

# Target Market Determination

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Asset Protection Insurance

Prepared on 01/10/2021



Coverholder at **LLOYD'S**

# Target Market Determination for AWN Asset Protection Insurance

This Target Market Determination (TMD) is designed to provide customers, AWN staff and our authorised distributors with appropriate information to understand who this product has been designed for and our approach to determining that the product is likely to be consistent with the objectives, financial situations and needs of the customer and the distribution conditions.

In this document the terms “we”, “us” or “our” refer to Australian Warranty Network Pty Ltd (“AWN”) ABN 78 075 483 206, AFS Licence No. 246469.

This TMD does not consider any person’s individual needs, objectives or financial situation and does not provide financial product advice or recommendation on the cover.

Please note, it is the Product Disclosure Statement and Policy Document that sets out the terms and condition of cover. You must refer to the Product Disclosure Statement before deciding about this insurance.

## **Purpose of the insurance**

This AWN Asset Protection Insurance product has been designed to assist consumers with:

- the settlement of the finance used to purchase the vehicle, by paying out the difference between the total loss payout from the comprehensive insurer and the amount outstanding on your loan when your financed vehicle has been declared a total loss; or
- alleviating the cost of vehicle depreciation by receiving a financial benefit in the event their vehicle is declared a total loss.

This Target Market Determination (TMD) sets out the target market for:

- AWN Asset Protection Insurance Policy detailed in the Combined Product Disclosure Statement (PDS), Policy Wording and Financial Services Guide (FSG)

## **Target Market**

The insurance is designed for purchasers who are 18 years or older, who are

- buying a vehicle with finance and wish to take out cover to protect themselves against the finance shortfall they may experience in the event their financed vehicle is declared a total loss. The finance shortfall (subject to limits) is the difference between the total loss payout from the comprehensive insurer and the amount outstanding on the loan.
- buying a vehicle outright and wish to alleviate the cost of vehicle depreciation by receiving a financial benefit in the event their vehicle is declared a total loss.

This product is suitable for

- Consumers who take out a finance loan on a vehicle or purchase a vehicle outright.
- Consumers whose vehicle is always covered by a comprehensive insurance policy.
- Consumers whose vehicle is under 15 years of age with a minimum purchased price of \$10,000 and a maximum purchase price of \$120,000
- Consumers who are the registered owner and keeper of the vehicle.

This product is not suitable for

- Consumers where the vehicle is new, and the term of its finance contract is equal to or less than the new for old total loss replacement benefit term in its motor insurance policy;

- Consumers purchasing a Motorcycle, motor scooter or moped;
- Consumers purchasing a commercial vehicle with a gross vehicle weight exceeding 3.5 tonnes;
- Consumers whose vehicle is used as a taxi, or any other vehicle used for hire or transporting goods.

The AWN Asset Protection Insurance is subject to the acceptance criteria.

The Product Disclosure Statement contains the detailed policy cover, terms, conditions and exclusions.

Where a person falls within our target market, this does not mean that the cover is 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.

### Key benefits

In the event the vehicle is declared a total loss, we will pay to the policy holder or the financier (if loan balance outstanding) the greater of either;

- the difference between the comprehensive insurer's total loss payment and the price the consumer originally paid for the vehicle, or
- the difference between the comprehensive insurer's total loss payment and the amount needed to settle the consumer's outstanding finance contract balance.

We will pay up to the amount specified in the table below for the applicable cover option.

Coverage Option	Coverage A	Coverage B	Coverage C	Coverage D	Coverage E
API Cover Benefit Limit	\$5,000	\$10,000	\$15,000	\$20,000	\$30,000
Additional Cover Benefit Limit	\$2,000	\$2,000	\$4,000	\$7,000	\$10,000

The policy also provides for additional cover benefits to assist you to pay the following:

- The excess you paid under your comprehensive insurance relating to the event causing the total loss.
- Up to 10 days car hire up to a maximum of \$100 per day, whilst you are without a vehicle following the total loss.
- Dealer delivery charges, compulsory third-party insurance, 12 months registration and stamp duty payable on your replacement vehicle; and
- 12 months Comprehensive Insurance premium on your replacement motor vehicle.

Cover limits and premium pricing are based upon the level of coverage and the term of your policy.

### Key exclusions

- When the comprehensive motor insurer has not made a total loss payment in full.
- When the comprehensive motor insurer offers to repair the vehicle, but the policy holder has instead requested the claim to be dealt with on a total loss basis.
- Any arrears on the repayments on the finance contract
- Any amounts due under the finance contract which are not directly linked to the purchase or finance of the financed motor vehicle
- Driving whilst under the influence of alcohol or drugs.

### Distribution of this product

This product is issued by Australian Warranty Network ("AWN") ABN 78 075 483 206, AFS Licence No. 246469 on behalf of Certain Underwriters at Lloyds and distributed via:

- Authorised Insurance Brokers; or
- Authorised Representatives.

Only our authorised representatives / insurance brokers are permitted to distribute this product as they understand the market this product has been designed for, have been trained in the relevant acceptance criteria and have the appropriate levels of authority.

This product can only be issued to customers that are eligible for cover in accordance with the application criteria that has been approved in writing by the Issuer and which complies with relevant laws.

The application process has been tailored to identify the target market described in this TMD as part of the eligibility criteria for the product covered by this TMD, and the use of the application process would make it more likely that the product covered by this TMD will be acquired by persons in the target market.

## **Reviewing this document**

We will review this TMD within two years from the effective date to ensure it remains appropriate and in compliance with the objectives, financial situations and needs of the customer.

Furthermore, we will also review this TMD if any event or circumstances (called 'review triggers') occur that would reasonably suggest that the determination is no longer appropriate, such as:

- We make a material change to the cover provided by the product,
- A change in our acceptance criteria that impacts on the suitability of the product for the target market,
- A material change to the distribution of the product,
- The discovery of a relevant and material deficiency in the product's disclosure documentation,
- Systemic complaints and claims issues which indicate that the product is no longer suitable for the described target market,
- Material and relevant reductions in our key product suitability metrics such as:
  - Number of cancellations and lapses of the product;
  - Data on product claim ratios, the number, nature and size of paid, denied and withdrawn claims and claims experience;
  - Product value and affordability.

We will review this TMD within 10 business days of the occurrence of any review trigger.

## **Reporting**

AWN must record all complaints received about this product on a quarterly basis (Complaints Reporting Period). Our authorised distributors are required to provide to us written details of any complaints that they have received about our product within 5 business days of receipt. If the complaints are systemic and indicate that this product is no longer suitable for the described target market, we will review and update the TMD within the timeframe indicated above.