

# **Target Market Determination (TMD)**

## Landlord Insurance

# Target Market Determination (TMD)

Product Disclosure Statement (PDS): Terri Scheer Landlord Preferred Policy Self Managed Product Disclosure Statement and Policy Wording – PDS prepared 11 December 2020

Product: Landlord Insurance

Original Date: 25/08/2021

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Issuer: AAI Limited ABN 48 005 297 807 trading as Terri Scheer

AFSL Number: 230859

## 1. What is a Target Market Determination?

A Target Market Determination (TMD) is a determination that Terri Scheer 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 Terri Scheer 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 target market determination apply to?

This TMD applies to the Landlord cover provided in the Terri Scheer Landlord Preferred Policy Self Managed 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?

<p><b>Summary of Key Product Attributes</b></p>	<p>This product provides:</p> <ul style="list-style-type: none"> <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>◆ 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>◆ legal liability cover for Customers as the landlord and owner of the building 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 loss 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, Terri Scheer staff, our Distributors and Customers should read the PDS which can be found at <a href="http://www.terrischeer.com.au">www.terrischeer.com.au</a>.</p>
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#### 4. What is the target market for this product?

Key Eligibility Criteria	This product is suitable for:	This product is not suitable for:
Customers within target market	Customers who: <ul style="list-style-type: none"> <li>◆ are landlords of a self managed residential rental property who wish to insure against risks associated with renting out their property;</li> <li>◆ have a permanent tenancy in place which is governed by the relevant state or territory Residential Tenancy Act, or if selected, cover extends to a property which is used as short term/holiday accommodation</li> </ul>	Properties that are: <ul style="list-style-type: none"> <li>◆ owner occupied properties</li> <li>◆ professionally managed rental properties</li> </ul>
Location of property	A residential rental property situated in an acceptable location including but not limited to: <ul style="list-style-type: none"> <li>◆ on up to 5 acres of land</li> </ul>	A residential rental property situated in an unacceptable location including, but not limited to: <ul style="list-style-type: none"> <li>◆ dwellings in a caravan and holiday park</li> <li>◆ buildings situated in Western Australia north of the 26 Degree south parallel of latitude</li> <li>◆ Norfolk Island - postcode 2899</li> </ul>
Building type	A property that is an acceptable type of building such as a residential rental property	Properties that are unacceptable building types including, but not limited to: <ul style="list-style-type: none"> <li>◆ commercial property</li> <li>◆ boarding houses</li> <li>◆ buildings under construction</li> <li>◆ colleges and dormitories</li> <li>◆ mobile homes or caravans</li> <li>◆ temporary buildings or structures</li> </ul>
Use of the property	Properties that are for residential rental purposes	Properties that are used in the following ways including, but not limited to: <ul style="list-style-type: none"> <li>◆ primarily to operate a business from</li> <li>◆ childcare business</li> <li>◆ farm or farming purposes</li> <li>◆ any people come to the insured address in connection with the business or trade</li> <li>◆ business signage is installed on the property</li> <li>◆ manufacturing or repair work takes place on the site</li> <li>◆ stock is stored at the insured address</li> <li>◆ chemicals used for business activity are stored at the insured address</li> </ul>

Key Eligibility Criteria	This product is suitable for:	This product is not suitable for:
How property is occupied	<p>A property that is occupied in a way that is acceptable to us, including if it is a multiple tenancy property, such as:</p> <ul style="list-style-type: none"> <li>◆ residential rental only</li> <li>◆ long term/permanent tenancies which are governed by the Residential Tenancy Act in the respective state or territory</li> <li>◆ short-term or holiday rental properties for an extra premium</li> </ul>	<p>A property that is occupied in an unacceptable way including, but not limited to:</p> <ul style="list-style-type: none"> <li>◆ owner occupied, including if any part of the home is owner occupied</li> <li>◆ unoccupied over 90 days, and not maintained</li> <li>◆ tenant in rent arrears at the commencement of a policy</li> </ul>
Condition of the property	<p>Properties that are well maintained and in a good condition and structurally sound</p>	<p>Properties that do not meet our condition criteria including, but not limited to, properties that:</p> <ul style="list-style-type: none"> <li>◆ has previous damage that has not been repaired</li> <li>◆ are under construction or in the course of construction</li> <li>◆ are an incomplete home</li> <li>◆ are being or going to be relocated</li> </ul>

This product is designed to be consistent with the likely objectives, financial situation and needs of Customers who meet the Key Eligibility Criteria described above and who:

<b>Customer objectives and needs</b>	<ul style="list-style-type: none"> <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 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 legal liability cover as the landlord and owner of the building 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 loss or damage to other people's property; and</li> </ul>
<b>Financial situation</b>	<ul style="list-style-type: none"> <li>◆ 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.</li> </ul> <p>Customers can adjust the premium to suit their circumstances by choosing from a range of amounts of cover.</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 or damage 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 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 25/08/2023.
- 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:

- ◆ 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 policy administration system through the following distribution channels:
  - websites;
  - contact centres;
- ◆ 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.

Business processes including reasonable platform controls (such as knockout underwriting questions), staff and distributor training, telephone and platform scripting 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"> <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> </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