



# Target Market Determination

Commercial Motor



# Sompo Commercial Motor Target Market Determination (TMD)

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**Product TMD applies to:** **SOMPO COMMERCIAL MOTOR PRODUCT DISCLOSURE STATEMENT AND POLICY WORDING** SJCM V2-06-21 dated October 2021 (incorporating any applicable Supplementary Product Disclosure Statement) (**PDS**) in relation to cover provided to retail clients.

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**TMD made by the Issuer/Insurer** The PDS and this TMD is issued by Sompo Japan Insurance Inc. Australian Registered Business Number 000 837 801, incorporated in Japan (Sompo) as set out in the PDS (the **insurer/issuer/we, us, our**) through our underwriting agent SURA Pty Ltd ABN 36 115 672 350 AFSL 294 313 (SURA).

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**TMD date** 05 / 10 / 2021

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**Important information about this TMD**

The Corporations Act requires us to make this TMD and include certain information in it. Any terms used in this TMD that are defined in the Corporations Act have the same meaning as in that Act.

This TMD is not intended to be a consumer facing disclosure document and does not form part of the terms of the product.

Any information or examples given in the TMD must not be read as a complete list of eligibility or the standard terms and conditions and limitations that apply to the product.

A retail client must refer to the PDS and other policy documents to understand the terms and conditions of the product that will apply and any retail client must refer to the PDS before deciding. The PDS is available at [www.sompo.com.au](http://www.sompo.com.au). Any terms used in this TMD have the same meaning as defined in the PDS.

This TMD does not consider any person's individual needs, objectives or financial situation and does not provide financial product advice or recommendation on the cover.

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## Who is our target market for the product?



Some of the key characteristics of a person in the target market for this product are:

- ✔ those who have a motor vehicle(s), mobile machine(s) and/or trailer(s) (referred to as a “vehicle” in this TMD) that is used in relation to their business, and which may also be used for private (non business related) purposes;
- ✔ those seeking to insure their vehicle under a Comprehensive vehicle type of insurance policy which is primarily designed to provide cover in relation to accidental loss or damage to the insured vehicle;
- ✔ those who do not want Comprehensive cover and are instead seeking to insure their vehicle under a Third-Party Property Damage – Fire and Theft vehicle type of insurance policy which is primarily designed to provide limited cover in relation to loss or damage caused by fire, lightning, explosion, theft or illegal conversion or an accident with an uninsured third party;
- ✔ those who want legal liability cover for damage to other people or their property;
- ✔ those who are represented by an insurance broker;
- ✔ those who wish to insure:
  - a vehicle primarily used for business purposes;
  - a vehicle being driven and located in Australia or New Zealand (or being transported in or between Australia and New Zealand);
  - a vehicle that is roadworthy;
  - a vehicle that is of a kind we are able to insure under our eligibility criteria
  - a vehicle for a usage that is covered under our policy terms and not outside of our eligibility criteria (for example we do not cover a vehicle used for hire or reward such as a taxi);
  - persons licenced to drive a vehicle under relevant laws in Australia or New Zealand (as applicable);
- ✔ they are persons (or wish to cover persons) with a claims or driving history acceptable to us and otherwise are of a type we are able to insure under our eligibility criteria;
- ✔ they want agreed value cover or market value cover for the vehicle;
- ✔ they want to pay excess(es) in relation to any loss covered by the insurance of a type and level specified in the policy and/or agreed with us; and
- ✔ they want a policy for 12 month period and cover during the periods specified in the policy.

However, a person is only in our target market for this product where they meet the eligibility criteria for the issue (including new business, renewals and variation as applicable) of the product that has been approved by us in writing (**Approved Eligibility Process**). We advise as part of the Approved Eligibility Process if a person is eligible or not.

As part of the eligibility criteria, a person must:

- ✔ want cover for the type of person(s), property; usage; and loss, damage and/or liability, (as applicable) we can agree to provide cover for under our underwriting rules, subject to the excess(es), terms, conditions, limits, exclusions that apply; and
- ✔ be able to confirm they:
  - can afford the premiums and be able to make payments using the payment options available; and
  - can afford to pay the excess amount(s) we offer and are happy for the applicable excesses to apply (see the PDS for more details).

See **Attachment A** for a summary the product’s key attributes and key likely needs, objectives and financial situation of the target market.

## Examples of who isn't in our target market



**By way of example and at a very high level only, a person won't be in the target market** if they:

- ✗ want cover for drivers without a current driver's licence acceptable to us or with a claims or driving history that is not acceptable to us;
- ✗ are not represented by an insurance broker;
- ✗ owners of a motor vehicle used for private purposes only;
- ✗ want cover for agreed value where we are only prepared to offer market value cover (or vice versa);
- ✗ want cover for vehicles such as motorhomes and buses or cover for motorcycles or golf buggies;
- ✗ want cover for use of the vehicle of a type not covered by us. For example, we do not cover use of the vehicle:
  - for private purposes only;
  - in connection with the motor trade for experiment, test, trial, demonstration or towing;
  - in connection with a race, trial, test contest or other sports event including testing in preparation for such events;
  - for carrying passengers for hire or reward, except for a private pooling arrangement including private courtesy bus arrangements or when the insured receives a travelling allowance from their full time employer;
  - for courier or taxi use;
- ✗ cannot afford the price or for whom the payment options are not suitable;
- ✗ want cover for vehicles that are in an unroadworthy condition;
- ✗ can't afford to pay the excess amount(s) we offer or don't want an excess we propose to apply (e.g. Basic Excess, driver age and/or inexperienced driver excess or additional tipping excess) (see the PDS for more details);
- ✗ want cover for types of loss or damage to the vehicle or liability that we exclude, such as:
  - wear and tear, rust, corrosion, depreciation, or mechanical, structural, electrical or computer failures, malfunctions or non-performance;
  - loss of use of the vehicle or associated financial loss, or
  - damage to tyres or wheel rims caused by application of the brakes, or by road punctures, cuts or bursts.
- ✗ do not want their claim to be settled in accordance with the 'Making a Claim' section of the PDS and other terms relevant to claims settlement (e.g. where we keep the vehicle where there is a total loss, where we deduct any unpaid premium for the period of insurance will be deducted from the amount payable to the insured when settling a total loss claim and/or where we repair a vehicle in accordance with the PDS conditions).

Where a person falls within our target market, this does not mean that the cover is right for their individual needs, objectives and financial situation. We do not consider this and a person needs to consider the PDS and other information provided by us (and/or seek professional advice) before deciding.

**Any conditions and restrictions on retail product distribution conduct in relation to the product, other than a condition or restriction imposed by or under another provision of the Corporations Act (Distribution Conditions)**

The product under this TMD may only be issued on our behalf by SURA which acts under an authority given by us to arrange, enter into, vary and dispose of this insurance and handle and settle claims in relation to it, on our behalf.

SURA cannot distribute the product directly to retail clients. SURA may consider applications by retail clients made through insurance brokers acting on their behalf (that hold an Australian Financial Services Licence for dealing services in relation to general insurance and meet acceptability criteria agreed to by us or SURA).

Cover can only be issued to a retail client by SURA where they meet the eligibility criteria for the issue (including new business, renewals and variation as applicable) of the product that has been approved by us in writing (**Approved Eligibility Process**).

Any Regulated Person acting on our behalf must not engage in retail distribution conduct unless they have been authorised in writing by us to do so and this authority has not been cancelled or suspended.

A Regulated Person 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 in accordance with ss994B(8) of the Corporations Act or has been replaced or the product has been suspended or is no longer offered.

Subject always to the above, any other conditions and restrictions on retail product distribution conduct in relation to the product that we have agreed with a Regulated Person in writing, other than a condition or restriction imposed by or under another provision of the Corporations Act.

**TMD Review**

The TMD will be reviewed within 12 months from the date of this TMD and subsequently every 48 months unless agreed otherwise after the end of the previous review. We will also review the TMD within 10 business days of becoming aware of a Review Trigger specified below and where otherwise required by law.

**Review Triggers**

These are an event or circumstance that is identified to or by us as part of our Product Governance Framework (or otherwise), including:

- the nature and number of complaints, complaints data and trends;
- customer feedback and testing;
- number of cancellations and lapses of the product;
- data on product claim ratios, the number, nature and magnitude of claims paid, denied and withdrawn and average claim duration;
- information received by and in relation to distributors;
- feedback from a regulator such as ASIC or APRA or other interested parties such as the Insurance Council of Australia and Code Governance Committee;
- changes to information or circumstances we took into account when developing the TMD, such as changes to the Approved Eligibility Process, underwriting guidelines, pricing, or reinsurance requirements or the number of policies sold, including penetration rates; or
- any significant dealings that are inconsistent with the TMD,

that reasonably suggests that it is no longer reasonable for us to conclude that if the cover were to be issued:

- to a retail client in accordance with the Distribution Conditions, it would be likely that the retail client is in our target market; or
- to a retail client in our target market, it would likely be consistent with the likely objectives, financial situation and needs of the retail client.

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## Regulated Persons Reporting

In relation to reporting:

- SURA must report to us; and
  - Regulated Persons other than us who have engaged in retail product distribution conduct in relation to the product covered by the TMD (e.g. insurance brokers acting for the retail client) must report to SURA (or such alternative we otherwise notify in writing), (both referred to as 'you' below) the following information by the time specified:
    - Information on when cover was issued to a retail client that was ineligible for cover in accordance with the Approved Eligibility Process and reasonable details on the circumstances related to this.  
To be reported as soon as practicable and in any case within 10 business days, after you become aware of the matter.
    - Information on the number of complaints you have received about the product (including if nil) in the month or such other period of time otherwise agreed in writing between us and you that is reasonable having regard to the matters specified in ss994B((7)) of the Corporations Act as well as reasonable details on the circumstances related to the complaint (unless we already have access to such details).  
To be reported as soon as practicable and in any case within 10 business days of the end of the above reporting period.
    - Information on any significant dealings by you that are inconsistent with the TMD and reasonable details on the circumstances related to this.  
To be reported as soon as practicable and in any case within 10 business days, after you become aware of the matter.
    - Information on any significant dealings by you that are inconsistent with the TMD and reasonable details on the circumstances related to this.  
To be reported as soon as practicable and in any case within 10 business days, after you become aware of the matter.
    - Information as agreed by you in writing with us that would reasonably to enable us to promptly identify Review Triggers or other events and circumstances that have occurred which would reasonably suggest the TMD is no longer appropriate in accordance with ss994B(8) of the Corporations Act.  
To be reported within the time frames agreed for each type of information that are reasonable having regard to the matters specified in ss994B((7)) of the Corporations Act.
    - Information identified to or by you that would reasonably suggest to you that the TMD is no longer appropriate in accordance with ss994B(8) of the Corporations Act.  
To be reported as soon as practicable and in any case within 10 business days, after you form the view.
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# Attachment A

## Key attributes of product

### Summary of key attribute

All cover summarised below is provided for an agreed period and subject to terms and conditions (including limits and excesses) agreed with us. Refer to PDS for detail.

### Key likely needs, objectives and financial situation of target market

In all cases below the person in the target market's objectives and needs are to transfer risk of the types described below though insurance protection for a period and on terms and conditions (including limits and excesses and price) acceptable to them.

### Key likely Financial Situation of target market

In all cases for cover chosen, is a person able to afford to pay premium on terms proposed and bear any uninsured loss and bear any excess applicable to any claim.

## Main Benefit

### Section 1 – Cover for Loss of or Damage to Your Vehicle Comprehensive Cover

Principally designed to provide cover for accidental loss (including theft and malicious damage) or any other type of accidental damage which happens to the vehicle during the period of insurance.

## Main Protection Event

Protection for the vehicle owner and agreed third parties with an interest in vehicle for accidental loss (including theft and malicious damage) or any other type of accidental damage which happens to the vehicle during the period of insurance.

## Automatic Benefits

### Additional Benefits To Above Main Benefit (Comprehensive Cover Option only)

#### Accommodation and Travel Expenses

Principally designed to cover the reasonable costs for essential temporary accommodation or travelling expenses to complete the journey or return to point of departure if the vehicle is on a journey and damaged in a covered accident or stolen and not found. Maximum cover \$3,000 any one event.

### Additional Protection Events

Protection for additional temporary accommodation or travelling costs while on a journey if a covered event occurs.

#### Automatic additions and deletions

Principally designed to cover any similar replacement or additional registered vehicles acquired by the insured during the period of insurance. We must be notified within 30 days of the purchase or lease of any such vehicle and additional premium may apply. Maximum \$150,000 any one vehicle.

Protection for replacement or additional vehicles of a similar kind to those insured for 30 days from the time of purchase or lease.

#### Automatic trailer cover

Principally designed to cover any two wheeled or box trailer owned by the insured and which weighs less than 2 tonne while it is attached to the vehicle at the time of a covered accident. Maximum \$1,000 any one accident.

Protection for loss or damage to vehicle extended to any two wheeled or box trailer which weighs less than 2 tonne attached to vehicle at the time of loss or damage.

<b>Chains, gates, ropes and tarpaulins</b>	Principally designed to cover theft of any chains, gates, ropes or tarpaulins which are attached to or within the vehicle and are lost as a result of a covered theft of the vehicle. Maximum \$5,000 any one event.	Protection for theft of chains, gates, ropes or tarpaulins that are stolen with the vehicle.
<b>Emergency repairs</b>	Principally designed to reimburse the cost of emergency repairs necessary to enable a person to drive the vehicle to the point of departure after a covered accident. Maximum \$1,000 any one accident.	Protection for cost of emergency repairs to allow vehicle to be driven to its point of departure after a covered accident.
<b>Emergency Services cover</b>	Principally designed to cover liability for charges imposed by the fire brigade, police, or any other authority following a covered accident. Maximum \$20,000.	Protection for the liability to pay charges associated with emergency services following a covered accident.
<b>Emergency vehicle hire</b>	Principally designed to cover costs for a rental car or if not available a daily travel allowance when a vehicle which is a sedan, station wagon, four wheel drive, panel van or utility is damaged in a covered accident and cannot be safely driven. Maximum cover \$100 per day for 2 consecutive days	Protection following a covered event for costs of a rental car or alternative travel during a 2 day period while the insured reports a covered accident to us.
<b>Employees Vehicle</b>	Principally designed to extend cover to an employee owned vehicle whilst being used in connection with the insured's business with their consent. Maximum of \$50,000 any one accident.	Protection for loss or damage to an employee's vehicle that is used in relation to the insured's business.
<b>Financial payout – total loss</b>	Principally designed to cover the difference between the market value of the vehicle and the residual value of any lease, hire or financial agreement if the vehicles is a total loss. Maximum 25% of the market value of the vehicle.	Protection for the cost of a finance gap up to 25% of the market value of the vehicle in the event of a covered total loss.
<b>Funeral expenses</b>	Principally designed to provide a benefit burial or cremation expenses of the driver and travel costs of their immediate family members following the death of a driver of the vehicle as a direct result of a covered accident. Maximum \$10,000 any one loss.	Protection for the cost of funeral related expenses following the death of a driver as a direct result of a covered accident.
<b>Hire costs following fire and theft</b>	Principally designed to cover costs for a for a rental car (up to \$150 per day) or if not available a daily travel allowance (up to \$30 per day) when a vehicle which is a sedan, station wagon, four wheel drive, panel van or utility vehicle is damaged by a covered fire or covered theft. Maximum \$3,000 any one vehicle for all events in the period of insurance.	Protection following a covered fire or theft of an insured vehicle by provision of a rental car or a travel allowance while an insured vehicle is being repaired, replaced or recovered.



<b>Modification to vehicle</b>	Principally designed to cover costs to modify the vehicle if its driver is permanently disabled as a direct result of injuries in a covered accident. Maximum \$5,000 any one event.	Protection for the costs of vehicle modifications is permanently disabled in a covered accident.
<b>New for Old Replacement vehicle</b>	Principally designed to provide a new replacement vehicle where the insured vehicle is a sedan, station wagon, four wheel drive, panel van, utility or goods carrying vehicle under 2 tonne gross vehicle mass and is declared a total loss within two years of its first registration.	Protection by replacement of a specified type of insured vehicle with a new vehicle of the same kind if the insured vehicle is written off/total loss in first 2 years of time it was registered.
<b>Personal property</b>	Principally designed to pay for repair or replacement of personal property belonging to the custodian of the vehicle which were damaged in a covered accident, stolen from the vehicle when locked or stolen at the same time as the vehicle. Maximum \$1,000 any one event.	Protection for cost of repair or replacement of personal property belonging to the custodian of the vehicle damaged in an accident or when stolen from or with the vehicle.
<b>Recovery cost – no damage</b>	Principally designed to cover costs of recovery of removal of the vehicle where it is unintentionally immobilised whilst on a work site or being used as part of the insured's normal business operations. Maximum \$5,000 any one events and all events combined for all vehicles during the period of insurance.	Protection for recovery or removal costs where an insured vehicle is unintentionally immobilised in specified circumstances.
<b>Re-keying and Re-coding</b>	Principally designed to pay for the replacement of vehicle's keys and the necessary recoding of vehicle's locks where a vehicle's keys are stolen or there are reasonable grounds to believe the keys have been illegally duplicated. Maximum \$1,000 any one vehicle per event; \$10,000 during the period of insurance.	Protection for costs of replacing a vehicle's keys or recoding of vehicle locks if keys are stolen or reasonably believed to have been duplicated.
<b>Removal of basic excess for windscreen claims</b>	Principally designed to remove basic excess where the windscreen or window glass or sun roof in a vehicle which is a sedan, station wagon, four wheel drive, panel van, utility or goods carrying vehicle under 2 tonne gross vehicle mass is accidentally broken or damaged and is the only damage to the vehicle.	Protection for excess cost if windscreen or window glass or sun roof in a specified vehicle type is accidentally broken or damaged.
<b>Removal of Debris</b>	Principally designed to pay for costs to clean up and remove of debris resulting from goods falling or leaking from the vehicle following a covered accident. Maximum \$10,000 any one event.	Protection for the costs of removal of debris following a covered accident.

<b>Sign writing</b>	Principally designed to cover the costs to reinstate any loss of or damage to fixed advertising or other advertising material forming a permanent part of the vehicle. Maximum \$5,000 any one event.	Protection for the costs of reinstating sign writing on a vehicle following any loss or damage.
<b>Tools of trade</b>	Principally designed to cover loss or damage to tools of trade and trade material stolen from the vehicle or as a result of a covered accident. Maximum \$1,000 any one event.	Protection for cost of repair or replacement of tools of trade damaged in a covered accident or when stolen from the vehicle.
<b>Towing</b>	Principally designed to cover reasonable costs incurred for single tow to nearest or repairer we agree to or location we nominate or agree to or store the vehicle when damaged in a covered accident.	Protection following a covered accident of insured vehicle by covering reasonable costs of towing vehicle to repairer or other location or storage.
<b>Unspecified accessories</b>	Principally designed to cover loss of or damage arising from a covered accident to non-standard accessories, attachments or modifications (excluding mobile phones, hoists and cranes and those components that are fitted to the vehicle) that are not covered as non-standard accessories, attachments or modifications specified on the policy schedule. Maximum \$5,000 any one event.	Protection for the cost of repair or replacement of unspecified accessories which suffer loss or damage as a result of a covered accident. Maximum \$5,000 any one event.
<b>Vehicle being transported</b>	Principally designed to cover accidental loss or damage to the vehicle while being transported by road, rail, sea, or air between any places in Australia and New Zealand.	Protection for loss or damage while a vehicle is being transported between places in Australia or New Zealand.
<b>Vehicle being transported by ship</b>	Principally designed to cover costs for contribution for general average and salvage charges where such maritime conditions apply and incurred when the vehicle is being transported by sea between places in Australia or New Zealand. Maximum sum insured or market value, whichever is the lesser.	Protection for general average and salvage charges where such maritime conditions apply if the vehicle is being transported by sea between places in Australia or New Zealand.
<b>Vehicle return</b>	Principally designed to cover costs of removing and relocating a vehicle which is a sedan, station wagon, four wheel drive, panel van or utility and as a result of a covered accident is unable to be driven to the nearest repairer or delivering a vehicle to its usual place of garaging after repair or recovery. Maximum \$5,000 any one event.	Protection for the costs of removing, relocation or delivery of a vehicle following a covered accident.

**Optional Benefit To Above Main Benefit (Comprehensive Cover Option only)**

**Hire costs following an accident** This optional benefit is only covered where we agree to this and it is shown as insured in the policy schedule.

Principally designed to cover costs for a rental car (up to \$150 per day) or if not available a daily travel allowance (up to \$30 per day) when a vehicle which is a sedan, station wagon, four wheel drive, panel van or utility vehicle is damaged by a covered accident. Maximum \$3,000 any one vehicle for all events in the period of insurance.

**Main Benefit (Optional)****Main Protection Event**

**Section 1 –  
Third Party Property Damage  
– Fire and Theft Cover**

Principally designed to cover a vehicle that is a sedan, station wagon, four wheel drive, panel van or utility for loss or damage caused by the following events only:

- fire, lightning, explosion, theft, or illegal conversion; or
- an accident caused by an uninsured third party.

Maximum of the market value of the or \$5,000, whichever is the lesser.

Protection up to \$5,000 only for limited covered events of fire, lightning, explosion, theft, or illegal conversion or an accident caused by an uninsured third party.

Main Benefit (Automatic Where Cover Is Taken Out Under Section 1, Otherwise Optional)	Main Protection Event	
<b>Section 2 – Liability Cover</b>		
<b>Cover for Damage to Other People’s Property (Legal Liability)</b>	<p>Principally designed to cover the insured’s and other specified person’s legal liability to pay compensation for loss of or damage to someone else’s property caused by a motor vehicle accident for which they are at fault which occurs during the period of insurance and arises out of the use of:</p> <ul style="list-style-type: none"> <li>• the vehicle;</li> <li>• a substitute vehicle used by them while their vehicle is being serviced or repaired;</li> <li>• any vehicle that is a registered sedan, station wagon, four wheel drive, panel van or utility that is not owned or supplied by them while that vehicle is being used or driven by the insured or a person authorised by them in connection with the insured’s business; and/or</li> <li>• a caravan or trailer towed by any of the above vehicles.</li> </ul>	<p>Protection for legal liability of the insured and certain other persons to pay compensation for loss of or damage to someone else’s property caused by a motor vehicle accident for which they are at fault.</p>
<b>Additional Cover for Supplementary Bodily Injury (Legal Liability)</b>	<p>Principally designed to cover the insured and other specified persons for legal liability for death or bodily injury caused by or arising out of the use of the vehicle, in specified circumstances (e.g. where not covered by any statutory or compulsory insurance policy or any statutory or compulsory insurance, or compensation scheme or fund).</p>	<p>Protection for legal liability of the insured and certain other persons for death or bodily injury caused by or arising out of the use of the vehicle, in certain circumstances.</p>
<b>Additional Benefits To Above Main Benefit</b>		<b>Additional Protection Events</b>
<b>Legal costs</b>	<p>Principally designed to cover the legal costs and expenses in defending any court proceedings which may arise from a claim under the Legal Liability cover section for legal liability covered by the policy. Not for any legal costs and expenses relating to any criminal or traffic enforcement related proceedings.</p>	<p>Protection for legal costs and expenses in defending any court proceedings which may arise from a legal liability claim.</p>
<b>Uninsured motorist</b>	<p>Principally designed to cover the insured for damage to the vehicle caused in an accident with an uninsured driver who was at fault. Maximum up to \$5,000.</p>	<p>Protection for damage to the vehicle caused by an accident with another vehicle where the other driver is at fault and is uninsured.</p>



Sompo Japan Insurance Inc.  
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supports positive initiatives  
for our environment.

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