

Master Trades Insurance Policy

Target Market Determination (TMD)



Product Disclosure Statement (PDS):	Master Trades Insurance Policy – Product Disclosure Statement (PDS) & Policy Wording V8177 28/04/23 A Prepared date 20 December 2022 and any Supplementary PDS
Product:	Business Insurance Policy
Scheme Name:	Master Trades Insurance Scheme
Original Date:	17/08/2021
Updated:	07/09/2023
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 advice in relation to the product.

2. What product does this TMD apply to?

This TMD applies to the Master Trades Insurance Policy – Product Disclosure Statement (PDS) & Policy Wording and any Supplementary Product Disclosure Statement (SPDS) we may issue.

3. What are the key attributes of this product?

The Master Trades Insurance Policy product offers a range of 9 policy sections that a Customer may select from to match their business insurance requirements. Each policy section is underwritten and quoted on an offer and acceptance basis in accordance with our underwriting rules. These underwriting rules also set out which policy sections are mandatory, and which are available depending on the Customer's circumstances.

The product has four policy sections that are the subject of this TMD:

Cover	This product provides:
Policy Section 4 – Commercial Motor	<ul style="list-style-type: none"> • cover for vehicles used in the Customer's business. <p>The Customer may choose between three (3) different types of cover for each vehicle they insure:</p> <ol style="list-style-type: none"> 1. Comprehensive Cover which covers the accidental damage to the Customer's vehicle and includes Legal Liability Cover; 2. Legal Liability, Fire and Theft Cover which covers the vehicle against a specific range of insured events and includes Legal Liability Cover; or 3. Legal Liability Cover only which covers supplementary bodily injury and damage to third party property liability only.
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. It also provides a number of Extra Covers and Additional Benefits related to the Customer's business property. <p>Property that can be insured includes the buildings, contents and stock that the Customer use or are responsible for as part of the Customer's business. This policy section does not cover events such as theft or disease outbreak. Cover for money is available under a separate policy section. Cover for flood is available as an Optional Cover.</p>
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. It also provides Extra Covers and Additional Benefits related to the theft of the Customer's property; • limited cover for the theft of parts of the building such as electrical equipment that may be attached to the outside walls or roof; and • cover for tangible property and does not insure property such as cryptocurrency or events such as the hacking of computer systems.

Cover	This product provides:
Section 5C – Glass	<ul style="list-style-type: none"> cover for the breakage of fixed glass at the insured premises; and 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

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 <i>All sections</i>	<ul style="list-style-type: none"> are an Australian-based trades business or individual tradesperson on an ongoing basis that is acceptable for us to cover according to Vero's underwriting guidelines; and <p>This product is not designed for Customers that are not Australian-based trades businesses or individual tradespersons.</p>
Eligibility <i>Commercial Motor Section</i>	<ul style="list-style-type: none"> have 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. <p>This product is not designed for Customers that have vehicles that do not meet our acceptability criteria for location, make, model or physical condition.</p>
Customer objectives and needs	<p>Policy Section 4 – Commercial Motor</p> <p>Comprehensive Cover:</p> <ul style="list-style-type: none"> require and seek insurance cover: <ul style="list-style-type: none"> for loss or damage to their commercial use motor vehicle up to the market or agreed value; and for Legal Liability (see below); <p>Legal Liability, Fire and Theft Cover:</p> <ul style="list-style-type: none"> require a lower premium cover and seek insurance cover: <ul style="list-style-type: none"> for loss or damage to the commercial use motor vehicle from a limited range of insured events; and for Legal Liability (see below); <p>Legal Liability Cover only:</p> <ul style="list-style-type: none"> require and seek legal liability insurance cover against financial loss from the loss or damage to other people's property arising from the use of Customer's commercial use motor vehicle. <p>Policy Section 5A – Property Damage</p> <ul style="list-style-type: none"> require and seek insurance cover for loss or damage to the Customer's business property caused by specified insured events covered by this policy section; <p>Policy Section 5B – Theft</p> <ul style="list-style-type: none"> require and seek insurance cover for loss or damage to the Customer's business contents, stock and specified items due to theft; <p>Policy Section 5C – Glass</p> <ul style="list-style-type: none"> require and seek insurance cover for loss or damage to glass which forms part of the Customer's commercial premises.
Customer financial situation	<ul style="list-style-type: none"> are able to pay premiums in accordance with the chosen policy structure, inclusive of any applicable GST, stamp duty, other government charges and any levies that apply. <p>Customers can adjust the premium to suit their circumstances by choosing from a range of excesses, amounts of cover and options.</p>

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, damage or liability that Customers in the target market are seeking to insure against;
- the product can be tailored to suit individual needs by allowing Customers flexibility to choose from a range of excesses, options and amounts of cover; 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:
By 17/08/2023.
- (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.

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 Master Builders Insurance Brokers Pty Limited who is an Australian based and appropriately licensed insurance broker 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.

Business processes including reasonable platform controls (such as knockout underwriting questions) and quality assurance programs are designed to ensure that the product is distributed to Customers within the target market in line with the above distribution conditions.

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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