



SHARE THE PASSION

TARGET MARKET DETERMINATION (TMD)

HOME BUILDING INSURANCE

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Product Disclosure Statement (PDS):	Shannons Home & Contents Insurance Product Disclosure Statement – PDS prepared 3 December 2020
Product:	Home Building Insurance
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Issuer:	AAI Limited ABN 48 005 297 807 (AAI)
AFSL number:	230859

Shannons Pty Limited ABN 91 099 692 636 (Shannons), authorised representative number 239594, act as an authorised representative of AAI.

1. What is a Target Market Determination?

A Target Market Determination (TMD) is a determination that AAI 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 Shannons 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 Home cover in the Shannons Home & Contents 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

This product provides:

- cover for loss or damage to the Customer's home during the period of insurance caused by a range of insured events including flood, storm, fire (including bushfire), escape of liquid, and theft or burglary. The optional 'Accidental loss or damage cover', if selected, provides the Customer with accidental loss or damage cover at the home if it is owner occupied;
- legal liability cover for having to pay compensation for death or bodily injury to other people, or loss or damage to their property resulting from an incident which happens at the insured address in connection with the Customer owning and living in the home or owning and renting the home to a tenant;
- 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.

For full details of the cover available in this product, including the conditions and exclusions that apply, Shannons staff, our Distributors and Customers should read the PDS which can be found at www.shannons.com.au.

The PDS contains details of two products offered by Shannons:

- Home Building Insurance;
- Contents Insurance.

This TMD applies to the Home Building Insurance product, being the home cover offered as part of the Home & Contents 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.shannons.com.au.

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	<p>Customers who own a residential home that they are responsible for</p> <p>Customers who qualify as genuine motoring enthusiasts based on the Shannons Customer Selection Model, or who already hold or have previously held insurance products with Shannons</p>	<p>Customers who own buildings that are registered or required to be registered or insured under a body corporate, strata title, group, or community title</p> <p>Customers who are not genuine motoring enthusiasts</p>
Location of the home	Homes located within an acceptable postcode area	Homes that are not located within an acceptable postcode area including certain offshore islands
The type of home (the building)	<p>Buildings such as:</p> <ul style="list-style-type: none"> • free standing homes • townhouse • duplexes 	<p>Buildings such as, but not limited to:</p> <ul style="list-style-type: none"> • commercial property • boarding house • display home • apartments • relocatable homes
Use of the home	<p>Homes that are used in the following ways:</p> <ul style="list-style-type: none"> • owner occupied primarily for domestic purposes • the entire house is rented out to tenants under a rental agreement. A landlord will also receive cover for landlord furnishings under this product • an acceptable business is operated from the insured address such as a home office (conditions apply) 	<p>Homes:</p> <ul style="list-style-type: none"> • where short-term rental, holiday letting or house sharing (including arrangements booked through an online booking platform) occurs • an unacceptable business is operated from the insured address such as: <ul style="list-style-type: none"> – a shopping or retail complex, showroom or gallery – boarding house • buildings rented to tenants where the landlord contents value is greater than 5% of the building sum insured • that are unoccupied for more than 60 days
Condition of the home	Homes that are well maintained and in a good condition and structurally sound	<p>Homes that don't meet our acceptability criteria for condition including, but not limited to, homes that:</p> <ul style="list-style-type: none"> • are up for or subject to demolition • are under construction or in the course of construction • are an incomplete homes • are being or going to be relocated

TARGET MARKET DETERMINATION (TMD)

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:

Customer objectives and needs

- require and seek financial protection for loss or damage to the home due to an insured event 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 resulting from an incident which happens at the insured address in connection with owning and living in the home or owning and renting the home to a tenant; and

Financial situation

- 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.
- Customers can adjust the premium to suit their circumstances by choosing from a range of excesses, amounts of cover, options and by choosing to pay annually or by instalments.

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 excesses, options, amounts of cover and payment options; 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;
 - in-store sales;
- 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"> • 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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