

Commercial Motor Vehicle Vertex Policy

Target Market Determination (TMD)



Product Disclosure Statement (PDS):	Commercial Motor Insurance Vertex Product Disclosure Statement V6606 - PDS prepared 01 April 2021 – Part 1; and Commercial Motor Vehicle Vertex Policy Wording COM20210310 – Part 2
Product:	Motor Fleet Insurance
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 Own Damage and Third Party Liability cover, Fire, Theft and Third Party Liability cover and Third Party Liability cover offered in the Commercial Motor Insurance Vertex Product Disclosure Statement – Part 1 and Commercial Motor Vehicle Vertex Policy Wording COM20210310 – Part 2 PDS and any Supplementary Product Disclosure Statement (SPDS) that we may issue.

3. What are the key attributes of this product?

Summary of Key Product Attributes	<p>Customers have a choice of three levels of cover:</p> <ul style="list-style-type: none"> • Own Damage and Third Party Liability cover • Fire, Theft and Third Party Liability cover • Third Party Liability cover <p>This product provides:</p> <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, lightning, theft, attempted theft and collision (note: none of this cover is applicable to vehicles insured under Third Party Liability cover and is restricted as shown below for vehicles insured under Fire, Theft and Third Party Liability cover); • cover for loss or damage to a Customer's vehicles caused by fire, explosion, lightning, theft or attempted theft and cover for property damage to another person's property arising from the use of the Customer's vehicles (note: this cover applies to vehicles insured under the Fire, Theft and Third Party Liability cover only); • cover for Third Party Liability for property damage to another person's property arising from the use of the Customer's vehicles (note: this cover is applicable to vehicles that are insured under Own Damage and Third Party Liability cover, Fire, Theft and Third Party Liability cover and Third Party Liability cover). <p>For full details of the covers available in this product, including the conditions and exclusions that apply, Vero staff should read the PDS which can be found on Sharepoint and Customers should read the PDS which can be obtained from an Australian based and appropriately licensed and authorised broker of Aon Risk Services Australia Limited.</p>
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4. What is the target market for this product?

This product is suitable for Customers who	<ul style="list-style-type: none">• are owners, lessees or are otherwise responsible for the motor vehicle insurance of multiple vehicles, including but not limited to cars, sedans, 4WDs, utilities, vans, trucks, trailers, mobile plant and machinery;• are engaged in occupations within our acceptable occupations list;• have appointed Aon (in Australia) as their broker for their motor fleet insurance policy;• have vehicles that meet our underwriting criteria including:<ul style="list-style-type: none">- are located within an acceptable geographic area;- match our list of acceptable makes and models;
This product is not suitable for Customers who	<ul style="list-style-type: none">• are not owners, lessees or otherwise responsible for the motor vehicle insurance of multiple vehicles, including but not limited to cars, sedans, 4WDs, utilities, vans, trucks, trailers, mobile plant and machinery;• are engaged in occupations that are unacceptable according to our occupation list;• have vehicles that don't meet our underwriting criteria including:<ul style="list-style-type: none">- are not located within an acceptable geographic area;- are unacceptable makes and models;- are used for activities such as taxi, ride-sharing, hire-car or carrying passengers for payment or reward.
Customer objectives and needs	<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;• require and seek Third Party Liability cover which provides cover for liability to pay compensation for loss or damage to other people's property caused by, through or in connection with the use of the vehicle(s); and• require a flexible, manually underwritten insurance solution with a limited administrative burden.
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 target market for the product covers those Customers who are eligible to receive cover; and
- 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.

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:

- First review period:
By 17/08/2022.
- Ongoing review periods:
At least every 2 years following the first review period.
- 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 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.

Business processes including reasonable platform controls (such as knockout 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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AAI Limited ABN 48 005 297 807 AFSL 230859 trading as Vero Insurance V11086 07/09/23 A