

Travel Insurance Star Ratings

CANSTAR Methodology

2017



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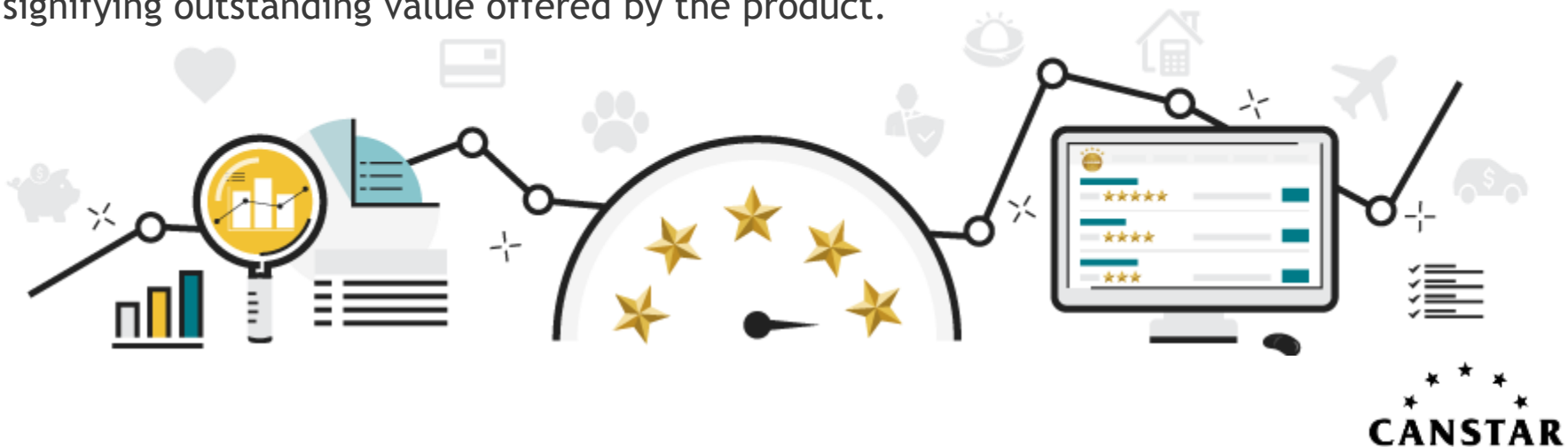


What are the CANSTAR Travel Insurance Star Ratings?

CANSTAR rates financial products to find value

CANSTAR Travel Insurance Star Ratings involve a sophisticated rating methodology, unique to CANSTAR, that compares 43 products offered to New Zealanders. CANSTAR's star ratings provide a transparent analysis of a shortlist of travel insurance products, enabling consumers to narrow their search to products that have been reviewed, assessed and ranked.

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



What types of products are considered?

Product eligibility

To be eligible for the CANSTAR *Travel Insurance Star Ratings*, a product must be a comprehensive policy, this means it must meet certain basic feature requirements:

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

Each travel insurance product reviewed for the CANSTAR *Travel Insurance Star Ratings* 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 Features score.

What countries and regions are considered?

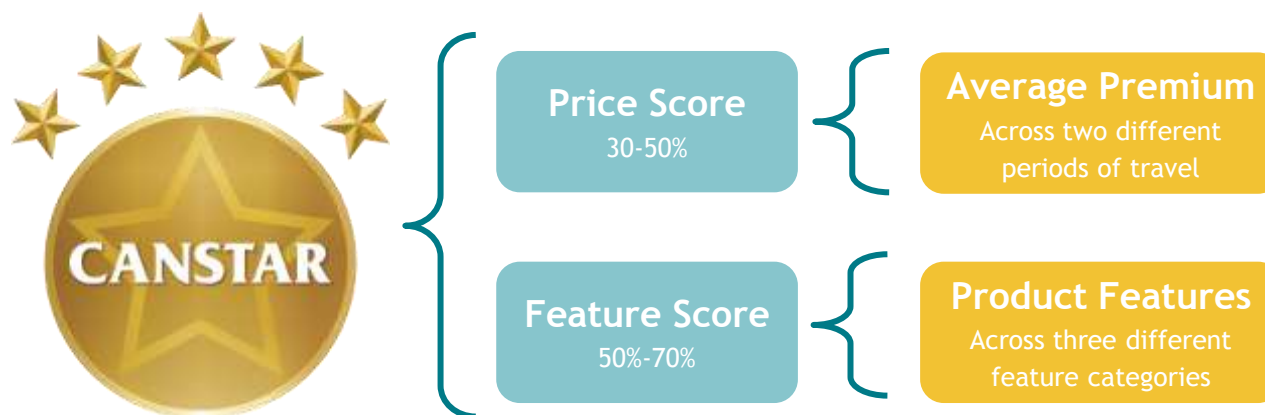
Travel destinations

CANSTAR collects thousands of quotes from insurers for different consumer profiles as well as destinations. The following regions are considered in the Star Ratings:

Asia	Europe	Pacific	Americas	Cruise	Trans-Tasman
China Thailand	United Kingdom France	Fiji Cook Islands	United States	Fiji	Australia

Travel Insurance Star Ratings Methodology

To arrive at the total score, CANSTAR applies a weight against the Price and Feature scores. This weight applies to all profiles and will reflect the relative importance of either costs or features in determining the best product. This method can be summarised as: **Total Score = Price Score + Feature Score**



	Price Score	Feature Score
Senior profiles	30%	70%
All other profiles	50%	50%

How does CANSTAR cater for the different and changing needs of consumers?

Consumer Profiles

CANSTAR understands the different needs and wants of consumers in terms of their insurance policy. To cater for this, CANSTAR identifies consumer profiles to help New Zealanders find the best value travel insurance relevant to them.

Profile	Description
Single	A single traveller aged 30
Couple	A couple travelling together, both aged 50
Family	Two parents (both 45) and two children (11 & 15)
Senior Single	A single traveller aged 75
Senior Couple	A couple travelling together, both aged 75

How does CANSTAR calculate the Price Score?

Price Score

The pricing score for Travel Insurance Star Ratings consists of a collection of quotes based on guidelines outlined below. Premiums across all consumer profiles and destinations are used to determine the lowest average premium. The policy offering the lowest average premium will receive the highest price score and all other policies are indexed against it.

Travel Period

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

Period of Travel	Departing Date	Returning Date
10 Days	01-Mar-2017	10-Mar-2017
30 Days	01-Mar-2017	30-Mar-2017

How does CANSTAR calculate the Price Score?

Travel Period

A different set of travel periods was used to find the average premium for travel to Australia:

Period of Travel	Departing Date	Returning Date
4 Days	01-Mar-2017	04-Mar-2017
10 Days	01-Mar-2017	10-Mar-2017

Excesses

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

How does CANSTAR calculate the Feature Score?

Feature Score

Each individual feature is categorized into one of three feature categories and allocated points. Based on the points received, each individual policy receives a total features score. The total feature score is then weighted against the weights provided in the following table for their respective profile feature score. The feature score is then indexed and weighted by the 50% or 70% weighting to provide the final Feature Score.

The table highlighting relative weights is detailed on the following slide.

Feature Score weightings

Category	All other profiles	Senior profiles	Cruise profiles
Policy Conditions	20%	25%	20%
Definitions	45%	50%	45%
Policy Flexibility	20%	20%	20%
Claim Processes	35%	30%	35%
Policy Inclusions	10%	5%	10%
Events and Activities Cover	100%	100%	100%
Policy Benefits	70%	70%	70%
Overseas Medical and Dental	45%	40%	35%
Luggage and Travel Documents	5%	5%	15%
Cancellation Fees and Loss of Deposit	25%	30%	20%
Emergency Travel Arrangements	15%	15%	5%
Rental Vehicle Cover	5%	5%	5%
Other Benefits	5%	5%	5%
Cruise Specific Cover	-	-	15%
Total	100%	100%	

How does CANSTAR calculate the Feature Score?

Definitions

The Definitions sub-category within the Policy Conditions sections is then further broken down into the following sub-sections:

	Single/Couple	Seniors	Family
Dependant	-	-	33.33%
Pre-existing Medical Condition	50%	65%	33.33%
Specific conditions	50%	35%	33.34%

Other Benefits

The Other Benefits sub-category within the Policy Benefits sections is then further broken down into the following sub-sections:

	All profiles
Accidental Death, Disability and Loss of Income	33.34%
Legal Liability	33.33%
Domestic Services	33.33%

Outstanding Value Travel Insurance Awards

In conjunction with the Travel Insurance Star Ratings, CANSTAR recognises insurers who offer outstanding value to consumers across four separate categories. These are awarded to insurance providers who offer the strongest combinations of products across the travel insurance star ratings profiles, as well as excelling in a range of travel destinations and features.

The awards aims to give recognition to those who offer quality products with desirable features to travellers in a particular category. For insurers to be eligible for the overall awards, they must meet certain minimum requirements.



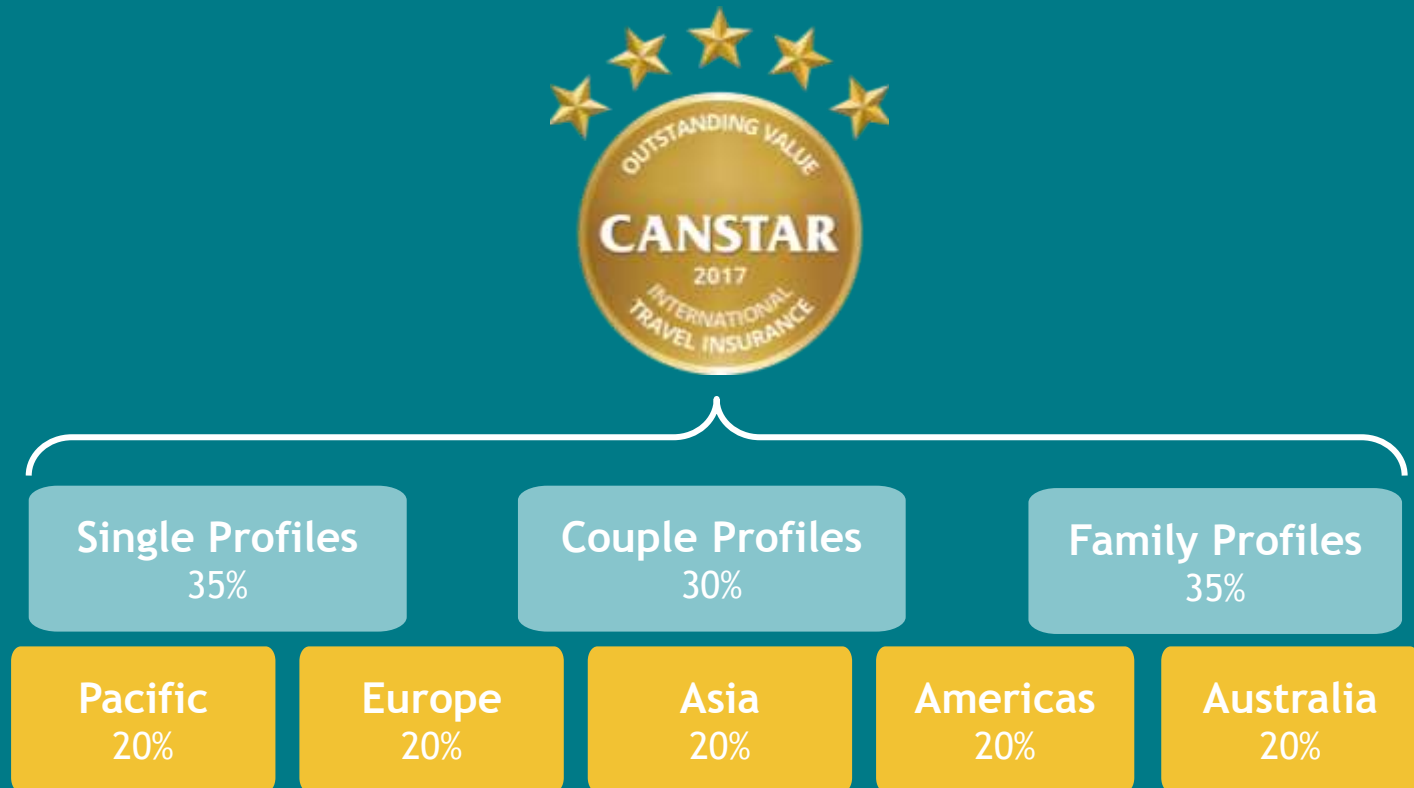
Award Eligibility/Weights

The award aims to give recognition to those who offer quality products with desirable features to consumer in a particular category. For insurers to be eligible for the overall awards, the policy must be comprehensive and meet certain minimum requirements. They 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
- Must cover claims arising from cruising holidays in international waters (cruise only)
- Must be available to travellers aged 75 and above (senior only)

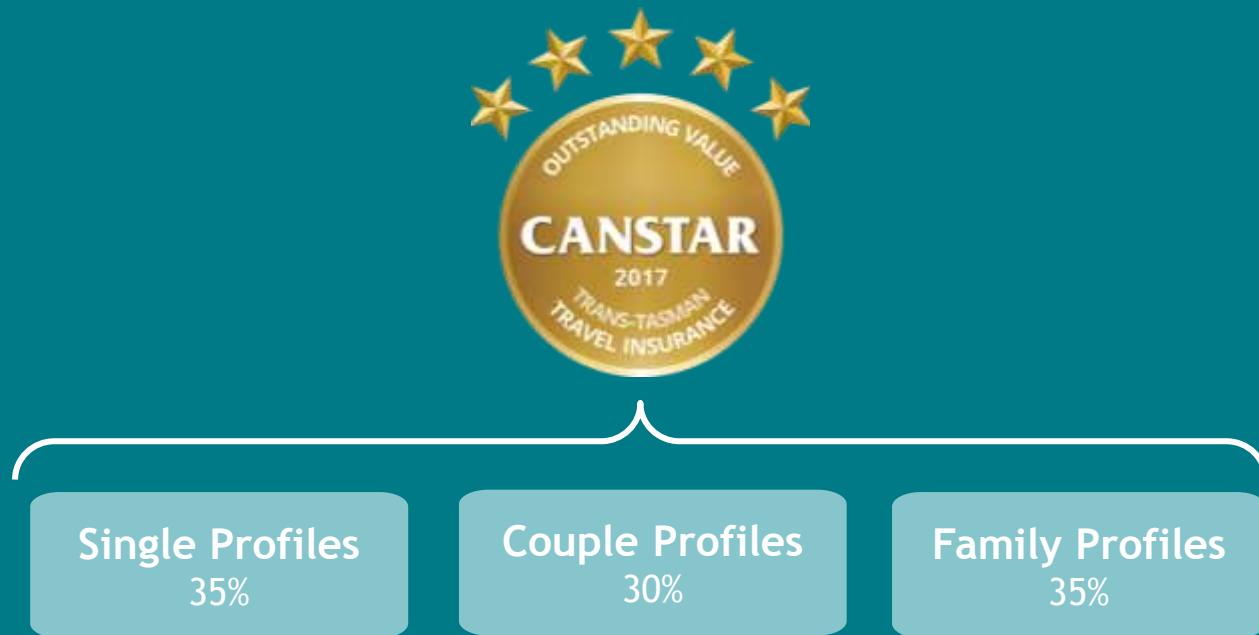
Award Methodology

For the International Award, CANSTAR considers 8 international destinations across three profiles.



Award Methodology

For the Trans-Tasman award, CANSTAR considers the performance of each policy across the Australian profiles.



Award Methodology

For the Cruise Award, CANSTAR considers the performance of each policy across the Cruise profiles.



Award Methodology

The Senior award is in recognition of insurers who provide fantastic prices and features across all destinations for seniors.



Senior Single Profiles
50%

Senior Couple Profiles
50%

Pacific
16%

Europe
16%

Asia
16%

Americas
16%

Australia
16%

Cruise
20%

Additional information

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 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.).

How are stars awarded?

The products are ranked with each category based on the total score received. The stars are then awarded based on the distribution of the scores with the objective to award the top 5-10% of products with the CANSTAR five-star rating. The results are reflected in a consumer-friendly CANSTAR star rating concept, with five stars denoting outstanding value.

What other product areas does CANSTAR rate?



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 Savings and Transaction Accounts
- Cash PIE
- Credit Cards
- Credit Card Rewards
- Home Loans
- KiwiSaver
- Online Banking
- Personal Loans
- Savings Accounts
- Transaction Accounts
- Term Deposits

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