



TOKIO MARINE
NICHIDO

Product Development and Distribution Policy

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1. PRODUCT DEVELOPMENT AND DISTRIBUTION POLICY

Tokio Marine Management (Australasia) Pty Ltd as corporate Agent in Australia for Tokio Marine & Nichido Fire Insurance Co. Ltd., (collectively referred to as the “Company”) supports the General Insurance Code of Practice (the “Code”).

Company employees are to understand and comply with the Code as it applies to the work performed.

1.1. Objectives

- 1) The objective of this Policy is to provide guidelines for the development and distribution of our insurance products for the appropriate target markets, to provide
 - a. an outline on the steps involved in developing insurance products; and
 - b. an indicative checklist imperative to be addressed for distributing these products.
- 2) These guidelines have been established to ensure the development of these products align with all regulatory requirements as well as the company’s strategic aims, risk management policies and operational requirements.

1.2. Definitions

Word	Definition
Agency	Any third-party entity acting on behalf of the Company to deal in general insurance products under a contractual agency agreement
Company	Tokio Marine Management (Australasia) Pty Ltd Tokio Marine & Nichido Fire Insurance Co., Ltd
Customer	Includes the following: <ul style="list-style-type: none">▪ An individual insured;▪ A third-party beneficiary;▪ A potential customer; or▪ An individual the Company is seeking to recover money from.
Distributor	Includes any intermediaries that distribute general insurance products on behalf of the Company under a contractual distribution agreement
Employee	Includes the following: <ul style="list-style-type: none">▪ Officers;▪ Management; and▪ Directors of the Company
Regulatory Body	Includes the following: <ul style="list-style-type: none">▪ ASIC;▪ APRA;▪ Code Governance Committee;

2. Target Market Determination (“TMD”)

A TMD is a written document that describes the class of Customers that comprises the target market for a financial product and matters relevant to the product’s distribution and review.

The purpose of the TMD is to drive discipline in the design of financial products ensuring issuers design products for which an appropriate target market can be defined or consider whether the planned target market for products under development is appropriate.

2.1. Preparation of the TMD

The Company will be defining and creating TMD's for each product as outlined in ASIC's Regulatory Guide 274 "Product Design and Distribution Obligations".

The TMD will include describing the key features and investment objectives of the product. It will also include the circumstances of the persons within a particular market including their financial situation and needs.

2.1.1 TMD Product Design

During the TMD product design stage, there will be an initial assessment on whether the product has been designed in a way that is likely to be consistent with the likely objectives, financial situation and needs of the class of Customers for whom the product is intended. At the time of this assessment, we will consider all information reasonably available to us.

For existing products, we will be reviewing the existing distribution arrangements to determine whether these arrangements are reasonable to conclude that the product is likely to be distributed to the correct target market. If it is found that these arrangements are not consistent with the objectives, financial situation and needs of a definable target market then we will be redesigning the product and reassessing the distribution arrangements.

2.1.2 TMD Product Distribution

We will take reasonable steps to incorporate appropriate processes and controls at the product distribution stage. These processes and controls will be designed to reduce the risk that our products will not be consistent with the likely objectives, financial situation and needs of the Customers who acquire them.

We will ensure that the distribution conditions are specified to ensure that the Customers are within the target market.

We will also include a process for effective communication between those responsible for designing the product and those responsible for marketing and distributing the product, specifically in relation to the intended customer outcomes associated with the product.

In doing so, this will allow our Distributors and Us to meet our obligations to:

- Take reasonable steps in relation to distribution;
- Report distribution information, such as complaints information and information that we may need to promptly determine that a TMD may no longer be appropriate; and
- Being notified of significant dealings outside the target market.

Our TMD's will be publicly available from October 2021, free of charge. They will also be in all promotional material relating to the products.

2.2. Product Governance Arrangements

We will be implementing and maintaining robust and effective product governance arrangement to ensure that we comply with the Design and Distribution Obligations (DDO). These product governance arrangements will stipulate controls in place to ensure the DDO are complied with at the product design, product distribution and monitoring and review stages of developing and distributing a financial product. The focus of our arrangements is to ensure that our Customers receive financial products consistent with likely objectives, financial situations and needs.

Our product governance arrangements will require us and our Distributors to:

1. Document the arrangements which will include details of who is responsible, the timeframes involved, and associated record keeping and reporting.

2. Implement, monitor, and report on these arrangements. Staff at all levels, including senior management, will understand these arrangements and be committed to the success of these arrangements.
3. Review these arrangements. We and our distributors will review the product governance arrangements and identify changes in our business that may impact the effectiveness of the arrangements.

2.3. Reviewing of the TMD

We will continually review the product and the target distribution and set out circumstances in which a review will be required. This review will occur periodically, in response to review triggers or when other events or circumstances reasonably suggest that the TMD is no longer appropriate. Furthermore, we will consider whether changes are required to the way the product is sold, or to whom it is being sold.

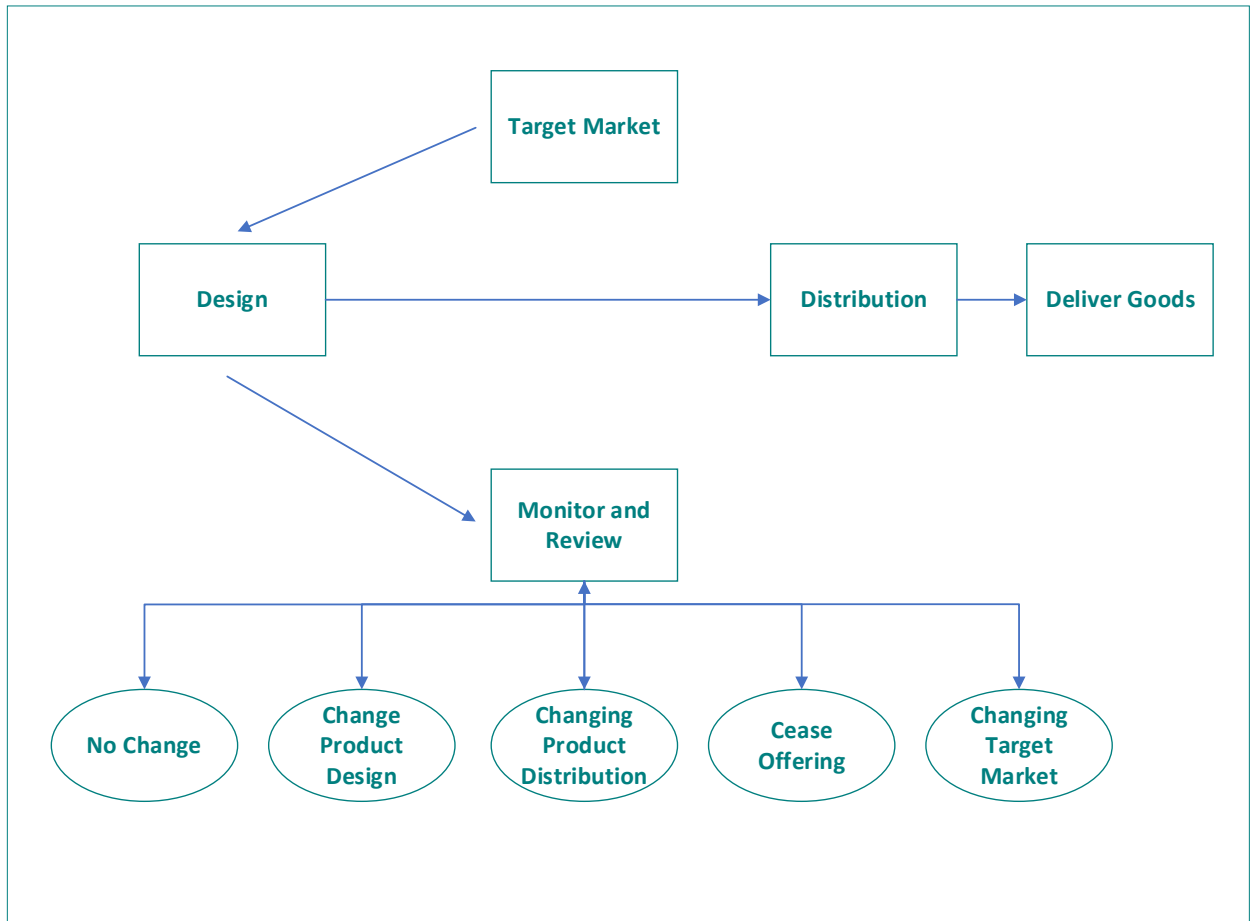
We will be drawing information that is reasonably available to us about how our Customers within the target market are using the product. We will also be drawing information from Customers using similar products on the market and the Customer outcomes from these products. This will include but will not be limited to collecting and analysing relevant and reliable Customer, product performance, value, and transaction data. The regular reviewing is to ensure that the TMD remains appropriate.

The review will also include identifying events and circumstances and review triggers that may indicate that the TMD is no longer appropriate, or the product should be redesigned. We will encourage our Distributors to provide, not only the number, but also the substance of complaints and general feedback relating to the product and its performance.

The possible outcomes of our review of the TMD may include either of the following:

- No change to the way the product is distributed;
- Changing the product design, target market or distribution; or
- Ceasing to distribute the product.

Figure One: Consumer Centric Approach to Design and Distribution



3. Our Obligation

We will be retaining records of the decisions made in relation to the TMD's and associated reviews including the data underlying those decisions.

We also have an obligation to notify the relevant Regulatory Body about significant dealings that we become aware of that is not consistent with the product's TMD.

We will ensure that each TMD specifies the appropriate distribution conditions and why these distribution conditions and restrictions will make it more likely that the customers who acquire the product are in the target market. The TMD will also include a review trigger relating to an occurrence of a significant dealing.

We will have processes in place to promptly identify if a review trigger has occurred and when necessary, require our Distributors to provide us with the required data.

We will use our own data as well as the data provided to us by our Distributors when reviewing the appropriateness of the TMD or when redesigning the products when required.

Within the TMD we will specify what kinds of information we expect to receive from our Distributors and the reporting periods for when the information must be provided to us. The information required from our Distributors also include feedback and complaints received from our Customers.

We will also incorporate feedback from product reviews online and the general feedback from the wider market of similar products. We will also assess the reviews of similar products from our competitors to ascertain what the objectives and needs are from their clientele and incorporate it within our products.

3.1. Our Distributors Obligation

Our Distributors are required to take reasonable steps so that the distribution is in accordance with and aligned with the relevant TMD. We will ensure there is no engagement, by our Distributors, in product distribution without an established TMD and if the TMD is found no longer to be appropriate.

Our Distributors are required to inform us when they are made aware of any review triggers that may affect the distribution and purchasing circumstances against the TMD. If the Distributor becomes aware of a significant dealing, they are required to inform us as soon as practicable to assist us to make timely and appropriate decisions and to meet our obligations to report these dealings with ASIC.

Our Distributors are required to collect information about the products that are distributed ensuring this information is then flowed back to us. Our Distributors are required to provide information about whether any complaints were received in relation to the product during the reporting period specified within the TMD and if so, the number of complaints received, and any further information acquired during this time.

This information provided to us assists us in meeting our obligations in determining, on an ongoing basis, whether changes are required to the TMD and/or to the design of the product.

Our Distributors will be required to keep the records of distribution information for up to seven years.

3.2. Our Agencies

We will have specific communication arrangements outlined with our Agencies that will assist with feedback on the relevant TMD. Our Agencies will also act as Distributors of products and as such communication with them is vital.

Our Agencies will be required to provide feedback on the products that are being distributed as well as feedback from Customers. This will allow us to assess and review our products and make sure they are still aligned with the TMDs, and if they are not, we will redesign the product to ensure it remains appropriate.