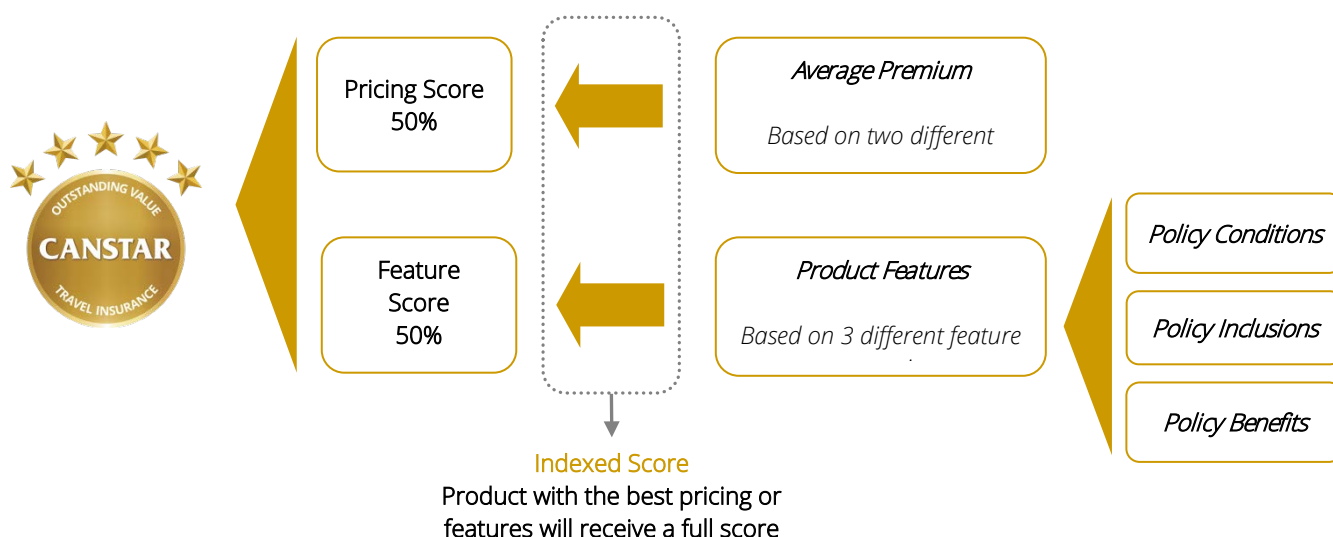
- \$1 Million Overseas medical and hospital cover per traveller
- Repatriation and evacuation services
- Luggage and personal effects
- Cancellation fees and loss of deposit

How are the CANSTAR Travel Insurance Star Ratings calculated?

Each travel insurance product reviewed for the CANSTAR *Travel Insurance Star Ratings Report* is awarded points for its comparative pricing and for the array of positive features attached to the product. Points are aggregated to achieve a Pricing Score and a Feature Score.

To arrive at the total score, CANSTAR applies a weight against the Pricing and Feature scores. This weight will vary from profile to profile and will reflect the relative importance of either costs or features in determining the best product. This method can be summarised as:

$$\text{TOTAL SCORE} = \text{PRICING} + \text{FEATURES SCORE}$$



Pricing Score

The Pricing Score for each profile is based on guidelines outlined below. Quotes within the profile types and destinations were used to determine the minimum average premium in each profile. This was then indexed against each policy premium and weighted by its 50% weighting to determine the final Pricing Score.

Profile types

Quotes were based on the three profile types: Single, Couple and Family. These travellers were based on:

- Single: 30-year-old adult
- Couple: two 50-year-old adults
- Family: two 45-year-old adults and two children (an 11-year-old and a 15-year-old)

Travel period

Two travel periods were used to find the average premium for a country based on the following dates:

Period of travel	Departing date	Returning date
10 days	1-Mar-2016	10-Mar-2016
30 days	1-Mar-2016	30-Mar-2016

However, travel to Australia was based on the following dates for the single and couple profiles:

Period of travel	Departing date	Returning date
4 days	1-Mar-2016	4-Mar-2016
10 days	1-Mar-2016	10-Mar-2016

And the following dates for the family profile travelling to Australia:

Period of travel	Departing date	Returning date
7 days	1-Mar-2016	7-Mar-2016
14 days	1-Mar-2016	14-Mar-2016

Excesses

To ensure fair comparison between providers, premiums were quoted at the standard excess amount of \$100. For policies that did not have the option of \$100 standard excess, premiums are adjusted based on industry-based actuarial data.

Feature Score

Each individual feature is categorized into 3 different feature categories and allocated points. Based on the points received, each individual policy receives a total feature score. The total score is then weighted against the weights provided in the table below for their respective profile feature score. The feature score is then indexed and weighted by its 50% weighting to provide the final Feature Score.

Feature categories weightings

Category	Weighting	Description
Policy Conditions	20%	
Definitions*	33.3%	<i>Definition of dependents, pre-existing medical condition, max and min age for cover</i>
Policy flexibility	33.3%	<i>Nil excess, adjustable excess, extend travel period, extra cover for paying extra</i>
Claim processes	33.4%	<i>Claim online, claim over the phone, 24hr helpline, helpline accept reverse charge calls</i>
Policy Inclusions	10%	
Inclusions	70%	<i>Terrorism, International waters, Rock climbing, skiing cover, water sports cover, motorcycle</i>
Scenarios	30%	<i>Five situations that insurers may/may not cover</i>
Policy Benefits	70%	
Overseas medical and dental	45%	<i>Level of cover on medical and dental related issues</i>
Luggage and travel documents	7%	<i>Level of cover on personal belongings</i>
Cancellation fees and loss of deposit	25%	<i>Level of cover on administrative related fees</i>
Emergency travel arrangements	15%	<i>Level of cover on unexpected changes during period of travel</i>
Rental vehicle cover	5%	<i>Level of cover on rental vehicle excess</i>
Accidental death, disability and loss of income	1%	<i>Level of cover on death, disability and loss of income</i>
Legal liability	1%	<i>Level of cover on legal liability</i>
Domestic services	1%	<i>Level of cover for domestic related issues, e.g. domestic pets</i>
Total	100%	

The Definitions section is further broken down into the sub categories below:

Category	Single/Couple	Family	Description
Definitions			
<i>Dependent</i>	-	33.3%	<i>Conditions around including dependents on the policy</i>
<i>Pre-existing medical condition</i>	50%	33.3%	<i>Major pre-existing conditions e.g., asthma, epilepsy, pregnancy and diabetes</i>
<i>Specific conditions</i>	50%	33.4%	<i>Maximum and minimum age of policy holder, period of travel</i>

What is the CANSTAR Travel Insurance Award?



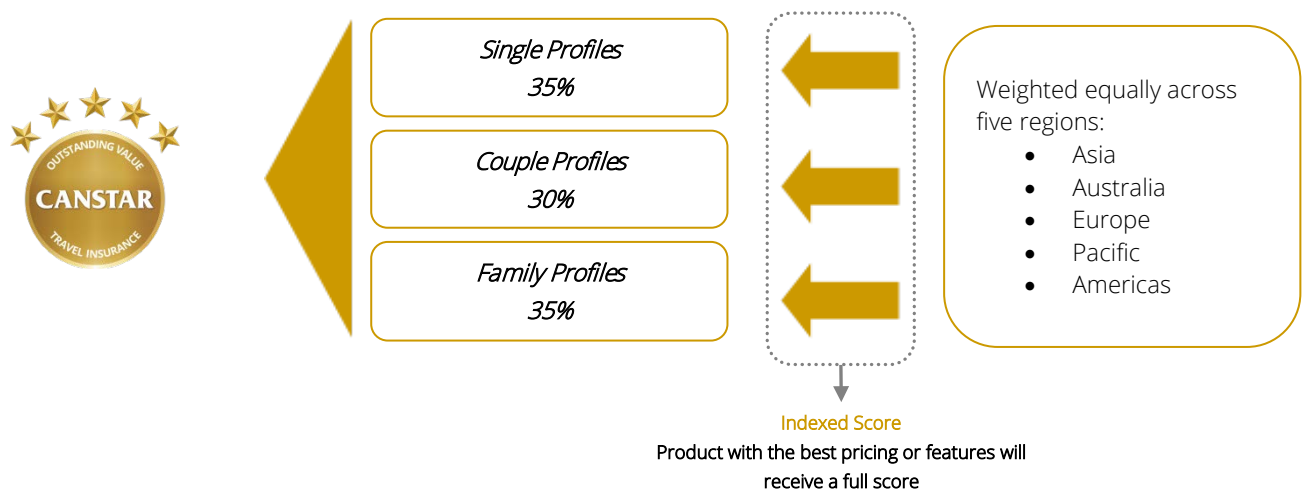
In conjunction with the travel star ratings, CANSTAR has awarded two separate awards to insurers that provide the best combination of products across the Travel Insurance Star Ratings profiles, as well as excelling in a range of travel destinations and features. The Awards aim to give recognition to those insurers that offer quality products with desirable features to travellers in a particular category.

For institutions to be eligible for the overall awards, they must meet certain minimum requirements. The requirements are as follows:

- 24-hour emergency helpline available
- Ability to extend cover while travelling
- \$5 million + overseas medical and hospital cover
- \$1.5 million + cover for repatriation and evacuation services

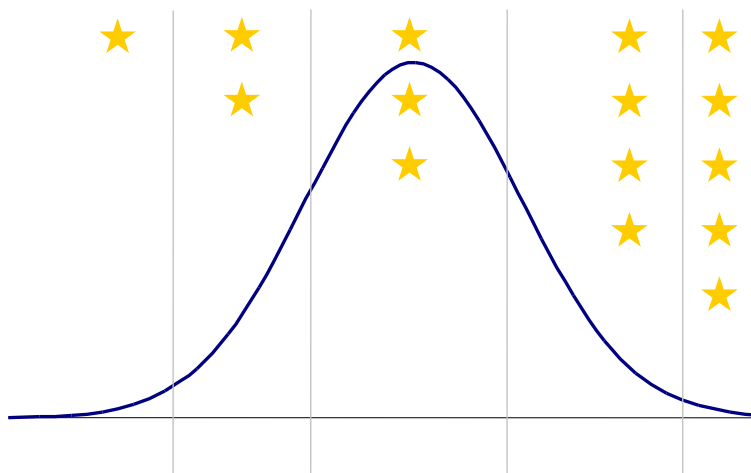
How is the CANSTAR Travel Insurance Award calculated?

Each country within our five regions is weighted equally and then indexed to find the region score. All region scores are summed together and indexed to find the total score for each of the traveller profiles (i.e. Single, Couple and Family). The total traveller profile score is then indexed again and multiplied by the weights provided in the methodology tree below for the respective profile award score. Each of the profile scores is then summed to determine the final award winner. For the Trans-Tasman Award only the Australia profiles are considered.



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 according to the following guidelines. As you can see, only the products that obtain a score in the top 10% of the score distribution receive a 5-star rating



The results are reflected in a consumer-friendly 5-star concept, with 5 stars denoting an outstanding product.

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 ratings purposes?

All ratings are fully recalculated every 12 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.).

Does CANSTAR rate other product areas?

CANSTAR also researches, compares and rates the suite of banking 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.co.nz if you would like to view the latest star ratings reports of interest.



- Business deposits
- Cash PIE
- Credit cards
- Credit card rewards
- Home loans
- KiwiSaver
- Online banking
- Personal loans
- Savings accounts
- Transaction accounts
- Term deposits

DISCLAIMER

To the extent that any CANSTAR data, ratings or commentary constitutes general advice, this advice has been prepared by CANSTAR New Zealand Limited (3225469) and does not take into account your individual investment objectives, financial circumstances or needs. Information provided does not constitute financial, taxation or other professional advice and should not be relied upon as such. CANSTAR recommends that, before you make any financial decision, you seek professional advice from a suitably qualified adviser. A Product Disclosure Statement relating to the product should also be obtained and considered before making any decision about whether to acquire the product. CANSTAR acknowledges that past performance is not a reliable indicator of future performance. Please refer to CANSTAR's FSG for more information at www.canstar.co.nz.

All information contained herein shall not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any purpose, in whole or in part, in any form or manner or by means whatsoever, by any person without CANSTAR's prior consent. All information obtained by CANSTAR from external sources is believed to be accurate and reliable. Under no circumstances shall CANSTAR have any liability to any person or entity due to error (negligence or otherwise) or other circumstances or contingency within or outside the control of CANSTAR or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information. Copyright 2012 CANSTAR New Zealand Limited (3225469)

