



METHODOLOGY

TRAVEL INSURANCE STAR RATINGS

FEBRUARY 2019

What are the Canstar Travel Insurance Star Ratings?

Canstar's *Travel Insurance Star Ratings* use a sophisticated and unique rating methodology that compares both price and features across travel 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 one to five stars. Five Star rated products have been assessed as offering outstanding value to consumers.

Eligibility requirements for the Travel Insurance Star Ratings

To be eligible for evaluation in Canstar's *Travel Insurance Star Ratings*, a product must meet certain basic feature requirements including the coverage of:

- \$1 million overseas medical and hospital cover per traveller (international destinations only)
- Repatriation and evacuation services (international destinations only)
- Luggage and personal effects
- Cancellation fees and loss of deposit

Profile Description

Travel insurance policies included within the Canstar *Travel Insurance Star Ratings* are assessed across 55 consumer profiles based on five consumer types, 11 destination regions, and cruise (which has its own cruise-specific destinations). To maintain consistency across quotes, Canstar uses some general assumptions outlined below.

Customer Profile
Single
Couple
Family *
Mature Single
Senior Single

*Family is made up of a couple travelling with two dependents.

Travel destinations

For each destination region considered, quotes are obtained for the following countries/nations. The table below lists the destination regions considered within the Canstar *Travel Insurance Star Ratings* for policies taken out for travel purposes.

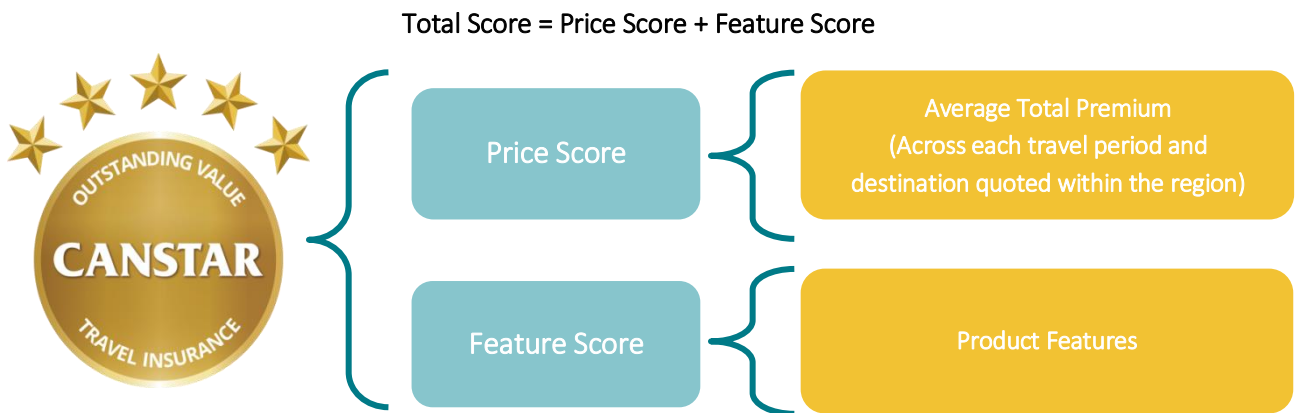
Africa	Americas	Asia	Europe	Pacific	Trans-Tasman
South Africa	Argentina USA	China Indonesia Japan	France UK	Fiji	Australia

Cruise
Fiji New Zealand

How are the Star Ratings calculated?

Each eligible travel insurance product reviewed is awarded points for its pricing and the array of features attached to the product. Points are aggregated to achieve a price score and 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:



The table below provides a breakdown of the weights allocated to the price score and feature score based on profile:

Consumer Profile	Price Score	Feature Score
Single (18-59 years) Couple Family Mature Single (60-69 years)	50%	50%
Senior Single (70+ years)	40%	60%

Price Score

The price score is based on average total premiums for each of the rated profiles. Peer products are compared and the product with the lowest cost is awarded the highest price score, with all other products indexed against it.

Travel Period and Lead Time

A quote is collected for each destination for two travel periods. An average is taken for each destination across the two travel periods. Each travel period is allocated a lead time, which is the number of days from when the travel insurance was booked, to the travel departure date. Travel periods and lead times are outlined below:

Period of Travel	Single/Couple/Family/Mature Single Lead Time	Senior Single Lead Time
14 Days	30 Days	90 Days
21 Days	7 Days	30 Days

A different set of travel periods is considered for cruise profiles and travel to Australia and Fiji, outlined below:

Period of Travel	Single/Couple/Family/Mature Single Lead Time	Senior Single Lead Time
7 Days	7 Days	30 Days
14 Days	30 Days	90 Days

Excesses

To ensure fair comparison between providers, premiums were quoted at a \$100 excess amount. For policies that did not have a \$100 excess option, premiums were adjusted based on industry-based actuarial data. The weights applied to each excess option are listed in the following table.

Excess	Adjustment to Premium
\$0	-12.00%
\$25	-5.00%
\$50	-2.50%
\$100	Nil
\$125	2.80%
\$135	3.00%
\$150	3.70%
\$200	7.00%
\$250	10.00%
\$300	12.70%

Feature Score

The feature score takes into account a number of features within three different categories. Individual features are allocated points and each category and subcategory are assigned a weighting. The product with the highest feature score is allocated the maximum score, with all other products indexed against it.

Category	All Other Profiles	Senior Single Profile	International Cruise Profile	Domestic Cruise Profiles
Policy Benefits	70%	70%	70%	70%
Overseas Medical and Dental	45%	45%	35%	-
Cancellation Fees and Deposit	25%	25%	20%	25%
Emergency Travel Arrangements	15%	15%	5%	10%
Luggage and Travel Documents	5%	5%	15%	20%
Rental Vehicle Cover	5%	5%	5%	5%
Other Benefits	5%	5%	5%	10%
Cruise Specific Cover	-	-	15%	30%
Policy Conditions	20%	25%	20%	20%
Definitions	45%	50%	45%	45%
Claim Process	35%	30%	35%	35%
Policy Flexibility	20%	20%	20%	20%
Policy Inclusions	10%	5%	10%	10%
Events and Activities Cover	100%	100%	100%	100%

Other Benefits

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

Sub-Category	All Profiles
Accidental Death, Disability, and Loss of Income	33.34%
Legal Liability	33.33%
Domestic Services	33.33%

Definitions

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

Sub-Category	Single / Couple Profiles	Senior Single Profile	Family Profile
Dependent	-	-	33.34%
Pre-existing conditions	50%	65%	33.33%
Specific conditions	50%	35%	33.33%

Canstar Travel Insurance Award

In conjunction with the *Travel Insurance Star Ratings*, Canstar recognises insurers who offer outstanding value to consumers across four separate categories: International Travel Insurance, Trans-Tasman Travel Insurance, Seniors Travel Insurance and South Pacific Cruise Insurance.

Award Eligibility

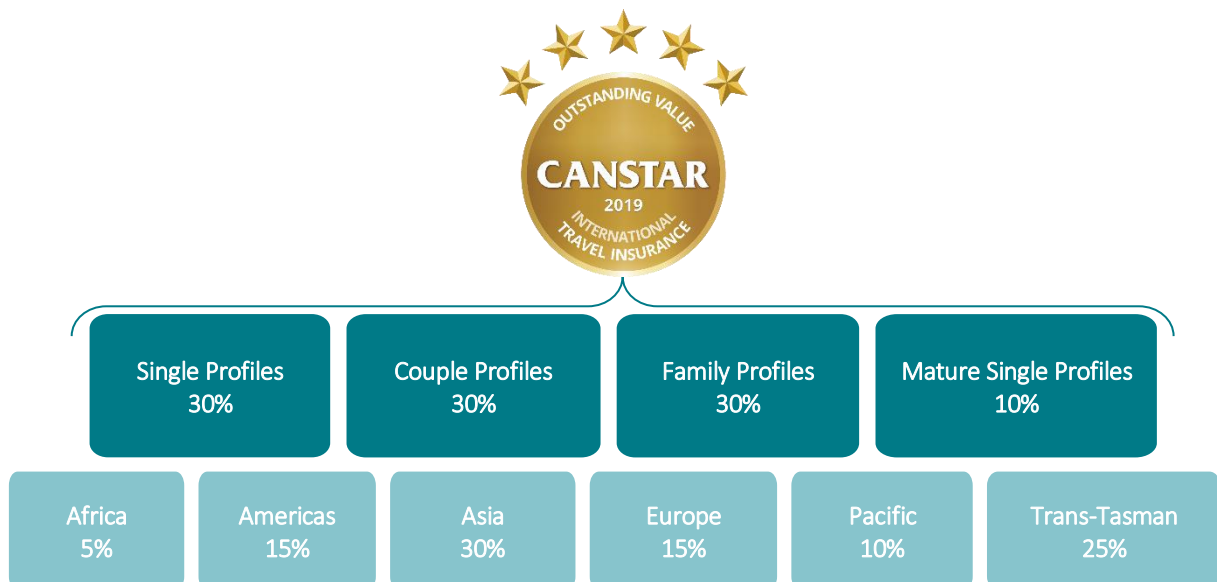
To be considered for the awards, the insurer must provide a policy with:

- A quote available for each profile considered for the award
- A 24-hour emergency helpline available
- Ability to extend cover while travelling (international only)
- \$5 million or more family overseas medical and hospital cover (international only)
- \$5 million or more family cover for repatriation and evacuation services (international only)
- Included cover claims arising from cruising holidays in domestic and international waters (cruise only)
- Availability to travellers aged over 70 (senior only).

Award Methodology

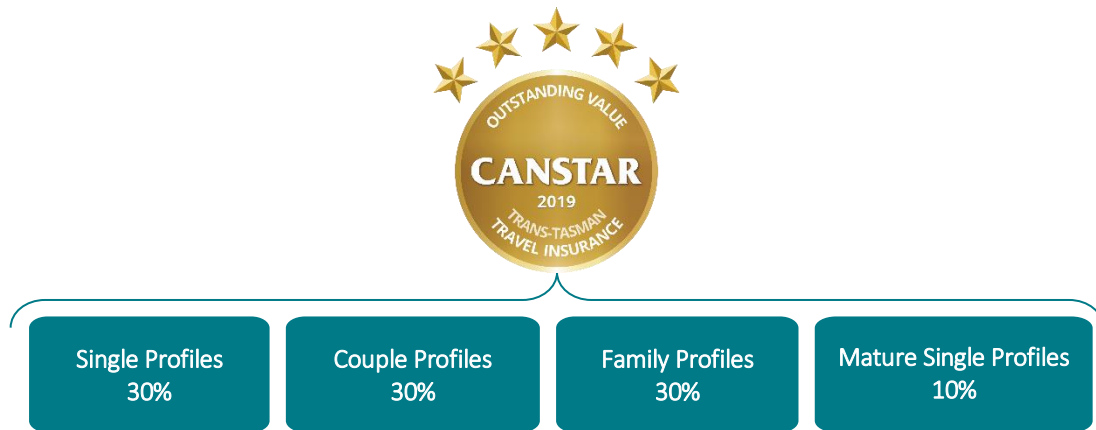
International Award

For the International Award, Canstar considers six international regions across four profiles. To arrive at the total score used to determine the award winners, Canstar uses a weighted average of the total scores for the profiles and destination regions. Each destination is given a weighting based on the travelling population to the destination.



Trans-Tasman Award

For the Trans-Tasman award, Canstar considers the performance of each policy across the Australian profiles. The total score used to determine the award winners is based on a weighted average of the total scores from the Star Ratings for the profiles shown below.



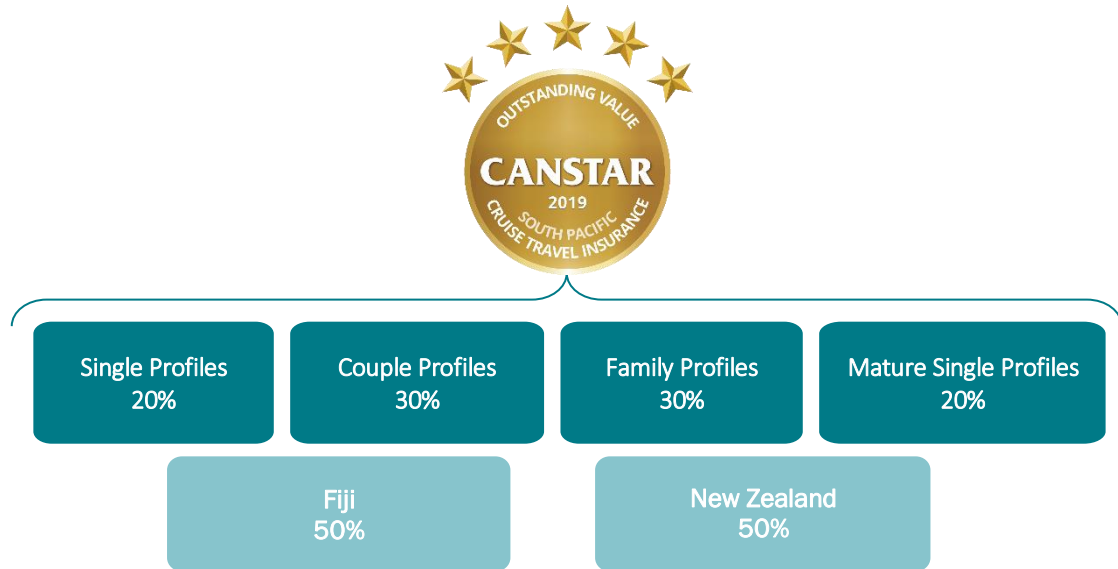
Seniors Award

The Seniors award is in recognition of insurers who provide competitive prices and features across all destinations for seniors. The total score used to determine the award winners is based on a weighted average of the total scores from the Star Ratings for regions. Each destination is given a weighting based on the travelling population to the destination.



South Pacific Cruise Award

For the South Pacific Cruise Award, Canstar considers the performance of each policy across the Cruise profiles. The total score used to determine the award winners is based on a weighted average of the total scores from the Star Ratings for the profiles shown below, with each destination given an equal weight.



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 all the products reviewed for 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.co.nz if you would like to view the latest Star Ratings reports of interest.



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