

RACT Home, Contents and Portable Items Insurance

Target Market Determination

This Target Market Determination (TMD) relates to:

- RACT Home, Contents and Portable Items Insurance Product Disclosure Statement (**PDS**) dated 1 September 2021 and any Supplementary PDSs relating to that product (**Product**).

It has been prepared by RACT Insurance Pty Ltd ABN 96 068 167 804 AFS Licence No 229076 (**RACT Insurance**) and applies to the Product effective from 20 February 2024.

The purpose of this TMD is to set out the class of customers the Product has been designed for, taking into consideration the likely objectives, financial situation and needs of that class of customers. It also sets out the distribution conditions that apply to the Product and the review periods and triggers, and reporting requirements for the TMD.

Where a person falls within the target market for the Product, that does not mean that the Product is necessarily right for their individual needs, objectives, and financial situation. We do not consider this, and a person needs to consider the PDS and other information provided by us (and/or seek professional advice) before deciding to apply for this Product.

Target Market

Product Description and Key Attributes

This Product provides cover for loss or damage to home buildings, contents and/or portable items, which customers can choose from to meet their individual needs. It also provides cover for a customer's legal liability in relation to the personal injury or property damage of others and offers some additional and optional covers.

The Product's Home Building and Contents covers provide cover against loss or damage to a customer's home building in Tasmania and household goods (respectively), resulting from the following specified insured events:

- Fire
- Lightning
- Earthquake or Tsunami
- Storm
- Flood
- Escape of liquid
- Theft or Burglary
- Intentional or Malicious damage
- Impact
- Glass breakage
- Explosion
- Riot or Civil commotion

This Product also provides several additional elements of cover when the Home Building or Contents covers are purchased (subject to various limits).

When Contents cover is purchased, customers can also purchase Portable Items cover, which provides cover for portable items in Australia and New Zealand against theft, loss and accidental damage.

The Product also offers the following optional covers to eligible customers who purchase Home Building or Contents cover:

- Accidental damage
- Damage to electric motors

Likely objectives, financial situation and needs of customers in the target market

Customers in the target market for the Product will likely have a need to manage their financial exposure for loss or damage to their home building and/or contents, as well as associated costs and expenses. They are also likely to need cover for legal liability in relation to the personal injury or property damage of others.

Customers in the target market will therefore have the likely objective of transferring a material portion of that financial exposure through insurance protection of the types covered by this Product.

The likely financial situation of customers in the target market will be that they can afford to pay the premiums for the Product, bear the excess/es that apply to a claim and financially contribute to any amounts for loss, damage or liability that are not covered by the Product.

Target Market Description

The target market for this Product is as follows:

Home Building cover

<p>This cover is suitable for:</p>	<ul style="list-style-type: none"> Customers who need cover for loss or damage to their home resulting from specified insured events, including for instance fire, theft, storm, flood and earthquake, for an agreed sum insured and for associated legal liability. Customers who own or are legally responsible for a residential home building in Tasmania in which they live.
<p>This cover is not suitable for:</p>	<ul style="list-style-type: none"> Customers who use all or any part of their home building for any business, trade or profession, or as a hotel, motel, hostel, nursing home, bed and breakfast, homeshare, boarding or guest house without RACT Insurance's prior agreement. Customers whose entire home building is rented to tenants. Customers who own a residential flat, home unit, terrace or townhouse that forms part of a strata title and which is covered by a current strata insurance policy. Customers who are constructing a new home building and require insurance for the construction period or before a certificate of completion is issued, without RACT Insurance's prior agreement. Customers who are making, or planning to make, significant repairs or improvements to their home building and require insurance for that construction period, without RACT Insurance's prior agreement. Customers whose home building is not in good order and repair and well maintained. Customers who cannot afford to pay the premium, all applicable excesses before finalisation of a claim and financially contribute to any amounts relating to loss or damage to the home buildings that are outside of or excluded from cover or exceed the sum insured or relevant limits.

Contents cover

This cover is suitable for:	<ul style="list-style-type: none"> Customers who need cover for loss or damage to household goods that they own or are legally responsible for at the insured address resulting from specified insured events, including for instance fire, theft, storm, flood and earthquake, for an agreed sum insured and associated legal liability.
This cover is not suitable for:	<ul style="list-style-type: none"> Customers who need cover for contents (other than Portable Items) that are kept away from the insured address, for instance at a commercial storage facility, without RACT Insurance's prior agreement. Customers whose entire home is rented to tenants. Customers whose contents are not in good order and repair and well maintained. Customers who cannot afford to pay the premium, all applicable excesses before finalisation of a claim and financially contribute to any amounts relating to loss or damage to the contents that are outside of or excluded from cover or exceed the sum insured or relevant limits.

Portable Items cover

This cover is suitable for:	<ul style="list-style-type: none"> Customers who, in addition to Contents cover, need cover for loss or damage to portable items in Australia or New Zealand resulting from theft, loss or accidental damage.
This cover is not suitable for:	<ul style="list-style-type: none"> Customers who need cover for loss or damage to: <ul style="list-style-type: none"> portable items while being used for a business activity; musical, sporting and recreational portable items while in use; or other items specified as excluded in the PDS.

Optional cover – Accidental Damage

This cover is suitable for:	<ul style="list-style-type: none"> Customers who need cover for loss or damage to their home or contents that is caused accidentally and unintentionally.
This cover is not suitable for:	<ul style="list-style-type: none"> Customers who have a renter, tenant, guest or boarder occupying any part of their home.

Optional cover – Electric Motors

This cover is suitable for:	<p>Customers who have electric motors in their home which:</p> <ul style="list-style-type: none"> are not over 10 years old from the date of manufacture; are not inbuilt into audio/visual equipment, electronic devices, or microwave ovens; are not used in conjunction with any business, trade or profession; and do not require cover for extracting or reinstalling a submersible pump.
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Suitability

The Product is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market because:

- It provides cover that customers need for loss or damage to a home or household goods for specified insured events or accidental damage;
- Customers in the target market are eligible for cover under the Product; and
- Customers can choose the options, sum insured and excesses that best suit their individual needs.

Distribution conditions of this Product

The following distribution conditions apply to this Product:

- Distribution of the Product is only conducted through:
 - Royal Automobile Club of Tasmania (**RACT**) call centres
 - RACT's website
 - RACT's branch network
- The Product will only be issued to and renewed with customers who comply with all RACT Insurance underwriting guidelines, which contain the acceptance criteria for the Product and include all factors relevant to the target market described in this TMD.
- The acceptance criteria are applied through:
 - an online sales process for new business sales online;
 - systems and processes that support customer suitability and eligibility assessments, and the delivery of other information to customers which is relevant to their understanding of the market for the Product;
 - scripts for new business sales made through call centres and branches; and
 - analysis of customer suitability data in the formation of renewal decisions.
- RACT conducts Quality Assurance reviews on sales made to customers, to confirm compliance with acceptance criteria, on a regular basis and communicates the outcome of those reviews with RACT Insurance.
- All staff involved in sales of the Product receive appropriate training, including with regard to compliance with this TMD.

These distribution conditions make it likely that individuals who are issued a Product are within the target market because they are supported by reasonably appropriate platform controls, training and scripting designed to ensure that the Product is distributed to persons within the target market.

Periodic reviews of this document

RACT Insurance will carry out a review of this TMD within 2 years of its effective date, and every 2 years thereafter.

Other circumstances which will trigger a TMD review

RACT Insurance will also review the TMD if it identifies or becomes aware of any event or circumstance that would reasonably suggest that the TMD is no longer appropriate. These events and circumstances may include:

- A material change is made to the terms of cover provided by the Product.
- A material change is made to the acceptance criteria for the Product.
- A material change is made to the way the Product is distributed.
- The discovery of a material defect in the PDS for the Product.
- Poor or significantly deteriorating key Product suitability metrics, including:
 - feedback, such as systemic complaints or claims issues, that reasonably suggests that the TMD is no longer appropriate.
 - Product value metrics (including claims acceptance rates, and loss ratios) that reasonably suggests the TMD is no longer appropriate.
- Feedback from a regulator, the Code Governance Committee (**CGC**) or Australian Financial Complaints Authority (**AFCA**) which reasonably suggests the TMD is no longer appropriate.
- A change in law, regulation, or regulatory guidance that materially affects the Product, the design or distribution of the Product (or class of product that includes this Product), where that reasonably suggests the TMD is no longer appropriate.
- Where a significant dealing occurs outside of the target market, that reasonably suggests the TMD is no longer appropriate.

Complaints Reporting

RACT Insurance handles all complaints received by it and its service providers in accordance with RACT's Group Complaints Handling Guide, which aligns with requirements in the General Insurance Code of Practice and relevant law. The number and nature of complaints are reported to RACT Insurance by service providers and reviewed by RACT Insurance, with respect to the Product, on a monthly basis.

Information to assess TMD, review triggers and reporting periods

The table below sets out the kinds of information RACT Insurance uses to assess this TMD, or those that service providers need to provide to us, to enable us to promptly identify whether a review of the TMD is needed.

Information	Source	Reporting/Review Period
Complaints feedback including: <ul style="list-style-type: none"> Nature of complaints Number of complaints Product category 	RACT Insurance, RACT, service providers	Monthly
Claims data including: <ul style="list-style-type: none"> Average claims costs Claims acceptance rates Claims frequency Loss ratios 	RACT Insurance, service providers	Half-yearly
Product review outcomes	RACT Insurance	Half-yearly
Sales information including: <ul style="list-style-type: none"> Strike rates Cancellation rates 	RACT Insurance, RACT	Monthly
Significant Dealings in the Product outside of the target market	RACT Insurance, RACT	As soon as practicable but within 10 business days
Any feedback, regulatory orders or directions received from a regulator, CGC or AFCA in respect of the Product or its distribution.	RACT Insurance, RACT, service providers	As soon as practicable but within 10 business days

Record keeping

RACT Insurance will maintain records of the reasonable steps taken to ensure that this Product is sold in a manner consistent with this TMD.

RACT Insurance will also maintain records of its decisions, and the reasons for those decisions, in relation to:

- The creation and alteration of this TMD.
- The identification and monitoring of review triggers.
- The outcomes of periodic reviews.
- The matters documented in this TMD.