

Master Trades Insurance Policy

Target Market Determination (TMD)



Product Disclosure Statement (PDS):	Vero Master Trades Insurance Policy – Product Disclosure Statement (PDS) & Policy Wording V8177 05/12/24 A and any Supplementary PDS
Product:	Business Insurance Policy contained in the PDS to the extent described at 2. below.
Scheme Name:	Master Trades Insurance Scheme
Original Date:	17/08/2021
Updated:	05/12/2024
Issuer:	AAI Limited ABN 48 005 297 807 trading as Vero Insurance (Vero)
AFSL number:	230859

1. What is a Target Market Determination?

A Target Market Determination (TMD) is a determination that Vero 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 Vero staff, our Distributors and Customers in understanding the target market for this product.

In this TMD, distribution includes the following conduct in relation to 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 general advice in relation to the product.

This TMD is not a PDS and is not a summary of the features or terms of the Product.

2. What product does this TMD apply to?

This TMD applies to the products contained in the PDS to the extent described as follows:

- Policy Section 4 – Commercial Motor;
- Policy Section 5A – Property Damage;
- Policy Section 5B – Theft;
- Policy Section 5C – Glass.

Policy Section 4 is a retail product to which this TMD applies if the policy insures vehicles not exceeding 2 tonnes.

Policy Sections 5A, 5B and 5C are retail products to which this TMD applies if the policy insures a building which is used or intended to be used principally and primarily as a place of residence.

There are other policy sections contained in the PDS but they are not retail insurance products and therefore not subject to this TMD.

3. What is the target market for this product?

The target market for this product is those Customers it is likely to be suitable for taking into account:

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

3.1. What are the key attributes of this product?

The Vero Master Trades Insurance Policy product offers a range of covers under 9 policy sections. A Customer can select policy sections to tailor cover under their policy to meet their own objectives, needs and financial situation. Each policy section is underwritten and quoted on an offer and acceptance basis in accordance with Vero's underwriting rules. These underwriting rules also set out which policy sections are mandatory, and which are available depending on the Customer's circumstances.

The choices the Customer can make will impact the kind and scope of cover, policy limits, excess amount, policy premium amount and structure.

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

The product has four policy sections to which this TMD applies.

The below table describes the key attributes for each of those policy sections.

Cover	This product provides:			
Policy Section 4 – Commercial Motor	<ul style="list-style-type: none"> Cover for vehicles used in the Customer's business. A choice between three (3) different types of cover options for each vehicle they insure. The cover features of these three cover options are set out below: 			
	Cover Feature	Comprehensive Cover	Legal Liability, Fire and Theft Cover	Legal Liability Only Cover
	Loss or damage to vehicle used in the Customer's business	Covers loss or damage to the vehicle	Covers loss or damage to the vehicle caused by fire, explosion, lightning, theft or attempted theft only	Not covered
	Legal liability (legal liability for damage to third party property and supplementary bodily injury)	Covered	Covered	Covered
	Extra Cover – Hire vehicle after theft of vehicle	Covered	Covered	Not covered
	Extra Covers for personal effects following loss or damage to vehicle and towing and storage following loss or damage to vehicle	Covered	Covered - limited to fire, lightning or theft	Not covered
	Other Extra Covers and Additional Benefits related to cover for loss or damage to vehicle	Covered	Not covered	Not covered
	Additional Benefit for damage by uninsured drivers	N/A – included automatically	Covered	Covered
	Extra Covers and Additional Benefits related to cover for Legal liability	Covered	Covered	Covered
	Optional Insurances	Available	Not available	Not available
Policy Section 5A – Property Damage	<ul style="list-style-type: none"> Cover for loss of, or damage to, property used in the Customer's business from specified Insured Events such as fire, lightning and explosion. Cover for property that can be insured and includes the buildings, contents and stock that the Customer uses or is responsible for as part of the Customer's business. Extra Covers and Additional Benefits related to the Customer's business property. Cover for flood is available as an optional insurance. 			
Policy Section 5B – Theft	<ul style="list-style-type: none"> Cover for loss of, or damage to, the Customer's contents, stock and specified items due to theft. Extra Covers and Additional Benefits related to the theft of the Customer's property. 			
Policy Section 5C – Glass	<ul style="list-style-type: none"> Cover for the breakage of fixed glass at the insured premises. Extra Cover for specified costs related to damage to glass (e.g., temporary shuttering, damaged window frames and window tinting film). An Additional Benefit to cover damage to plastic or Perspex signs at the premises. 			

The following policy sections are available under the policy, but are not the subject of this TMD:

- Policy Section 1 – Legal Liability
- Policy Section 2 – Portable and Valuable Items
- Policy Section 3 – Money
- Policy Section 6 – Employee Dishonesty
- Policy Section 7 – Business Interruption

3.2. What are the likely objectives, needs and financial situation of Customers in the target market?

The Vero Master Trades Insurance Policy has several policy sections that allow each Customer to choose to tailor cover under their policy to meet their own objectives, financial situation and needs.

The Vero Master Trades Insurance Policy is designed for Customers who operate an Australian-based trades business or individual tradesperson. The below table further describes the objectives, needs and financial situation of the target market for each policy section and, for policy section 4 - Commercial Motor, the levels of cover offered under that policy section.

Objectives and needs				
Policy Section 4 – Commercial Motor	Needs cover for:	Comprehensive Cover	Legal Liability, Fire and Theft Cover	Legal Liability Only Cover
	Loss or damage to vehicle	✓	Fire, explosion, lightning, theft or attempted theft only	✗
	Legal liability for damage to third party property and supplementary bodily injury	✓	✓	✓
	Extra Covers and Additional Benefits	✓	Limited cover	Limited cover
	Optional Insurances	✓	✗	✗
Policy Section 5A – Property Damage	Customers who need financial protection for loss or damage to the Customer’s business property from specified insured events covered by this policy section.			
Policy Section 5B – Theft	Customers who need financial protection for loss or damage to the Customer’s business contents, stock and specified items due to theft.			
Policy Section 5C – Glass	Customers who need financial protection for loss or damage to glass which forms part of the Customer’s business premises.			
Financial situation				
	Customers who are able to pay premiums, in accordance with their chosen policy structure, and any other amounts payable under the policy terms, as and when they become payable (for example, a policy excess).			

3.3. Who is the product suitable for?

The Customers for whom the policy is suitable or not suitable, based on product terms and eligibility criteria, are set out below. If any of the below policy sections are not suitable for a Customer, any combination of that section with any other policy section(s) will also not be suitable for that Customer.

Criteria	Suitable for:	Not suitable for:
All retail sections		
	Customers who operate an Australian-based trades business or individual tradesperson on an ongoing basis.	

Criteria	Suitable for:	Not suitable for:
Policy Section 4 – Commercial Motor		
All cover options	Customers who own or lease vehicles that: <ul style="list-style-type: none"> are located within an acceptable postcode area; match our list of acceptable makes and models; and meet our acceptable physical condition criteria. 	Customers that own or lease vehicles that do not meet our acceptability criteria for location, make, model or physical condition. Customers who want cover for the following excluded vehicle uses: <ul style="list-style-type: none"> racing, contests, trials, tests, hill climbs or any similar activity or being used on a competition racetrack, circuit, course or arena; carrying passengers for payment or reward unless a carpool, childcare arrangement or fare paying passenger bus; being operated, transported or driven in an underground mine or mining shaft.
Policy Section 5A – Property Damage		
	Customers with buildings or business contents, stock or specified items at the business premises.	Customers who want to insure buildings that are only used by the Customer for residential purposes.
Policy Section 5B – Theft		
	Customers with business contents, stock or specified items at the business premises.	Customers who want to insure theft from buildings that are only used by the Customer for residential purposes.
Policy Section 5C – Glass		
	Customers who own or are legally responsible for glass at the business premises.	Customers who don't own or are not legally responsible for glass at the business premises. Customers who want to insure glass in buildings that are only used by the Customer for residential purposes.

4. Why is the product appropriate for Customers in the target market?

This product is likely to provide value to, and 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, damage and/or liability 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 and amounts of 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:

- First review period:
By 17/08/2023.
- Ongoing review periods:
At least every 2 years following the first review period.
- 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:

- this product must only be distributed by an Australian based and appropriately licensed insurance broker (Distributor) with which Vero has an agreement to distribute this product;
- those Distributors who distribute the product are required to be authorised by us to distribute this product and those arrangements must not have been 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 by Distributors through our policy administration system;
- 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 Australian Securities and Investments Commission (ASIC) action that might suggest the TMD is no longer appropriate.

These distribution conditions are supported by business processes including reasonable platform controls (such as knockout underwriting questions) and quality assurance programs designed to ensure that the product is distributed to Customers 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">• Nature of complaints• Number of complaints• Product category	Distributors / Issuer	Quarterly
Claims data including: <ul style="list-style-type: none">• Average claims costs• Claims acceptance rates• Claims frequency• Loss ratios	Issuer	Quarterly
Annual Product Review outcomes	Issuer	Annually
Sales information including: <ul style="list-style-type: none">• Strike rates• Cancellation rates• Exception reporting	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



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