

Hunter Premium Funding

Target Market Determination (TMD)

Effective date: 5 October 2021

About this document

This TMD applies to the Premium Funding product described in the Domestic Premium Funding Application including its Terms and Conditions (Premium Funding (Retail)_version 1/21) (the **Product**) issued by Hunter Premium Funding Limited, ABN 80 085 628 913 (the **Issuer, we or us**).

The purpose of this TMD is to describe the class of customers for which the Product has been designed, having regard to the likely needs, objectives and financial situation of that class of customers. Examples used in this TMD are illustrative only, and are not intended to be exhaustive.

This TMD is not intended to provide any financial product advice, and does not consider any individual customer's personal needs, objectives or financial situation.

This TMD does not replace the terms and conditions, and disclosures made in, the Product. A customer should refer to the terms and conditions, and disclosures made in, the Product before making a decision about it.

A. Product description (including key attributes)

Premium Funding:	<p>This Product provides eligible customers with financing (the Loan) for all of the upfront premium payable under a type of general insurance policy acceptable to the Issuer.</p>
Monthly Instalment Payments and other fees:	<p>The Loan must be repaid by:</p> <ul style="list-style-type: none"> • an initial payment (comprised of): <ul style="list-style-type: none"> ○ first monthly instalment payment; <p>PLUS:</p> <ul style="list-style-type: none"> ○ application fee; ○ additional monthly instalment(s) if due; and ○ deposit amount (if selected by customer), <p>in amounts agreed with the Issuer; and</p> <ul style="list-style-type: none"> • subsequent monthly instalment payments as agreed with the Issuer over the agreed term (between 8 and 12 months) of the Loan (each a Monthly Instalment Payment) until all amounts owing to the Issuer have been repaid in full.
Credit Charges:	<p>Credit Charges apply to the Loan and are payable monthly with each Monthly Instalment Payment. The Credit Charges are calculated as follows:</p> <ul style="list-style-type: none"> • 180 day Bank Bill Swap Rate (BBSW) plus the agreed Margin (at the rate disclosed to and agreed by the Customer). <p>Credit Charges accrue and are payable monthly.</p>
Payment methods	<p>A Customer may use the following payment methods to make the payments required under the Product:</p> <ul style="list-style-type: none"> • credit card (subject to any merchant fees charged by credit and debit card providers); or • direct debit;
Events of Default	<p>The Product is subject to the events of default listed in the Product's terms and conditions. If an event of default occurs, the Issuer may take one or more of the following actions to recover the amounts owing to it:</p> <ul style="list-style-type: none"> • declare all amounts outstanding immediately due and payable; • exercise its rights under the security and the Product's terms and conditions; and • terminate the funded insurance and seek a premium refund from the insurer. <p>See Consequences of Default in the Product's terms and conditions.</p>
Default Interest Rate and fee	<p>If amounts payable to us are not received on their due date, interest will accrue on the amount outstanding at a Default Interest Rate (specified in the Product) which are calculated and applied in accordance with the Product's Terms and Conditions.</p> <p>In addition to default interest, a dishonour fee of \$10.00 per default applies when any payment is not received by us when due.</p>

<p>Security and protection of our interests under Product</p>	<p>In order to secure the performance of a customer’s obligations under the Product, the Issuer benefits from the following key security and rights from the customer:</p> <ul style="list-style-type: none"> • an assignment of: <ul style="list-style-type: none"> ○ the benefit of any amounts paid or payable under the funded insurance; and ○ the customer’s right to cancel the funded insurance and receive a refund of premium; • the appointment of the Issuer (including under power of attorney) to do all things necessary in relation to the funded insurance, including cancellation of the insurance, to apply for a premium refund and to receive all other monies payable to the customer under the insurance; • a direction to the customer’s insurance broker to act on a request of the Issuer: <ul style="list-style-type: none"> ○ to remit premium refunds and other monies paid or payable to the customer under the funded insurance; ○ terminate the insurance and apply for a premium refund; and ○ negotiate and deal with the insurer in respect of any claim made under the funded insurance; and • an indemnification for all the Issuer’s costs, expenses, stamp duty, fines, penalties, losses and liability and taxes incurred in connection with the collection of amounts due and payable under the Loan and exercising rights under the Product’s terms and conditions and related security.
<p>Intermediary remuneration and rights</p>	<p>A customer’s insurance broker intermediary may receive a fee or other remuneration from us if the customer application is accepted.</p> <p>A customer may authorise their insurance broker to apply to the Issuer to fund policy premiums in relation to future insurance policies on their behalf.</p>

B. Target Market

Likely key needs, objectives and financial situation

	<p>Premium Funding is designed for persons:</p> <p>Likely key needs and objectives:</p> <p>Who want to finance their upfront insurance premium payments in order to spread that expense over the life of the insurance.</p> <p>Likely key financial situation:</p> <p>Who do not wish to make an upfront payment of insurance premiums, and who can afford the Monthly Instalment Payments and Credit Charges.</p> <p>Based on our assessment of the Product including its key attributes set out in Part A of this TMD, we believe it is likely to be consistent with the likely needs, objectives and financial situation of customers in the target market.</p>
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Key Eligibility Criteria

Customer must:

- want a loan for 100% of the premium payable under their insurance policy;
- be either:
 - an individual; or
 - in relation to Residential Strata Insurance only, a body corporate of a residential strata title which has an ABN and has been registered for GST; and
- be the only contracting insured with right to receive payment and premium refund under the Funded Insurance Policy;
- have a repayment history with us that is acceptable to us in accordance with our credit guidelines;
- not be aware of any circumstances that may adversely affect their ability to make any payments required under the Loan; and
- agree to the terms and conditions of the Product, including the payment timing and amount, the Issuers rights following an event of default including its rights under the security and the applicable of default interest and fees.

A Funded Insurance Policy:

- for individuals, must be one or more of the following types of insurance:
 - Caravan;
 - Expatriate Medical;
 - House Holders;
 - Landlords – Domestic Property;
 - Marine Pleasure Craft;
 - Motor Vehicle Domestic; and/or
 - Rural – Domestic Property,

that:

- is to be used wholly or predominantly for domestic and/or household purposes;
 - does have an individual premium or combined aggregate premium with other such policies to be funded under the Product of \$100,000 or less; and
 - has an insurance period of no more than 12 months (unless otherwise agreed);
 - does not contain an instalment payment option from the insurer;
 - contains an option to cancel in the period of insurance; and
 - is otherwise acceptable to us.
- For a body corporate of a residential strata title Residential Strata, must be Residential Strata insurance that:
 - has a premium of \$500,000 or less;
 - has an insurance period of 12 months (unless otherwise agreed);
 - does not contain an instalment payment option;
 - contains an option to cancel in the period of insurance; and
 - is otherwise acceptable to us.

C. Ineligible Persons

Premium Funding is not designed for persons:

- that are not an individual or a body corporate of a residential strata title;
- that want a loan that is not for the payment of upfront premium on an insurance policy;
- that are unable to confirm that they are not subject to any circumstances that may adversely affect their ability to make any payments required under the Loan;
- that do not accept the Product's terms or conditions, including the security and the Issuer's rights following a default and the application of default interest and charges (as set out in the Product Description above);
- that want funding for a longer period than that provided by the Product;
- do not want to make the Monthly Repayments Instalments and Credit Charges required under the Product; and
- do not otherwise fall within the Key Eligibility Criteria set out in Part B of this TMD.

D. Distribution

Distribution channels

The Product may be distributed by the Issuer through licensed insurance brokers. The insurance brokers do not act on behalf of the Issuer in distribution of the product. The Issuer does not directly distribute the Product to customers. No personal advice service is provided by the Issuer to Customers.

Distribution conditions and restrictions

The Product can only be issued to persons that are eligible for the loan in accordance with the loan eligibility criteria that has been approved in writing by the Issuer (**Application Process**).

The Application Process has been tailored to identify if a person is in the Target Market described in this TMD as part of the key eligibility criteria for the Product, and the use of the Application Process would make it more likely that the Product will be acquired by persons in the Target Market.

Products under this TMD can be distributed by licensed insurance brokers approved by us. They and their systems and processes are assessed and monitored by us to the extent required by law, and therefore distribution by them would make it more likely that they will comply with the terms of this TMD.

A distributor must not engage in retail distribution conduct in relation to this product if we have notified them or they are aware that, the TMD is no longer appropriate, has been replaced or the Product has been suspended or is no longer offered.

Distribution information

We require distributors to provide the following information in relation to their distribution of the product covered by this TMD:

Complaints

all complaints in relation to this TMD must be referred and reported to the Issuer as soon as practicable, and in any case within 10 business days, after the complaint is received. This will include reasonable written details of the complaints in the form required by the Issuer.

Significant dealings	<p>as soon as practicable, and in any case within 10 business days, information in relation to:</p> <ul style="list-style-type: none"> - any significant dealings that are inconsistent with the TMD in the form required by the Issuer; or - circumstances that would reasonably suggest to a distributor that the TMD is no longer appropriate in accordance with ss994B(8) of the Corporations Act.
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Other

In addition to the distribution conditions, restrictions and information set out above, the Issuer may include other conditions, restrictions and information on the distribution of products under this TMD where required by law.

Any additional conditions and restrictions and information will be notified (in writing) to distributor and form part of this TMD.

E. TMD reviews

This TMD shall be reviewed as follows:

First review	Within 12 months from the date of this TMD.
Subsequent reviews	At least every year after the end of the previous review.
Review triggers	<p>Where an event or circumstance is identified by us or is notified to us as part of our product governance framework (or otherwise) that would reasonably suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> • a material change to the design or distribution of a product, including material changes to loan terms and conditions; • a material alteration to acceptance criteria or credit criteria, and the Application Process; • identified systemic issues in the product or the distribution of the product; • relevant material external events such as relevant litigation or adverse media coverage; • relevant feedback, information or notification received from a distributor, regulator such as ASIC or APRA or other interested parties; • significant changes in metrics. These include levels of funded premiums, loan arrears, loan cancellations, levels of bad debts and complaints; and • any significant dealings that are inconsistent with the TMD, <p>to the extent these events or circumstances reasonably suggest the TMD is no longer appropriate.</p>