Target Market Determination (TMD)
Kogan Landlords Insurance

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

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Purpose of this document

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

A product is **suitable** for customers 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 customers. This TMD describes the circumstances in which we believe the Product is likely to be suitable. Customers who fit those circumstances are collectively called our **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 our target market, and we offer the 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 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 we consider when we decide whether or not 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?

The Product is designed to provide building and/or contents insurance for a rental property that you own. It provides two types of cover (building cover and contents cover).

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
• Fire and explosion; • Malicious damage; • Theft; • Storm, rainwater and flood; • Accidental glass breakage; • Lightning; • Earthquake, tsunami and volcanic eruption; • Riot, civil commotion or industrial unrest; • Impact; and • Escape of liquid. Cover for malicious acts and theft by tenants is limited to $35,000 or 20% of the relevant sum insured, whichever is less. The Product also offers a number of additional benefits and options, as set out in the PDS.	Covers a building you own and rent out against loss or damage from insured events. It pays for your buildings to be repaired or replaced, up to the sum insured. Building includes fixtures, secured outbuildings (such as a garage) and other domestic structural improvements on the site. • Building excludes: • buildings under construction; • mobile structures, vehicles, caravans and trailers; • carpets, carpet tiles, floating floors, floor rugs, internal blinds or curtains (these are contents); • above-ground swimming pools or portable spas; • any wharf, jetty or pontoon; • trees, shrubs, hedges or other plant life including lawns, artificial grass and landscaping; and • other exclusions as set out in the PDS. We also cover loss of rent when the tenant cannot safely live in the building due to loss or damage caused by an insured event listed in the first column.	Covers certain items (furniture, furnishings, fixed floor coverings, curtains, internal blinds, portable household electrical items, and free standing removable pools and spas) that you own or are legally responsible for that are provided by you specifically for the use of your tenants and usually kept in or at the rental property. Contents excludes: • clothing, personal effects, mobile phones, computers, jewellery, works of art, antiques, gold, silver, cash or collections of any kind; • negotiable instruments and other documents that can be cashed (including coupons and gift cards); • battery powered items such as radios, cassette or compact disc players, laptop computers, pocket computers, electronic diaries, video recorders, video cameras or photographic equipment; • building materials; • items belonging to you or any other person, which are being stored at the site; • trees, shrubs, hedges or other plant life including lawns, artificial grass and landscaping; and • other exclusions as set out in the PDS. For strata title properties, we also cover loss of rent when the tenant cannot safely live in the building due to loss or damage to the contents or to the building caused by an insured event listed in the first column.
Legal liability up to $20 million Cover is subject to the exclusions as set out in the PDS.	Legal liability to pay compensation as a result of an accident caused by your negligence, that arises from ownership of your building and its land.	Legal liability to pay compensation as a result of an accident caused by your negligence that arises out of or in relation to your insured contents.

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 underinsured, 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 the reconstruction of your rental property, 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, household goods and any freestanding swimming pools or spas.

We strongly recommend you use a building calculator. An example can be found at **koganinsurance.com.au/building-calculator**.

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

You should spend time to assess your needs as we cannot advise you on the amount of cover you should insure for.

When we pay a claim, 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, we add them 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 overall target market for the Product is Landlords. Each level of cover (and each cover option) also has its own target market within the overall target market.

In this TMD, a **Landlord** is someone who owns a residential rental property that:

- is tenanted or expected to be tenanted under a rental agreement of more than three months duration (including any holding over or extension of such an agreement);
- is not used for holiday letting, temporary sharing or house-sitting arrangements;
- 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 domestic purposes; and
- is not likely to be unoccupied for more than 60 consecutive days.

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
- 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 Landlords who:

- own contents provided specifically for the use of the tenants at the rental property;
- have estimated the cost of replacement of those contents; and
- 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.

What is the target market for the relevant cover options?

Electrical motor burnout

This is an optional cover available for an additional premium.

It covers fusion or burning out of the actual wiring of a domestic motor by an electrical current and pays the cost of repairing or replacing any motor which forms part of the insured property. The most we will pay is $1,000.

We do not cover motors that are more than 10 years old, or motors under any form of warranty.

The target market for Electrical motor burnout cover is Landlords whose building or contents includes an electrical motor that is not under any warranty and is less than 10 years old.

Rent default and legal expenses

You can also apply for Rent default and legal expenses cover, for an additional premium.

It covers Landlords for the loss of rent when a tenant does not pay rent that is owed to you under the terms of a written 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 does not pay rent owing under the agreement and leaves your building or is legally evicted; or
- your tenant is denied access to your building by a government authority.

The most we will pay is the lesser of 6 weeks of rent or $2,500.

We will also pay up to $1,000 for any legal expenses that are incurred to reduce the loss of rent under this optional cover such as tribunal fees. The legal expenses limit is included in the above coverage limit of $2,500. Where the coverage limit for rent default is exhausted, no legal expenses benefit will be payable.

This cover only applies to tenancies under a written rental agreement, and excludes tenants who are holding over after the written rental agreement has expired.

The target market for Rent default and legal expenses cover is Landlords who are receiving rent from tenants under a written rental agreement of at least three months duration (but not including a holding over or an unwritten continuation of such an agreement).

Distribution conditions

New policies

The Product is sold on our behalf by Kogan Insurance ("**Kogan**") 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 us decide:

- if you are in the target market for the Product and the relevant options;
- if you meet our underwriting guidelines; and
- what premium we should charge.

We have a range of supervision and monitoring procedures and contractual arrangements with Kogan to help ensure that customers purchasing the Product are asked these questions and that they are only offered Products if they are likely to be in the target market for the relevant levels of cover and options.

Renewals

Before a policy expires, we will consider:

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

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

If, after 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 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;
- 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 customer communications (including renewals);
- customer 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, and/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

Kogan is required to report the following information to us at the following times:

Reportable matter	When
The Product is issued in breach of the distribution conditions, or to a customer 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.