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Target Market Determination (TMD)

for Stack On Home Insurance





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

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Purpose of this document

As an insurer, Hollard wants to ensure that the Product is likely to be suitable for the customers who buy it. The purpose of this TMD is to set out how Hollard does this.

A product is **suitable** for customers if it would be reasonable for Hollard 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 Hollard believes the Product is likely to be suitable. Customers who fit those circumstances are collectively referred to as Hollard's 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 Hollard's target market, and the Product is offered 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 that are considered when deciding whether to issue a policy. For example, Hollard has a set of underwriting criteria that is used to assess whether a risk is of a type or level that Hollard wishes to insure. These factors may change over time or in different circumstances. These factors are applied when deciding whether to offer, issue, renew or agree to vary a policy.

What insurance does the Product provide?

The Product is designed to provide building and/or contents insurance for the home you live in.

The Product provides two types of cover (building cover and contents cover) and two levels of cover (Basic and Comprehensive).

The table below provides a broad overview of the Product cover. 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	Building cover	Contents cover
<p>Basic cover</p> <p>Covers the following insured events:</p> <ul style="list-style-type: none"> • Fire and Explosion • Malicious Damage, • Theft; • Storm, rainwater and flood; • Accidental glass breakage; • Lightning; 	<p>Covers a home building you own and occupy against loss or damage from insured events. It pays for your buildings to be repaired or replaced, up to the sum insured.</p> <p>Home building includes fixtures, secured outbuildings (such as your garage) and other domestic structural improvements on your site.</p> <p>Home building excludes:</p> <ul style="list-style-type: none"> • buildings under construction • temporary or mobile structures, vehicles, caravans and trailers; 	<p>Covers household goods or personal belongings that you own or are legally responsible for that are usually kept in or at the home that you live in.</p> <p>Contents excludes:</p> <ul style="list-style-type: none"> • gas and electrical appliances, light fittings and alarm systems that are permanently connected to the gas or electricity supply, or underbench dishwashers; • trees, shrubs, hedges or other plant life including lawns and landscaping or artificial grass, other than plants kept in pots and tubs;

(Continued)

Insured events	Building cover	Contents cover
<ul style="list-style-type: none">• Earthquake, tsunami and volcanic eruption;• Riot, civil commotion or industrial unrest;• Impact;• Escape of liquid. <p>Basic cover also offers a number of additional benefits and options, as set out in the PDS.</p> <p>Comprehensive cover</p> <p>Covers the same insured events as Basic cover; plus:</p> <ul style="list-style-type: none">• Accidental damage, as described in the PDS. <p>Comprehensive cover also offers a number of additional benefits and options, as set out in the PDS. In some cases, coverage limits are higher than for Basic cover.</p>	<ul style="list-style-type: none">• carpets, carpet tiles, floating floors, floor rugs, internal blinds or curtains (these are contents);• above-ground swimming pools or portable spas;• items within the home that are not fixed;• any wharf, jetty or pontoon;• landscaping; and• other exclusions in the PDS.	<ul style="list-style-type: none">• tools of trade, stock in trade or items used in connection with a business other than the additional benefit for contents in your home office;• unset precious and semi-precious stones;• gold and/or silver bullions;• negotiable instruments and other documents that can be cashed (including coupons and gift cards);• animals, birds or fish;• motorised vehicles (other than lawnmowers, wheelchairs, skateboards, electric supported bikes), go-carts, motorcycles, mini-bikes, caravans and trailers, or any of the parts or accessories for these vehicles including GPS units designed for use in vehicles• non-motorised watercraft greater than 3 metres, motorised watercraft, aircraft and hang gliders or their parts and accessories; and• other exclusions in the PDS.

Legal liability up to \$20 million		
Insured events	Building cover	Contents cover
Cover is subject to the exclusions in the PDS.	Legal liability to pay compensation as a result of an accident caused by your negligence, that arises from your occupancy and/or ownership of your home and its land.	Legal liability to pay compensation as a result of an accident caused by your negligence that occurs within Australia unless it arises from ownership or occupancy of another site.

When you apply for the 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 home, 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, including your furniture, clothes, linen and personal valuables such as jewellery.

We strongly recommend you use a home building calculator. An example can be found at <https://understandinsurance.com.au/calculator/building-calculator>.

Underinsurance of homes is a significant issue. It is important to bear in mind that Open 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.

You should spend time assessing your needs as Hollard and Open cannot advise you on the amount of cover you should insure for.

When a claim is payable, 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, they are added 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 target market for building cover is customers who:

- own and occupy a home (other than home owned under a strata title, community or company title) that:
 - is not under construction or major repair or alteration;
 - is kept in good repair and is reasonably protected from loss or damage;
 - complies with local government and statutory requirements;
 - is used primarily for residential purposes;
 - is not likely to be unoccupied for more than 100 days;
- have estimated the cost of replacement of the home buildings, fixtures and structural improvements;
- are comfortable that the Product appropriately balances or satisfies their need for affordable cover and want cover that is likely to help reduce their 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 customers who:

- own contents in their home (which could include a person who:
 - owns their home;
 - occupies their home as a tenant, or
 - owns their home under strata titles, community title or company title); and
- have estimated the cost of replacement of those contents;
- are comfortable that the Product appropriately balances or satisfies their need for affordable cover and cover that is likely to help reduce their net financial loss in the event of a claim to a level they consider they would be able to manage.

The target market for Comprehensive level cover is customers who want cover for accidental damage and the higher limits and other additional benefits that come with Comprehensive cover, as described in the PDS.

The target market for Basic level cover is customers who do not want cover for accidental damage and the higher limits and other additional benefits that come with Comprehensive cover.

What is the target market for the relevant cover options?

Portable Valuables

Portable Valuables cover is an optional cover available for an additional premium with contents cover.

It covers most types of accidental loss or damage to eligible contents items (as listed and not excluded in the PDS or your Certificate of Insurance) if it occurs anywhere in Australia.

You can specify the eligible items and their value, and if Open agrees to insure those items at those values, they are individually itemised on your Certificate of Insurance. A \$100 excess applies to this additional cover.

The target market for Portable Valuables cover is customers in the target market for contents cover who own eligible contents items worth no more than the limit specified for that item in the Certificate of Insurance, where those contents may be taken out of their home to other parts of Australia.

Distribution conditions

Hollard has a range of supervision and monitoring procedures and contractual arrangements with Open to help ensure that customers purchasing and renewing the Product are only offered Products if they are likely to be in the target market for the relevant levels of cover and options.

New policies

The Product is sold through Open 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 Open decide:

- if you are in the target market for the Product and the relevant levels of cover and options;
- if you meet Hollard's underwriting guidelines; and
- what premium you should be charged.

Renewals

Before a policy expires, Open will consider:

- the information you previously provided to Open;
- how long it has been since you provided or updated that information;
- other potential changes.

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

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

If, having been sent the renewal communication, you contact Open with any changes or instructions, accept the renewal offer and/or allow a renewal to proceed on the terms offered, this will be taken into account in determining whether you are likely to be in the target market.

TMD Reviews

Hollard 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 Hollard's regular reviews, additional reviews may be triggered if Hollard determines 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;
- compliance incidents and internal audit findings;
- information received from and/or in relation to distributors (see below);
- changes to Hollard's underwriting guidelines, pricing, or reinsurance requirements; and
- feedback and policy from ASIC, AFCA, Code Governance Committee and/or other relevant bodies.

Hollard takes 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

Open 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, including penetration rates.	On an annual basis.
Responses and response rates on customer communications (including renewals).	On an annual basis.
Customer testing and surveys.	On an annual basis.
Lapse rates and cancellation rates.	On an annual basis.
Product claim ratios.	On an annual basis.
The number, nature and magnitude of paid, denied and withdrawn claims.	On an annual basis.
Data on why claims have been withdrawn or denied.	On an annual basis.
The Product is issued to a customer 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.