

# Target Market Determination

## Stella Pet Insurance



The document code for this product is STI.0524

This Target Market Determination (this "TMD") is effective from 15 May 2024 and relates to Stella Pet Insurance within the Stella Pet Insurance Product Disclosure Statement and Policy Wording (STI.0524).

This product is underwritten by Pacific International Insurance Pty Ltd (ABN 83 169 311 193) (Pacific).

Stella Underwriting Pty Limited, (ABN 72 633 811 319, AR 001282046) ('Stella') distributes Stella Pet Insurance as an authorised representative of Knose Financial Services Pty Ltd (ABN 38 620 795 735, AFSL 536651) ('Knose').

Knose acts under a binding authority as agent for the insurer, Pacific.

This TMD provides distributors and customers information about:

- the customers for whom this product is appropriate (being the target market)
- the customers for whom this product is NOT appropriate;
- any distribution restrictions and conditions attaching to the product;
- the reporting obligations of the distributors;
- the review period(s) and events which may trigger a review.

This TMD identifies the customers within the target market for Stella Pet Insurance. This TMD does NOT consider a customer's personal needs, objectives, and financial situation. This TMD is not a Product Disclosure Statement and does not form part of the terms of cover.

Customers should always refer to the Stella Pet Insurance Product Disclosure Statement and Policy Wording (STI.0524), and any Supplementary Product Disclosure Statement (SPDS) that may apply, to ensure the product is suitable for their needs.

Any advice contained in this TMD is general advice only and has been prepared without taking into account individual objectives, financial situation or needs and you should consider the appropriateness of any such advice and the PDS available via [www.stellainsurance.com.au](http://www.stellainsurance.com.au) or by calling 1300 633 811 before making a decision to acquire, or to continue to hold, the product.

## Customer value proposition and product key attributes

There are known costs of owning a pet that can be incorporated into a household budget, food, bedding, desexing, vaccinations, and other preventative care such as parasite protection. There are also unknown costs associated with the risk of the pet being injured or becoming sick. Over the lifetime of a pet, for those that are lucky, these costs may be minimal while, for the unlucky, may be in the tens of thousands.

Stella Pet Insurance is designed to reduce the risk of incurring unexpected veterinary expenses by a chosen percentage and up to a chosen limit annually. Thus, reducing consumer's need to utilise savings, access mortgage offset accounts, borrow, or in the most difficult of circumstance, say goodbye to their pet when there are financial constraints.

The product is designed for owners of companion dogs and cats.

This product has 5 sections of cover as set out below and an additional 3 sections of optional cover has been designed for consumers in the target market to provide financial protection as follows:

- Section 1** Vet Costs if Your Pet is Injured
- Section 2** Vet Costs if Your Pet suffers an Illness
- Section 3** Vet Costs for essential euthanasia
- Section 4** Vets Costs - Overseas (while in New Zealand or Norfolk Island on a trip of not more than sixty (60) days)
- Section 5** Emergency Pet Boarding

### Optional Extra Benefits

- Section 6** Vet Costs - Dental Illness
- Section 7** Vet Costs - Behavioural Conditions
- Section 8** Vet Costs - Specialised Therapies

Within this Product, consumers can choose from a range of cover levels adjustable over time depending on their individual needs and circumstances as shown in the following table:

**Options**

<b>Annual limit</b>	\$7,500, \$12,500 or \$20,000
<b>Benefit percentage</b>	70%, 80% or 90%
<b>Annual excess</b>	\$200, \$100, \$0
<b>Extra Benefits</b>	Optional

Cover is subject to terms conditions and exclusions including Exclusion Periods at policy commencement and exclusion of pre-existing symptoms and conditions unless an exemption is provided.

## Who is within the Target Market for Stella Pet Insurance?

### Customers within the Target Market

(Customers are within the target market if all the following conditions apply):

The Product has been designed for consumers whose likely objectives and needs are to reduce the financial impact of unexpected veterinarian expenses. The Product is designed for those consumers who:

<input checked="" type="checkbox"/>	are at least 18 years old;
<input checked="" type="checkbox"/>	have an acceptable breed of a domestic dog or cat that resides with them in Australia that has had at least its first birthday when first taking out cover;
<input checked="" type="checkbox"/>	who want to be covered against financial loss caused by an injury, illness or other unexpected medical problem as listed in the 8 sections of cover, to their domestic dog or cat;
<input checked="" type="checkbox"/>	commensurate with the appropriate type of cover relevant to their personal circumstances.

This Product is only suitable for those consumers who are in the financial situation to:

<input checked="" type="checkbox"/>	to pay for the costs of veterinary treatment for their domestic dog or cat, then seek reimbursement later; and
<input checked="" type="checkbox"/>	to budget and pay for the premiums including future premium increases expected due to multiple factors but primarily pets aging and veterinary inflation;
<input checked="" type="checkbox"/>	to pay for veterinary costs equal to the Annual Excess before beginning to receive benefits equal to the chosen Benefit Percentage;
<input checked="" type="checkbox"/>	to pay for veterinary costs above the Benefit Percentage chosen from 70% up-to 90%
<input checked="" type="checkbox"/>	to pay for veterinary costs above the Annual Limit chosen which may range from \$7,500 to \$20,000

There are certain consumers that fall outside the target market (please refer to "Customers NOT within the Target Market").

**Customers NOT within the Target Market**

(Customers are within the target market if all the following conditions apply):

✘	Customers who are seeking cover for a companion animal which is not a cat or dog.
✘	Customers who are seeking cover for a breed considered dangerous or are banned in Australia.
✘	Customers who own cats and dogs participating in commercial or sporting activity such as breeding or obstetrics, working, fighting, racing, personal protection, gun sports, law enforcement or guarding.
✘	Customers who own a working or sporting cat or dog. Note this does not include pets who participate in or are show dogs/cats, search and rescue dogs, guide dogs, assistance dogs or customs sniffer dogs.
✘	Customers seeking specific cover for a Pre-existing Symptom, Condition or Behavioural Condition of their pet unless acceptable proof of full recover is accepted.
✘	Consumers who do NOT have the financial means to pay for the costs of veterinary treatment for their domestic dog or cat, then seek reimbursement later.
✘	Consumers seeking payment from the distributor for treatment costs incurred directly to a service provider (for example, a vet)
✘	Consumers seeking to have cover for all costs related to the treatment of an accidental injury or illness
✘	Consumers seeking to have cover for costs related reasonably expected costs such as annual health checks, vaccinations, parasite protection, food and pet merchandise.

The above criteria are tailored to align with consumers' primary objectives, financial situations, and needs. Consumers primarily seeking to safeguard their pet's health while mitigating the risk of unforeseen veterinary expenses that may impact funds allocated for other essential purposes. Such purposes include maintaining general savings, safeguarding mortgage offset accounts, preserving home purchase deposits, or avoiding the need to acquire loans. In extreme cases, this also involves making difficult decisions regarding their pet's care in the face of prohibitively expensive treatment options. By minimising this financial risk, consumers can more effectively allocate their resources to meet various needs.

Additionally, it is crucial for consumers to possess the financial capability to sustain insurance cover throughout their pet's lifetime. They should also have access to short-term funding solutions to bridge the gap until reimbursement claims are settled.

## Distribution Restrictions and Conditions

Stella distributes Stella Pet Insurance as an authorised representative of Knose.

The application process, online or via phone, requires each applicant to answer a series of questions and provide attestations aligned to the description of the target market above. Only customers matching the target market are deemed to have met the eligibility criteria and may be sold the Product.

For phone-based sales the customer care team must receive adequate training and follow approved call scripts that ensure that all disclosures are made and all questions and attestations are asked or received to determine that the applicant is within the target market. Regular staff monitoring is also in place including a minimum quarterly audit of phone sales.

In addition:

- a new policy cannot commence until the pet is at least 6 weeks old. This is to ensure the pet allocated is unlikely to have Pre-existing symptoms or conditions such as a congenital defect as most dog and cat breeders obtain a vet check for each pet on or around 6 weeks of age;
- a new policy cannot commence if the pet is older than 8 years and 364 days. This is to reduce the likelihood a policy is sold to a pet that may have multiple chronic pre-existing symptoms and conditions for which cover is not provided; and
- an option including Dental Illness cannot be included in a new policy or added to an existing policy after the pet is 2 years and 364 days old. Many cats and dogs develop some level of dental disease by age 3. This restriction is to reduce the likelihood a policy is sold to a pet that may have pre-existing dental disease for which cover is not provided.

These conditions make it likely that this Product will only be distributed to customers within the target market for this Product because distributor and Issuer representatives have knowledge of the policy terms and conditions, and distributor processes are designed to identify instances where a policy is not suitable for the applicant.

## Reporting Obligations

Distributors of this product are required to provide Pacific with complaints information via the agreed complaints submission process including:

- the number of complaints the distributor has received about this product during the reporting period;
- a short summary of the nature of the complaint raised and any steps taken to address the complaint; and
- any general feedback on this product.

Distributors should include sufficient details about the complaint that would allow Pacific to identify whether the TMD may no longer be appropriate to the class of customers.

**Reporting Period:** 3 monthly and no later than 10 business days after the agreed complaints reporting date.

## Significant Dealings

If an actual or possible significant dealing outside of the target market is identified, Pacific requires information such as the date (or date range) the dealing occurred, details about the dealing(s) and any steps or actions taken to mitigate.

Distributors should have regard to current ASIC guidelines when determining what may constitute a significant dealing.

Stella will notify Pacific of any significant dealing in the Product that is not consistent with the TMD as soon as practicable (within 10 business days). This includes but is not limited to a consideration of the nature and degree of harm resulting from the issue of this Product to a retail customer.

## TMD Reviews

<p><b>Review Period</b></p>	<p>This TMD was first issued on 1 December 2022 and has subsequently been reviewed and updated. This TMD will then be reviewed at least every 24 months unless agreed otherwise with Pacific, or within 10 business days if an event or circumstance (Review Trigger) occurs which would reasonably suggest that the TMD is no longer appropriate.</p>
<p><b>Review Triggers</b></p>	<p>Review triggers are to be monitored by the distributor and included in quarterly reporting to the insurer.</p> <ul style="list-style-type: none"> <li>• We will review the TMD if: we identify that there has been a significant dealing in the Product that is not consistent with the TMD;</li> <li>• A material change to the product, including the Product Disclosure Statement or any underlying information or assumptions upon which the target market was based, such as the government introducing the equivalent of Medicare for pets;</li> <li>• change of relevant law, regulatory guidance or industry code which has a material effect on the terms or distribution of the product;</li> <li>• the distributor becomes aware of a number of customers suffering from emotional, physical, financial or other vulnerabilities relevant to issuing the product;</li> <li>• Market changes or the introduction of government initiatives that change the likely objectives, financial situation and needs of consumers in the target market;</li> <li>• Multiple systemic compliance incidents and/or breaches that may indicate an issue the product or appropriateness of the TMD.</li> <li>• A material deterioration in customer value measures that indicate the Product may no longer be achieving the objecting to reduce the financial impact of unexpected veterinarian expenses:             <ul style="list-style-type: none"> <li>o Purchase, cancellation and lapse rates that indicate the product will become unsustainable as the volume of scale is negatively impacted;</li> <li>o Claims outcomes as measured by denial rates and claims ratio;</li> <li>o Customer feedback and complaints as a proportion of policies and proportion of denied claims.</li> </ul> </li> </ul>

**This Target Market Determination does not form part of your policy.**