



# Target Market Determination

**Product: QUS Strata Select (Product)**

**Product Disclosure Statement:** Prepared on 7 September 2021 Ref. No. CCQUS SS1021

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 objectives, financial situation and needs;
- 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 objectives, financial situation and needs 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).

This section of the TMD describes the class of retail client customers who comprise the target market for QUS Strata Select Insurance (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 strata title properties.

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 that this Product is available for:

This cover is available to	This cover is NOT available to
<ul style="list-style-type: none"> <li>owner(s) of buildings, common contents and common areas incorporated under the Strata Titles Act or Community Titles Act or Strata Schemes Management Act or similar legislation applying in Australian States and Territories; and</li> <li>the property is located within Australia.</li> </ul>	<ul style="list-style-type: none"> <li>customers who have properties that are not incorporated under the Strata Titles Act or Community Titles Act or Strata Schemes Management Act or similar legislation applying in Australian States and Territories;</li> <li>properties located in northern Australia; or</li> <li>properties located outside of Australia.</li> </ul>

## Needs and Objectives

This product is likely to meet the needs and objectives of retail client customers who have a need or legal obligation to insure a strata title property.

A summary is provided below of the key Product features including what is covered and what is not covered. This is not an exhaustive list, please refer to the PDS for full details of Product coverage including benefits.

### Key Product Features

#### What is covered

##### Property insured

- cover for accidental loss or damage to Buildings, Common Areas and Common Contents at the Situation.

##### Property owners legal liability

- cover for compensation if the insured becomes legally liable to pay for Personal Injury or Property Damage as outlined in the Product.

##### Machinery breakdown

- cover for electrical, electronic and mechanical machinery, boilers and pressure vessels and other plant.

##### Fidelity guarantee

- optional cover for fraudulent misappropriation of funds set aside for the purpose of management of the Body Corporate.

##### Voluntary workers personal accident

- optional cover for Voluntary Workers who suffer bodily injury as a result of violent, accidental, external and visible means while they are engaged in unpaid work for the insured.

##### Office bearer's liability

- optional cover for the legal liability of Office Bearers for any Wrongful Act they commit.

#### What is not covered:

- No cover is provided for loss or damage caused by non-rectification of insured property defects that the customer is aware of or should reasonably be aware of.
- No cover is provided for damage caused by or arising from wear and tear, faulty materials or faulty workmanship.
- No cover is provided for damage arising from error or omission in design, plan or specification or failure of design.
- No automatic coverage is provided for flood.
- No cover is provided for lot owners contents.

## Key Product Features - continued

### What is covered

#### Legal expenses

- optional cover for Legal Expenses in defence of workplace occupational health and other specified disputes.

#### Audit expenses

- optional cover for the fees of a Professional Adviser in relation to an Audit of Your Business by the Australian Taxation Office or any other Government agency.

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, sub limits and the terms and conditions of the policy.

## Financial Situation

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

- require insurance coverage in line with the sums insured and policy limits available under the Product.
- 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 they may experience.

## Consistency between the Product and target market

This Product is likely to be consistent with the objectives, financial situation and needs of retail client customers in the target market, because the Product provides cover to that class of customers who meet key eligibility criteria, and they require cover for the types of loss or damage that those 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 QUS Pty Ltd ABN 92 122 665 310 AFSL 321877 on AIG's behalf, via a network of licensed 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.

QUS Pty Ltd 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.

QUS Pty Ltd also ensures that all brokerages it deals with in relation to the Product, have a general understanding of:

- strata insurance and the likely objectives, situation and needs of the class of customers that fall within the target market.
- have been provided details of the relevant acceptance criteria for the Product.

AIG has a contract in place with QUS Pty Ltd with appropriate terms for ensuring that QUS Pty Ltd 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, QUS Pty Ltd has appropriate Terms of Trade 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:

**Trigger**

- a material change to the cover provided by the Product,
- the discovery of a relevant and material deficiency in the Product's disclosure documentation,
- a change in AIG's risk acceptance criteria or underwriting guidelines that may impact the suitability of the Product for the target market,
- a material change to the distribution of the Product,
- complaints or other feedback indicative of the Product no longer being suitable for the target market,
- claims denials or other issues indicative of the Product no longer being suitable for the target market,
- material decreases in sales and Product performance metrics,
- a material change to the legislation,
- issues arising from compliance monitoring, breaches or internal audit findings,  
or
- concerns raised by a regulator, the Code Governance Committee or AFCA.

## 4. Reporting obligations

QUS Pty Ltd and the insurance brokers QUS Pty Ltd 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.	QUS Pty Ltd 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.	QUS Pty Ltd 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.	QUS Pty Ltd and insurance brokers.	Referral of Product related complaints within 24 hours. Periodic 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 product performance metrics (under 'Review period and trigger' above).	QUS Pty Ltd and insurance brokers.	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.	QUS Pty Ltd 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.