

# Target Market Determination (TMD)

Contents Insurance



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**Product Disclosure Statement (PDS):** Apia Home & Contents Product Disclosure Statement – PDS prepared 3 November 2020

**Product:** Contents Insurance

**Original Date:** 25/08/2021

**Updated:** 07/09/2023

**Issuer:** AAI Limited ABN 48 005 297 807 (AAI)

**AFSL Number:** 230859

Australian Pensioners Insurance Agency Pty Limited ABN 14 099 650 996 (Apia), authorised representative number 239591, acts as an authorised representative of AAI.

## 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 target market determination apply to?

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

## 3. What are the key attributes of this product?

<b>Summary of Key Product Attributes</b>	<p>This product provides:</p> <ul style="list-style-type: none"><li>• cover for loss or damage to the Customer's contents during the period of insurance caused by a range of insured events including flood, storm, fire (including bushfire), escape of liquid, and theft or burglary;</li><li>• legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or damage to their property arising from an incident which:<ul style="list-style-type: none"><li>– is unrelated to the ownership of the home, unit or land at the insured address;</li><li>– relates to the ownership of a unit at the insured address when the legal liability is not covered under a building policy covering the unit;</li><li>– relates to fixtures and fittings attached to the insured address the Customer is legally responsible for under a rental agreement.</li></ul></li></ul> <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 <a href="http://www.apia.com.au">www.apia.com.au</a>.</p>
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The PDS contains details of two products offered by Apia:

- Home Building Insurance;
- Contents Insurance.

This TMD applies to the Contents Insurance product, being the contents cover offered as part of the Home & Contents 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](http://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	<p>Customers who want to insure their contents (primarily used for domestic purposes) as:</p> <ul style="list-style-type: none"> <li>• an owner occupier of the building or unit the contents are being kept in</li> <li>• a permanent tenant of the building or unit the contents are being kept in</li> </ul> <p>Customers who are over 50 years of age</p>	<p>Customers who wish to insure:</p> <ul style="list-style-type: none"> <li>• their common contents/unfixed property contained within the common areas of their building</li> <li>• landlord contents contained within investment properties for the use of the tenants</li> <li>• contents in vehicles designed for temporary accommodation such as caravans, motorhomes, camper trailers, slide-on trailer, slide-on camper, mobile homes, trailers and horse floats</li> </ul>
Location of the contents	Contents located within an acceptable postcode	Contents that are not located within an acceptable postcode including certain offshore islands
The type of home (the building) the contents are kept in	<p>Contents kept in a building such as:</p> <ul style="list-style-type: none"> <li>• free standing homes</li> <li>• townhouses</li> <li>• terrace houses</li> <li>• duplexes and triplexes</li> <li>• strata, group or community titles properties</li> </ul>	<p>Contents in buildings such as, but not limited to:</p> <ul style="list-style-type: none"> <li>• display homes</li> <li>• shed or shipping container used as a residence</li> <li>• relocatable homes not on permanent foundations</li> <li>• underground homes</li> </ul>
Use of the home the contents are kept in	<p>Contents kept in homes that are used in the following ways:</p> <ul style="list-style-type: none"> <li>• as a principal place of residence for an owner occupier or permanent tenant</li> <li>• owner occupied holiday homes</li> <li>• the owner lives at the home and rents out bedrooms</li> <li>• limited cover is available if the entire home is used for short-term rental or holiday letting (including arrangements booked through an online booking platform)</li> <li>• an acceptable business is operated from the insured address such as a home office</li> </ul>	<p>Contents kept in homes where:</p> <ul style="list-style-type: none"> <li>• an unacceptable business is operated from the insured address such as a shopping or retail complex, showroom or gallery</li> </ul>
Condition of the home the contents are kept in	Contents kept in homes that are well maintained and in a good condition and structurally sound	<p>Contents kept in homes that don't meet our acceptability criteria for condition including, but not limited to, homes:</p> <ul style="list-style-type: none"> <li>• up for or subject to demolition</li> <li>• under construction, in the course of construction, or are incomplete</li> <li>• being or going to be relocated</li> </ul>

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:

<b>Customer objectives and needs</b>	<ul style="list-style-type: none"> <li>• require and seek financial protection for loss or damage to the contents due to an insured event not excluded by this product, including flood, storm, fire (including bushfire), escape of liquid and theft or burglary;</li> <li>• 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 arising from an incident which:             <ul style="list-style-type: none"> <li>– is unrelated to the ownership of the home, unit or land at the insured address;</li> <li>– relates to the ownership of a unit at the insured address when the legal liability is not covered under a building policy covering the unit;</li> <li>– relates to fixtures and fittings attached to the insured address the Customer is legally responsible for under a rental agreement; and</li> </ul> </li> </ul>
<b>Financial situation</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>Customers can adjust the premium to suit their circumstances by choosing from a range of excesses, amounts of cover, options 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, options, 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 that 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"> <li>• Nature of complaints</li> <li>• Number of complaints</li> <li>• Product category</li> </ul>	Distributors / Issuer	Quarterly
Claims data including: <ul style="list-style-type: none"> <li>• Average claims costs</li> <li>• Claims acceptance rates</li> <li>• Claims frequency</li> <li>• Loss ratios</li> </ul>	Issuer	Quarterly
Annual Product Review outcomes	Issuer	Annually
Sales information including: <ul style="list-style-type: none"> <li>• Strike rates</li> <li>• Cancellation rates</li> <li>• Exception reporting</li> </ul>	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