



# Target Market Determination

## Product: MECON Contractors Plant Insurance (Product)

Product Disclosure Statement: MECON Contractors Plant Insurance dated 15 September 2021, version: PDS1021

TMD Commencement Date: 5 October 2021

Issuer: AIG Australia Limited (AIG) ABN 93 004 727 753 AFSL No 381686

## What is a target market determination?

A Target Market Determination (TMD) is a determination that AIG has made that sets out:

- the class of customers that comprise AIG's target market for this Product, taking into consideration their likely needs, objectives, financial situation;
- any conditions and restrictions placed on retail product distribution conduct in relation to the Product;
- the events and circumstances that would reasonably suggest that the TMD is no longer appropriate;
- the review periods for the TMD; and
- the reporting obligations for the TMD.

This TMD does not provide any financial product advice on the Product and does not take into consideration the needs, objectives and financial situation of individual customers.

The terms and conditions of the Product are set out in the Product Disclosure Statement (PDS) which includes the policy wording. Insurance products and services are provided by AIG Australia Limited (ABN 93 004 727 753; AFSL 381686). This TMD does not form part of the insurance contract and is not a summary of the Product's terms and conditions. Customers should review the PDS before making any decision on whether to purchase this Product.

AIG will make this TMD available to any person, upon request, free of charge.

Terms used in this TMD, which are defined in the *Corporations Act*, have the same meaning as under that legislation.

## Application of this TMD

This TMD applies to customers who acquire the Product as retail clients only, namely when:

- the customer is an individual or a small business (a business which employs less than 100 people, if a manufacturing business, or otherwise 20 people); and
- that customer owns or leases motor vehicles that are designed to travel by road, are powered, carry passengers and have a carrying capacity of less than 2 tonnes (target motor vehicles).

This section of the TMD describes the class of retail client customers who comprise the target market for covering target motor vehicles under the Product.

It does not apply to other customers (wholesale clients) who may purchase the Product.

## 1. Target market

This section of the TMD describes the class of retail client customers who comprise the target market for the Product, taking into account their likely needs, objectives and financial situation.

Outlined below is a description of the Product, key eligibility criteria and key Product attributes that affect whether this Product is likely to meet the needs, objectives and financial situation of the target market.

The target market is retail client customers:

- who meet key eligibility criteria of the Product; and
- where the key Product attributes meet their likely needs, objectives and financial situation.

## Product Description & Key Attributes

The Product provides cover for owned, operated or leased motor vehicles where cover is combined with other risks under the Product.

Please refer to the PDS for full details of Product coverage including benefits.

## Key Eligibility Criteria

The table below provides a summary of the key eligibility criteria of this Product. This outlines the types of customers and types of motor vehicle that this Product is available for:

This cover is available to	This cover is not available to
<ul style="list-style-type: none"> <li>a customer who owns, operates or leases a road registered motor vehicle that is designed to travel by road, is powered, carry passengers and has a carrying capacity of less than 2 tonnes (target motor vehicles); and</li> <li>a customer who requires cover to be combined with cover for other non-target motor vehicles, plant and associated public liability and business interruption risks.</li> </ul>	<ul style="list-style-type: none"> <li>customers who need comprehensive motor vehicle insurance for target motor vehicles which is not combined with cover for non-target motor vehicles and/or construction plant;</li> <li>customers who need stand-alone road risk liability cover for target motor vehicles;</li> <li>customers who require cover for target motor vehicles located outside of Australia.</li> </ul>

## Needs and Objectives

This Product is likely to meet the needs and objectives of customers who require cover for owned, operated or leased motor vehicles where cover is combined with other risks under the Product. A summary of key Product features including what is covered and what is not covered is provided below:

Key Product Features	
What is covered	What is not covered
<ul style="list-style-type: none"> <li>sudden and accidental physical loss or damage to insured target motor vehicles;</li> <li>additional benefits including (as relevant to target motor vehicles) for expediting costs and accessories and tools, following sudden and accidental physical loss or damage to insured target motor vehicles;</li> <li>windscreen replacement;</li> <li>road risk liability cover which arises from the use of insured target motor vehicles;</li> <li>hire costs while the target motor vehicle is being repaired or replaced;</li> <li>finance payments while the target motor vehicle is being repaired or replaced;</li> <li>dangerous goods transport using a target vehicle</li> </ul>	<ul style="list-style-type: none"> <li>cover for loss, damage, liability or cost caused by an operator or employee of the customer who at the time of the incident was under the influence of any drug or intoxicating liquor;</li> <li>cover for loss, damage, liability or cost incurred as a result of the target motor vehicle being used for illegal purpose with the customer's knowledge and consent, or being used for a race, trial, test or contest, or carrying a number of passengers in excess of the number that the target motor vehicle was designed to carry;</li> <li>cover for the cost of repairing or replacing any part of the target motor vehicle made necessary by wear and tear or the normal working of that part, or mechanical, electrical or electronic breakdown of that part.</li> </ul>

These are the key attributes. Please refer to the PDS for full details of Product coverage including benefits. The benefits are subject to specified sums insured and the terms and conditions of the policy.

## Financial Situation

This Product is likely to meet the financial situation of retail clients who:

- require insurance coverage in line with the sums insured and policy limits available under the Product; and
- have the ability to pay premiums in accordance with the policy structure, chosen benefits, excess, fees and charges considering their financial circumstances and any vulnerabilities.

## Consistency between the Product and target market

This Product is likely to be consistent with the needs, objectives, financial situation of the customers in the target market because the Product provides cover to those customers who meet key eligibility criteria and require cover for the types of loss or damage that customers in the target market are seeking to insure against.

## 2. Distribution conditions

This section of the TMD describes the conditions and restrictions on retail Product distribution conduct that apply to customers who are retail clients. It does not apply to other customers (wholesale clients) who may purchase the Product.

The Product is distributed solely by MECON Insurance Pty Ltd (MECON) ABN 29 059 310 904 AFSL 253105 on AIG's behalf, via a network of insurance brokers.

The distribution conditions that apply to the sale of this Product do not apply to the extent that the insurance broker is arranging for a customer to acquire the Product for the purpose of implementing personal advice given to the customer.

MECON will only issue the Product to retail client customers that meet AIG's eligibility criteria, which aligns with the target market set out in section 1 above. It ensures that is the case by applying a consistent application process in relation to the Product, which supports the sale of the Product and any additional extensions to customers in the target market. Insurance brokers distributing the Product are required to submit customer applications using that process.

MECON also ensures that all insurance brokers it deals with in relation to the Product:

- have some experience providing construction insurance;
- have a general understanding of the likely needs, objectives, situation of the class of customers that fall within the target market; and
- have been provided with information in the relevant acceptance criteria for the Product.

AIG has a contract in place with MECON with appropriate terms for ensuring that MECON will only distribute the Product to customers that fall within the target market. For example, the contract allows AIG to monitor and carry out audits of sales. Likewise, MECON has appropriate contracts in place with insurance brokers regarding their obligations in relation to the Product.

### 3. Review period and triggers

AIG will review this TMD during the following periods to ensure that it remains appropriate:

<b>First review period</b>	Within one year from the TMD's commencement date.
<b>Ongoing review periods</b>	At least every two years after the completion of the first review period.

AIG will also review this TMD if there are events or circumstances that reasonably suggest that the TMD is no longer appropriate. The triggers for this review may arise from:

<b>Trigger</b>	<ul style="list-style-type: none"> <li>• a material change to the cover provided by the Product;</li> <li>• the discovery of a relevant and material deficiency in the Product's disclosure documentation;</li> <li>• a change in AIG's risk acceptance criteria or underwriting guidelines that may impact the suitability of the Product for the target market;</li> <li>• a material change to the distribution of the Product;</li> <li>• complaints or other feedback indicative of the Product no longer being suitable for the target market;</li> <li>• claims' denials or other issues indicative of the Product no longer being suitable for the target market;</li> <li>• material changes in Product performance metrics;</li> <li>• material change to the legislation;</li> <li>• issues arising from compliance monitoring, breaches or internal audit findings;</li> <li>or</li> <li>• concerns raised by a regulator, the Code Governance Committee or the Australian Financial Complaints Authority.</li> </ul>
----------------	---

## 4. Reporting obligations

MECON and the insurance brokers MECON deals with in relation to the Product are required to report the following information to AIG:

Event or circumstance	Person required to report	Reporting period
Any issue arising from the sale of the Product to retail client customers in breach of the distribution conditions or outside the target market.	MECON and insurance brokers.	As soon as practicable after becoming aware of the matter, and within 10 business days.
Any significant dealings that are not consistent with this TMD.	MECON and insurance brokers.	As soon as practicable after becoming aware of the matter and within 10 business days.
The number and detail of complaints received about the Product.	MECON and insurance brokers.	Referral of Product related complaints within 24 hours. Period reporting within 10 business days after the end of each calendar quarter (31 March, 30 June, 30 September and 31 December).
Regular and incident-based reporting on key sales and Product performance metrics (under 'Review period and trigger' above).	MECON	Within 10 business days after the end of each calendar quarter (31 March, 30 June, 30 September and 31 December) or upon the occurrence of an incident.
Any actual or likely compliance breach relating to sale of the Product or to distribution requirements under the PDDO.	MECON and insurance brokers.	As soon as practicable after becoming aware of the matter, and in any event within 10 business days of the compliance breach being identified.