



Small
Business
Insurance

Target Market Determination

July 2024



Small Business Insurance - Target Market Determination For Youi Small Business Insurance

About this document

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

- the type of customer Youi Small Business 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 is contained 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.

About Youi Small Business Insurance

Cover is available under a number of sections in Youi Small Business Insurance. These sections are:

1. Public and Products Liability;
2. Business Items;
3. Business Property Damage;
4. Glass; and
5. Money

A small business owner must hold section 1. Public and Products Liability cover to be eligible for any of the other sections. However, all other sections are optional and are only included in the policy if the small business owner asks and we agree to add them.

The majority of the sections of cover available under Youi Small Business Insurance are not retail insurance products. However, section 3. Business Property Damage cover is a retail product if the small business owner is insuring business contents that are kept in a home building.

Who this product is designed for

Youi Small Business Insurance is designed for small business owners who have a legal liability risk, and may also have other risks, in connection with their business activities or products. 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 policyholder's personal circumstances, such as if they are facing hardship or are otherwise vulnerable.

Considerations to a policyholder'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.

Small business owners are those that operate a business that employs fewer than 20 people and has an annual turnover of less than \$1 million. However, certain small business owners are outside the target market (see 'Who this product is not suitable for' below).

Public and Products Liability cover is designed for small business owners whose likely objectives, financial situation or needs are to guard against the financial burden that may result from incurring legal liability in connection with their business, to pay compensation to a third party. If the small business is a licensed electrical contractor in Queensland or a licensed plumber in Victoria, the applicable extension of cover will automatically be added to the Public and Products Liability section as the extensions of cover are designed to comply with the legislative requirements placed on such persons in relation to insurance.

Who this product is designed for (cont.)

In respect of the key attributes of this product, it covers legal liability to pay compensation for personal injury or property damage that occurs in connection with the business or its products, as well as advertising liability caused by an advertisement connected to the business. In addition to the compensation involved with legal liability, there is cover for specific costs involved in the defense of a claim from a third party and representation costs at official coronial investigations, and other selected expenses related to the claim. The key attributes of the extensions of cover are that they align with the relevant legislative requirements for insurance that licensed electrical contractors in Queensland and licensed plumbers in Victoria must obtain in order to conduct business of that nature.

Further sections of cover can also be added to Youi Small Business Insurance (see 'About Youi Small Business Insurance' above). The only section available under Youi Small Business Insurance that can be a retail product is 3. Business Property Damage cover.

The target market for Business Property Damage cover is small business owners who:

- operate from a business premises (that may or may not also be a home building); and
- are also in the target market for Public and Products Liability cover.

The likely objectives, financial situation or needs of small business owners within this target market are to guard against the financial burden that may result from loss or damage to business contents or stock in trade at the business premises or to stock in trade while in transit to or from the business premises. The key attribute of Business Property Damage cover is that it covers loss or damage to business contents (for example, furniture, tools of trade and equipment) and stock in trade caused by an accident; such as by flood, fire, theft or attempted theft, or (of refrigerated stock in trade only) deterioration.

The key attributes for Public and Products Liability cover and Business Property Damage cover (as described earlier in this document) make Youi Small Business Insurance likely to be consistent with the likely objectives, financial situation and needs of this target market because it limits the financial loss that is incurred by a small business in connection with legal liability and gives small business owners the option to cover their business contents and stock in trade in respect to events that may result in significant damage to those items.

Who this product is not suitable for

Youi Small Business Insurance is not suitable for business owners who:

- require insurance cover for the physical premises they operate their business from;
- require protection against consequential losses, such as loss of profit if an event prevents the business from operating (and such protection is not of the type required under the legislative requirements for licensed electrical contractors in Queensland or licensed plumbers in Victoria, and insured under the extensions of cover to the Public and Products Liability section);
- require cover for charity work, hobbies, non-profit or volunteer work;
- require cover for standard vehicles;
- require cover for any cyber act or incident; or
- operate their business in North America.

In addition, the Business Property Damage cover is not suitable for a business owner who was not insured before purchasing this policy (and the insurable items were not a new purchase) and requires cover in respect of their business contents or stock in trade for flood, hail, storm or bushfire during the first 72 hours (or other period noted on the policy schedule) of the policy first being purchased.

Distribution conditions

Youi Small Business Insurance can only be purchased from the Youi contact centre. Youi employees are monitored and can only sell Small Business 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 Small Business 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.

Reporting data	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 the Australian Financial Complaints Authority. 	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.
- 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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