

Target Market Determination

Real Car Insurance

This document is the Target Market Determination (**TMD**) for Real Car Insurance (**Product**) issued by the insurer, The Hollard Insurance Company Pty Limited ABN 78 090 584 473, AFSL 241436. This TMD was prepared on 1 September 2021.

Purpose of this document

As an insurer, we want to make sure that our Product is likely to be suitable for the customers who buy it. The purpose of this TMD is to set out how we do this.

A product is **suitable** for customers if it would be reasonable for us to conclude that the product is likely to meet the likely objectives, financial situation and needs of those customers. This TMD describes the circumstances in which we believe the Product is likely to be suitable. Customers who fit those circumstances are collectively called our **target market**. The target market for this Product is set out in the text boxes throughout this TMD.

! It is important to note that this TMD does not take anyone's personal circumstances into account. Even if you fit the description of our target market, and we offer the Product to you, that does not necessarily mean that the Product is appropriate for you in your personal circumstances. No one knows your situation better than you, so before you make any decisions about the Product, you should read the [Product Disclosure Statement \(PDS\)](#) to understand the Product and decide if the Product is right for you.

Also, this TMD does not include all the factors we consider when we decide whether or not 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 the Product provide?

This Product is designed to provide insurance cover for private cars.

The Product offers three levels of cover to choose from:

- **Comprehensive** (including Pay As You Drive);
- Third Party Property, Fire & Theft (**TPFT**); and
- Third Party Property Damage (**TPPD**).

The table below provides a broad overview of the Product cover, it does not include every limitation. Before you make any decisions about the Product, you should read the [PDS](#). It provides complete information about the insurance, including coverage, exclusions, excesses, limitations, terms and your rights and obligations.

Insured events	Levels of cover		
	Comprehensive	Third Party Property, Fire & Theft	Third Party Property Damage
Accidental loss or damage to other peoples' property caused by your Car if the driver is at fault	Up to \$20 million	Up to \$20 million	Up to \$20 million
Cover for accidental loss or damage to your Car from:	✓	Up to \$10,000	✗
• theft or attempted theft	✓	Up to \$10,000	✗
• fire (including bushfire)	✓	✗	✗
• accidents, collisions, natural events and malicious damage by others	✓	✗	✗
Additional benefits as set out in the PDS	11	11	2

When we pay a claim, you normally pay an excess. The Product includes a number of different excesses that apply in various circumstances. If more than one excess applies to a claim, we add them together to work out the total excess payable.

One type of excess is called the basic excess. When you buy a policy, you can choose your basic excess from a range of options to suit your needs. A lower basic excess may save you money if you claim on the policy but would normally increase the premium you pay to buy the policy. A higher basic excess may reduce your premium but could cost you more if you have a claim.

What is the target market for the Product?

The overall target market for the Product is Private Car Owners. Each level of cover (and each cover option) also has its own target market within the overall target market.

In this TMD, a **Private Car Owner** lives in and is licensed to drive in Australia who owns a Car, or who leases a Car and is responsible for insuring the Car.

A **Car** means a passenger car, ute, or mini-van that:

- ✓ is legally registered in an Australian state or territory;
- ✓ is mainly used for private purposes;
- ✓ is not used:
 - to earn a fee or reward by hiring out, carrying passengers, delivering goods or giving driving lessons;
 - in motor sport; or
 - in motor trade tests, trials or demonstrations;
- ✓ is driven by people who are both licensed and legally permitted to drive in Australia;
- ✓ is driven by people who meet any age restriction shown in the Certificate of Insurance; and
- ✓ is kept in good repair and is reasonably protected from loss or damage.

What is the target market for each level of cover?

Comprehensive

Comprehensive cover is designed to cover accidental loss or damage to your Car regardless of who is at fault, and/or accidental loss or damage caused by your Car to other people's property if the driver of your Car is at fault.

It is common for accidents to occur where the customer is at fault, writes off their own Car and also damages another car. In these cases, a customer who had chosen TPFT or TPPD cover instead of Comprehensive cover would have to pay to replace their own Car, plus the excess on their claim to cover the damage to the other car. If they had Comprehensive cover instead, they would only have had to pay the excess – they are better off by an amount equal to the value of their Car. It is likely that the difference in premium between Comprehensive cover and TPPD cover is less than the value of the Car. Accordingly, we consider that all Private Car Owners are in the target market for Comprehensive cover.

The target market for Comprehensive cover is Private Car Owners.

For Private Car Owners in that target market:

- loan or finance terms often require comprehensive insurance for the Car; and/or
- if the Car is damaged or written off, as the Car owner, you will have to pay for the Car to be repaired or replaced and also pay off the loan or finance (sometimes immediately and in full).

The target market for Comprehensive cover also includes Private Car Owners whose Car is being used as security for a loan or other form of finance.

Third Party Property, Fire & Theft (TPFT)

TPFT does not cover your own Car for accidents, natural events (other than bushfire) or malicious damage. For example:

- if you crash into someone else's car, and it is your fault, TPFT will pay to repair the damage to their car, but not your Car; or
- if your Car is damaged in a natural event, TPFT does not provide any cover.

The target market for TPFT is Private Car Owners where:

- ✓ the Private Car Owner wants insurance to cover:
 - liability for loss or damage to other people's cars or property when the driver of their Car is at fault; and
 - loss or damage to their own Car caused by fire or theft; and
- ✓ the Private Car Owner does not want, may not get value from, or is not eligible for:
 - Comprehensive cover (for example, due to the age or value of the Car or the additional premium); and
 - TPPD cover (for example, due to the value of the Car or because TPPD does not offer the additional benefits available with TPFT); and
- ✓ the market value of the Car is:
 - more than the cost of the premium plus the expected total excess that will likely apply to a claim on the policy; and
 - less than or equal to \$10,000; and
- ✓ the Car is not being used as security for a loan or other form of finance. In this case, Comprehensive cover may be required. Refer to the section on Comprehensive cover in this TMD for more details.

Third Party Property Damage (TPPD)

TPPD does not cover your own Car. For example, if you crash into someone else's car, and it is your fault, TPPD will pay to repair the damage to their car, but not your Car.

The target market for TPPD is Private Car Owners where:

- ✓ the Private Car Owner wants insurance to cover liability for loss or damage to other people's cars or property when the driver of their Car is at fault; and
- ✓ the Private Car Owner does not want, may not get value from, or is ineligible for, Comprehensive cover and/or TPFT cover (for example, due to the age or value of the Car or the additional premium); and
- ✓ the Car is not being used as security for a loan or other form of finance. In this case, Comprehensive cover may be required. Refer to the section on Comprehensive cover in this TMD for more details.

What is the target market for the relevant cover options?

Age restriction

For Comprehensive, TPFT and TPPD cover, you can choose to exclude cover where the driver is under 25 years old. This will generally reduce the cost of the Product.

The target market for the driver age exclusion option is Private Car Owners who expect that their Car will not be driven by someone who is under 25.

Pay As You Drive

Pay As You Drive is an option designed to provide Comprehensive cover at a lower premium for Cars that are expected to be driven no more than 15,000 kms per year.

Your Certificate of Insurance includes an 'end odometer reading' (according to rules set out in the PDS). If at the time of a claim, the Car has travelled more than the end odometer reading (plus a grace distance of 250km), or the odometer is faulty or has been replaced without notifying us, an additional excess of \$1,000 applies on the claim.

The target market for Pay As You Drive is Private Car Owners in the target market for Comprehensive cover who expect to drive no more than 15,000 kms per year.

Hire car cover

Hire car cover is an optional cover available with Comprehensive or TPFT cover.

You get 'Hire car after theft' cover automatically with Comprehensive and TPFT cover. This cover applies if the Car is stolen. It contributes to the cost of hiring a replacement car until the stolen Car is recovered and repaired or replaced or we pay the claim for the theft. The cover pays up to \$50 per day for up to 14 days.

Hire car cover is an optional extra which helps pay for a hire car after other insured events such as fire, natural events and car accidents, and extends the hire car period covered for theft. It contributes to the cost of hiring a substitute car for use while your Car is being repaired or replaced after an insured event. The cover pays up to \$50 a day for up to the maximum period specified in the Certificate of Insurance. An additional premium is payable for this cover.

Hire car cover does not necessarily cover the full daily cost of hiring a similar car to your insured Car (for example, if your insured Car is a large car, a luxury car or a specialist car), and may not cover the full period that a hire car is needed if it is longer than the maximum number of days covered.

The target market for the optional Hire car cover is Private Car Owners who are in the target market for Comprehensive or TPFT cover (as applicable) and who are likely to want a hire car in the circumstances covered by the option.

Excess free windscreen cover

Excess free windscreen cover is an optional cover available with Comprehensive and TPFT cover.

If your front windscreen is damaged and it is the only damage claimed, Excess free windscreen cover means you do not need to pay the excess when you claim for that damage. You can only make one excess free claim per period of insurance (usually one year).

The target market for Excess free windscreen cover is Private Car Owners who are in the target market for Comprehensive or TPFT cover (as applicable), if the additional premium for the cover is less than the likely excess applicable to a claim for windscreen damage.

Roadside Assistance

Roadside Assistance is an optional emergency roadside assistance service that we can assist in setting up for you when you purchase Comprehensive, TPFT or TPPD cover. The optional service is not offered or provided by us – we just collect the fee for the service provider if you choose to purchase the service. The provider does not consider Roadside Assistance to be a financial product.

Distribution conditions

New policies

The Product is sold on our behalf by Real Insurance ("Real"), a trading name of Greenstone Financial Services Pty Ltd, via a digital or online quote-line, and through its call centres.

Before you purchase the Product, you will be asked a series of questions designed to help us decide:

- ✔ if you are in the target market for the Product and the relevant levels of cover and options;
- ✔ if you meet our underwriting guidelines; and
- ✔ what premium we should charge.

We have a range of supervision and monitoring procedures and contractual arrangements with Real to help make sure that customers purchasing the Product are asked these questions and that they are only offered Products if they are likely to be in the target market for the relevant levels of cover and options.

Renewals

Before a policy expires, we will consider:

- ✔ the information you previously provided to us;
- ✔ how long it has been since you provided or updated that information;
- ✔ likely changes in the market value of the Car; and
- ✔ other potential changes.

Based on this information, we will consider whether it is likely that you are in the target market for your current level of cover, whether we will offer renewal, and if so, whether we offer to renew at the same level of cover or a different level of cover. In making this determination, we will have regard to the likely impact on customers of offering cover to those who are not in the target market and of other various alternatives.

We will then contact you to confirm the information we have that is relevant to assessing whether you are in the target market, offer to renew your policy (or notify you that we will not renew), and ask you to contact us if there are any changes to your circumstances or if you have any questions. If we believe that you are not likely to be in the target market for your current level of cover, if we offer a different level of cover on renewal, or if we decline to renew, we will explain this clearly and prominently.

If, after 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 is no longer reasonable to conclude that:

- ✔ if the Product 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 Product is likely to be suitable for customers in the target market.

Review triggers could be identified from:

- ✔ changes to the Product terms;
- ✔ the number of policies sold or renewed that are not within the target market;
- ✔ the number of policies sold, including penetration rates;
- ✔ responses and response rates on customer communications (including renewals);
- ✔ customer testing and surveys;
- ✔ the nature and number of complaints and complaint trends;
- ✔ compliance incidents and internal audit findings;
- ✔ lapse rates and cancellation rates;
- ✔ Product claim ratios, including across optional covers and each coverage option;
- ✔ the number, nature and magnitude of paid, denied and withdrawn claims;
- ✔ the frequency and amount of excesses paid;
- ✔ data on why claims have been withdrawn or denied;
- ✔ information received from and/or in relation to distributors (see below);
- ✔ changes to our underwriting guidelines, pricing, and/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

Real is required to report the following information to us at the following times:

Reportable matter	When
The Product is issued in breach of the distribution conditions, or to a customer 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 Product 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 Product or its distribution.	As soon as practicable after becoming aware of the matter, and no later than 10 business days.