

AWN Extension of Mechanical Warranty

Target Market Determination (TMD)

(1st January 2023)

Target Market Determination (TMD) for the following Sovereign Insurance Australia Pty Ltd financial product – AWN Extension of Mechanical Warranty, as offered through its Product Disclosure Statement and Policy Document prepared on the 1st January 2023.

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 conditions of the coverage. You must refer to the Product Disclosure Statement before deciding about this insurance.

This TMD is issued by Sovereign Insurance Australia Pty Ltd (SIA), ABN 85 138 079 286, AFS Licence No 342516, and applies from 1st January 2023 and will continue to apply until this TMD is withdrawn.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 Extension of Mechanical Warranty has been designed to assist you with the repair or replacement costs of failed parts in the event of a mechanical breakdown of the covered components of your vehicle.

Target Market

The insurance is designed for purchasers who are 21 years or older, who are purchasing a used vehicle and wish to take out cover to pay for the repair costs (subject to limits) in the event of a mechanical breakdown of the vehicle's covered components.

The insurance is only suitable if:

- The vehicle is registered and less than 8 years old and has an odometer reading of less than 140,000 km;
- The vehicle has a market value of \$10,000 or more, but less than \$120,000;
- The vehicle has not been modified from the manufacturer specification which would have any effect on the covered components;
- the vehicle is for personal use not commercial use;
- the vehicle has a manufacturer warranty of no more than:
 - 12 months cover remaining; or
 - 10,000 km's cover remaining; or
 - 20% of the kilometres driven limit remaining; and
- your vehicle meets our make and model eligibility criteria.

A vehicle is for personal use if it is not being used to perform one's occupation. For example, a vehicle being used by a trades person (electrician or plumber) is a personal use vehicle as the vehicle is not used to perform the trade. Whereas a vehicle used to deliver goods, used by a driving instructor or a travelling salesperson is a commercial use vehicle as it is being used to perform the job function.

The insurance is not designed for:

- Vehicles that have not been and are not being maintained in accordance with the vehicle manufacturer's service recommendations;
- Vehicles that are used for racing, rallies, pace making, reliability trials, speed or hill climbing, ride share, emergency services, military services and for the maintenance of public order (police); and
- Vehicles that are not used in accordance to the manufacturer's recommendations (for example you are towing without suitable equipment or a weight in excess to the manufacturer's recommendation).

The vehicle use examples are not exhaustive.

When will this TMD be reviewed?

A review of the TMD will occur within 24 months of the applicability date of this document, being 1st January 2023 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 SIA's authorised underwriting agencies, brokers and authorised representatives licensed under an AFSL holder, utilising SIA approved underwriting conditions through an electronic application process.

Coverage 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 SIA 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 SIA 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 SIA within ten days of the end of each calendar month.