



Target Market Determination

/ Effective 10 October 2023

Watercraft Target Market Determination

For Youi Watercraft Insurance

Cover Types: Comprehensive, Third Party, Fire & Theft and Third Party Property Only

The purpose of this Target Market Determination (TMD) is to describe:

- the types of customer Youi Watercraft Insurance is designed for;
- how it is distributed;
- distributor reporting requirements;
- when this document will be reviewed; and
- what information is required to be provided to help maintain the accuracy of this document.

This TMD is not a Product Disclosure Statement (PDS) and is not a summary of the product terms and conditions. Any advice provided in this document is general advice only. It has been prepared without taking into account any person's particular objectives, financial situations or needs. Product issued by Youi Pty Ltd. More information about this product can be found in the PDS, which contains full details of coverage, conditions, limitations and exclusions. Consider whether the product is appropriate for you before making any decisions about whether to buy or continue to hold a policy. If you have already purchased this product, you should review the information we have provided you whenever your circumstances change.

Who this product is designed for

Our Watercraft Insurance product is designed for owners of a watercraft, or those with a financial interest in a watercraft, which is only used for personal purposes and was manufactured in or after 1970. The types of watercraft insured include boats, jet skis, wind surfers and paddle craft. However, certain watercraft owners are outside the target market (see 'Who this product is not suitable for' below).

Within this product, you can choose from three levels of cover, depending on your objectives, financial situation or needs as outlined below:

1. Comprehensive Watercraft Insurance

Comprehensive Watercraft Insurance is designed to protect watercraft owners whose likely objectives, financial situation and needs are to guard against the financial burden that may result from an event damaging their watercraft or becoming legally liable for death, bodily injury or damage to other third party property through the use of their watercraft. Additionally, it is designed for a target market who have the financial means to pay premiums in line with the chosen payment frequency, applicable excesses, fees and government charges and have the means to pay amounts that may exceed any policy limits in the event of a loss, with

consideration given to a customer's personal circumstances, such as if they are facing hardship or are otherwise vulnerable.

Considerations to a customer's financial situation include the ability to:

- select an annual or monthly premium payment frequency; and
- where applicable, vary the premium amount by modifying the selected basic excess.

The key attributes of Youi Comprehensive Watercraft Insurance include coverage for events such as accidental damage, storm, malicious damage, fire and theft as well as some associated costs, such as towing and loss of contents in the watercraft. Another key attribute is legal liability, providing cover for death, bodily injury and damage to another person's property resulting from the use of the watercraft. Any of these events could result in significant watercraft repair or replacement costs, so this cover is suitable for the intended target market.

Youi Comprehensive Watercraft Insurance also provides the following optional cover for purchase, to meet more specific needs.

I. Social sailboat racing:

Social Sailboat Racing cover is designed for owners of a watercraft that is a sailboat used in social sailboat racing, and whose likely objectives, financial situation and needs additionally include to protect them from incurring a financial loss if the sailboat is damaged whilst being used in a social sailboat race.

2. Third Party, Fire and Theft Watercraft Insurance

This cover is designed for owners of watercraft whose likely objectives, financial situation and needs are that they do not expect their watercraft to be damaged in an event such as a collision, storm or earthquake, or they have the means to repair or replace the watercraft if it is accidentally damaged. Additionally, it is designed for a target market who the financial means to pay premiums in line with the chosen payment frequency, applicable excesses, fees and government charges, and means to pay amounts that may exceed any policy limit in the event of a loss, with consideration given to a customer's personal circumstances, such as if they are facing hardship or are otherwise vulnerable.

Considerations to a customer's financial situation include the ability to:

- select an annual or monthly premium payment frequency; and
- where applicable, vary the premium amount by modifying the selected basic excess.

The key attributes of Youi Third Party, Fire and Theft Watercraft Insurance are cover against fire and theft damage, and legal liability when the watercraft causes death, bodily injury or damage to other people's property.

This product is suitable for the target market because it limits their financial loss from accidents to the value of their own watercraft plus any applicable excess, and provides cover if the watercraft is damaged by fire or theft.

3. Third Party Property Only Watercraft Insurance

Third Party Property Only cover is designed for the owners of low value watercraft or who are only seeking cover against legal liability for death, bodily injury and damage to another

person's property resulting from the use of the watercraft. Additionally, it is designed for a target market who have the financial means to pay premiums in line with the chosen payment frequency, applicable excesses, fees and government charges, and means to pay amounts that may exceed any policy limits in the event of a loss, with consideration given to a customer's personal circumstances, such as if they are facing hardship or are otherwise vulnerable.

Considerations to a customer's financial situation include the ability to:

- select an annual or monthly premium payment frequency; and
- where applicable, vary the premium amount by modifying the selected basic excess.

The key attribute of this cover is protection against legal liability for death, bodily injury and damage to another person's property resulting from the use of their watercraft, such as in a collision.

This product is suitable for the target market because it limits their financial loss from accidents to the value of their own watercraft plus any applicable excess.

Who this product is not suitable for

This product is not suitable for watercraft owners whose watercraft:

- will be towed or operated by someone who does not have a valid licence, where a licence is required by law;
- will be used in a reckless or inappropriate manner;
- is not safe, seaworthy, sound or is not watertight;
- will be used in races or trials, unless it is a social sailing competition and the owner has purchased this option;
- is offered for hire or charter, or used for business purposes;
- is an airboat, hovercraft or a houseboat;
- is used as a permanent residence, or is permanently anchored;
- will be attached to a mooring that is not registered, or not suitable for the watercraft or is in poor condition or placement;
- is used further than 200 nautical miles from the Australian coastline; or
- is not insured before purchasing this policy and requires cover for flood, hail, storm or bushfire within the first 72 hours of the policy first being purchased, unless it is a new watercraft purchase.

Distribution conditions

Youi Watercraft Insurance can only be purchased from the Youi website or contact centre. Youi employees are monitored and can only sell Youi Watercraft Insurance through the contact centre if they have received adequate training from us and they must follow any guidance we give them (such as product-specific sales scripting and application processes). When completing a quote, the Youi website and contact centre sales and application processes include a number of questions (including 'knockout questions') that help to determine if the applicant is within the target market for this product, if we will insure them and their property and for what price and excess. The customer should always answer these questions accurately and check with Youi if they are not sure what a question means.

These conditions make it likely that Youi Watercraft Insurance will only be distributed to customers within the target market for this product by helping ensure that Youi representatives have adequate knowledge of the policy terms and conditions, combined with the Youi application processes that are designed to identify instances where a policy is not suitable for the applicant.

Reporting

Youi collects information and prepares reports to improve our products and service in accordance with the examples of key reporting data in the following table.

Reportable Information	Frequency
Complaints data, including the number and nature of any complaints	Quarterly
Sales and performance data, including: <ul style="list-style-type: none"> - total sales; - renewal success rates; - initial policy cancellation rates; and - subsequent policy cancellation rates. 	Quarterly
Claims data, including: <ul style="list-style-type: none"> - average claims turnaround; - percentage of claims rejected; and - percentage of claims withdrawn. 	Quarterly
Dealings of product outside of TMD	As soon as practicable after becoming aware of the matter, and no later than 10 business days
Any feedback, regulatory orders or directions regarding the product or its distribution that are received from <ul style="list-style-type: none"> • a regulator; • The General Insurance Code Governance Committee; or • AFCA. 	As soon as practicable after becoming aware of the matter, and no later than 10 business days

Reviewing this document

A review of this TMD will be completed no later than one year from the publication date and subsequently at annual intervals or where a review trigger has been identified. We will review this TMD if:

- there are amendments to our PDS that change the cover provided;
- material changes are made to our underwriting guidelines;
- we introduce other ways in which this product can be sold;
- we receive a significant number of complaints regarding the design or distribution of this product;
- the business performance and value provided by this product indicate the TMD is no longer appropriate, having regard to appropriate data, such as:
 - claims ratios;

- policy sales;
- policy renewal rates; and
- cancellation rates.

(specific thresholds of the above metrics are recorded in Youi's internal product governance documents)

- we identify that there has been a significant dealing in the product that is not consistent with the TMD.

Our review will occur within 10 business days of any of the above review triggers occurring.

Questions?

If you have any questions about our products or this TMD, please contact us on 13 YOUI (9684).

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Issuer: Youi Pty Ltd (ABN 79 123 074 733)

AFSL: 316 511