

## AWN Asset Protection Insurance

### Target Market Determination (TMD)

(5 October 2021)

Target Market Determination (TMD) for the following VSC financial product – AWN Asset Protection Insurance, as offered through its Product Disclosure Statement and Policy Document (VSAPI-AWN-PD.v4) prepared on the 31 March 2021.

A TMD is not intended to provide any financial product advice to you on the cover. We do not consider your personal needs, objectives or financial situation in providing any information in this TMD.

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.

This TMD is issued by Virginia Surety Company, Inc (VSC) ARBN 080 339 957 AFSL 245579 and applies from 5 October 2021 and will continue to apply until this TMD is withdrawn.

#### About this document

A Target Market Determination is provided to assist you in determining whether this insurance is suitable for your needs.

#### Purpose of the insurance

AWN Asset Protection Insurance has been designed to assist with settlement of the loan 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 written off.

It offers three cover levels to choose from. You need to decide on the suitable level of cover based on what you can afford, the value of your vehicle and the amount of finance you used to buy the vehicle.

#### Target Market

The insurance is designed for purchasers who are 21 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 written off. 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.

The insurance is only suitable if:

- the vehicle is purchased with finance;
- the vehicle is always insured against a total loss;
- you are the registered owner of the vehicle; and
- the vehicle is older than 2 years, but less than 10 years from date of first registration.

The insurance is not designed for:

- Vehicles that are purchased with cash;
- Vehicles that are financed for less than 80% of the vehicle purchase price; and
- 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;
- Motorcycles, motor scooters, mopeds or caravans;
- Vehicles that are damaged or declared a total loss at the time of purchasing the cover;
- Commercial vehicles with a gross vehicle weight exceeding 3.5 tonnes;
- A taxi or any other vehicle used for hire or transporting goods.

#### When will this TMD be reviewed?

A review of the TMD will occur within 24 months of the applicability date of this document, being 5 October 2021 and every 24 months following the last review. Each review will be completed within 90 days.

Events that may cause early reviews of the TMD are:

- If our underwriting criteria is materially altered such that it changes the nature of the insurance.
- If we change the way we distribute the insurance.
- Distribution of the insurance has been found to be flawed in that it is found a significant portion of customers do not match the target market.
- It is discovered that there is a material defect in the Product Disclosure Statement and Policy Document.
- Significant or systemic complaints are received from distributors or our customers on coverage stemming from claims issues, suggesting the TMD is no longer appropriate.
- Information provided by regulators (ASIC or APRA) or the code governance committee indicating the TMD may no longer be appropriate.

#### Distribution of the insurance

The insurance may only be purchased through VSC authorised underwriting agencies, brokers and authorised representatives licensed under an AFSL holder, utilising VSC approved underwriting conditions through an electronic application process.

Cover may only be issued in accordance with the prevailing law.

Where the distributor discovers insurance was issued to a customer: outside of the TMD; outside of the underwriting conditions; by untrained and unauthorised personnel; not in accordance with the prevailing law; or through pressure selling, they are to record the incident and provide the information to VSC through the AFSL holder they are licensed under as soon as practicable after they became aware of the matter but no later than 10 days from becoming aware.

#### Complaints reporting by distributors

Distributors are required to inform VSC about complaints in relation to the insurance in accordance to the industry's code of practice. In addition, it is a requirement at law for distributors to record these customer complaints and provide copies of these records to VSC within ten days of the end of each calendar month.