

XENIA MUTUAL PROTECTION

TARGET MARKET DETERMINATION

This Target Market Determination (**TMD**) is effective from 24 July 2024 and relates to the Xenia Mutual Limited Product Disclosure Statement (**PDS**).

This TMD is designed to assist our members, potential members, staff and distributors in understanding whether the Xenia Mutual Protection (**Protection**) is suitable for members and potential members (**Target Market**). This TMD has been prepared by Xenia Mutual Management Pty Ltd (AR No: 1288719) (**XMM**) as authorised representative of Steadfast ART Pty Ltd (AFSL No: 298444) for and on behalf of the issuer Xenia Mutual Limited ACN 650 383 430 (**Xenia Mutual**).

This TMD provides Xenia Mutual's members, potential members, staff and distributors information regarding:

- which class of people this Protection is suitable for and who it is not likely to be suitable for;
- how this Protection will be distributed to members;
- how often we will review this TMD including when the next review will occur;
- what events and circumstances may trigger a review of this TMD;
- what information we need to determine if the TMD is no longer appropriate; and
- our reporting obligations.

In this TMD, the terms “we”, “us” or “our” refer to XMM. This TMD is not intended to provide financial advice, does not form part of the terms of the Protection and does not consider a member or potential member's personal needs, objectives and financial situation. In addition to the key eligibility requirements outlined in this TMD, the Protection is subject to acceptance criteria as determined by Xenia Mutual from time to time. When making a decision about this Protection, members and potential members should consider the PDS to decide whether this Protection is right for them. Please refer to the PDS for the meaning of any capitalised terms used in this TMD which are not defined.

Xenia Mutual Protection

Refer to the PDS for full details of the Protection and limits. This Protection is subject to our acceptance criteria – see key examples described under the heading “Distribution Conditions”.

The key attributes of the Protection include:

- Property damage protection: provides protection for loss or damage to property of hospitality businesses, including buildings, machinery, stock and merchandise and personal property owned or in the possession of members; and
- Business interruption protection: provides protection for loss of revenue, increased cost of working, loss of rental income and additional expenses resulting from interruption or interference to the hospitality businesses of members.

Target Market

This Protection is a discretionary mutual risk product. It is not a contract of insurance. The Protection is not subject to the provisions of the Insurance Act 1973 or the Insurance Contracts Act 1984, which establish a system of financial and product regulation for general insurers. Xenia Mutual is not authorised under the Insurance Act 1973 to conduct insurance business in Australia and the Protection and Xenia Mutual are not regulated by the Australian Prudential Regulation Authority. The Protection does not give the certainty of a contract of insurance. Therefore, this Protection is not suitable for businesses that require a contract of insurance. Members have the right to have a claim considered by the board of Xenia Mutual and the board has the absolute discretion to either accept or refuse claims.

The Protection has been designed only for owners of hospitality businesses and related services who are members of Xenia Mutual who require protection against financial loss caused by an incident involving building or contents that they own.

It is suitable for people who are eligible to become a member of Xenia Mutual only and whose likely objectives, financial situation and needs are as described below.

Likely objectives, financial situation and needs	
Objectives	Members of Xenia Mutual who operate hospitality businesses and related services and have subsequent exposure to risks affecting building and contents they own and are seeking to financially protect themselves against such losses.
Financial situation	Members of Xenia Mutual who operate hospitality businesses and related services and who are likely to experience a significant financial burden as a consequence of exposure for buildings and contents they own and do not have the resources or desire to 'self-insure' those risks but have the financial capacity to pay for the annual cost of this Protection.
Needs	Members of Xenia Mutual who operate hospitality businesses and related services and who are willing to use a mutual discretionary risk protection product, allowing them to pool their contributions with other members and share the risk of claims being made by other members with similar hospitality operations. Members of Xenia Mutual who operate hospitality businesses and related services and who can improve their buying power and achieve a lower cost of risk protection by using a discretionary mutual risk product instead of insurance and are willing to have their claims considered at the absolute discretion of Xenia Mutual's Board and in accordance with their rights in Xenia Mutual's constitution.

The Protection is only suitable for a person with the objectives, financial situation and needs described above because:

- it provides cover for the types of loss or damage events that people in the Target Market are seeking to be protected against; and
- it is designed for people who require protection with the key attributes described above.

Each person will need to consider whether this Protection meets their own objectives, financial situation and needs.

Distribution Conditions

This Protection can only be distributed to members of Xenia Mutual. The purchase of the Protection is conditional on being a member of Xenia Mutual. The Protection is distributed via XMM directly to members or via an intermediary such as a risk adviser or insurance broker with the necessary licence authorisations. Unlicensed intermediaries may only act in a referral capacity. In any case, it is the board of Xenia Mutual who will have sole discretion as to whether the prospective member will be granted membership in Xenia Mutual.

XMM has distribution conditions in place to ensure this Protection is only distributed to members and potential members in the Target Market. These conditions include measures such as:

- only distributing the Protection direct or through intermediaries with relevant expertise to identify whether a person will meet the eligibility criteria for membership and whether they have the likely objectives, financial situation and needs described in this TMD;
- understanding the business of the potential member, so that the Protection is only provided to members in the Target Market;
- production and distribution of materials that explain and document the Protection that are designed for consumers in the Target Market;
- analysis of review triggers and other suitability data in the formation of renewal decisions;
- systems and processes that support our suitability and eligibility assessments, and the delivery of other information relevant to the member's understanding of the Protection; and
- controls on marketing and sales conduct to prevent the offer of the Protection to members outside the Target Market.

Review of Protection

We will review this TMD regularly to ensure it is appropriate for the needs of existing and potential members. We will conduct an initial review of this TMD within 2 years from the effective date to ensure it remains appropriate. The TMD will then be reviewed every 2 years thereafter.

Specific events could mean that the review should take place earlier than the scheduled annual basis. For instance, the TMD may either no longer be appropriate or the Protection may no longer be consistent with the likely objectives, financial situation and needs of consumers in the Target Market.

Examples of such review triggers include:

- a significant increase in the number of complaints relating to the Protection;
- a material change occurs to the cover provided by the Protection;
- a change of relevant law, regulatory guidance or industry code which has a material effect on the terms or distribution of the Protection;
- the Protection being distributed and purchased in a manner that is materially inconsistent with this TMD;
- adverse trends in claims data indicating the Protection is not performing as expected by members;
- any significant dealings that are inconsistent with the TMD; and
- our acceptance criteria for members changes and that impacts the suitability of the Protection for the Target Market.

If we determine we have sufficient information to identify that a review trigger has occurred, we will review this TMD within 10 business days of our decision.

Reporting

XMM will record all complaints received relating to this Protection and the data will be reviewed on a six monthly basis (**Complaints Reporting Period**). Any intermediaries engaged are required to provide to us written details of any complaints about the Protection they have received during the Complaints Reporting Period within 10 business days of the end of the period. Distributors should include sufficient details about the complaint that would allow XMM to identify whether the TMD may no longer be appropriate.

XMM is required to report to Xenia Mutual on a six monthly basis with incident-based reporting on key metrics. XMM must also report sales data to Xenia Mutual on a six monthly basis including the number of Protections issued, renewed and cancelled.

Intermediaries are also required to report to XMM if the Protection is distributed to a person who is not within the Target Market within 10 business days of becoming aware of the distribution. This includes any significant dealings in relation to the distribution of this Protection that is inconsistent with the TMD.

Record Keeping

XMM will maintain records of the reasonable steps taken to ensure this Protection is distributed only to members and potential members in the Target Market. XMM will also prepare and maintain complete and accurate records of its decisions, and the reasons for those decisions, in relation to:

- the TMD;
- identifying and monitoring review triggers; and
- setting review periods.