

# Target Market Determination

Home and Contents Insurance



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# Target Market Determination (TMD)

**Product Disclosure Statement (PDS):** Apia Home & Contents Insurance Product Disclosure Statement – PDS prepared 3 November 2020 including any Supplementary Product Disclosure Statement (SPDS)

**Product:** Home and contents insurances contained in the PDS

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

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

**AFSL Number:** 230859

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

## What is a Target Market Determination?

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

- describe the classes of customers for whom this Product has been designed;
- specify 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 insurance to be issued to a customer);
- giving a PDS or other regulated disclosure document; and
- providing general financial product advice in relation to the Product.

This TMD is not the PDS and is not a summary of the features or terms of the Product. For full details of the cover available in this Product, including the terms, conditions and exclusions that apply read the PDS which can be found at [www.apia.com.au](http://www.apia.com.au).

## What is the target market for this Product?

The target market for the Product is those customers for whom it is likely to be suitable for, taking into account:

- the key attributes;
- the likely objectives, financial situation and needs of customers who will acquire the Product; and
- key eligibility and suitability criteria.

Apia products are also targeted at customers who are over 50 years of age (or their partner is).

## What are the key attributes of this Product?

A customer can choose to tailor cover under their policy to meet their own financial situation, objectives and needs. The choices that the customer can make will impact the kind and scope of cover, excess amount, policy premium amount and structure.

Customers can adjust the premium, and some other amounts payable under their policy, to suit their circumstances by choosing from a range of excesses, amounts of cover, options and by choosing to pay annually or by instalments.

The below table describes the key attributes for each type of cover.

<b>Home</b>	<p><b>Cover for:</b></p> <ul style="list-style-type: none"> <li>• loss or damage to the customer's home 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.</li> </ul> <p><b>Also provides:</b></p> <ul style="list-style-type: none"> <li>• a range of optional covers available under this Product for customers to select from;</li> <li>• a range of additional covers available under this Product.</li> </ul>
<b>Contents</b>	<p><b>Cover for:</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Also provides:</b></p> <ul style="list-style-type: none"> <li>• a range of optional covers available under this Product to select from including:</li> <li>• personal valuables cover at or away from the insured address;</li> <li>• a range of additional covers available under this Product.</li> </ul>

### What are the likely objectives, financial situation and needs of customers in the target market?

A customer can choose to purchase home insurance, contents insurance or home and contents insurance. Each product allows each customer to choose to tailor cover under their policy to meet their own objectives, financial situation and needs.

#### Home Insurance

Apia home insurance is designed for customers that have homes that are well maintained and in a good condition and structurally sound. The below table further describes the likely objectives, financial situation and needs of the target market.

	Needs cover for:	Home cover
<b>Objectives and needs</b>	Loss or damage to an owner-occupied home	√
	Loss or damage to a tenanted home	X
	Legal liability	√
	Additional covers	√
	Optional covers	√
<b>Financial situation</b>	Customers who are able to pay premiums, in accordance with their chosen policy and payment structure, and any other amounts payable under the policy terms, as and when they become payable (for example, a policy excess).	

#### Contents Insurance

Apia contents insurance is designed for customers who own contents in a home they own or lease that is well maintained and in a good condition and structurally sound. The below table further describes the likely objectives, financial situation and needs of the target market.

	Needs cover for:	Contents cover
<b>Objectives and needs</b>	Loss or damage to the customer's contents	√
	Loss or damage to contents in a tenanted home	X
	Legal liability	√
	Additional covers	√
	Optional covers	√
<b>Financial situation</b>	Customers who are able to pay premiums, in accordance with their chosen policy and payment structure, and any other amounts payable under the policy terms, as and when they become payable (for example, a policy excess).	

## Who is the Product suitable for?

Those customers the Product is suitable for, and is not suitable for, based on product terms and eligibility criteria, are set out below. If either home insurance, or contents insurance are not suitable for a customer, home and contents insurance (combined) will also not be suitable for that customer.

### Home Insurance

This Product is suitable for customers who:	This Product is not suitable for:
<ul style="list-style-type: none"> <li>• have homes that are used in the following ways:               <ul style="list-style-type: none"> <li>– owner occupied principal place of residence primarily for domestic purposes;</li> <li>– owner occupied holiday home;</li> <li>– the owner permanently resides 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> </ul> </li> <li>• have homes that are:               <ul style="list-style-type: none"> <li>– free standing homes;</li> <li>– townhouses;</li> <li>– terrace houses;</li> <li>– duplexes/triplexes.</li> </ul> </li> <li>• operate an acceptable business from the insured address such as a home office.</li> </ul>	<ul style="list-style-type: none"> <li>• customers who are landlords seeking to insure their tenanted property that is rented out to permanent tenants.</li> <li>• buildings registered or required to be registered as a body corporate, strata title, group or community title.</li> <li>• homes such as, but not limited to:               <ul style="list-style-type: none"> <li>– display homes;</li> <li>– homes attached to commercial premises;</li> <li>– boarding houses, hotels, motels;</li> <li>– relocatable homes not on permanent foundations.</li> </ul> </li> <li>• homes where:               <ul style="list-style-type: none"> <li>– the entire home is rented out to permanent tenants;</li> <li>– an unacceptable business is operated from the insured address such as a shopping or retail complex, showroom or gallery.</li> </ul> </li> </ul>

### Contents Insurance

This Product is suitable for customers who:	This Product is not suitable for:
<ul style="list-style-type: none"> <li>• want to insure their contents (primarily used for domestic purposes) as:               <ul style="list-style-type: none"> <li>– an owner occupier of the home or unit the contents are being kept in;</li> <li>– a permanent tenant of the home or unit the contents are being kept in.</li> </ul> </li> <li>• have contents kept in homes that are used in the following ways:               <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> </ul> </li> <li>• have contents kept in a home such as:               <ul style="list-style-type: none"> <li>– free standing homes;</li> <li>– townhouses;</li> <li>– terrace houses;</li> <li>– duplexes/triplexes;</li> <li>– strata, group or community titled properties.</li> </ul> </li> <li>• operate an acceptable business from the insured address such as a home office.</li> </ul>	<ul style="list-style-type: none"> <li>• customers who wish to insure:               <ul style="list-style-type: none"> <li>– their common contents/unfixed property contained within the common areas of their home;</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> </li> <li>• contents in homes such as, but not limited to:               <ul style="list-style-type: none"> <li>– display homes;</li> <li>– sheds or shipping containers used as a residence;</li> <li>– relocatable homes not on permanent foundations.</li> <li>– underground homes;</li> </ul> </li> <li>• contents kept in homes where an unacceptable business is operated from the insured address such as a shopping or retail complex, showroom or gallery.</li> </ul>

## Why is the Product appropriate for customers in the target market?

The Product is likely to provide value to, and be consistent with the likely 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 might need; and
- the Product can be tailored to suit individual objectives, needs and financial circumstances by allowing customers flexibility to choose from a range of excesses, options, amounts of cover and payment options.

## 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.

## Other circumstances which will trigger a TMD 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 the section of this TMD titled 'Information to assess TMDs and reporting periods'), 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.

## 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 eligibility and 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.

These distribution conditions are supported by business processes, including reasonable platform controls (such as knockout underwriting questions), staff and distributor training, telephone and platform scripting and quality assurance programs, designed to ensure that the Product is distributed to customers within the target market.

## When do third party distributors 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 only applies to products distributed by third party distributors.

## 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 the 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 the 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