

# **Target Market Determination (TMD) Landlord Insurance**

# Target Market Determination (TMD)

Product Disclosure Statement (PDS): Terri Scheer Scheer Short Stay Policy Product Disclosure Statement and Policy Wording – PDS prepared 11 December 2020

Product: Landlord Insurance

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Issuer: AAI Limited ABN 48 005 297 807 trading as Vero Insurance

AFSL Number: 230859

Terri Scheer Insurance Pty Ltd ABN 76 070 874 798, AFS Licence No. 218585 acts as an agent of AAI trading as Vero Insurance.

## 1. What is a Target Market Determination?

A Target Market Determination (TMD) is a determination that Terri Scheer Insurance (TSI) 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 TSI 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 Landlord cover provided in the Terri Scheer Scheer Short Stay Policy Product Disclosure Statement and Policy Wording (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"> <li>◆ cover for resulting loss of rent for holiday let properties following an insured event specific to owning a rental property that occurs during the period of insurance including the property becoming untenable, failure to vacate and death of a tenant;</li> <li>◆ cover for loss or damage to contents that have been left in the property for the tenant's domestic use as a result of insured events during the period of insurance including flood, storm or rainwater, fire (including bushfire) or explosion, impact and tenant damage;</li> <li>◆ building cover for loss or damage to the rental property during the period of insurance as a result of insured events specific to tenants occupying a rental property, limited to pet damage, scorching and tenant damage;</li> <li>◆ cover for resulting loss of rent for permanent tenancies following an insured event specific to owning a rental property that occurs during the period of insurance including absconding tenant, defaulting tenant and death of a tenant;</li> <li>◆ legal liability cover for Customers as the landlord and owner of the property in respect of an incident happening during the period of insurance at the insured address which causes death or bodily injury to other people or damage to other people's property.</li> </ul> <p>For full details of the cover available in this product, including the conditions and exclusions that apply, TSI staff, our Distributors and Customers should read the PDS which can be found at <a href="http://www.terrisheer.com.au">www.terrisheer.com.au</a>.</p>
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#### 4. What is the target market for this product?

This product is designed to be consistent with the likely objectives, financial situation and needs of Customers who:

Eligibility	<ul style="list-style-type: none"> <li>◆ are landlords of a professionally managed holiday and short term rental property who wish to insure against risks associated with renting out their property. The property is managed by a licensed real estate agent or on-site property manager, or, in the case of a holiday let property, a letting agent;</li> <li>◆ for a holiday let property, have agreements with tenants that are not governed by the relevant state or territory Residential Tenancy Act and the property is generally rented for a period of less than 3 months. For a permanent tenancy, have a lease in place which is governed by the relevant state or territory Residential Tenancy Act; and</li> <li>◆ have a property that meets our underwriting criteria including: <ul style="list-style-type: none"> <li>– is a residential rental property situated on up to 5 acres of land (excluding dwellings situated in caravan and holiday parks);</li> <li>– is an acceptable type of building;</li> <li>– is not primarily used to operate a business from;</li> <li>– is occupied in a way that is acceptable to us; and</li> <li>– is kept well maintained and in good condition.</li> </ul> </li> </ul>
Customer objectives, financial situation and needs	<ul style="list-style-type: none"> <li>◆ require and seek financial protection for loss of rent for holiday let properties that occurs as a result of insured events specific to owning a rental property including the property becoming untenable, failure to vacate and death of a tenant;</li> <li>◆ require and seek financial protection for loss or damage to contents that have been left in the property for the tenant's domestic use as a result of insured events including flood, storm or rainwater, fire (including bushfire), impact and tenant damage;</li> <li>◆ require and seek financial protection for loss or damage to the rental property as a result of insured events specific to tenants occupying a rental property, limited to pet damage, scorching and tenant damage;</li> <li>◆ require and seek financial protection for loss of rent for permanent tenancies that occurs as a result of insured events specific to owning a rental property including absconding tenant, defaulting tenant and death of a tenant;</li> <li>◆ require and seek legal liability cover as the landlord an owner of the property in respect of an incident happening during the period of insurance at the insured address which causes death or bodily injury to other people or damage to other people's property.</li> </ul>

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 protect against; 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:  
2 years after the original date of the TMD.
- b) Ongoing review periods:  
At least every 2 years following the first review period.

#### 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 occur, 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 that the claims data for the product reasonably suggests that this 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 online platform and contact centres pursuant to specific channel distribution requirements;
- ◆ 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 make it likely Customers who are issued the product are in the target market because they are supported by reasonably appropriate platform controls, training and scripting designed to ensure that the product is distributed to persons within the target market.

### 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