

Prepared for Select 74

Defaqto Star Ratings

Presented by Ben Heffer



About Defaqto

Independent financial research company

Whole of market, financial product database

Validate and analyse the data to provide insight

Products and services

Aequos Online

Defaqto Engage

Defaqto Compare

Web Aggregator Sales

Trade & Consumer Media

Insight Reports

Insight Consultancy



defaqto

2010

Product categories



Credit cards

Current accounts

Home insurance

Investments

Mortgages

Motor insurance

Payment protection insurance

Pensions

Pet insurance

Protection

Travel insurance

Premier

Premier added value current accounts

Premier credit cards

Premier home insurance

Premier motor insurance

Critical illness criteria

- 29 critical illness criteria
- Benefits
- Flexibility
- Proposition

Critical illness criteria

- Underwriting Process
- Discount for Exclusions
- Claims Support Services
- Health & Wellbeing Services
- Severity-Based Critical Illness

Critical illness criteria

- Maximum Age at Expiry
- CI Rates Guaranteed
- Reviewable Rates
- Sum Assured Indexation
- Indexation Costing Basis
- Critical Illness Buy-Back
- Life Buy-Back
- Option to Vary Term
- Option to Vary Sum Assured
- Guaranteed Insurability
- GIO – Maximum Age
- Number of Exclusions

Critical illness criteria

- Waiver of Premium
- Cancer
- Heart Attack
- Benign Brain Tumour
- Coronary Artery Bypass
- Heart Valve Replacement
- Multiple Sclerosis
- Stroke
- Terminal Illness
- Critical Illness Score
- No. of Child Conditions
- TPD own occupation
- TPD linked to ADLs

Scoring prior to October 2009

DNA 1 - Least flexible or not offered

DNA 2 -

DNA 3 – Average position

DNA 4 -

DNA 5 – Most flexible or best cover.

Scoring applies per feature

Represent comparative terms in a simple 1 – 5 score

Condition inflation

Average number of conditions per provider

- January 2005 27 conditions
- February 2006 26 conditions
- June 2007 27 conditions
- June 2008 30 conditions
- March 2009 34 conditions

Current scoring system encourages the proliferation of critical conditions

Apologetics

- Comparing number of illnesses is a simple marketing message for IFAs to use with their clients.
- Increasing the number of illnesses covered is a simple (and cheap) way for providers to differentiate their products
- Defaqto is just reflecting this state of affairs

Scoring post-Oct 2009

- Established which are the most important critical illnesses
- Established two/three lists of other critical illnesses
- Awarded maximum scores for quality illnesses
- Given little credit for less valuable illnesses

Critical illness criteria

- Cancer 62%
- Heart Attack 10%

Critical illness criteria

• Benign Brain Tumour	1.5%
• Coronary Artery Bypass	1.3%
• Heart Valve Replacement	1.0%
• Multiple Sclerosis	5.1%
• Stroke	5.6%
• Terminal Illness	2.7%

Critical illness score

- Open Heart Surgery
- Angioplasty
- Parkinson's Disease
- Kidney Failure
- Traumatic Head Injury
- Motor Neurone Disease
- Coma
- Loss Independence
- Aorta Graft Surgery
- Paralysis of Limbs
- Blindness
- Major Organ Transplant
- Bacterial Meningitis
- Liver Failure
- Pre-Senile Dementia
- Aplastic Anaemia

Critical illness score (cont.)

- Alzheimer's disease
- Deafness
- Third Degree Burns
- Cardiomyopathy
- Emphysema/severe lung disease
- Mastectomy
- Rheumatoid Arthritis

Other critical illnesses

- Balloon Valvuloplasty
- Bone Marrow Failure
- Creutzfeldt-Jakob Disease
- Diabetes
- Encephalitis
- HIV Infection
- *Loss of Hands or Feet**
- Loss of Speech
- Primary Pulmonary Hypertension
- Progressive Supranuclear Palsy
- Pulmonary Artery Surgery
- Systemic Lupus

Income protection criteria

- Underwriting Process
- Claims Support Services
- Health & Wellbeing Services

Income protection criteria

- Terminates at 70
- Limited Benefit Term
- Option Inc/Decrease Term
- Option Inc/Decrease Benefit
- GIO Intervals Only
- GIO - Maximum Age
- Mortgage/Loan Maximum Inc
- Promotion/Salary Maximum
- Benefit Amount Index
- Add Indexation
- Indexation Costing Basis
- Guaranteed Premium
- Reviewable Premium Rates
- Career Break

Income protection criteria

- Effective Maximum Benefit % for £25k
- Effective Maximum Benefit % for £50k
- Waiver of Premium Deferred as IPI
- Houseperson Maximum Benefit
- Carer's Benefit
- Hospitalisation Benefit
- Total & Permanent Disability

Income protection criteria

- Relapse Period
- State Benefits Deducted
- Pension Income Deducted
- Own Occupation Definition
- 1 Week Deferred
- 4 Weeks Deferred
- 8 Weeks Deferred
- 13 Weeks Deferred
- 26 Weeks Deferred
- 52 Weeks Deferred
- Two Deferred Periods
- Number of Exclusions

Star Ratings



defaqto.com/toolkit

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Better financial decisions

for advisers for providers for aggregators

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Star Ratings tool kit

Welcome to your Defaqto Star Ratings tool kit. Here you will find ideas to help you market and promote your Star Rating to download. If there are additional resources that you would find useful please contact a member of the marketing team.

Promoting your Star Ratings

An overview of how to promote your Defaqto Star Rating and implement your logos within different communications.

Case studies

Some examples of how some of our customers have used their Defaqto Star Rating

Defaqto sign off requirements

An overview of our sign-off requirements for Star Ratings logos and data referenced in communications material. This is an update to what you may already have received.

Linking to Defaqto.com

Following the launch of our new website, this document provides updated URLs needed to link to our various Star Rating pages.

Star Ratings quick facts

A one pager outlining what Star Ratings are and benefits for you and consumers.

Promotional posters

A3 and A4 sized posters for internal use to increase awareness of your Defaqto Star Rating

Internal promotional tools

The following tools are currently available:

- 3 poster designs
- Quick facts one pager
- Star Ratings leaflet – gives a general overview

Benefits to insurers and advisers

- communicates the level of features & benefits
- differentiates against competitors
- increases confidence in the recommended product
- highlights product quality

Benefits to consumers

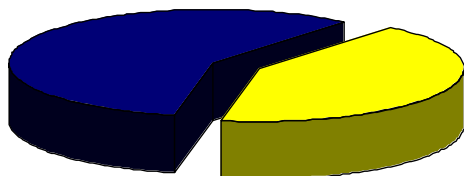
- assess the features and benefits within a product quickly
- recognise where the product sits within a whole of market comparison
- narrow down their product search
- feel confident of the product quality

Confused? You will be!

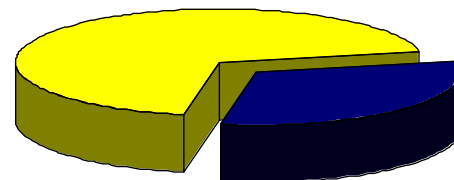


What the research says...

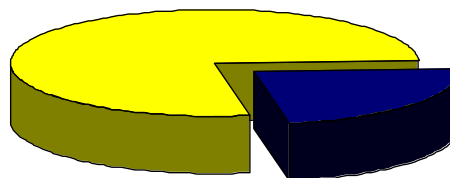
42% said that a Defaqto Star Rating would influence their buying decision.



69% search for information on financial products in order to find the best deal for their needs.



77% believe it is important to know what features a financial product offers as well as the price.



Defaqto advertising

BURST PIPES AND PROPERTY OWNERS' LIABILITY

Last year's big freeze caught many on the hop, as after ten years of mild winters it was easy to forget about the threat of burst pipes. Icy weather can cause tanks making them burst and flood homes, bringing

and making the effort to conduct some simple checks with damage caused by burst pipes.

- If you go away, leave your central heating on 'tickover' (by setting the thermostat low) to prevent freezing – don't turn it off.
- Ask a neighbour, friend or relative to check your home while you are away – this will ensure burst pipes are spotted early on and any damage is minimised.

Have your central heating system checked and serviced regularly as a leaking radiator valve can also cause water damage.

Contents. Without insurance, you are exposed to the risk of financial loss. For a person with any policy

Have you really got it all covered?

A Guide to Home Insurance
Brought to you by defaqto

Proudly Sponsored by
Lloyds TSB | M&S | Nationwide | NatWest | TESCO Bank

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STAR RATINGS
2009
★★★★★

How does your home insurance measure up?

Standard cover	Elite cover
£1,000,000 as standard	Unlimited
£50,000 as standard	£100,000 as standard
Optional	✓
£5,000	£5,000

068 0706

Helpful Banking

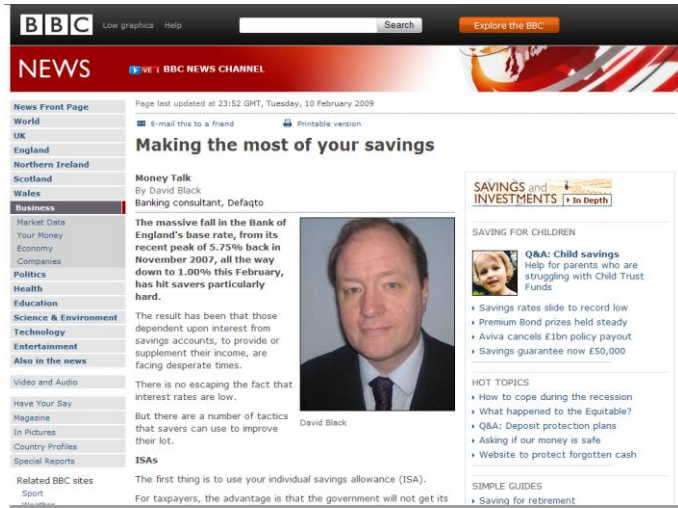
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Outdoor advertising



Defaqto in the media



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