

## Target Market Determination (TMD) for Hollard Personal Insurance Home Building and Contents Insurance

This document is the Target Market Determination (**TMD**) for Hollard Personal Insurance Home Building and Contents Insurance (**Product Range**) issued by the insurer, The Hollard Insurance Company Pty Limited ABN 78 090 584 473, AFSL 241436. This TMD was prepared on 1 October 2021. The Product Range consists of three **Products**, each with its own Product Disclosure Statement (PDS):

- **Listed Events Base;**
- **Listed Events;** and
- **Accidental Damage.**

### Purpose of this document

As an insurer, we want to make sure that our Products are likely to be suitable for the clients who buy them. The purpose of this TMD is to set out how we do this.

A product is **suitable** for clients if it would be reasonable for us to conclude that the product is likely to meet the likely objectives, financial situation and needs of those clients. This TMD describes the circumstances in which we believe the Product is likely to be suitable. Clients who fit those circumstances are collectively called our **target market**. The target market for these Products are set out in the text boxes throughout this TMD.

It is important to note that this TMD does not take anyone's personal circumstances into account. Even if you fit the description of our target market, and we offer a Product to you, that does not necessarily mean that the Product is appropriate for you in your personal circumstances. No one knows your situation better than you, so before you make any decisions about the Product, you should read the relevant [PDS](#) to understand the product and decide if the Product is right for you.

Also, this TMD does not include all the factors we consider when we decide whether to issue a policy. For example, we have a set of underwriting criteria we use to assess whether a risk is of a type or level we wish to insure. These factors may change over time or in different circumstances. We apply these factors when we decide whether to offer, issue, renew or agree to vary a policy.

### What insurance does the Product provide?

The Product Range is designed to provide Building and/or Contents insurance for the home you live in. Each Product provides three types of cover (Building cover and/or Contents cover, and liability) and optional Valuable Items cover.

The three Products differ in the level of cover provided:

- the **Accidental Damage** Product provides more cover than the **Listed Events Product**; and
- the **Listed Events** Product provides more cover than the **Listed Events Base** Product.

### Differences between the products

The table below provides a broad overview of the Products. Please note it is not a complete summary. Cover is subject to the terms, limitations, exclusions and excesses set out in the PDS, available from your broker or by visiting [www.hollardinsurance.com.au](http://www.hollardinsurance.com.au). The PDS provides complete information about the insurance, including coverage, exclusions, excesses, limitations, terms and your rights and obligations. Before you make any decisions about the Product, please ensure you read the PDS and consult your broker.

Listed Events Base	Listed Events	Accidental Damage
<p><b>Building and/or Contents</b> cover for:</p> <ul style="list-style-type: none"> <li>the insured events listed in the PDS; and</li> <li>the other benefits listed in the PDS.</li> </ul>	<p><b>Building and/or Contents</b> cover for:</p> <ul style="list-style-type: none"> <li>the same events and benefits as <b>Listed Events Base</b>;</li> <li>deliberate or intentional acts by others;</li> <li>Buildings sum insured safeguard; and</li> <li>additional benefits and some increased sub-limits (which means you may get more on some claims).</li> </ul>	<p><b>Building and/or Contents</b> cover for:</p> <ul style="list-style-type: none"> <li>the same events and benefits as <b>Listed Events</b>;</li> <li>accidental damage; and</li> <li>additional benefits and some increased sub-limits (which means you may get more on some claims).</li> </ul>
<p><b>Legal liability cover</b> for up to \$20 million for liability for property loss or damage, death or injury suffered by others arising from:</p> <ul style="list-style-type: none"> <li>(with Building cover): ownership or occupation of your insured address;</li> <li>(with Contents cover): ownership of your Contents or occupation of your insured address; and</li> <li>(with Contents cover): any occurrence anywhere in the world, other than from ownership or occupation of the Building or insured address.</li> </ul>	<p><b>Legal liability cover</b> for up to \$30 million for:</p> <ul style="list-style-type: none"> <li>the same liabilities as <b>Listed Events Base</b>; plus</li> <li>liability as a committee member of a sporting or social club or community organisation.</li> </ul>	<p><b>Legal liability cover</b> for up to \$30 million for the same liability as <b>Listed Events</b>.</p>

### Your sum insured

When you apply for a Product, it is important that you accurately estimate the replacement value of your Building and/or Contents. Many people do not have enough insurance cover. If you are under-insured, you will have to cover any shortfall yourself.

Make sure you include everything that you need to be insured. For example:

- for Building cover, consider the full cost of reconstruction of your home, including the cost of any structural improvements such as carports, fences and pools, as well as the cost of any demolition work, removal of debris and any architectural or council fees. The cost of land is not, however, included in determining your sum insured.
- for Contents cover, consider the full replacement of all your Contents, including your furniture, clothes, linen and personal valuables such as jewellery.

Underinsurance of homes is a significant issue. It is important to bear in mind that we do not know your home and Contents like you do, and that Building costs and Contents values can vary greatly depending on the home or item, its age and condition, and many other factors.

We strongly recommend you use a Building calculator to estimate your replacement value. You can contact your broker for more information and access to a Building calculator.

## **Buildings sum insured safeguard – Listed Events Product and Accidental Damage Product**

Under our Listed Event Product and our Accidental Damage Product, Buildings cover includes a “buildings sum insured safeguard”. We will pay up to 30% more than your Buildings sum insured if your Buildings are a total loss and the cost to repair or replace your Buildings is greater than your Buildings sum insured, and either:

- the increased cost was caused directly by a widespread Catastrophic Event; or
- you correctly used the Steadfast Home Sum Insured Building Calculator to calculate your Buildings sum insured, and since that time:
  - your Buildings remained substantially the same; and
  - you have not reduced any sum insured that we have offered on any renewal invitation.

The buildings sum insured safeguard does not apply to Contents, and is not available in the Listed Events Base Product. For full terms and conditions, refer to the relevant PDS.

### **Your excess**

An excess is your contribution towards the cost of a claim. In most instances you can select, at the time of your enquiry or application for insurance, the amount of this excess. A higher excess will normally reduce the amount of the premium you will have to pay.

However, in some cases, a different excess will apply:

- if you claim for destruction, loss or damage to your insured Buildings and/or Contents arising from an earthquake or tsunami, your excess will be the greater of \$250 or the excess shown in your Policy Schedule;
- where there is a total loss of your Buildings or Contents, no excess is payable; and
- for claims under Valuable Items cover, legal liability cover or in relation to certain other benefits, no excess is payable.

When a claim is paid for destruction, loss or damage to your insured Buildings and/or Contents, the excess amount will only be applied once.

## What is the target market for the Product?

The target market for Building cover under each Product is clients who:

- own and occupy a home (other than a home owned under a strata title, community or company title) that:
  - is not under construction or major repair or alteration;
  - is not in a caravan park or holiday park;
  - is kept in good repair and is reasonably protected from loss or damage;
  - complies with local government and statutory requirements;
  - is used primarily for residential purposes; or
  - is not likely to be unoccupied for more than 90 continuous days (or 100 continuous days for the **Accidental Damage** Product), unless it is a holiday home/weekender and we agree on your policy schedule to remove this exclusion or allow a longer period of unoccupancy;
- have estimated the cost of replacement of the home buildings, fixtures and structural improvements; and
- having regard to the terms and conditions of the Product chosen by the client, are comfortable that the Product provides adequate cover that is likely to help reduce their net financial loss in the event of a claim to a level they consider they would be able to manage.

The target market for Contents cover under each Product is clients who:

- own Contents in their home (which could include a person who:
  - owns their home;
  - occupies their home as a tenant, or
  - owns their home under strata title, community title or company title); and
- have estimated the cost of replacement of those Contents; and
- having regard to the terms and conditions of the Product are comfortable that the Product provides adequate cover that is likely to help reduce their net financial loss in the event of a claim to a level they consider they would be able to manage.

## What is the target market for the relevant cover options?

### Valuable Items

Valuable Items cover is an optional cover available with Contents cover for an additional premium. It is designed to provide Contents cover for certain types of Valuable Items (defined in the PDS or your Policy Schedule for your Product) where additional coverage may be required.

It covers most types of accidental loss or damage to eligible Valuable Items, if it occurs anywhere in Australia or New Zealand. You also have cover outside of Australia and New Zealand if the accidental loss or accidental damage occurs within:

- (**Listed Events Base** Product or the **Listed Events** Product) 90 days after you leave Australia; or
- (**Accidental Damage** Product) 180 days after you leave Australia.

No excess is payable on claims under Valuable Items cover.

There are two types of Valuable Items cover, depending on your choice of Product:

- **unspecified** Valuable Items cover: you nominate a total sum insured for your Valuable Items (covers up to \$1,000 for any one item, pair, set, collection or system; and up to \$5,000 in total); or
- **specified** Valuable Items cover: we agree a list of, and cover amounts for, each of the Valuable Items you wish to insure, and you must provide valuations and/or receipts at the time you purchase the policy to evidence their value, unless we advise otherwise.

Either type is available if you have Contents cover under either the **Listed Events** Product or the **Listed Events Base** Product. Only specified cover is available with the **Accidental Damage** Product.

For full details of exclusions, limits, terms and conditions for Valuable Items cover for each Product, and to see whether you can benefit from the additional cover it offers, please read the PDS for the chosen Product and consult with your broker.

The target market for Valuable Items cover is clients who are in the target market for the Product Range and who have one or more Valuable Items (as defined in the relevant PDS for the Product they have chosen) that:

- the Contents cover under that Product does not adequately insure (for example because the item is worth more than the relevant cover limits, or cover is required for a wider range of events or locations, or cover is required without an excess for that item);
- the client is comfortable that they would be adequately covered by the Valuable Items cover for the Product they have chosen (having regard to the higher coverage limits, wider range of insured events, wider coverage of locations outside the home, the temporary coverage when the item is outside of Australia and New Zealand, and the other exclusions, limits, terms and conditions of Valuable Items cover);
- (for unspecified Valuable Items cover) are worth up to \$1,000 for any one item, pair, set, collection or system, and worth up to a maximum of \$5,000 in total; and
- have valuations and/or receipts to evidence their value.

## **Distribution conditions**

### **New policies**

The Product is sold through Steadfast brokers via digital communication, in-person or over the phone.

We provide Product guidelines and training materials to, and have contractual arrangements with, Steadfast brokers that help ensure that brokers consider and ask clients for the information necessary to assess whether the client is likely to be in the target market for the relevant Product, levels of cover and options.

Before you purchase the Product, your broker will ask you a series of questions designed to help both your broker and us each decide:

- if you are likely to be in the target market for the Product and the relevant levels of cover and options;
- if you meet our underwriting guidelines; and
- what premium we should charge.

### **Renewals**

Before a policy expires, we will consider:

- the information previously provided to us;
- how long it has been since that information was provided or updated; and
- other potential changes.

Based on this information, we will consider whether it is likely that you are in the target market for your current level of cover, whether we will offer renewal, and if so whether we offer to renew at the same level of cover or a different level of cover. In making this determination, we will have regard to the likely impact on clients of offering cover to clients who are not in the target market and of other various alternatives.

Your broker will then contact you to confirm the information we have that is relevant to assessing whether you are in the target market, request any additional information they or we require to confirm that you are likely to be in the target market, communicate our offer to renew your policy (or notify you that we will not renew) and ask you to contact them if there are any changes or if you have any questions. Your broker will advise us of any changes to your circumstances or of any additional information we may require that we are not currently aware of, and we will assess whether those changes or that information have an impact on our offer to renew your policy. If we believe that you are not likely to be in the target market for your current level of cover, we may offer a different level of cover on renewal, or we may decline to renew. Your broker will explain this clearly and prominently.

If, after having been sent our renewal offer, you contact your broker with any changes or instructions, accept the renewal offer and/or allow a renewal to proceed on the terms offered, we will take that into account in determining whether you are likely to be in the target market.

## TMD reviews

We will review this TMD regularly to make sure it remains appropriate. The first review will be within 12 months of the date it is prepared, and then within 3 years of completion of the previous review thereafter.

As well as our regular reviews, additional reviews may be triggered if we determine that there has been an event or circumstance that reasonably suggests that this TMD needs to change. This would be the case if it is no longer reasonable to conclude that:

- if the Product is issued to a client in accordance with the distribution conditions, it would be likely that the client is in the target market; or
- the Product is likely to be suitable for clients in the target market.

Review triggers could be identified from:

- changes to the Product terms;
- the number of policies sold or renewed that are not within the target market;
- the number of policies sold, including penetration rates;
- responses and response rates on client communications (including renewals);
- client testing and surveys;
- the nature and number of complaints and complaint trends;
- compliance incidents and internal audit findings;
- lapse rates and cancellation rates;
- Product claim ratios, including across optional covers and each coverage option;
- the number, nature and magnitude of paid, denied and withdrawn claims;
- the frequency and amount of excesses paid;
- data on why claims have been withdrawn or denied;
- information received from and/or in relation to distributors (see below);
- changes to our underwriting guidelines, pricing, or reinsurance requirements; and
- feedback and policy from ASIC, AFCA, Code Governance Committee and/or other relevant bodies.

We take reasonable steps to monitor relevant information (including the information referenced above) and other metrics to assess if our TMD needs to be reviewed and reassessed.

## Reporting obligations

Steadfast brokers are required to report the following information to us at the following times:

Reportable matter	When
The Product is issued to a client in breach of the distribution conditions or outside of the target market.	As soon as practicable after becoming aware of the matter, and no later than 10 business days.
The nature and number of complaints received about the Product in the reporting period.	On a monthly basis.
If there are any significant dealings that are inconsistent with the TMD.	As soon as practicable after becoming aware of the matter, and no later than 10 business days.
Any compliance incident relating to the Product or its distribution.	As soon as practicable after becoming aware of the matter, and no later than 10 business days.