



# METHODOLOGY

## Travel Insurance Star Ratings & Awards

March 2020

### 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:

- A quote is available for each profile
- New providers must have been in the market for at least 12 months
- \$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 and Middle East	Americas	Asia	Europe	Pacific	Trans-Tasman
South Africa and United Arab Emirates	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:

$$\text{Total Score} = \text{Price Score} + \text{Feature Score}$$



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 quotes used for the *Canstar Travel Insurance Star Ratings* are collected for two periods of travel. Premiums across all consumer profiles and destinations are used to determine the lowest average premium. The policy offering the lowest average premium, inclusive of the excess loading, will receive the highest score and all other policies are indexed against it.

### Premiums

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:

Travel Period	Travel Duration	Single/Couple/Family/Mature Single Lead Time	Senior Single Lead Time
1	14 Days	30 Days	90 Days
2	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:

Travel Period	Travel Duration	Single/Couple/Family/Mature Single Lead Time	Senior Single Lead Time
1	7 Days	7 Days	30 Days
2	14 Days	30 Days	90 Days

### Excess

Excess options offered by providers vary. For comparison purposes, premiums are quoted with an excess amount of \$100 (i.e. the “target excess”). When the target excess amount is not offered as an option for a product, the closest excess amount is instead selected. When there is more than once excess amount of equal distance from the target excess, the lower excess amount is selected.

Canstar applies 10% of the excess to the average annual premium. Applying this loading ensures that the impact on the net cost of the policy in the instance where a claim is made is accounted for in the price score.

## Net Cost

The net cost of the policy is determined by taking the average premiums collected for the profile and adding the excess loading.



## Feature Score

The feature score takes into account a number of features within five 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/Subcategory	International	Senior International	International Cruise	Domestic Cruise
<b>Application and Payment</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Application Channels	40%	40%	40%	40%
Premium and Discounts	20%	20%	20%	20%
Application Conditions	20%	20%	20%	20%
Payment Channels	20%	20%	20%	20%
<b>Cover</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>
Overseas Medical and Dental	40%	35%	35%	15%
Cancellation Fees and Loss of Deposit	15%	10%	20%	20%
Emergency Travel Arrangements	15%	15%	5%	10%
Theft of Luggage and Travel Documents	5%	2.5%	2.5%	2.5%
General Luggage and Travel Documents	5%	2.5%	2.5%	2.5%
Rental Vehicle Cover	5%	5%	5%	5%
Events and Activities Cover	5%	5%	5%	5%
Pre-existing Medical Condition	5%	20%	5%	5%
Other Benefits	5%	5%	5%	5%
Cruise Specific Cover	-	-	10%	25%
<b>Service</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Customer Self-Service	50%	50%	50%	50%
Insurer Support Services	50%	50%	50%	50%
<b>Claims</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Claims Period	60%	60%	60%	60%
Claims Process	40%	40%	40%	40%
<b>Cancellation</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>

## 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

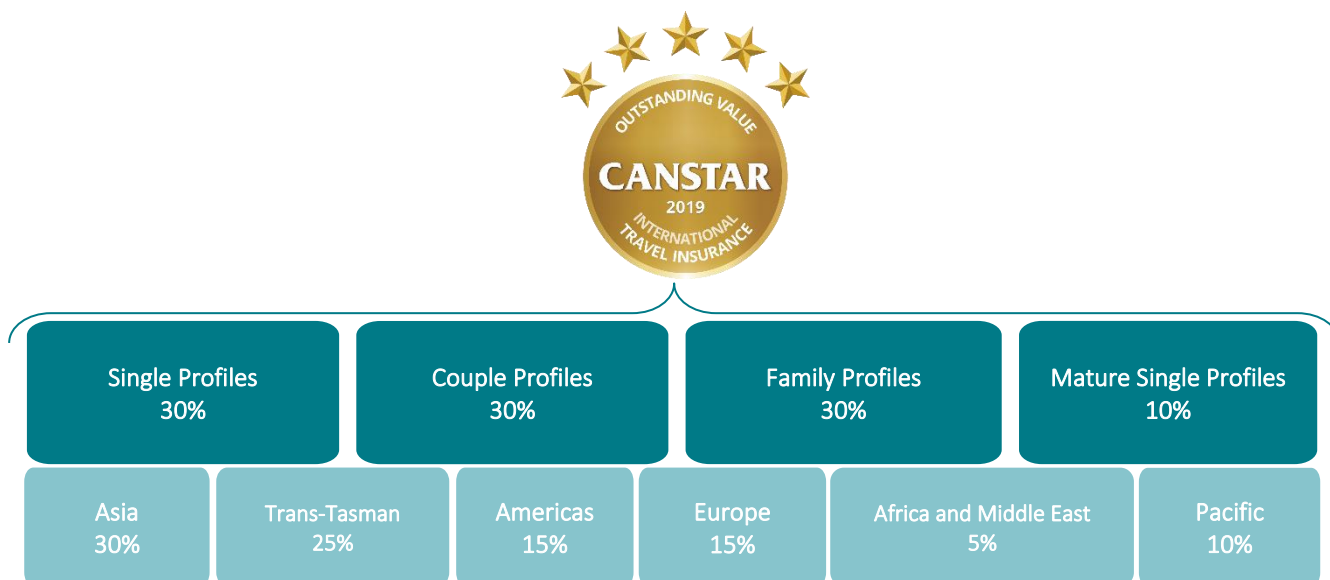
To be considered for the awards, the insurer must provide a policy with:

- 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

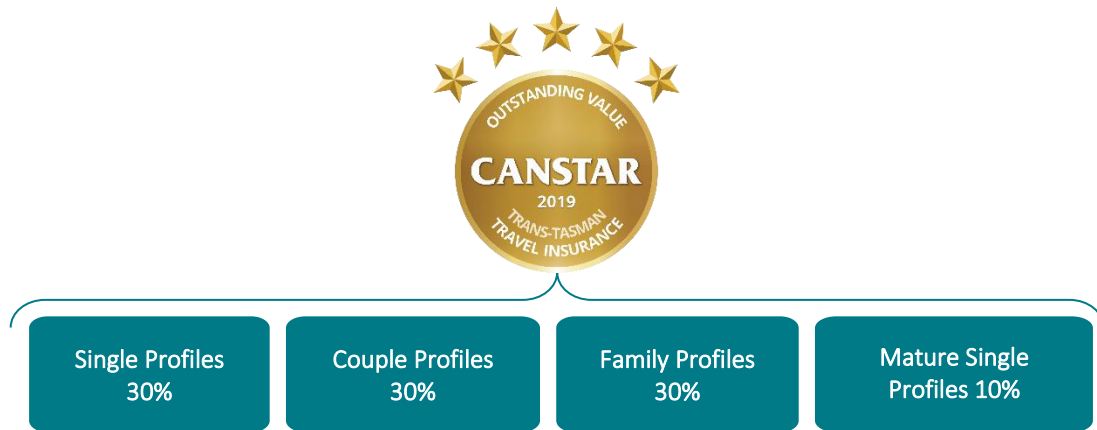
#### International Award

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.



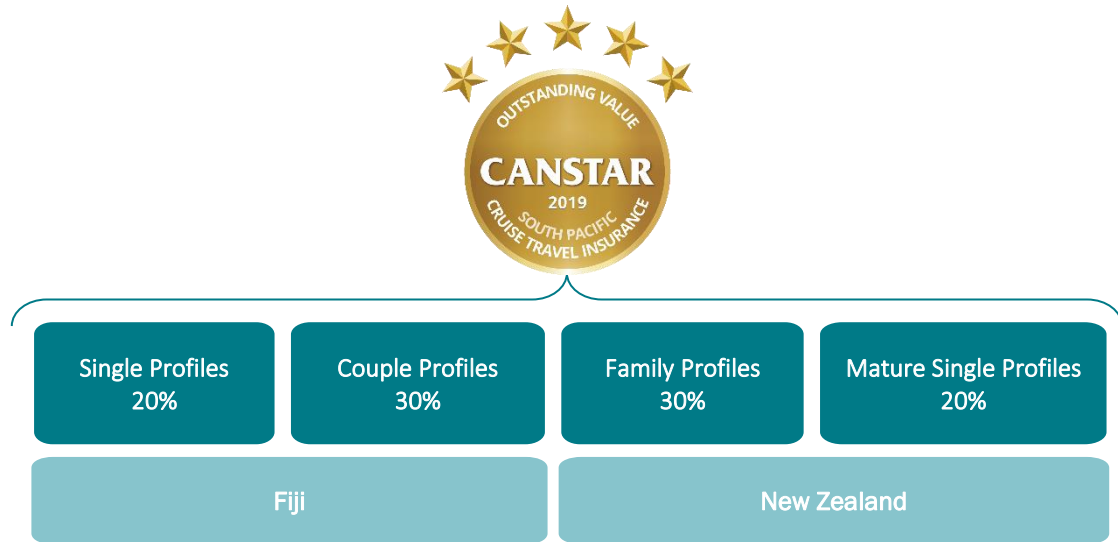
## Seniors Award

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](http://www.canstar.co.nz) if you would like to view the latest Star Ratings reports of interest.



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