Target Market Determination

Product: MECON Single Project Insurance

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Issuer: AIG Australia Limited (AIG) ABN 93 004 727 753 AFSL No 381686

What is a target market determination?

A Target Market Determination (TMD) is a determination that AIG has made that sets out:

- the class of customers that comprise AIG's target market for this Product, taking into consideration their likely needs, objectives and financial situation;
- any conditions and restrictions placed on retail product distribution conduct in relation to the Product;
- the events and circumstances that would reasonably suggest that the TMD is no longer appropriate;
- the review periods for the TMD; and
- the reporting obligations for the TMD.

This TMD does not provide any financial product advice on the Product and does not take into consideration the needs, objectives and financial situation of individual customers.

The terms and conditions of the Product are set out in the Product Disclosure Statement (PDS). Insurance products and services are provided by AIG Australia Limited ABN 93 004 727 753 AFSL 381686. This TMD does not form part of the insurance contract and is not a summary of the Product's terms and conditions. Customers should review the PDS before making any decision on whether to purchase this Product.

AIG will make this TMD available to any person, upon request, free of charge.

Terms used in this TMD, which are defined in the *Corporations Act*, have the same meaning as under that legislation.

Application of this TMD

This TMD applies to consumers who acquire the Product as Retail Clients only, namely when the customer is an individual more particularly, homeowner builder constructing, renovating or extending their home building and not in the course of their construction business or a small business (a business which employs less than 100 people, if a manufacturing business, or otherwise 20 people).

A home building is one that is used, or intended to be used, principally and primarily as a place of residence; including out-buildings, fixtures and structural improvements used for domestic purposes.

This TMD does not apply to consumers who acquire the Product as wholesale clients

1. Target market

This section of the TMD describes the class of retail client customers who comprise the target market for the Product, taking into account their likely needs, objectives and financial situation.

Outlined below is a description of the Product, key eligibility criteria and key Product attributes that affect whether this Product is likely to meet the needs, objectives and financial situation of the target market.

The target market is retail client customers:

- who meet key eligibility criteria of the Product; and
- where the key Product attributes meet their likely needs, objectives and financial situation.

Product Description & Key Attributes

The Product provides cover under two sections for builders and owner builders in respect of construction projects in Australia. This can include cover for a home building under Section One (Material Damage) and Section Two (Public Liability), where the home building is the project insured.

Please refer to the PDS for full details of Product coverage including benefits.

Key Eligibility Criteria

The table below provides a summary of the key eligibility criteria of this Product. This outlines the types of consumers and types of construction that this Product is available for. This Product is subject to underwriting criteria prior to acceptance.

This cover is available to	This cover is NOT available to
• an owner builder constructing, renovating or extending their home building.	• consumers who need standard home building or contents insurance or property owner's liability insurance; • consumers who are undertaking home renovations or extensions where those are adequately covered under a home building insurance policy; • a builder constructing, renovating or extending a home building for a homeowner principal.

A home building is one that is used, or intended to be used, principally and primarily as a place of residence; including out-buildings, fixtures and structural improvements used for domestic purposes. This TMD does not apply to consumers who acquire the Product as wholesale clients.

Needs and Objectives

This Product is likely to meet the needs and objectives of consumers who have a need or legal obligation to insure a construction project. A summary of Key Product features including what is covered and what is not covered is provided below:

Key Product Features	
What is covered: **Material Damage** • cover for the physical loss or damage to property in respect of construction works, such as fire, theft and storm or tempest, accidental loss or damage and transit and off-site storage of project materials. **May require cover** • for existing structures; • for principal supplied materials; • for contractor's plant, tools and reusable equipment. **Public Liability** • personal injury and property loss that may result from the construction project; • vibration, weakening and removal of support; • property in care custody and control.	**What is not covered:** • loss of use of the property for delays, defects and a failure to comply with project specifications during construction; • consequential financial loss arising from loss or damage to property during construction; • fines, penalties, liquidated damages or aggravated damages in relation to the construction; • personal injury to employees or claims arising under workers' compensation legislation, awards and agreements in relation to the construction; • pollution in relation to the construction, other than unexpected and unintended pollution that took place at a specific time and place, or cover taken by a customer under the Contractors Pollution Liability Cover endorsement; and/or • liability arising from professional advice and designs, plans, specifications, formulas and patterns provided for a fee, in relation to the construction.

These are the key attributes. Please refer to the PDS for full details of Product coverage including age limitations and benefits. The benefits are subject to specified sums insured, policy limits and the terms and conditions of the policy.

Financial Situation

This Product is likely to meet the financial situation of Retail Clients who:

- require insurance coverage in line with the sums insured and policy limits available under the Product; and
- have the ability to pay premiums in accordance with the policy structure, chosen benefits, excess, fees and charges, considering their financial circumstances and any vulnerabilities.

Consistency between the Product and target market

This Product is likely to be consistent with the needs, objectives, financial situation of the consumers in the target market because the Product provides cover to those consumers who meet key eligibility criteria and require cover for the types of loss or damage that consumers in the target market are seeking to insure against.

2. Distribution conditions

This section of the TMD describes the conditions and restrictions on retail product distribution conduct that apply to customers who are retail clients. It does not apply to other customers (wholesale clients) who may purchase the Product.

The Product is distributed solely by MECON Insurance Pty Ltd (MECON) (ABN 29 059 310 904; AFSL 253105) on AIG's behalf in terms of a binder arrangement via a network of insurance brokers.

The distribution conditions that apply to the sale of this Product do not apply to the extent that the insurance broker is arranging for a customer to acquire the Product and provides financial advice to the customer.

MECON will only issue the Product to Retail Client consumers that meet AIG's eligibility criteria. This aligns with the target market set out in section 1 above. It ensures that is the case by applying a consistent application process in relation to the Product, which for Retail Client consumers, restricts the sale of the Product and any additional extensions to consumers in the target market. Insurance brokers distributing the Product are required to submit customer applications in accordance with such process.

MECON also ensures that all insurance brokers it deals with in relation to the Product:

- have the required experience providing construction insurance;
- have a general understanding of the likely needs, objectives, situation of the class of consumers that fall within the target market; and
- have been provided with information in the relevant acceptance criteria for the Product.

AIG has a contract in place with MECON with appropriate terms for ensuring that MECON will only distribute the Product to consumers that fall within the target market. For example, the contract allows AIG to monitor and carry out audits of sales. Likewise, MECON has appropriate contracts in place with insurance brokers regarding their obligations in relation to the Product.

3. Review period and triggers

AIG will review this TMD during the following periods to ensure that it remains appropriate:

First review period	Within two years from the TMD's commencement date.
Ongoing review periods	At least every two years after the completion of the first review period

AIG will also review this TMD if there are events or circumstances that reasonably suggest that the TMD is no longer appropriate. The triggers for this review may arise from:

Trigger	• a material change to the cover provided by the Product; • the discovery of a relevant and material deficiency in the Product's disclosure documentation; • a change in AIG's risk acceptance criteria or underwriting guidelines that may impact the suitability of the Product for the target market; • a material change to the distribution of the Product; • complaints or other feedback indicative of the Product no longer being suitable for the target market; • claims' denials or other issues indicative of the Product no longer being suitable for the target market; • material changes in Product performance metrics; • material change to legislation; • issues arising from compliance monitoring, breaches or internal audit findings; or • concerns raised by a regulator, the Code Governance Committee or the Australian Financial Complaints Authority.

4. Reporting obligations

Event or circumstance	Person required to report	Reporting period
Any issue arising from the sale of the Product to a customer in breach of the distribution conditions or outside the target market.	MECON and insurance brokers	As soon as practicable after becoming aware of the matter, and within 10 business days.
Any significant dealings that are not consistent with this TMD.	MECON and insurance brokers.	As soon as practicable after becoming aware of the matter, and within 10 business days.
The number and detail of complaints received about the Product.	MECON and insurance brokers	All insurance related complaints are referred to the AIG Complaints team within 24 hours or as soon as practicable
Regular and incident-based reporting on key sales and Product performance metrics (under 'Review period and trigger' above).	MECON.	Within 10 business days after the end of each calendar quarter (31 March, 30 June, 30 September, and 31 December) or upon the occurrence of an incident
Any actual or likely compliance breach relating to sale of the Product or to distribution requirements under the Product Design and Distribution Obligations	MECON and insurance brokers.	As soon as practicable after becoming aware of the matter, and within 10 business days