

Home Building Insurance

Target Market Determination (TMD)

Product Disclosure Statement (PDS):	Vero Secure Home Elite Insurance Product Disclosure Statement – PDS prepared 20 April 2012
Product:	Home Building Insurance
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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 Home cover in the Vero Secure Home Elite Insurance Product Disclosure Statement (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"> • cover for accidental loss or damage to the Customer's home during the period of insurance caused by an incident. Accidental loss or damage cover includes cover for incidents such as flood, storm, fire (including bushfire), escape of liquid, and theft or burglary; • legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or damage to their property arising from an incident which happens in connection with owning or living in the home and at the insured address; • cover for the nominated home sum insured amount selected by the Customer, which will be the maximum amount the Customer can claim for any one incident unless stated otherwise in the policy. <p>For full details of the cover available in this product, including the conditions and exclusions that apply, Vero staff, our Distributors and Customers should read the PDS which can be found at www.vero.com.au.</p>
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The PDS contains details of two products offered by Vero:

- Home Building Insurance;
- Contents Insurance.

This TMD applies to the Home Building Insurance product, being the home cover offered as part of the Secure Home Elite Insurance PDS only.

To understand whether a Customer might be considered within the target market for the other product in the PDS, a separate TMD is available. That TMD can be found at www.vero.com.au.

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">• own and live in their home primarily for domestic purposes; or• own the home and lease it out to tenants for use as their permanent residence under a rental agreement and wish to have some limited cover as a landlord. There is no cover where the entire home is used for short-term rental, holiday letting or house sharing (including arrangements booked through an online booking platform);• have appointed Willis (in Australia) as their broker for this home building insurance policy; and• have a home that meets our underwriting criteria including:<ul style="list-style-type: none">- is located within an acceptable postcode;- is an acceptable building type;- is not primarily used to operate a business from; and- is well maintained and in a good condition.
Customer objectives, financial situation and needs	<ul style="list-style-type: none">• require and seek financial protection for accidental loss or damage to the home due to incidents not excluded by this product, including flood, storm, fire (including bushfire), escape of liquid, and theft or burglary;• require and seek legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or damage to their property arising from an incident which happens in connection with owning or living in the home and at the insured address.

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 insure 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 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 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:

- 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 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 Distributors 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 and training 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"> • 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