

Target Market Determination (TMD)

Property Insurance



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Product Disclosure Statement (PDS): Apia Landlord Insurance Product Disclosure Statement – PDS prepared 3 November 2020

Product: Property Insurance

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1. What is a Target Market Determination?

A Target Market Determination (TMD) is a determination that Apia has made to:

- describe the class of Customers this product has been designed for;
- specify product distribution conditions;
- specify TMD review periods and triggers; and
- set out reporting requirements.

This TMD assists Apia staff, our Distributors and Customers in understanding the target market for this product.

In this TMD, distribution includes the following conduct in relation to retail Customers:

- dealing in the product (e.g. issuing or arranging for the product to be issued to a Customer);
- giving a PDS or other regulated disclosure document; and
- providing financial product advice in relation to the product.

2. What product does this TMD apply to?

This TMD applies to the Property cover in the Apia Landlord Insurance Product Disclosure Statement (PDS) and any Supplementary Product Disclosure Statement (SPDS) we may issue.

3. What are the key attributes of this product?

Summary of Key Product Attributes	<p>This product provides:</p> <ul style="list-style-type: none">• cover for loss or damage to the Customer's investment property during the period of insurance caused by a range of insured events including flood, storm, fire (including bushfire), escape of liquid, and impact;• legal liability cover for having to pay compensation for death or bodily injury to other people or loss or damage to their property which occurs at the insured address in connection with owning the investment property;• cover for the nominated property sum insured amount selected by the Customer, which will be the maximum amount the Customer can claim for any one incident unless stated otherwise in the policy. <p>For full details of the cover available in this product, including the conditions and exclusions that apply, Apia staff, our Distributors and Customers should read the PDS which can be found at www.apia.com.au.</p>
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The PDS contains details of two products offered by Apia:

- Property Insurance;
- Contents Insurance.

This TMD applies to the Property Insurance product, being the property cover offered as part of the Landlord Insurance PDS only.

To understand whether a Customer might be considered within the target market for the other product in the PDS, a separate TMD is available. That TMD can be found at www.apia.com.au.

4. What is the target market for this product?

Key Eligibility Criteria	This product is suitable for:	This product is not suitable for:
Customers within target market	Customers who own an investment property and require cover for the building Customers who are over 50 years of age Customers looking for rent cover will need a rental agreement in line with the PDS requirements	Homes that are not an investment property Customers where the building is registered or required to be registered as a body corporate, strata title, group or community title
Location of the property	Properties located within an acceptable postcode	Properties that are not located within an acceptable postcode including certain offshore islands
The type of property (the building)	Buildings such as: <ul style="list-style-type: none"> • free standing homes • townhouses • terrace houses • duplexes and triplexes 	Buildings such as, but not limited to: <ul style="list-style-type: none"> • display homes • homes attached to commercial premises • nursing homes, aged care facilities • boarding houses, hotels, motels • relocatable homes not on permanent foundations
Use of the property	Properties that are used in the following ways: <ul style="list-style-type: none"> • as the permanent residence of a tenant with a rental agreement • as the permanent residence of a family member whether or not there is a formal rental agreement in place or not • limited cover is available if the entire property is used for short-term rental or holiday letting (including arrangements booked through an online booking platform) • an acceptable business is operated from the insured address such as a home office 	Properties where: <ul style="list-style-type: none"> • the property is owner occupied • an unacceptable business is operated from the insured address such as a shopping or retail complex, showroom or gallery
Condition of the property	Properties that are well maintained and in a good condition and structurally sound	Properties that don't meet our acceptability criteria for condition including, but not limited to, properties: <ul style="list-style-type: none"> • up for or subject to demolition • under construction, in the course of construction, or are incomplete • being or going to be relocated

This product is designed to be consistent with the likely objectives, financial situation and needs of Customers who meet the Key Eligibility Criteria described above and who:

Customer objectives and needs	<ul style="list-style-type: none"> • require and seek financial protection for loss or damage to the property due to an insured event not excluded by this product, including flood, storm, fire (including bushfire), escape of liquid, and impact; • require and seek legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or damage to their property which occurs at the insured address in connection with owning the investment property; and
Financial situation	<ul style="list-style-type: none"> • are able to pay premiums in accordance with the chosen policy structure, inclusive of any applicable GST, stamp duty, other government charges and any levies that apply. <p>Customers can adjust the premium to suit their circumstances by choosing from a range of excesses, amounts of cover and by choosing to pay annually or by instalments.</p>

This product is likely to be consistent with the objectives, financial situation and needs of the Customers in the target market because:

- the product provides cover for the types of loss or damage that Customers in the target market are seeking to insure against;
- the product can be tailored to suit individual needs by allowing customers flexibility to choose from a range of excesses, amounts of cover and payment options; and
- the target market for the product covers those Customers who are eligible to receive cover.

5. When will we review this TMD?

We will complete a review of this TMD for this product by no later than the following periods:

- a. First review period:
By 25/08/2023.
- b. Ongoing review periods:
At least every 2 years following the first review period.
- c. Significant impact review:
Within 1 year of the TMD being updated based on a Review Trigger, a significant dealing outside of target market or a material change to the product's distribution channel.

6. Other circumstances which will trigger a TMD review

The Review Triggers for this product are:

- if one or more terms of the product are altered and we consider that this alteration reasonably suggests that this TMD is no longer appropriate;
- an event or circumstance occurs that materially changes a factor taken into account when making the TMD that would suggest to us that the TMD is no longer appropriate, such as a change in underwriting requirements;
- the discovery of a material defect in the PDS which reasonably suggests that the TMD is no longer appropriate;
- if feedback, such as significant or systemic complaints or claims issues, is received from a Distributor or Customers who purchased the product, and we consider that this reasonably suggests to us the TMD is no longer appropriate;
- if feedback, regulatory orders or directions received from a regulator, the Code Governance Committee (CGC) or Australian Financial Complaints Authority (AFCA) suggest this TMD is no longer appropriate;
- if a change in law, regulation, or regulatory guidance materially affects the product design or distribution of the product (or class of products that includes this product) where we consider that this reasonably suggests that this TMD is no longer appropriate;
- where significant dealings outside the TMD occurs, and we consider that this reasonably suggests that this TMD is no longer appropriate;
- if a remediation event relating to this product occurs where we consider this would reasonably suggest that:
 - this product is unsuitable for a particular cohort of Customers; and
 - the TMD may no longer be appropriate.
- if we consider, through our ongoing monitoring of product value data metrics (such as those identified in Section 9 of this TMD), that material deviations have occurred in a combination of data metrics reasonably suggesting that the product is not providing value or the TMD is no longer appropriate.

7. What distribution conditions apply to this product?

The following conditions apply to this product:

- those Distributors who distribute the product are required to be authorised by us to distribute this product and those arrangements must not be cancelled or suspended;
- this product must only be distributed in accordance with this TMD;
- distribution of this product must comply with all of our underwriting criteria;
- distribution of this product must be conducted through our policy administration system through the following distribution channels:
 - websites;
 - contact centres;
- this product cannot be distributed where this TMD is not up to date and no new TMD has been published; and
- the TMD must be current and not subject to any ASIC action that might suggest that the TMD is no longer appropriate.

Business processes including reasonable platform controls (such as knockout underwriting questions), staff and distributor training, telephone and platform scripting and quality assurance programs are designed to ensure that the product is distributed to Customers within the target market in line with the above distribution conditions.

8. When do Third Party Distributors who distribute our products need to report complaints about this product to us?*

Third Party Distributors who distribute our products need to provide us information on complaints made about this product on a Quarterly basis (**Complaints Reporting Period**).

Third Party Distributors who distribute our products are required to provide to us this complaints information within 10 business days of the end of the Complaints Reporting Period.

All complaints lodged with us are handled in accordance with Suncorp's Group Complaint Management Standard.

*This section 8 only applies to products distributed by Third Party Distributors

9. Information to assess TMDs and reporting periods

The table below sets out the kinds of information we need to identify, or those that Distributors who distribute our product need to provide to us, to enable us to ensure that the TMD for this product continues to be appropriate.

Information	Persons required to report	Reporting period
Complaints feedback including: <ul style="list-style-type: none"> • Nature of complaints • Number of complaints • Product category 	Distributors / Issuer	Quarterly
Claims data including: <ul style="list-style-type: none"> • Average claims costs • Claims acceptance rates • Claims frequency • Loss ratios 	Issuer	Quarterly
Annual Product Review outcomes	Issuer	Annually
Sales information including: <ul style="list-style-type: none"> • Strike rates • Cancellation rates • Exception reporting 	Issuer	Quarterly
Dealings of product outside of TMD	Distributors / Issuer	As soon as practicable but within 10 business days
Any feedback, regulatory orders or directions received from a regulator, CGC or AFCA in respect of the product or its distribution	Distributors / Issuer	As soon as practicable but within 10 business days