

# Target Market Determination

CommInsure Home Insurance Building Cover (Residential or Investment package)

**Start date:** 3 JUNE 2022

**Next review due:** 3 JUNE 2024

**Review period:** At least every 24 months from the start date of this Target Market Determination

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## What is a Target Market Determination?

A Target Market Determination (TMD) describes the cohort of customers that the product is targeted at (the Target Market) and any conditions around how the product is distributed to customers (the Distribution Conditions).

It also describes the events or circumstances where we are required to review the Target Market Determination for a financial product (the Review Triggers).

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## Why does CommBank need to have Target Market Determinations?

We're required to have Target Market Determinations under law. The purpose of the law is to make sure customers are at the centre of our approach when designing and distributing our financial products. This document is not a substitute for the product's terms and conditions or other disclosure documents.

When making a decision about this product, customers must refer to the relevant Product Disclosure Statement (PDS), Terms and Conditions or other disclosure documents.

# Target Market

The table below matches the Product Attributes to the Objectives and Needs of the Target Market for this Product. CommInsure has assessed that the Product including its Key Attributes are likely to be consistent with the Objectives and Needs of the Target Market.

Objectives and Needs	Product Attributes
<p>Require insurance for loss of or damage to a domestic home in Australia</p>	<p>Provides cover (subject to exclusions) for owners of a private domestic dwelling in Australia if an Insured Event occurs that results in loss of or damage to buildings, including permanent structural improvements, of a domestic nature.</p> <p>The Insured Events covered by the product are:</p> <ul style="list-style-type: none"> <li>• Accidental glass breakage;</li> <li>• Animal damage;</li> <li>• Burning out of electric motors and power surge;</li> <li>• Earthquake;</li> <li>• Explosion;</li> <li>• Fire;</li> <li>• Flood;</li> <li>• Legal liability up to \$20 million (see further below);</li> <li>• Lightning;</li> <li>• Malicious act including vandalism;</li> <li>• Riot and public disturbances;</li> <li>• Storm;</li> <li>• Sudden escape of liquid (does not include gradual escape of liquid);</li> <li>• Sudden impact (such as vehicle impact or collapsed power pole); and</li> <li>• Theft or attempted theft.</li> </ul>
<p>Require financial protection from legal liability for death or injury to another person or loss of or damage to property belonging to another person</p>	<p>Provides cover (subject to exclusions) up to \$20,000,000 if you are found to be legally responsible for damage or personal injury to a third party or their property in Australia.</p>



Objectives and Needs	Product Attributes
<p>Access to Additional Benefits available under building cover</p> <p>For a complete definition of <b>Residential</b> and <b>Investment</b> building, please refer to the Product Disclosure Statement and any applicable Supplementary Product Disclosure Statement</p>	<p>Additional Benefits are set out in the bullet points below:</p> <ul style="list-style-type: none"> <li>• <b>Damage by emergency services:</b> Cover for loss or damage to your building at the insured address caused by authorised Emergency Services personnel in the execution of their duty. Available under Residential and Investment cover.</li> </ul> <p>The following Additional Benefits are available if a claim is accepted for loss of or damage to buildings caused by an Insured Event:</p> <ul style="list-style-type: none"> <li>• <b>Alternative accommodation costs:</b> Cover for reasonable alternative accommodation costs if the home is unlivable. Available under Residential cover only;</li> <li>• <b>Demolition and debris removal costs:</b> Cover for costs to demolish any part of your building and removal of the debris. Available under Residential and Investment cover;</li> <li>• <b>Domestic pet cover:</b> Limited cover for expenses by a qualified and registered veterinarian if your domestic pet/s are injured as a result of an Insured Event. Available under Residential cover only;</li> <li>• <b>Emergency work and temporary repairs:</b> Payment towards emergency work or temporary repairs required to protect the building against further loss or damage as a result of an Insured Event. Available under Residential and Investment cover;</li> <li>• <b>Loss of rent:</b> Cover for rent loss when your tenant is unable to live in the home due to extensive damage, or due to loss of safe access by your tenant to your insured address. Available under Investment cover only;</li> <li>• <b>Matching benefit:</b> Limited cover for materials required to bring about a matching finish to the area that has been repaired or replaced. Available under Residential and Investment cover;</li> <li>• <b>Mortgage discharge:</b> Cover for payment towards the legal costs of discharging the mortgage where the building is destroyed and a payment made by CommInsure results in the mortgage being paid out. Available under Residential and Investment cover; and</li> <li>• <b>Storage fees:</b> Cover for payment towards storing contents in a commercially operated storage facility off-site in order to repair or re-build the part of the home. Available under Residential and Investment cover.</li> </ul>



Objectives and Needs	Product Attributes
Access to additional insurance options for building cover	<p>Option to add one or more of the following Optional Covers for an additional premium.</p> <ul style="list-style-type: none"> <li>• <b>Accidental damage:</b> Cover for loss or damage caused by an accident which is not otherwise covered under another section of the policy. Available under Residential and Investment cover;</li> <li>• <b>Loss of rent extra:</b> Cover for loss of rent if the tenant has stopped paying rent, and limited cover to assist with reasonable expenses to evict or attempt to evict the tenant and to re-tenant the building. Available under Investment cover only;</li> <li>• <b>Malicious damage or theft by tenants:</b> Settlement towards repairing or replacing the damage caused by a malicious act or theft of the tenant or their guests, or caused by structural modifications carried out without consent. Available under Investment cover only; and</li> <li>• <b>Portable Contents cover:</b> Cover for loss or damage to the portable contents items as a result of an Insured Event or accidental loss or damage. Available under Residential cover only. <b>A separate Target Market Determination has been made for this product, please refer to <a href="http://commbank.com.au/tmd">commbank.com.au/tmd</a></b></li> </ul>
Ability to pay premium by instalments	Option to pay premiums on a monthly or annual basis.
Ability to select amount of excess payable in the event of a claim	<p>Option to increase or decrease basic excess in exchange for a higher or lower premium.</p> <p>Total excess payable may vary based on factors including:</p> <ul style="list-style-type: none"> <li>• basic excess selected;</li> <li>• claims history;</li> <li>• whether the property is occupied; and/or</li> <li>• where your claim is for Loss of Rent Extra, there is no cover for the first four weeks of rent default, in addition to the monetary excess payable.</li> </ul>

## Financial Situation

The Financial Situation of the Target Market are customers that:

- want protection against unexpected loss as a result of loss of or damage to domestic residence or other permanent structural improvement of a domestic nature; and
- own a property they reside in or an investment property in Australia.

CommInsure views that its processes in place will mean that the Product will likely be consistent with the Financial Situation of the Target Market.



# Customers outside of the Target Market

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This product is not targeted at customers:

- who do not own a residential property as an owner occupier or investor in Australia;
- who are in the course of constructing a residential property;
- who is undertaking renovations, alterations, extensions or structural improvements to the building with a total retail value of more than \$25,000 (whether or not this is the actual cost to the customer) unless referred to and accepted in writing by Commlnsure;
- whose residential property is unoccupied for 60 consecutive days or more (unless agreed to in writing by Commlnsure);
- who conduct a business or commercial or income-producing activities from any part of the property (unless agreed to in writing by Commlnsure);
- who require insurance for:
  - a strata, group or community titled property;
  - a building that comprises flats or units;
  - hotels, motels, hostels, bed and breakfasts, nursing homes, hospices or commercial premises;
  - temporary or mobile structures, shipping containers, caravans and similar vehicles;
  - a property that has not been maintained in reasonably good repair or condition; and
  - any part of the property used for farming, unless agreed to in writing by Commlnsure.

## Eligibility criteria for the Product

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To hold this product, customers will need to satisfy certain eligibility criteria, including that customers must:

- be individuals aged 15 years and above (unless by exception), or a company;
- own a domestic home in Australia;
- meet Commlnsure's underwriting guidelines, which outline specific policy acceptance criteria. Some factors that increase the risk and may be unacceptable will be reviewed at the time of application or renewal, and may include:
  - the total replacement value of the building;
  - the number of occupants of the home who are not family members (Residential Building product only);
  - a combination of the replacement value of the home and security measures installed;
  - criminal history (such as fraud or dishonesty); and
  - insurance history (such as previous insurance refused).

## Distribution Conditions

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Commlnsure will have oversight over how the product is promoted and issued. The below table identifies the distribution channels which the product can be sold through and sets out



the conditions that apply to each channel. CommInsure views that the conditions specified are appropriate and are of a nature that it will be likely that the product will be distributed to the target market.

The Product can be purchased as a standalone cover, or in a bundle with Contents cover (for Residential or Investment policies) and/or Portable Contents insurance (for Residential policies only). The Target Market Determinations for these products can be found at [commbank.com.au/tmd](http://commbank.com.au/tmd)

**Proprietary:**

<b>Distribution Channels</b>	<b>Conditions that make product distribution through the channel appropriate</b>
Staff assisted channels (e.g. customer service specialists, small business bankers, private bankers and relationship managers)	<p>CBA and CommInsure staff that distribute this Product:</p> <ul style="list-style-type: none"> <li>• are appropriately trained to understand and discuss the key terms and conditions of the product and the key difference between insurance products;</li> <li>• must follow procedures that outline application eligibility and processes, including sales guidelines and scripting;</li> <li>• have access to product resources such as the building insurance calculator; and</li> <li>• are monitored through controls such as sample call monitoring or sales conduct incidents to ensure proprietary distribution adheres to procedures.</li> </ul>
Online channels (e.g. CommBank website, NetBank and the CommBank app)	<p>CBA’s online channels provide our customers:</p> <ul style="list-style-type: none"> <li>• information about the products with a summary of Insured Events, Additional Benefits and Optional Covers;</li> <li>• the ability to customise quotes;</li> <li>• calculators that assist our customers to estimate their sum insured; and</li> <li>• availability of live web-chat.</li> </ul>

**Third Party:**

<b>Distribution Channels</b>	<b>Conditions that make product distribution through the channel appropriate</b>
This product cannot be distributed through third parties	N/A



# Review Triggers

If any of the below review triggers occur, or if an event or circumstance has occurred that would reasonably suggest that the TMD may no longer be appropriate, CommInsure will undertake a review of this TMD:

Information Type	Description
Customer Outcomes	<p>Unexpected trends in customer outcomes which are inconsistent with the intended product performance, including the following:</p> <ul style="list-style-type: none"> <li>• increased or decreased numbers of declined claims which show the TMD may no longer be appropriate for the product;</li> <li>• increased or decreased numbers of policy cancellations; and</li> <li>• increased numbers of policyholders aged under 15 years old.</li> </ul>
Complaints	<p>Unexpected trends in complaints received from customers who acquired the product, for example:</p> <ul style="list-style-type: none"> <li>• distribution (e.g. misrepresentation or miss-selling from staff);</li> <li>• product suitability (e.g. sale of a Building Insurance policy to a customer who requires commercial insurance); and</li> <li>• product attributes (e.g. claims for Insured Events, Additional Benefits or Optional Covers).</li> </ul>
Incident Data	<p>A material incident or increased number of incidents identifying potential breaches of our legal or regulatory obligations in relation to the product design or its distribution.</p>
Changes to the Product	<p>The material alteration of the product or product terms and conditions (e.g. adding to, removing or changing a key product attribute; significant change to distribution channel and distribution strategy).</p>
Significant Dealings	<p>Any significant dealing of the product to customers who are outside of the Target Market.</p>
Notification from ASIC	<p>The receipt of a product intervention power order from ASIC requiring CBA or CommInsure to immediately cease retail product distribution conduct in respect of the product.</p>
Other Events or Circumstances	<p>Any other event or circumstance that CBA or CommInsure views would materially change a factor taken into account in making the TMD.</p>



# Review Trigger Information Reporting Requirements

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The following information must be provided to CBA or Commlnsure by all third parties responsible for the retail product distribution conduct of this product in accordance with this TMD, within the required time frames:

Information Type	Description	Time Frame for Reporting
Product Complaints Data	Information relating to complaints received including number of complaints, third party distributor identifier information, product name and complaint verbatim.	Monthly, and in any case no later than 10 business days from the end of the month.
Significant Dealings	Any significant dealing of the product to customers who are outside of the Target Market.	As soon as practical, and in any case, no later than 10 business days after becoming aware.

**Product Issuer:** Commonwealth Insurance Limited ABN 96 067 524 216, AFSL 235030 (CIL). Commlnsure is a registered business name of CIL. CIL is a wholly owned non-guaranteed subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank) and is the insurer for this product. The Commonwealth Bank and its related entities are jointly referred to in this document as the Commonwealth Bank Group.

