

Target Market Determination (TMD)

Flex Insurance Residential Strata Plan Insurance

Issuer: QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239 545

Product Disclosure Statement (PDS) this TMD relates to	Flex Insurance Residential Strata Plan Insurance QM8026
TMD applies to policies commencing or renewing effective from	17.01.2025
First publication date of this TMD	05.10.2021

Information included in this TMD

This TMD describes:

- the product and its key attributes
- who this product is suitable for (the target market) and who it is unsuitable for (outside the target market)
- how this product must be distributed, including any conditions and restrictions
- reporting obligations for distributors
- when this TMD will be reviewed.

The TMD doesn't consider a customer's personal needs, objectives, and financial situation. Customers should refer to the Flex Insurance Residential Strata Plan Insurance PDS, and any Supplementary PDS to ensure the product is right for them.

Product Description

This product has been designed to provide cover for loss or damage of property and liability to others for residential strata properties.

It offers cover with respect to:

- Insured Property;
- Liability to Others.

The product also offers the option to extend cover for:

- Catastrophe Insurance;
- Lot Owners' Fixtures and Improvements;
- Voluntary Workers (except for NSW locations – mandatory cover as per state legislation);
- Fidelity Guarantee (except for SA locations – mandatory cover as per state legislation);
- Office Bearers' Liability;
- Machinery Breakdown.

Before making a decision about the product, customers should read the PDS. It provides complete information about the insurance coverage, exclusions, excesses, restrictions and conditions, claims processes and the rights and obligations of the customer.

Cover: Insured Property

Target Market

This cover is suitable for customers who:

✓	are a body corporate/owners corporation, who represent the collective owners of residential strata property such as units, apartments, or townhouses, where less than 20% of the floor space is used for commercial purposes.
✓	are a community corporation representing the collective owners of a community scheme: <ul style="list-style-type: none">• situated in South Australia; and• who is authorised or required to place insurance over all community lots in a community scheme in accordance with Section 34(3)(ca) of the Community Titles Act 1996.

This cover is only suitable for customers where **either of** the above apply.

This cover is **NOT** suitable for customers who:

✗	want insurance for a property that is located on a land title that is not a strata title, such as but not limited to Torrens title, leasehold or community title.
✗	are a body corporate/owners corporation, whose strata property has 20% or more of the total building floor space used for commercial purposes. A commercial use premises can be considered under a commercial strata product.
✗	want insurance for a property which is located on a community title except in South Australia where the community corporation is authorised or required to place insurance over all community lots in a community scheme in accordance with Section 34(3)(ca) of the Community Titles Act 1996.
✗	are a body corporate/owners corporation which requires cover for lot owners' business and personal effects and/or contents.

This cover is not suitable for customers where **any** of the above apply.

Likely Needs, Objectives and Financial Situation and Needs of Customers in the Target Market and consistency with the product's key attributes

Likely needs and objectives of customers in the target market	Key Product Attributes consistent with likely needs and objectives of the target market
<p>To reduce the unexpected financial costs to repair or replace the property or parts of the property when it is accidentally damaged or damaged by a weather event such as storm or bushfire.</p>	<p>The product provides cover for damage to the building and common area contents, not otherwise excluded by the policy.</p>
<p>To reduce the unexpected financial cost they are legally responsible to pay for:</p> <ul style="list-style-type: none"> • damage to another person's property; or • injury to another person, <p>arising from an occurrence in connection with the ownership of the common area and/or insured property.</p>	<p>The product provides cover for legal liability arising from an occurrence during the period of insurance which results in personal injury and/or damage to property.</p>
<p>Optional cover to tailor the product to suit their individual needs.</p>	<p>The following optional covers are available to purchase under 'Section 1 – Insured Property':</p> <ul style="list-style-type: none"> • Increased exploratory costs; • Extended temporary accommodation and loss of rent; • Fusion of motors; • Floating floors; • Fallen trees; • Landscaping; • Fire extinguishing; • Personal property of others; • Removal, storage costs; • Temporary accommodation/rent/contributions/storage; • Emergency accommodation; • Arson reward; • Electricity, gas, water and similar charges – excess costs; • Keys, lock replacement; • Electricity, gas, water and similar charges – unauthorised use; • Funeral expenses; • Modifications; • Money; • Mortgage discharge; • Pets, security dogs; • Purchaser's interest; • Removal of squatters; • Title deeds; • Court appearance.

Likely needs and objectives of customers in the target market	Key Product Attributes consistent with likely needs and objectives of the target market
	<p>Other optional covers available for purchase:</p> <ul style="list-style-type: none"> • Voluntary Workers (except for NSW locations – mandatory cover as per state legislation); • Fidelity Guarantee (except for SA locations – mandatory cover as per state legislation); • Catastrophe Insurance; • Lot Owners' Fixtures and Improvements; • Office Bearers' Liability; • Machinery Breakdown.
Likely financial situation of customers in the target market	Key Product Attributes consistent with the likely financial situation of the target market
<p>Customers who are either:</p> <ul style="list-style-type: none"> • purchasing a policy from an intermediary; or • purchasing a policy directly from CHU and have elected to pay premium annually; • must be in the financial situation to pay the premiums which may increase from year to year. 	<p>Customers purchasing their policy from an intermediary must pay the total premium in one annual payment.</p> <p>Customers purchasing a policy directly from CHU can choose to pay the total premium in one annual payment.</p>
<p>Customers who are purchasing a policy directly from CHU must be in the financial situation to meet payment commitments if electing to pay premium in instalments.</p>	<p>Customers purchasing a policy directly from CHU can elect to pay the premium in instalments.</p>
<p>Pay the excess selected and any additional or imposed excesses.</p>	<p>An excess applies to most claims.</p> <p>Customers can choose to:</p> <ul style="list-style-type: none"> • pay more premium, to pay less excess at the time of a claim; or • pay less premium, to pay more excess at the time of a claim. <p>Additional excesses which may apply and may not be reduced:</p> <ul style="list-style-type: none"> • Earthquake Excess; • Unoccupancy Excess; • Imposed excess.
<p>Bear any costs that exceed the sum insured, and any benefit provided by the product, to repair or replace the property.</p>	<p>Customers will be required to nominate a sum insured for their property (building and common area contents) that covers the costs to rebuild a similar building, including outbuildings, fixtures, gates and fences and structural improvements, in-ground swimming pools and spas, marinas, wharves, jetties, docks, pontoons, swimming platforms, as well as professional fees such as architects and surveyors, demolition and removal of debris costs.</p>

Based on QBE's assessment of the key terms, attributes and eligibility criteria, the insurance cover for Insured Property is likely to be consistent with the needs, objectives and financial situation of customers in the target market.

Other Key Product Attributes

Key Limits	
Sum Insured	Sum Insured nominated by the customer.
Special Benefit - Temporary Accommodation / Rent / Contributions / Storage	<p>Cover for the cost of temporary accommodation or rent lost if the insured property is made unfit to be occupied for its intended purpose due to:</p> <ul style="list-style-type: none"> • damage to the insured property (from the time of the event until the property can be re-occupied or re-let following completion or rebuilding/repairs); • reasonable access to or occupancy being prevented by damage from a claimable event happening to other property in the immediate vicinity (from the time of the event until the time when access is re-established, or 12 months (whichever period is shorter)). <p>The combined total amount QBE will pay under this special benefit arising out of any one event under the insured property section is limited to 15% of the sum insured for the 'Insured Property' section or such other percentage as QBE may agree in writing.</p>
Legal Liability Limit	Cover is provided up to the 'Limit of Liability' shown on the schedule.
Other policy limits including additional benefit sub-limits apply	<p>The insurance cover is subject to maximum insured limits and these are set out in the policy schedule.</p> <p>Other claims limitations and conditions are specified in the PDS (and any Supplementary PDS).</p>

Key Exclusions	
Acts	There is no cover for any losses arising from or as a result of any deliberate or intentional damage or liability or omission caused or incurred by the customer.
Reasonable actions and precautions	<p>There is no cover for any damage caused by or arising from:</p> <ul style="list-style-type: none"> • failure to maintain the property in a reasonably good state of repair; • non-rectification of a property defect, error or omission that the customer is aware of, or should reasonably have been aware of.
Condition of the property and other loss or damage	<p>There is no cover for damage caused by or arising from:</p> <ul style="list-style-type: none"> • lack of maintenance, rust, oxidation, corrosion, mould, mildew, wear and tear, fading, concrete or brick cancer, developing flaws, wet or dry rot, gradual corrosion or gradual deterioration; • light, air, sand, the climate or the passage of time; • an inherent defect or latent defect that the customer was aware of, or a reasonable person in the circumstances would have been aware of; • rectifying faulty or defective materials or faulty or defective workmanship, design or specification; • construction, erection, alteration or addition where the value of such work exceeds \$500,000.
Activities	<p>There is no cover for costs associated with consequential loss, including but not limited to any:</p> <ul style="list-style-type: none"> • loss of use; • loss of contract; • loss of profit/revenue; • loss of opportunity; • loss of goodwill and/or reputational damage; or • special damages, <p>other than specifically provided under an operative additional benefit, special benefit or optional benefit.</p>

Key Exclusions

Change in circumstances	<p>Notification must be provided as soon as reasonably possible if there:</p> <ul style="list-style-type: none"> • is a change in the percentage of floor space used for commercial purposes; • are construction works, alterations or additions being carried out that exceed \$500,000; • are cranes, hoists or similar attached to the insured property.
Orders issued by a statutory body	Cover may be reduced or refused when the insured property becomes subject to a Building Rectification Order, Fire order or any other Order issued by a statutory body.
Construction works	<p>Cover may be reduced or refused when:</p> <ul style="list-style-type: none"> • construction works, alterations or additions that exceed \$500,000 are being carried out at the insured property; or • cranes, hoists or similar are attached to the insured property.
<p>Other policy exclusions apply. Please refer to the PDS (and any Supplementary PDS) for a complete list of policy exclusions.</p>	

Distribution

This product has been appropriately designed to be distributed through CHU Underwriting Agencies Pty Ltd (CHU). The product and the systems it is distributed through have been designed for a customer seeking insurance through CHU. CHU has taken reasonable steps to understand the key product attributes and align distribution to customers in the target market.

Distribution Restrictions	<p>Flex Insurance Residential Strata Plan Insurance – QM8026 can only be sold by CHU Underwriting Agencies Pty Ltd, ABN 18 001 580 070, AFSL 243261.</p>
Distribution Conditions	<p>Flex Insurance Residential Strata Plan Insurance – QM8026 can only be sold to persons that are eligible for cover in accordance with the application and/or renewal criteria that has been approved in writing by QBE and which complies with the law (Application Process).</p> <p>The Application Process has been tailored to identify the target market described in this TMD as part of the eligibility criteria. The use of this Application Process will make it more likely that the product will be acquired by persons within the target market.</p> <p>The Application Process is comprised of the following:</p> <ul style="list-style-type: none"> • A policy administration system with built in underwriting and eligibility controls with knock out questions; • Public website with product information; • CHU staff product training; • Internal underwriting accreditation or delegated authority program; • QBE and CHU staff monitoring program; • CHU underwriting guidelines. <p>Distributors of Flex Insurance Residential Strata Plan Insurance – QM8026 must make this TMD available free of charge on request.</p>
Distribution Method	<p>Flex Insurance Residential Strata Plan Insurance – QM8026 can be sold via direct contact between the customer and CHU. CHU also has a network of Authorised Representatives that are authorised to provide general financial product advice when arranging policies on behalf of CHU.</p> <p>Brokers are also able to provide financial product advice for acquiring new policies, renewing policies or cancelling policies. Brokers hold their own Australian Financial Services Licence to advise and deal in insurance products.</p> <p>This product is not available for customers to purchase directly from QBE including online.</p>

Reporting Obligations

Information	Responsible reporting person	Obligation	Information required to be reported	Reporting Period
Dealings outside the target market	CHU and QBE	<p>CHU will report to QBE if it becomes aware of a dealing outside of the target market that is inconsistent with the TMD and which QBE has not already approved.</p> <p>QBE will report to the regulator any significant dealing outside the target market that is inconsistent with the TMD.</p>	<ul style="list-style-type: none"> the date (or date range) the dealing occurred; details about the dealing(s); any steps or actions taken to mitigate this dealing; and any steps or actions taken to stop or prevent any further dealings outside the target market from occurring. 	As soon as practicable and, by no later than 10 business days after the date CHU or QBE becomes aware of the dealing.
Complaints and feedback	CHU and QBE	<p>CHU will report to QBE complaint and feedback information received about the product.</p> <p>QBE will report any complaint or feedback information received about the product.</p>	<ul style="list-style-type: none"> the number of complaints received about this product during the reporting period; and a brief summary about the nature of every complaint received and any steps taken to address the complaint. 	Every 3 months.
Policy and claims data	CHU	CHU will report policy and claims data about the product to QBE.	<ul style="list-style-type: none"> Claims Loss Ratio; Policy Retention Rate. 	Every 3 months.
Orders, direction or feedback from Regulator, Code Governance Committee or AFCA	CHU and QBE	Any order, direction or feedback from a regulator, Code Governance Committee or AFCA related to the product or how it is distributed.		As soon as practicable and, by no later than 10 business days after the date the feedback, direction or order was received.
Periodic Product Reviews Outcomes	QBE	Outcomes from the Periodic Product Reviews conducted.	<ul style="list-style-type: none"> Data reviewed; Data analysis outcomes; and Review outcome decisions. 	Every 2 years or sooner if the review was conducted prior.

TMD Review

Review Period	This TMD will be reviewed 12 months after the date it is first published, and it will be periodically reviewed once every 2 years thereafter.
What may trigger a review prior to periodic review	<p>The events or circumstances that may trigger a review (prior to a scheduled periodic review date) include QBE becoming aware of:</p> <ul style="list-style-type: none">• the nature or number of complaints or feedback provided about the product’s design or distribution that indicate significant or systemic issues, reasonably suggesting the TMD is no longer appropriate;• a material change to the product (including the PDS and the Application Process) or distribution conditions, or to the information or the assumptions which the target market is based on, which reasonably suggests the TMD is no longer appropriate;• a material incident in relation to the product’s design and distribution which reasonably suggests the TMD is no longer appropriate;• any:<ul style="list-style-type: none">○ change of relevant legislation, regulations or regulatory guidance; or○ direction or order from a regulator, the Code Governance Committee or AFCA related to the design of the product or its distribution, that reasonably suggests the TMD is no longer appropriate;• a significant dealing outside the TMD occurring that reasonably suggests the TMD is no longer appropriate;• trends in the following metrics that indicate adverse customer outcomes which reasonably suggest the TMD is no longer appropriate:<ul style="list-style-type: none">○ claims loss ratios;○ policy retention rates. <p>Relevant thresholds indicating possible adverse outcomes are stored within QBE’s internal retail Product Governance arrangements.</p>