Residual Protection Cover

Target Market Determination (TMD)

(5 October 2021)

Target Market Determination (TMD) for the following VSC financial product – Residual Protection Cover, as offered through its Product Disclosure Statement and Policy Wording (VSC RPC 1118/005) prepared on the 1 November 2018.

A TMD is not intended to provide any financial product advice to you on the cover. We do not consider your personal needs, objectives or financial situation in providing any information in this TMD

Please note, it is the Product Disclosure Statement and Policy Wording that sets out the terms and condition of cover. You must refer to the Product Disclosure Statement before deciding about this insurance.

This TMD is issued by Virginia Surety Company, Inc (VSC) ARBN 080 339 957 AFSL 245579 and applies from 5 October 2021 for Residual Protection Cover quotes made prior to the 1 October 2021 but settle post 4 October 2021. Upon completion of these quotes this TMD is withdrawn.

About this document

A Target Market Determination is provided to assist you in determining whether this insurance is suitable for your needs.

Purpose of the insurance

Residual Protection Cover has been designed to provide financial protection, where by at the end of the lease contract, should the fair sale value of the leased vehicle be less than the ATO discounted value, the insurance (subject to limits) will pay out the difference between the ATO discounted value and the leased vehicle’s fair sale value.

Target Market

The insurance is designed for vehicle purchasers who are 21 years or older, who are leasing the vehicle and wish to take out cover to protect themselves against adverse market conditions impacting the sale value of the leased vehicle at the end of the lease by more than the ATO discount, thus requiring them to have additional financial resources to settle the lease. The amount they would need to settle the lease would be the difference between the fair sale value of the leased vehicle and the ATO discounted value of the leased vehicle.

The insurance is only suitable if:

- You do not intend to travel more than an average of 50,000 km per year for the life of the lease;
- The lease term is at least 2 years, but no more than 5 years;
- the vehicle is being purchased via a lease; and
- your vehicle meets our make and model eligibility criteria.

The insurance is not designed for:

- Vehicles that are not purchased via a lease;
- Vehicles that will travel more than 50,000 km on average per year;
- Vehicles that are more than five (5) years old at policy commencement;
- Where the vehicle lease is less than two years;
- Vehicles with a value of more than $120,000; and
- Vehicles that are being re-leased.

When will this TMD be reviewed?

A review of the TMD will occur within 24 months of the applicability date of this document, being 5 October 2021 and every 24 months following the last review. Each review will be completed within 90 days.

Events that may cause early reviews of the TMD are:

- If our underwriting criteria is materially altered such that it changes the nature of the insurance.
- If we change the way we distribute the insurance.
- Distribution of the has been found to be flawed in that it is found a significant portion of customers do not match the target market.
- It is discovered that there is a material defect in the Product Disclosure Statement and Policy Wording.
- Significant or systemic complaints are received from distributors or our customers on coverage stemming from claims issues, suggesting the TMD is no longer appropriate.
- Information provided by regulators (ASIC or APRA) or the code governance committee indicating the TMD may no longer be appropriate.

Distribution of the insurance

The insurance may only be purchased through VSC authorised underwriting agencies, brokers and authorised representatives licensed under an AFSL holder, utilising VSC approved underwriting conditions through an electronic application process.

Cover may only be issued in accordance with the prevailing law.

Where the distributor discovers insurance was issued to a customer: outside of the TMD; outside of the underwriting conditions; by untrained and unauthorised personnel; not in accordance with the prevailing law; or through pressure selling, they are to record the incident and provide the information to VSC through the AFSL holder they are licensed under as soon as practicable after they became aware of the matter but no later than 10 days from becoming aware.

Complaints reporting by distributors

Distributers are required to inform VSC about complaints in relation to the insurance in accordance to the industry's code of practice. In addition it is a requirement at law for distributors to record these customer complaints and provide copies of these records to VSC within ten days of the end of each calendar month.