



Car Insurance

September 2021

What are the Canstar Car Insurance Star Ratings?

Canstar Car Insurance Star Ratings use a sophisticated and unique ratings methodology that compares both price and features across comprehensive car insurance products. Canstar's Star Ratings represent a shortlist of products, enabling consumers to narrow their search to products that have been assessed and ranked.

What types of products are evaluated for Canstar's Car Insurance Star Ratings?

Eligibility for Canstar's Car Insurance Star Rating is overseen by the Research Committee. As a guide, a policy should follow the below criteria:

- It is a comprehensive car insurance policy
- The policy must be available directly to consumers, not limited solely to those of a particular age group.
- The institution must underwrite its own insurance or be a wholly owned subsidiary of a general insurer. Where an institution does not meet this criterion but offers a different value proposition (i.e. on price and features) to the policy offered by the product issuer, this institution may be considered.
- The insurance provider must have a national presence, and for comparison purposes, a quote must be available:
 - Directly from the provider, online, or via phone
 - For all postcodes considered within each profile
- New providers must have been in the market for at least 12 months

Methodology Tree

To arrive at the total score, a weight is applied against the price score and the feature score. This method can be summarised as:



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

Consumer Profile	Price Weight	Features Weight
Under 25 year old Male/Female*	80%	20%
25-29 year old Driver	75%	25%
30-49 year old Driver	70%	30%
50+ year old Driver	70%	30%
Family with Young Driver	70%	30%

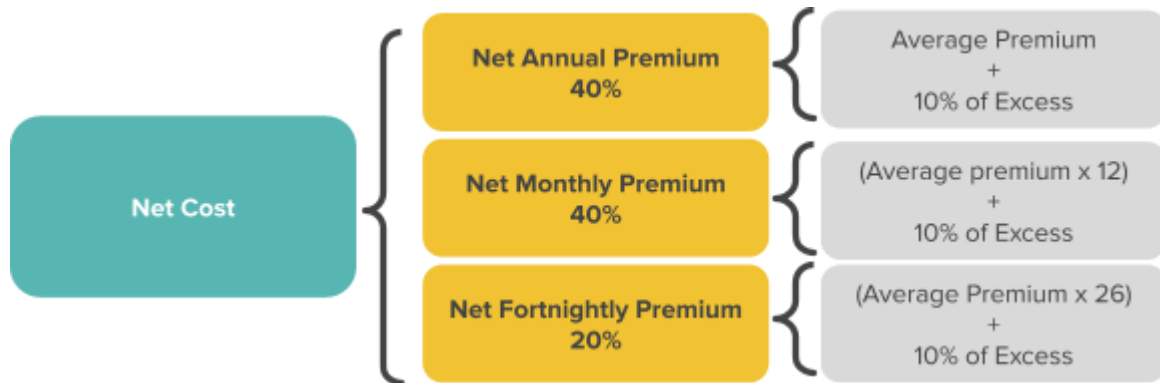
*Under 25 year old drivers range from 16.5 years restricted and 18 years full license

Price Score

The quotes used for the Canstar Car Insurance Outstanding Value Awards are for new policies as opposed to renewal prices, which can differ.

Net Cost

The Price Score takes into consideration annual and monthly insurance premiums as well as the policy excess.



Weight distribution between Net Fortnightly Premium, Net Monthly Premium and Net Annual Premium is informed by the most recent Customer Satisfaction Data that shows 20% of car insurance customers choose to pay their premiums fortnightly, while 40% choose monthly, with the remaining 40% choosing annual payments.

10% of the total excess (including any applicable additional excesses) is applied to the premium. This loading represents the frequency of car insurance claims per year, informed by customer satisfaction data.

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 one excess amount of equal distance from the target excess, the lower excess amount is selected.

Target Excess
\$500

A range of additional excesses may apply to individual policies in the event a claim is made. The additional age excess for registered drivers under the age of 25 are collected in addition to the target excess for the relevant profiles.

As outlined above, Canstar applies 10% of the total 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.

Quoting Assumptions

Some key assumptions made when obtaining quotes relate to the driver's age, address, claim history (four per age profile), and the type of the car being insured. For quoting purposes, thirty addresses are selected.

Car Type Assumptions

For comparison purposes we select six different car makes and models to represent each profile, two cars being new, two cars being 5 years old and two being 10 years old.

Consumer Profile	New Car		5 Year Old Car		10 Year old Car	
Under 25 year old Male/Female	4-cylinder medium SUV	4-cylinder medium hatchback	4-cylinder medium sedan	4-cylinder utility vehicle	4-cylinder medium SUV	4-cylinder medium hatchback
25-29 year old Driver	4-cylinder utility vehicle	4-cylinder medium hatchback	4-cylinder medium SUV	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder utility vehicle
30-49 year old Driver	4-cylinder medium SUV	4-cylinder medium hatchback	4-cylinder medium SUV	4-cylinder utility vehicle	4-cylinder medium sedan	4-cylinder medium SUV
50+ year old Driver	4-cylinder large sedan	4-cylinder medium hatchback	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder utility vehicle	4-cylinder medium SUV
Family with Young Driver	4-cylinder large sedan	4-cylinder medium hatchback	4-cylinder medium sedan	4-cylinder medium SUV	4-cylinder large sedan	4-cylinder medium SUV

Feature Score

The feature categories and subcategories, with assigned weights for each profile considered, are as follows:

Category/Subcategory	Weight
Application	5%
Application Channels	70%
Premium and Discounts	20%
Application Conditions	10%
Payment	5%
Cover	50%
After Accident Care	15%
Events Cover	15%
Excess Options	10%
Public Liability	10%
Rental Car	10%
Repairs	10%
Vehicle Cover	10%
Personal Effects	5%
Windscreen Cover	5%
Death Benefit	2.5%
Other Cover	2.5%
Roadside Assistance	2.5%
Trailer Cover	2.5%
Service	10%
Customer Self-Service	50%
Insurer Support Services	50%
Claims	25%
Claims Satisfaction	95%
<i>Claims Components</i>	90%
• Communication	20%
• Quality	20%
• Ease	15%
• Process	15%
• Speed	15%
• Timeliness	15%
<i>Customer Retention</i>	10%
Claims Channels	5%
Cancellation	5%

A **claim components score** is calculated for an insurer based on responses from survey respondents regarding their level of satisfaction with company-specific claim components; communication, ease, process, quality, speed and timeliness. The product with the highest score is allocated the maximum score, with all remaining products indexed against it.

An **insurer's customer retention score** is calculated based on whether survey respondents remained with the insurer following their claim. The product with the highest score in this area is allocated the maximum customer retention score, with all remaining products indexed against it.

Outstanding Value Award Methodology

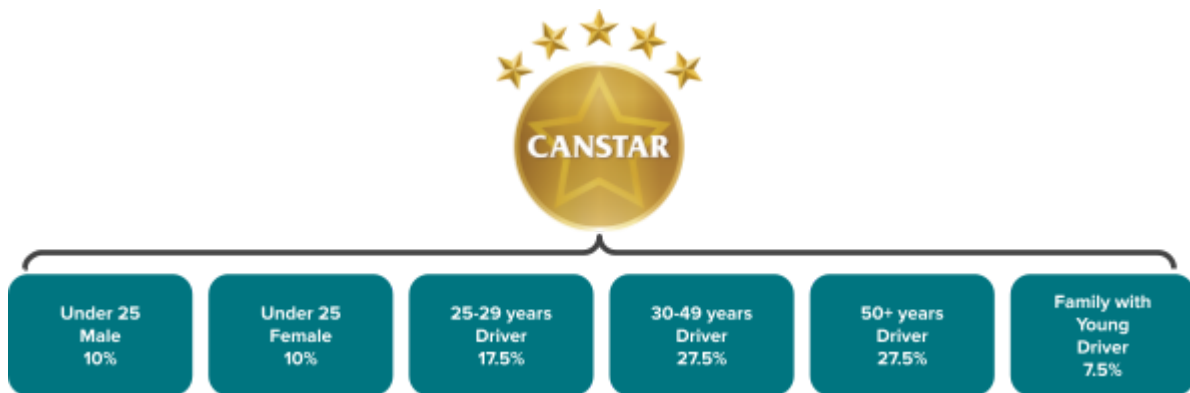
Eligibility

Eligibility for Canstar's Outstanding Value Award is overseen by the Research Committee. As a guide, a policy should follow the below criteria:

- The policy must be available directly to consumers, not limited solely to those of a particular age group.
- The institution must underwrite its own insurance or be a wholly owned subsidiary of a general insurer. Where an institution does not meet this criterion but offers a different value proposition (i.e. on price and features) to the policy offered by the product issuer, this institution may be considered.
- The insurance provider must have a national presence, and for comparison purposes, a quote must be available:
 - Directly from the provider, online, or via phone
 - For all postcodes considered within each profile
- New providers must have been in all markets for at least 12 months.

Methodology Tree

Car Insurance policies included in the Canstar Car Insurance Awards are assessed across a total of 6 consumer profiles. The Outstanding Value Award is awarded based on the cumulative score across all profiles, as follows:



Car Insurer of the Year Award Methodology

The Car Insurer of the Year Award recognises the insurer that provides their customers outstanding value through their product and service offering, as well as their customer satisfaction. The Customer Satisfaction component uses survey responses from car insurance customers where customers are asked to rate their satisfaction with their insurer across seven key areas.

Eligibility

To be eligible for consideration in the Car Insurer of the Year Award, a provider must meet the following criteria:

- A policy must be available to all consumer profiles and all states considered.

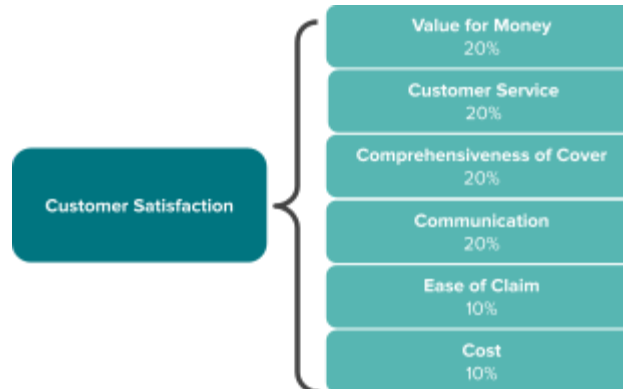
Methodology Tree

The title of Car Insurer of the Year is provided to the insurer that provides their customers the strongest combination across outstanding value performance as well as customer satisfaction, summarised below with respective weights:



Customer Satisfaction

The following weights are applied to each satisfaction metric considered within the Customer Satisfaction component of the methodology:



Canstar measures and tracks customer satisfaction amongst New Zealand car insurance policyholders via ISO 26362 accredited research panels. Customers are asked to assess their satisfaction across a range of metrics, with overall satisfaction asked as a specific question. A regression analysis is conducted to determine the relative importance of each metric to overall satisfaction. Canstar uses this analysis to inform the weights outlined above.

How often are products reviewed for Star Ratings purposes?

Home Loan Star 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.).

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.

Does Canstar rate other product areas?

Canstar researches, compares and rates the suite of banking, wealth and insurance 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.

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