

## Novated Lease Protection Insurance

Target Market Determination

Effective date: 5<sup>th</sup> October 2021

This target market determination (**TMD**) is designed to help you understand the intended target market for the Toyota Insurance Novated Lease Protection Insurance product (**NLPI**). This TMD sets out the types of people NLPI might suit, information about distribution conditions and how we review this TMD to ensure it remains appropriate.

NLPI is underwritten by Aioi Nissay Dowa Insurance Company Australia Pty Ltd ABN 11 132 524 282, AFSL Number 443540 (referred to in this document as **we, us** or **our**). This TMD is not a Product Disclosure Statement (**PDS**) and is not a summary of the product terms and conditions. Please read the Product Disclosure Statement for full details of the policy cover, benefits and conditions.

Any advice in this TMD is general in nature and does not take into account your objectives, financial situation or needs. Before making a decision to purchase NLPI you should consider the appropriateness of the advice taking into account your own objectives, financial situation and needs and refer to the current PDS available from the [Toyota Fleet Management website](#).

### About NLPI

The following are the key attributes of NLPI:

- Cover for finance contract repayments where the policyholder is made involuntarily redundant.
- Cover for the outstanding amount under the finance contract (the **finance contract payout amount**) (less the net price of the vehicle, any arrears and any previous payments under the policy) if the policyholder elects to hand-back the vehicle to the financier following becoming involuntarily redundant.
- The maximum amount payable in total for all claims during the period of cover is \$30,000.
- Available if the vehicle is financed and NLPI is applied for at the commencement of the finance contract.

### Target Market

NLPI is designed for consumers who:

- have a vehicle registered in their name and where that vehicle is subject to a lease arrangement between their employer and a third party;

- have had the rights and obligations of the vehicle lease transferred to them under a novated contract and are therefore required to make finance contract repayments; and
- who may experience a financial burden in meeting their finance contract repayments if they become redundant

(together, **the likely objectives, financial situation and needs**).

NLPI is likely to be consistent with these likely objectives, financial situation and needs because:

- the policy provides cover for the finance contract repayments if the consumer is made involuntarily redundant; and
- the policy provides an option, if the customer elects to hand-back their vehicle to the financier, to cover the finance contract payout amount rather than repayments.

The below table describes the types of consumers who form the target market for NLPI, as well as the consumers outside the target market.

<b>Suitable for a person who:</b>	<b>Unsuitable for a person who:</b>
<ul style="list-style-type: none"> <li>• have access to a vehicle under a lease arrangement of seven years or less, in particular where the lease is between their employer and a third party with the rights and obligations transferred to them through a novated contract;</li> <li>• is, at the time of purchasing the NLPI policy:               <ul style="list-style-type: none"> <li>○ in permanent and gainful employment for a minimum of 16 hours per week and has no knowledge that their employment is to be terminated;</li> <li>○ a citizen or permanent resident of Australia; and</li> <li>○ 18 years of age or over, and under 65 years of age.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• does not have a finance contract over their vehicle;</li> <li>• requires, or is seeking a policy which provides a total benefit in excess of \$30,000 during the period of cover;</li> <li>• is self-employed or in a business partnership; and</li> <li>• is, at the time of purchasing the NLPI policy in permanent and gainful employment for a minimum of 16 hours per week but knows that their employment will be terminated.</li> </ul>

### **Distribution Conditions**

NLPI is designed to be distributed by Toyota Fleet Management (**TFM**) (which is a division of Toyota Finance Australia Limited ABN 48 002 435 181, AFSL Number 392536) via:

- the website [toyotafleetmanagement.com.au](http://toyotafleetmanagement.com.au);
- its appointed representatives; or
- the TFM call centre on 1300 888 872.

TFM can only distribute our product through representatives that have received adequate training, and when they agree to follow the guidance we give to them regarding selling NLPI (including, for example, customer eligibility). Sales scripting will include threshold questions to confirm that any potential policyholders meet the key eligibility criteria of NLPI.

The above distribution conditions make it likely that NLPI will only be distributed to consumers that fall within the target market described earlier in this TMD because:

- the function of TFM (as a division of TFA) is to provide fleet management services which directly aligns with the intended target market of NLPI;
- TFM and its representatives have knowledge of the policy cover, benefits and conditions of NLPI; and
- the sales processes are specifically designed to identify consumers outside the target market and prevent NLPI being sold to those consumers.

### **Reviewing this TMD**

We will review this TMD at least every two years, starting from the effective date of this TMD.

We will also review this TMD if any of the following occur (each being a 'review trigger'):

- we make any material changes or updates to our NLPI product;
- we make any material changes to how we distribute NLPI;
- we make any material changes or updates to our acceptance criteria for our NLPI product;
- systemic complaints from customers, or a pattern of feedback from TFM employees or representatives, about a particular issue relating to the design or distribution our NLPI product;

- the performance of NLPI indicates that this TMD is no longer appropriate, having regard to relevant performance metrics such as policy sales, claims ratios, the number of declined and withdrawn claims and cancellation rates; or
- we become aware that a significant dealing in NLPI that is not consistent with this TMD has occurred.

We will review this TMD within 10 business days of the occurrence of a review trigger.

### **Reporting**

TFA will record all complaints it receives about NLPI and this will be reported to us in writing quarterly. This report will set out the number of complaints received by TFA in the most recent reporting period, and the nature of those complaints, and must be provided to us within 10 business days of the end of the most recent reporting period.

We will also prepare our own quarterly reports examining certain key metrics related to the review triggers described earlier in this TMD, including data regarding the number and type of complaints received and the number of NLPI policies issued, renewed, varied or cancelled in the preceding reporting period. These reports will be produced within 10 business days of the end of the most recent reporting period.

If TFA becomes aware of a significant dealing in NLPI that is not consistent with this TMD, they must report it to us in writing within 10 business days.