

## Target Market Determination (TMD) for Hollard Personal Insurance Motor Vehicle Insurance

This document is the Target Market Determination (**TMD**) for Hollard Personal Insurance Motor Vehicle Insurance (**Product**) 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.

### Purpose of this document

As an insurer, we want to make sure that our Product is likely to be suitable for the clients who buy it. 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 this Product is 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 the 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 [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?

This Product is designed to provide insurance cover for private Motor Vehicles. Below is a broad overview of the insurance. The Product offers two levels of cover to choose from:

- **Comprehensive;** and
- Third Party Property Damage (**TPPD**).

Please note, the table below 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.

Insured events	Levels of cover	
	Comprehensive	TPPD
Accidental loss or damage (including theft) to your Motor Vehicle	Up to your sum insured	Not covered
Legal liability for loss or damage to other peoples' property caused by the use of your Motor Vehicle if the driver is at fault	Up to \$30 million	Up to \$30 million
Other additional benefits as set out in the PDS	17 other additional benefits	3 other additional benefits

### Your excess

When we pay a claim, you normally pay an excess. The Product includes a number of different excesses that apply in various circumstances. If more than one excess applies to a claim, we add them together to work out the total excess payable.

One type of excess is called the basic excess. When you buy a policy, you can choose your basic excess from a range of options to suit your needs. A lower basic excess may save you money if you claim on the policy but would normally increase the premium you pay to buy the policy. A higher basic excess may reduce your premium but could cost you more if you have a claim.

### What is the target market for the Product?

The overall target market for the Product is Private Motor Vehicle Owners. Each level of cover (and each cover option) also has its own target market within the overall target market.

In this TMD, a **Private Motor Vehicle Owner** is anyone who lives in and is licensed to drive in Australia who owns a Motor Vehicle, or who leases a Motor Vehicle and is responsible for insuring the Motor Vehicle.

A **Motor Vehicle** means a passenger vehicle, ute or mini-van that:

- is legally registered in an Australian state or territory;
- is not used:
  - to earn a fee or reward by hiring out, carrying passengers, delivering goods or giving driving lessons);
  - in motor sport; or
  - in motor trade tests, trials or demonstrations;
- is driven by people who are both licensed and legally permitted to drive in Australia;
- is driven by people who meet any age restriction shown on the Policy Schedule; and
- is kept in good repair and is reasonably protected from loss or damage.

### What is the target market for each level of cover?

#### Comprehensive

Comprehensive cover is designed to cover accidental loss or damage to your Motor Vehicle regardless of who is at fault, and/or accidental loss or damage caused by your Motor Vehicle to other people's property if the driver of your Motor Vehicle is at fault.

It is common for accidents to occur where the client is at fault, writes off their own Motor Vehicle and also damages another Motor Vehicle. In these cases, a client who had chosen TPPD cover instead of Comprehensive cover would have to pay to replace their own Motor Vehicle, plus the excess on their claim to cover the damage to the other Motor Vehicle. If instead they had Comprehensive cover, they would only have had to pay the excess – they are better off by an amount equal to the value of their Motor Vehicle. It is likely that the difference in premium between Comprehensive cover and Third Party Property Damage cover is less than the value of the Motor Vehicle. Accordingly, we consider that all Private Motor Vehicle Owners are in the target market for Comprehensive cover.

The target market for Comprehensive cover is Private Motor Vehicle Owners.

For Private Motor Vehicle Owners in that target market:

- loan or finance terms often require comprehensive insurance for the Motor Vehicle; and/or
- if the Motor Vehicle is damaged or written off, as the Motor Vehicle owner, you will have to pay for the Motor Vehicle to be repaired or replaced and also pay off the loan or finance (sometimes immediately and in full). Comprehensive cover includes, as one of the additional benefits, cover for 50% of the difference between your Motor Vehicle's insured value and your finance contract residual liability (excluding arrears), should the insured value be less than the finance contract residual liability.

The target market for Comprehensive cover also includes Private Motor Vehicle Owners whose Motor Vehicle is being used as security for a loan or other form of finance.

### **Third Party Property Damage (TPPD)**

TPPD does not cover your own Motor Vehicle. For example, if you crash into someone else's motor vehicle, and it is your fault, TPPD will pay to repair the damage to their motor vehicle, but not your Motor Vehicle.

The target market for TPPD is Private Motor Vehicle Owners where:

- the Private Motor Vehicle Owner wants insurance to cover liability for loss or damage to other people's motor vehicles or property when the driver of their Motor Vehicle is at fault; and
- the Private Motor Vehicle Owner does not want, may not get value from, or is ineligible for, Comprehensive cover (for example, due to the age or value of the Motor Vehicle or the additional premium); and
- the Motor Vehicle isn't being used as security for a loan or other form of finance. In this case, Comprehensive cover may be required. Refer to the section on Comprehensive cover in this TMD for more details.

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

### **Rental or loan car following an accident**

Rental or loan car following an accident is an optional cover available with Comprehensive cover.

You get rental car following theft cover automatically with Comprehensive cover. This cover applies if the Motor Vehicle is stolen. It contributes to the cost of hiring a replacement motor vehicle until the stolen Motor Vehicle is recovered and repaired or replaced or we pay the claim for the theft. The cover pays up to \$80 per day for up to 21 days.

Rental or loan car following an accident cover is an optional extra which extends this cover so that it also applies after an accident. An additional premium is payable for this cover.

Rental or loan car following an accident cover does not necessarily cover the full daily cost of hiring a similar motor vehicle to your insured Motor Vehicle (for example, if your insured Motor Vehicle is a large motor vehicle, a luxury motor vehicle or a specialist vehicle), and may not cover the full period that a rental or loan car is needed if it is longer than the maximum number of days covered.

The target market for the optional rental or loan car following an accident cover is Private Motor Vehicle Owners who are in the target market for Comprehensive cover (as applicable) and who are likely to want a hire Motor Vehicle in the circumstances covered by the option.

## Removal of Basic Excess for windscreen claims

Removal of basic excess for windscreen claims is an optional cover available with Comprehensive.

If your windscreen, sunroof glass or window glass is damaged, and it is the only damage claimed, removal of basic excess for windscreen claims cover means you don't need to pay the excess when you claim for that damage. You can only make one excess free claim per period of insurance (usually one year).

The target market for removal of basic excess for windscreen claims cover is Private Motor Vehicle Owners who are in the target market for Comprehensive cover (as applicable), if the additional premium for the cover is less than the likely excess applicable to a claim for windscreen damage.

## 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;
- likely changes in the value of the Motor Vehicle; 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.