

Commercial Motor Vehicle Vertex Policy

Target Market Determination (TMD)



Product Disclosure Statement (PDS):	Commercial Motor Insurance Vertex Product Disclosure Statement V6606 - PDS prepared 28 March 2024 – Part 1; and Commercial Motor Vehicle Vertex Policy Wording COM20210310 – Part 2
Product:	Motor Fleet Insurance
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 general financial product advice in relation to the product.

2. 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.

2.1. What are the key attributes of this product?

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.

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

Customers have a choice of four levels of cover:

- Own Damage and Third Party Liability cover
- Fire, Theft and Third Party Liability cover
- Third Party Liability cover

The below table describes the key attributes of this Product.

Covers	Core cover:	Extensions
Own Damage and Third Party Liability cover	<ul style="list-style-type: none"> • cover for loss or damage to a Customer's vehicles during the period of insurance due to an event covered under the policy including hail, storm (including cyclone) fire, explosion, lightening, theft, attempted theft and collision • cover for Third Party Liability for property damage to another person's property arising from the use of the Customer's vehicles 	Included
Fire, Theft and Third Party Liability cover	<ul style="list-style-type: none"> • cover for loss or damage to a Customer's vehicles caused by fire, explosion, lightening, theft or attempted theft and cover for property damage to another person's property arising from the use of the Customer's vehicles 	Included
Third Party Liability cover	<ul style="list-style-type: none"> • cover for Third Party Liability for property damage to another person's property arising from the use of the Customer's vehicles 	Included

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

The product is designed for Customers that are owners, lessees or are otherwise responsible for the motor vehicle insurance of multiple motor vehicles, including but not limited to cars, sedans, 4WDs, utilities, vans, trucks, trailers, mobile plant and machinery.

The below table further describes the objectives, needs and financial situation of the target market for each policy section.

Objectives and needs	
Section 1 – Own Damage	<ul style="list-style-type: none"> require and seek protection for accidental loss or damage to the vehicles due to an accident, theft or any other event not excluded by this product; and require a flexible, manually underwritten insurance solution with a limited administrative burden.
Section 2 – Third Party Liability – Property Damage	<ul style="list-style-type: none"> require and seek legal liability cover which provides cover for liability to pay compensation for loss or damage to other people’s property arising from the use of the vehicles; and require a flexible, manually underwritten insurance solution with a limited administrative burden.
Section 3 – Third Party Liability – Personal Injury	<ul style="list-style-type: none"> require and seek legal liability cover which provides cover for liability to pay compensation arising from the death of or personal injury to any person caused by or in connection with the use of the vehicles; and require a flexible, manually underwritten insurance solution with a limited administrative burden.
Financial situation	
All covers	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).

2.3. 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 for all cover options.

Suitable for:	Not suitable for:
Customers that are, that are owners, lessees or are otherwise responsible for the motor vehicle insurance of multiple motor vehicles, including but not limited to cars, sedans, 4WDs, utilities, vans, trucks, trailers, mobile plant and machinery.	Customers who want cover for the following excluded vehicle uses: <ul style="list-style-type: none"> being used in underground excavation or underground mining; racing, contests, trials, tests, hill climbs or any similar activity or being used on a competition racetrack, circuit, course or arena; or carrying passengers for payment or reward unless a carpool, childcare arrangement or fare paying passenger bus.

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

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.

4. 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 17/08/2022.
- 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.

5. 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.

6. 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 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 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 underwriting questions) and quality assurance programs designed to ensure that the product is distributed to Customers within the target market.

7. 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

8. 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 complaintsNumber of complaintsProduct category	Distributors / Issuer	Quarterly
Claims data including: <ul style="list-style-type: none">Average claims costsClaims acceptance ratesClaims frequencyLoss ratios	Issuer	Quarterly
Annual Product Review outcomes	Issuer	Annually
Sales information including: <ul style="list-style-type: none">Strike ratesCancellation ratesException 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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