

Target Market Determination

Real Bike Insurance

This document is the Target Market Determination (**TMD**) for Real Bike Insurance (**Insurance**) distributed by Velosure Pty Ltd (**Velosure**) (ABN 81 151 706 697), (Authorised Representative No. 410026). Real Insurance is a trading name of Greenstone Financial Services Pty Limited (**GFS**) ABN 53 128 692 884 AFSL 343079. The issuer of the Insurance is The Hollard Insurance Company Pty Limited (**Hollard**) ABN 78 090 584 473, AFSL 241436 (together '**we**'). This TMD was prepared on 27th September 2021.

We take a consumer-centric approach to the design and distribution of insurance products to make sure that our products are suitable for the consumers who buy them.

Purpose of this document

The purpose of this TMD is to describe the class of customers for which the Insurance has been designed and to specify distribution conditions, which together ensure that the Insurance is likely to be consistent with the likely objectives, financial situation and needs of those consumers.

It's important to note that this TMD doesn't take anyone's personal circumstances into account. Even if you are a consumer in the target market, and we offer the Insurance to you, that doesn't necessarily mean that it is appropriate for your personal circumstances. No one knows your situation better than you, so before you make any decisions about the Insurance, you should read and consider the Product Disclosure Statement (**PDS**) which provides complete information about the Insurance, including coverage, exclusions, excesses, limitations, terms and your rights and obligations to decide if the Insurance is right for you.

Also, this TMD doesn't include all the factors we consider when we decide whether to issue a policy. For example, we have a set of underwriting criteria we use to assess whether a risk is of a type or level we wish to insure. These factors may change over time or in different circumstances. We apply these factors when we decide whether to offer, issue, renew or agree to vary a policy.

What insurance does Real Bike Insurance provide?

The Insurance is designed to provide insurance cover to private individuals for bicycles that are used for personal purposes in Australia and New Zealand.

The Insurance provides cover to manage the following risks arising from owning and using the insured bicycle (**Cycling Risks**):

- ✓ theft, while at home or away from home;
- ✓ damage to the bicycle as a result of a crash while riding;
- ✓ damage to the bicycle during transit.; and
- ✓ malicious damage to the bicycle.

There are two levels of cover available under the Insurance:

Real Bike Leisure Bike Insurance - which allows the customer to insure a bicycle with a value between \$350 and \$3,000 and provides cover against the Cycling Risks listed above.

Real Bike Sport Bike Insurance - which allows the customer to insure a bicycle with a value between \$1,000 and \$30,000 and provides cover against the Cycling Risks listed above as well as additional included covers and additional benefits as described in the PDS and noted on the insurance certificate. Customers can also request to extend the insurance under Real Bike Sport Bike Insurance to include cover for:

- ✓ custom parts and accessories;
- ✓ additional wheel sets; and
- ✓ bicycle travel cases.

What is the target market for the Insurance?

The target market for the Insurance is private individuals who:

- ✓ own a bicycle with a Sum Insured value between \$350 and \$30,000 which they use for private purposes; and
- ✓ require insurance to cover the Cycling Risks and may wish to extend their insurance to cover additional risks, including loss or damage to custom parts and accessories.

The Insurance is not designed for:

- individuals who use their bicycle(s) to earn income or provide services, including courier or other delivery services, such as food delivery services;
- professional cyclists who ride or race as their primary source of income;
- sponsored cyclists who receive support or assistance to engage in cycling, or have entered into a sponsorship agreement or are using a sponsored bicycle at the time of a loss event;
- commercial enterprises, including individuals and sole traders, that own and operate bicycles for purposes related to the business or for income generating purposes.

What key attributes help refine the target market?

The target market for each level of cover available under the Insurance can be refined by determining which customers are likely to obtain value from the additional covers included with Real Bike Sport Bike Insurance or from selecting one or more of the optional covers that may be added to Real Bike Sport Bike Insurance, taking into account the key attributes of those covers.

The Distribution Conditions for the Insurance have been designed to ensure that customers who are eligible to take up the Insurance are within the target market, as refined by these key attributes, which ensures that the Insurance is likely to be consistent with the likely objectives, financial situation and needs of those consumers.

The information below explains when and how each key attribute is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market. It is not intended to be a full description of each key attribute. Further information about each key attribute is set out in the PDS.

The target market for Real Bike Sport Bike Insurance includes customers who require insurance to manage one or more of the risks covered by the additional covers and/or the optional covers. Real Bike Sport Bike Insurance is likely to be consistent with the likely objectives, financial situation and needs of those customers.

Bicycle value and additional covers

Both levels of cover available under the Insurance automatically include cover for the Cycling Risks listed above. The value of the bicycle is a key attribute which assists to refine the target market for each level of cover.

- ✔ Customers with a bicycle valued at less than \$1,000 are in the target market for Real Bike Leisure Bike Insurance;
- ✔ Customers with a bicycle valued at more than \$3,000 are in the target market for Real Bike Sport Bike Insurance; and
- ✔ Customers with a bicycle valued from \$1,000 to \$3,000 may be in the target market for either level of cover, determined by their need for the additional or optional covers.

Customers with a bicycle valued from \$1,000 to \$3,000 will be in the target market for Real Bike Leisure Bike Insurance if they do not require cover for any of the Real Bike Sport Bike Insurance additional included covers, which are:

- Personal Accident Cover for non-Medicare medical expenses related to personal injury;
- Bicycle Rack Cover for events while the bicycle is on a motor vehicle bicycle rack;
- Road Hazard Cover for damage due to impacts with road hazards;
- Racing Cover for damage while racing; and
- World Wide Cover for events while travelling overseas.

Customers with a bicycle valued from \$1,000 to \$3,000 will be in the target market for Real Bike Sport Bike Insurance if they require cover for any of the Real Bike Sport Bike Insurance additional included covers listed above.

Customers with a bicycle valued from \$1,000 to \$3,000 will also be in the target market for Real Bike Sport Bike Insurance if they wish to add any of the Optional Covers only available with Real Bike Sport Bike Insurance.

Optional Covers

Customers can add any of the optional covers for payment of an extra amount of premium. The key attributes of each optional cover is to provide cover for the cost of additional items used by the customer in relation to their insured bicycle. Customers with a bicycle valued from \$1,000 to \$30,000 may wish to request optional cover for:

- ✔ custom parts and accessories;
- ✔ additional wheel sets; and
- ✔ bicycle travel cases.

Real Bike Sport Bike Insurance is likely to be consistent with the likely objectives, financial situation and needs of customers who wish to add any of these optional covers to their insurance cover.

Distribution conditions

New policies

The Insurance is distributed and administered by Velosure on behalf of Hollard, the insurer.

Before you purchase the Insurance, you will be asked a series of questions designed to confirm that you are eligible for the Insurance and any optional covers. Customers who are eligible will be in the target market if they also:

- ✓ meet our underwriting guidelines; and
- ✓ are able to pay the applicable premium we charge.

We have a range of supervision and monitoring procedures and contractual arrangements with Velosure to ensure that customers are asked these questions and that they are only offered the Insurance if they are likely to be in the target market for the type of cover and applicable key attributes.

Renewals

Before a policy expires, we will consider:

- the information you previously provided to us;
- updates to that information; and
- other potential changes.

Based on this information, we will consider whether it's likely that you are in the target market for your current type of cover and applicable key attributes and whether we will offer renewal. In making this assessment, we will have regard to the likely impact on customers of offering cover to customers who are not in the target market and of other various alternatives.

As part of the renewal process, we will contact you to confirm the information we have that is relevant to assessing whether you are in the target market and whether we will offer to renew your policy (or notify you that we will not renew). If we believe that you are not likely to be in the target market for your current type of cover, or if we decline to renew, we will explain this clearly and prominently.

If, having been sent our renewal communication, you contact us with any changes or instructions, accept the renewal offer and/or allow a renewal to proceed on the terms offered, we will take that into account in determining whether you are likely to be in the target market.

TMD Reviews

We will review this TMD regularly to make sure it remains appropriate. The first review will be within 12 months of the date it is prepared, and then within 3 years of completion of the previous review thereafter.

As well as our regular reviews, additional reviews may be triggered if we determine that there has been an event or circumstance that reasonably suggests that this TMD needs to change. This would be the case if it's no longer reasonable to conclude that:

- if the Insurance is issued to a customer in accordance with the distribution conditions, it would be likely that the customer is in the target market; or
- the Insurance is likely to be suitable for customers in the target market.

Review triggers could be identified from:

- changes to the Insurance terms;
- compliance incidents and internal audit findings;
- information received from and/or in relation to distributors (see below);
- changes to our underwriting guidelines, pricing, or reinsurance requirements; and
- feedback and policy from ASIC, AFCA, Code Governance Committee and/or other relevant bodies.

We take reasonable steps to monitor relevant information (including the information referenced above) and other metrics to assess if our TMD needs to be reviewed and reassessed.

Reporting obligations

The administrator of Real Bike Insurance is required to report the following information to Hollard at the following times:

Reportable matter	When
The number of policies sold or renewed that are not within the target market	As soon as practicable after becoming aware of the matter, and no later than 10 business days
The number of policies sold	On a monthly basis
Responses and response rates on client communications (including renewals)	On a monthly basis
Lapse rates and cancellation rates	On a monthly basis
Claim ratios	On a monthly basis
The number, nature and magnitude of paid, denied and withdrawn claims	On a monthly basis
The frequency and amount of excesses paid	On a monthly basis
Data on why claims have been withdrawn or denied	On a monthly basis
The Insurance is issued to a client in breach of the distribution conditions or outside of the target market	As soon as practicable after becoming aware of the matter, and no later than 10 business days
The nature and number of complaints received about the Insurance in the reporting period	On a monthly basis
If there are any significant dealings that are inconsistent with the TMD	As soon as practicable after becoming aware of the matter, and no later than 10 business days
Any compliance incident relating to the Insurance or its distribution	As soon as practicable after becoming aware of the matter, and no later than 10 business days