

Target Market Determination (TMD) for Hollard Personal Insurance – Landlord Building and Contents Insurance

This document is the Target Market Determination (**TMD**) for Hollard Personal Insurance Landlord Building and Contents Insurance (**Product Range**) issued by the insurer, The Hollard Insurance Company Pty Limited ABN 78 090 584 473, AFSL 241436. This TMD was prepared on 1 October 2021. The Product Range consists of two **Products**, each with its own Product Disclosure Statement (PDS):

- **the Landlord Listed Events Product; and**
- **the Landlord Accidental Damage Product.**

Purpose of this document

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

A product is **suitable** for clients 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 clients. This TMD describes the circumstances in which we believe the Product is likely to be suitable. Clients who fit those circumstances are collectively called our **target market**. The target market for these Products 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 a 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 relevant [PDS](#) and talk to your broker to decide if the Product is right for you.

Also, this TMD does not 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 the Product provide?

Types of property covered

The Product Range is designed to provide cover for a residential property that you own and rent out under:

- a residential lease of at least three months duration; or
- for short term tenancies arranged through a professional agent or an intermediary like Airbnb or Stayz.

No cover is provided for rent or tenant-related claims:

- for short term rentals not arranged through a professional agent or intermediary, or
- where the property is available to be let to more than three unrelated groups of people at a time.

No cover is provided for other types of rental properties.

Types of cover provided

Each Product provides up to six types of cover to choose from:

- Building cover – if the Rental Property is not a strata property; and/or
- Contents cover – if you own contents at the Rental Property that you provide for your tenants to use (including carpets, curtains and blinds);

- Loss of Rent – if you want cover for loss of rent if an insured event occurs;
- Theft by tenant – if you want to cover items at your Rental Property against theft by your tenants;
- Rent Default – if you want cover for loss of rent as a result of your tenants failing to pay rent (not available for short term tenancies or unwritten rental agreements); and/or
- Liability cover – to cover up to \$20 million in legal liability arising from your ownership of the insured property.

Differences between the products

The two Products differ in the level of cover provided. The Landlord Accidental Damage Product provides more cover than the Landlord Listed Events Product, but you will usually pay a higher premium. It covers all the events and benefits that the Landlord Listed Events Product covers, plus:

- accidental damage; and
- additional benefits and some increased sub-limits (which means you may get more on some claims).

Your sum insured

Building cover, Contents cover and Loss of Rent cover are each subject to a maximum sum insured. These are agreed when you purchase the product and are shown in your policy schedule.

When you apply for a Product, it is important that you accurately estimate the replacement value of your Building and/or Contents. Many people do not have enough insurance cover. If you are under-insured, you will have to cover any shortfall yourself.

Make sure you include everything that you need to be insured. For example:

- for Building cover, consider the full cost of reconstruction of your Buildings, including the cost of any structural improvements such as carports, fences and pools, as well as the cost of any demolition work, removal of debris and any architectural or council fees. The cost of land is not, however, included in determining your sum insured.
- for Contents cover, consider the full replacement of all your Contents that are provided specifically for your tenant's use, including but not limited to:
 - household goods, furniture, furnishings and portable domestic appliances that are not built in; and
 - carpets, curtains and internal blinds.

Underinsurance is a significant issue. It is important to bear in mind that we do not know your home and Contents like you do, and that Building costs and Contents values can vary greatly depending on the home or item, its age and condition, and many other factors.

We strongly recommend you use a Building calculator to estimate your replacement value. You can contact your broker for more information and access to a Building calculator.

For Loss of Rent cover, the sum insured represents the annual rent from your Rental Property, and is used to set the maximum payable for a claim for loss of rent.

Your Excess

An excess is your contribution towards the cost of a claim. In most instances you can select, at the time of your enquiry or application for insurance, the amount of this excess. A higher excess will normally reduce the amount of the premium you will have to pay.

In some cases, additional excesses apply. Both Products have the same additional excesses. Refer to the PDS for details.

There is no excess applicable for claims under Legal Liability cover.

Cover terms

Cover is subject to the terms, limitations, exclusions and excesses set out in the PDS, available from your broker or by visiting www.hollardinsurance.com.au. The PDS provides complete information about the insurance, including coverage, exclusions, excesses, limitations, terms and your rights and obligations. Before you make any decisions about the Product, please ensure you read the PDS and consult your broker.

What is the target market for the Product?

The overall target market for each Product is Landlords. Each cover option also has its own target market within the overall target market.

In this TMD, a **Landlord** is someone who owns a Rental Property.

A **Rental Property** is a residential rental property that:

- is tenanted or expected to be tenanted under:
 - a residential lease of at least three months duration; or
 - for short term tenancies arranged through a professional agent or an intermediary like Airbnb or Stayz;
- is kept in good repair and is reasonably protected from loss or damage;
- complies with local government and statutory requirements; and
- is used primarily for domestic purposes,

other than a property that:

- is (or is part of) a hotel, resort, serviced apartment complex, caravan park or holiday park;
- contains more than one separately rentable space that is usually available for rent for terms of less than three months;
- is allowed to be sub-let by the tenants;
- is allowed to be shared by more than three separate unrelated tenants (or groups of tenants) at a time;
- is under construction or major repair or alteration; or
- is likely to be unoccupied for more than 90 days at a time (or 100 days for the Landlord Accidental Damage Product).

The target market for Building cover is Landlords who:

- own a Rental Property that is not a strata title, community title or company title property;
- have estimated the cost of replacement of the Buildings, fixtures and structural improvements; and
- having regard to the terms and conditions of the Product chosen by the Landlord, are comfortable that the Product provides adequate cover for the buildings at the Rental Property that is likely to help reduce the Landlord's net financial loss in the event of a claim to a level they consider they would be able to manage.

The target market for Contents cover is Landlords who:

- own Contents provided specifically for the use of the tenants at the Rental Property (including carpets, curtains and blinds);
- have estimated the cost of replacement of those Contents; and
- having regard to the terms and conditions of the Product chosen by the Landlord, are comfortable that the Product provides adequate cover for those Contents that is likely to help reduce the Landlord's net financial loss in the event of a claim to a level they consider they would be able to manage.

Note that the Buildings Cover in the Landlord Accidental Damage Product includes \$10,000 of Contents cover.

What is the target market for the relevant cover options?

Loss of Rent

Loss of Rent cover is an optional cover available for an additional premium.

It covers the loss of rent during the period that the Building cannot be reasonably tenanted following damage or loss caused by an insured event covered by your chosen Product. The most we will pay is:

Landlord Listed Events Product	Landlord Accidental Damage Product
Up to 12 month's rent, up to a maximum of the Loss of Rent sum insured shown on your Policy Schedule.	Up to 24 month's rent, up to a maximum of double the Loss of Rent sum insured shown on your Policy Schedule.

For covered short term rentals, an amount equal to 5 days rent will be deducted from any payable claim.

Cover is subject to the full terms and conditions set out in the relevant PDS.

The target market for Loss of Rent cover is Landlords who are receiving rent or expect to receive rent from tenants at their Rental Property.

Rent Default

Rent Default cover is an optional cover available for an additional premium.

It covers the loss of rent when a tenant does not pay rent that is owed to you under the terms of a written rental agreement of at least three months duration (or a tenant who is holding over after such a rental agreement) as a result of the following events:

- your tenant leaves your Building before the end of the rental period without valid notice of termination;
- your tenant stops paying rent owing under the rental agreement;
- your tenant is legally evicted from your Building; or
- your tenant has been issued a notice to leave by you or your agent.

We will only pay a claim when you have taken all reasonable steps legally available under the relevant tenancy legislation to remedy non-payment and evict the tenant. Your claim for Rent Default ceases when the Rental Agreement could reasonably have been legally terminated by you or when the property becomes tenantable (as defined in the PDS).

We will not pay if your tenant leaves and you have failed to rectify a Notice of Remedy breach issued by the tenant to you.

The most we will pay is:

Landlord Listed Events Product	Landlord Accidental Damage Product
<p>Up to \$8,000 for rent.</p> <p>Up to \$2,000 for reasonable legal expenses.</p> <p>In the case where a Notice to Leave has been issued, we will pay 2 weeks rent from the date the tenant vacates the Building.</p> <p>Cover also includes up to 6 weeks rent after the death of a sole tenant or when the rental agreement is legally terminated by a tribunal or relevant authority due to tenant hardship.</p>	<p>Up to \$12,000 for rent.</p> <p>Up to \$5,000 for reasonable legal expenses.</p> <p>In the case where a Notice to Leave has been issued, we will pay 2 weeks rent from the date the tenant vacates the Building.</p> <p>Cover also includes up to 6 weeks rent after the death of a sole tenant or when the rental agreement is legally terminated by a tribunal or relevant authority due to tenant hardship.</p> <p>If we have accepted a claim under this policy caused by a tenant leaving the location, we will also pay up to \$500 during any one period of insurance for re-letting expenses that exceed the tenant's Bond Money.</p>

Cover is subject to the full terms and conditions set out in the relevant PDS.

The target market for Rent Default cover is Landlords who are receiving rent from tenants:

- living at the Rental Property under a written rental agreement of at least three months duration; or
- holding over after such a rental agreement.

Rent default cover is not suitable for Landlords who want to cover loss of rent from short term rentals.

Theft by a Tenant

Theft by a Tenant cover is an optional cover available for an additional premium.

Unless you choose this option, theft by a tenant (including their immediate family and anyone living or staying at the property, as well as their visitors or their visitor's children) is not covered by the Product.

If you take this option, it will cover your insured Buildings and/or insured Contents, up to the relevant sum insured, less applicable Excess.

We also pay:

Landlord Listed Events Product	Landlord Accidental Damage Product
<p>Up to \$2,000 for reasonable legal expenses.</p>	<p>Up to \$5,000 for reasonable legal expenses.</p> <p>If we have accepted a claim under this policy caused by a tenant leaving the location, we will also pay up to \$500 during any one period of insurance for re-letting expenses that exceed the tenant's Bond Money.</p>

Cover is subject to the full terms and conditions set out in the relevant PDS.

The target market for Theft by a Tenant cover is Landlords who have Building and/or Contents items at their Rental Property that they wish to cover against theft by tenants.

Distribution conditions

New policies

The Product is sold through Steadfast brokers via digital communication, in-person or over the phone.

We provide Product guidelines and training materials to, and have contractual arrangements with, Steadfast brokers that help ensure that brokers consider and ask clients for the information necessary to assess whether the client is likely to be in the target market for the relevant Product, levels of cover and options.

Before you purchase the Product, your broker will ask you a series of questions designed to help both your broker and us each decide:

- if you are likely to be 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.

Renewals

Before a policy expires, we will consider:

- the information previously provided to us;
- how long it has been since that information was provided or updated; 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 clients of offering cover to clients who are not in the target market and of other various alternatives.

Your broker will then contact you to confirm the information we have that is relevant to assessing whether you are in the target market, request any additional information they or we require to confirm that you are likely to be in the target market, communicate our offer to renew your policy (or notify you that we will not renew) and ask you to contact them if there are any changes or if you have any questions. Your broker will advise us of any changes to your circumstances or of any additional information we may require that we are not currently aware of, and we will assess whether those changes or that information have an impact on our offer to renew your policy. If we believe that you are not likely to be in the target market for your current level of cover, we may offer a different level of cover on renewal, or we may decline to renew. Your broker will explain this clearly and prominently.

If, after having been sent our renewal offer, you contact your broker 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 client in accordance with the distribution conditions, it would be likely that the client is in the target market; or
- the Product is likely to be suitable for clients 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 client communications (including renewals);
- client 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, 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

Steadfast brokers are required to report the following information to us at the following times:

Reportable matter	When
The Product 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 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.