



Target Market Determination for Club 4X4 Comprehensive 4x4 Insurance

Prepared 1st July 2022

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This document is the Target Market Determination (TMD) for Club 4X4 Comprehensive 4x4 Insurance (Insurance) distributed by Club 4X4 Pty Limited (Club 4X4) ABN 41 606 776 274 AR No. 1235616, authorised representative of Lifestyle Insurance Group Pty Ltd ABN 48 057 816 172, Australian Financial Services Licence (AFSL) No. 246937 (Lifestyle Insurance Group). The issuer is The Hollard Insurance Company Pty Limited (Hollard) ABN 78 090 584 473, AFSL 241436 (together 'we'). This TMD was prepared on 1st July 2022.

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 Club 4X4 Comprehensive 4x4 Insurance provide?

The Insurance is designed to provide insurance cover to private individuals for motor vehicles that are used for personal purposes and are intended to be used off sealed roads, including remote locations where the motor vehicle is legally permitted to be used and any applicable consents have been obtained.

The Insurance provides cover to manage the following risks arising from the use of the insured motor vehicle:

- Loss or damage to the motor vehicle;
- Legal liability for damage caused to other people's property.

There is one main type of cover available under the Insurance:

Comprehensive Cover, which provides:

- cover against loss or damage to the motor vehicle arising from accident, collision, theft, fire, storm, or malicious damage; and
- additional benefits, as described in the PDS; and
- optional benefits which can be added (additional premium is payable); and
- cover against legal liability for damage caused to other people's property arising from the use of the motor vehicle.

What is the target market for Club 4X4 Comprehensive 4x4 Insurance?

The target market for the Insurance is private individuals who:

- ✓ own a motor vehicle designed for use off sealed roads which they use for private purposes; and
- ✓ intend to use their motor vehicle off sealed roads; and
- ✓ require insurance to cover:
 - loss or damage to the motor vehicle; or
 - legal liability for damage caused to other people's property.

The Insurance is not designed for:

- private individuals who intend to never use their motor vehicle off sealed roads
- private individuals who use their vehicle(s) to earn income or provide services, including ride share or other personal transport and delivery services, such as Uber Eats.
- commercial enterprises that operate motor vehicles primarily intended to transport individuals, rather than goods, such as taxis.
- commercial enterprises that own and operate motor vehicles for purposes related to the business or for income generating purposes, including motor vehicles that are used as tools of trade, such as excavators or other special use vehicles.

What key attributes help refine the target market?

The target market for each type of cover available under the Insurance can be refined by determining which customers are likely to obtain value from the included additional benefits or from selecting one or more of the optional benefits, taking into account the key attributes of those benefits.

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 Comprehensive 4x4 Insurance includes customers who require insurance to manage one or more of the risks covered by the optional covers. Comprehensive 4x4 Insurance is likely to be consistent with the likely objectives, financial situation and needs of those customers.

Off-Road Recovery and Towing

Comprehensive 4x4 Insurance automatically includes additional benefits to

- recover the motor vehicle whilst off-road, including due to mechanical failure or becoming stuck or bogged;
- tow the motor vehicle to the nearest repairer or town, or to a place where it can safely continue to travel under its own power (if the vehicle is not damaged and still drivable).

The key attributes of these additional benefits is to provide up to \$1,500 cover against the risk of the vehicle becoming immobile while being used off road. These additional benefits are likely to be consistent with the likely objectives, financial situation and needs of customers who are likely to use their motor vehicle off road for private purposes.

Insurance for Modifications and Accessories

Comprehensive 4x4 Insurance allows customers to stipulate the value of modifications and accessories fitted to the motor vehicle.

The key attribute of this additional benefit is to provide cover against loss or damage to modifications and accessories as a result of an event which is covered by the policy. This additional benefit is likely to be consistent with the likely objectives, financial situation and needs of customers who have modified or added accessories to the motor vehicle they are likely to use off road.

Optional Vehicle Hire Insurance

Customers can add this optional benefit for payment of an extra amount of premium. The key attribute of this optional benefit is to provide cover for the cost of hiring a similar vehicle for up to 14 days if the motor vehicle is unable to be driven due to an event which is covered by the policy

This optional benefit is likely to be consistent with the likely objectives, financial situation and needs of customers who use the motor vehicle regularly and would require a replacement vehicle if their vehicle is off the road.

Additional Off-Road Recovery and Towing

Customers can add this optional benefit for payment of an extra amount of premium. The key attribute of this optional benefit is increased cover for the cost of off-road recovery and towing above the automatically included \$1,500 benefit.

This optional benefit is likely to be consistent with the likely objectives, financial situation and needs of customers who may use their motor vehicle in remote off road locations where the automatically included benefit may not fully cover the cost of recovery and towing.

Distribution conditions

New policies

The Insurance is distributed by Club 4X4 as the Authorised Representative of Lifestyle Insurance Group, acting as agent 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 Club 4X4 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;
- likely changes in the value of the motor vehicles; 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

Club 4X4 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
Product 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 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



Insurance for 4X4 enthusiasts

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Further information is available on our website: www.club4x4.com.au