# Liability Mutual Insurance Scheme

# TARGET MARKET DETERMINATION (TMD)

**Product TMD applies to:**

The Liability Mutual Insurance (LMI) Scheme as issued by Municipal Association of Victoria (MAV).

**TMD made by:**

# Municipal Association of Victoria, ABN 24 326 561 315 and AFSL 271438, the product issuer of LMI.

**TMD date:**

13 October 2022

**TMD effective date:**

13 October 2022

**Important information about this TMD**

The Corporations Act requires us to make this TMD and include certain information in it. Any terms used in this TMD that are defined in the Corporations Act have the same meaning as in that Act. This TMD is not intended to be a consumer facing disclosure document and does not form part of the terms of the product. Any information or examples given in the TMD must not be read as a complete list of eligibility or the standard terms and conditions and limitations that apply to the product. This TMD does not consider any entity’s individual needs, objectives or financial situation and does not provide financial product advice or recommendation on the cover. This product is designed to offer cover to wholesale client whose likely needs, objectives and financial situation are aligned to those below.

**Summary of key attributes of product and key likely needs, objectives and financial situation of target market they meet**

The product is a managed investment scheme in which members are issued shares of that scheme which entitle them to insurance coverage. The insurance provided by the product is public liability, products liability and professional indemnity insurance. It is structured as a non-discretionary mutual risk product. This means that policies of insurance are issued by the LMI scheme. The scheme is regulated under the Municipal Association Act 1907 (Vic) and Victorian law. The scheme is not subject to the Insurance Act 1983 (Commonwealth) and it is not an Australian Prudential Regulatory Authority (APRA) licensed insurer. The policies of insurance are subject to the Insurance Contracts Act 1984 (Commonwealth).

The product has been designed for consumers in the target market as set out below and has been established to help manage the risk to Members of claims for compensation by third parties arising from civil liabilities.

**Who is our target market for the product?**

All members must be wholesale clients within the meaning of the Corporations Act 2001.

To be eligible, an entity must be:

* a local government entity in Victoria or Tasmania, or
* an authority established under the Local Government Act 2020 (Vic) or Local Government Act 1989 (Vic), or
* a water corporation, or
* a statutory authority, and
* a participating member of the Liability Mutual Insurance scheme.

An entity is only in our target market for this product where they meet the eligibility criteria as set out in the Municipal Association Act1907 (Vic) and the scheme’s Supplemental Deed of Establishment 1999.

As part of the eligibility criteria, an entity must want insurance cover for civil liability risks which includes specialised coverage designed to cover specific and unique risks for the local government sector.

**Examples of who isn’t in our target market**

By way of example and at a very high level only, an entity won’t be in the target market if they:

* do not wish to purchase a non-discretionary mutual risk product
* wish to purchase coverage via an APRA licensed insurer
* are not a local government entity in Victoria, Tasmania or are a statutory authority with local government entity-type risks; or
* are not a contributing member of the scheme; or
* cannot afford the contributions; or
* want liability and/or indemnity coverage for a higher or lower limit; or
* cannot afford to pay the deductible amount(s) we offer or want a lower deductible to apply.

Although an entity falls within our target market, this does not necessarily mean that the cover is right for their individual needs, objectives and financial situation. It is important that the entity takes into consideration information provided by us (and/or seeks professional advice) before making their decision.

**Any conditions and restrictions on retail product distribution conduct in relation to the product, other than a condition or restriction imposed by or under another provision of the Corporations Act (Distribution Conditions)**

Cover cannot be issued to a retail client even where they meet the other eligibility criteria for the issue (including new business, or renewals).

This product will only be sold directly to a member of the Scheme and cannot be sold directly to the public or via an insurance broker.

**TMD Review**

The TMD will be reviewed within twelve (12) months from the date of this TMD and subsequently every 12 months [unless agreed otherwise] after the end of the previous review. We will also review the TMD within 10 business days of becoming aware of a Review Trigger specified below and where otherwise required by law.

**Review Triggers**

There are events or circumstances that, if identified to or by us as part of our Product Governance Framework (or otherwise), including:

* the nature and number of complaints, complaints data and trends;
* customer feedback and testing;
* number of cancellations and lapses of the product;
* data on product claim ratios, the number, nature and magnitude of claims paid, denied and withdrawn and average claim duration;
* feedback from a regulator such as ASIC or APRA or other interested parties;
* changes to information or circumstances we took into account when developing the TMD, such as changes to our eligibility criteria, a material change to the design or distribution of the product, pricing, or the number of products sold, including penetration rates; or
* any significant dealings that are inconsistent with the TMD, reasonably suggest that it is no longer reasonable for us to conclude that if the cover were to be issued:
* the product is issued to a retail client.

**Regulated Persons Reporting**

No regulated persons distribute the product.