My Protection Plan

Target Market Determination (TMD)

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1. About this document

This document is a Target Market Determination (**TMD**). It sets out the target market for the My Protection Plan product. This TMD also sets out how the product is distributed, review periods, and triggers related to the TMD. It forms part of Zurich's design and distribution framework and is required under section 994B of the *Corporations Act 2001* (Cth).

This TMD has been prepared to give consumers, distributors, and staff an understanding of the target market for this product, based on the objectives, financial situation and needs of the class of target market consumer.

This document isn't a product disclosure statement and isn't a summary of the features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the My Protection Plan Product Disclosure Statement and Policy Document (**PDS**) before making a decision to apply for this product. The PDS is available at **aligroup.com.au/existing-customers/policy-documents/policy-documents.**

This insurance cover is optional, it is sold as a stand-alone product, and it is offered exclusively to customers of mortgage brokers and loan consultants. The policy is designed for consumers who seek a process that is easy and convenient to protect against the financial impacts of death, terminal illness, certain trauma conditions, and specified injuries. These consumers want an instant decision based on information provided in the application, but without further health, financial, and occupational assessment (underwriting). Given My Protection Plan insurance is sold under general advice, consumers may want to consider obtaining personal financial advice to ensure the cover they select is suited to their objectives, financial situation and personal needs.

2. Product description

My Protection Plan is designed for consumers with the needs and objectives set out below.
It pays a lump sum benefit if a life insured:

- dies;
- suffers a specified injury;
- is diagnosed as terminally ill; or
- is diagnosed with a trauma condition which is covered by the policy and meets our specific definition. Examples of covered trauma conditions include cancer, heart attack and stroke. We have our own definition of each covered condition as we only cover trauma events of a specified severity.

The policy can have up to two lives insured on a single policy, and each can be insured for different amounts of cover.

The policy does not cover certain pre-existing conditions. See Key exclusions below.

This product provides insurance protection only, so that benefits are only payable if an insured event occurs. It is not a savings product and does not accumulate cash or surrender value.

3. Target Market

Needs and objectives

My Protection Plan is designed to provide financial protection during the term of the policy for consumers with the following personal objectives and needs.

A consumer who has any number of the following objectives and needs is considered within the target market:

- have financial dependants or loved ones and wants to provide them financial support in the event of death, a terminal illness diagnosis, or a specified trauma condition;
- have (or envisages that in future they will or may have) outstanding financial commitments that may not be satisfied by their estate and any other insurance, or superannuation benefits, in the event of their death or terminal illness diagnosis. The financial commitments may include (but are not limited to) mortgage and other debt-servicing costs, income replacement, and funeral costs. In the case of a terminal illness diagnosis, they can also include medical costs, transportation and accommodation costs, and personal and palliative care;
- wants to leave a financial legacy in the event of their premature death;
- wants a financial buffer if they suffer a specified trauma condition to reduce financial return-to-work pressure or to help fund extended recovery leave;
- wants a financial buffer if they suffer a specified trauma condition to fund treatments which could result in out-of-pocket medical expenses not covered by Medicare or health insurance, or transport and accommodation expenses for short or long periods of time;
- wants a financial buffer to maintain lifestyle in the event of a specified injury.

When Cover may be suitable

My Protection Plan may be suitable for consumers who:

- meet the eligibility requirements as stated below;
- have financial means to fund the premiums, inclusive of government charges, through income, savings or other means;
- can confidently navigate our application process, without the need to receive personal financial advice to determine whether My Protection Plan is suitable for their individual needs;
- seek cover for up to $1,000,000 (death) without undergoing a medical assessment.

When Cover may not be suitable

My Protection Plan may not be suitable for consumers who:

- don't meet the eligibility requirements as stated below;
- require cover of less than $100,000 or more than $1,000,000;
- want and are willing to pay and receive personal financial advice to determine if My Protection Plan is suitable for their individual needs;
- have a complex medical history and may benefit from undergoing a medical assessment; or
- are seeking cover for a benefit which is not offered in My Protection Plan, or they may be subject to the exclusions outlined below.

Financial capacity

My Protection Plan is designed for consumers who have the financial capacity to purchase it and to hold it over the timeframe identified for financial protection, i.e. a consumer who has the financial capacity to pay premiums in accordance with the amount of cover selected, policy fees and government charges. This is important because:

- the cost of cover will generally increase over time;
- cover will be cancelled, and the life insured will not be covered if premiums are not paid.

4. Product design and key attributes

Product value

My Protection Plan provides value to consumers as it pays a lump sum as noted on the policy schedule in the event of the insured's death, terminal illness diagnosis, listed trauma events or specified injury. All benefits are a paid directly to the consumer and can be used to assist with living expenses, loan repayments, achieving family goals and estate planning.

Eligibility requirements

When applying for My Protection Plan, consumers must meet the following requirements:

Life Insured

- Age: 18 years to 59 years at policy commencement.
- Residency status: Be an Australian or New Zealand citizen, or holder of an Australian Permanent Residency Visa. Also, must have resided in Australia on a permanent basis for at least 6 months continuously during the past 12 months. (Being away from Australia for work purpose or holidays does not count for determining if they have lived in Australia continuously).
- Borrowing status: Have or be seeking to take out a loan or be the partner of a My Protection Plan applicant.
- Death sum insured: At the time of application, apply for a sum insured between $100,000 to $1,000,000 in total Death and Terminal Illness Benefit across all My Protection Plan policies issued by Zurich.

Policy owner

Must receive the PDS in Australia.

Premium structure

My Protection Plan premiums are calculated on:

- life insured's cover amount;
- life insured's age (premium rates generally increase with age each year);
- number of lives insured;
- other factors including gender, smoking status, discounts, government charges and stamp duty.

Premium rates aren't guaranteed and can change. Detailed information on understanding premiums, what factors impact them and why they change is available in the PDS.

Key exclusions

My Protection Plan will not pay any benefit under the following events or circumstances:

- pre-existing medical conditions that were the subject of a medical consultation in the 5 years before the policy start date (or in the case of a benefit increase, the date of the increase for the increase amount);
- suicide within 13 months of the date the cover starts, the latest reinstatement of cover, the date of a cover increase (for that increased cover), or the date the cover resumes after a suspension of cover;
- claimable events that occur during the qualifying periods.

Key limitations

- terminal illness and trauma conditions must meet the specified definition.
- trauma benefit payments will reduce the Death and Terminal Illness benefit.

Full details of the terms and conditions of this product are available in the PDS.

5. Appropriateness of the product for the target market

The target market is consumers who have or expect to have outstanding financial commitments that may not be satisfied in the event of death, or terminal illness. Also, those who want a financial buffer in the event of a trauma diagnosis or a specified injury, and who have capacity to pay premiums on an ongoing basis. As the product pays a lump sum on death, terminal illness, covered trauma conditions, and specified injuries, it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

6. Conditions and restrictions on distribution

Distribution conditions

The Distributor having considered suitability may only submit applications for consumers who:

- have received a current My Protection Plan PDS;
- have been given general financial advice; and
- meet the eligibility criteria set out in this TMD.

For every application, ALI Group's application process will require information covering the key eligibility criteria. If the eligibility criteria is not satisfied, cover will not be provided for those applicants. This will improve the likelihood that cover has been sold to consumers within that target market.

My Protection Plan is to be exclusively distributed by:

a. ALI Group and its representatives under its Australian financial services licence (Australian Life Insurance Distribution Pty Ltd AFSL 226403), or

b. A third-party financial services provider which holds its own Australian financial services licence and has entered an agreement with ALI Group.

My Protection Plan is distributed only under general advice.

Consumers are more likely to be in the target market if distribution of the product is in alignment with the issuer's distribution conditions.

7. Zurich's TMD review process

Review triggers

The following events and circumstances will trigger a review of this TMD as they may mean that it is no longer appropriate.

- The commencement of a significant change in law that materially affects the product design or distribution of the product or class of products that includes this product. This triggers a mandatory review. Zurich may choose to undertake a review even if this review trigger is not met.
- Product performance is materially inconsistent with Zurich's expectations of the appropriateness of the product to consumers having regard to the:
  - product claims ratio (i.e. the proportion of premiums returned to consumers as benefits);
  - number or rate of paid, denied, and withdrawn claims;

  - number of policies sold;
  - policy lapse or cancellation rates.
- The use of Product Intervention Powers in relation to the distribution or design of this product where Zurich considers this reasonably suggests that this TMD is no longer appropriate.
- A significant or unexpectedly high number of complaints regarding product design, product availability, claims and distribution conditions that would reasonably suggest that the TMD is no longer appropriate.
- A material modification is made to My Protection Plan features.
- Zurich determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred in which case the review will be undertaken within 10 business days of the determination.
- Changes in medical advances impact product design or the market for the product.
- Distribution conditions set out in the TMD are otherwise no longer appropriate.

Maximum TMD lifespan

Subject to intervening review triggers, this TMD will be reviewed no more than two years after the effective date of the TMD. Any of the above review triggers will bring forward the two-yearly review.

Reporting period for any complaints about this product

Unless otherwise agreed, ALI Group must report complaints to Zurich half-yearly, within 10 business days of the end of the calendar half-year. Complaints data should include policy number and sufficient information to understand the substance of each complaint but should not include personal information. If no complaints are received, half-yearly reporting should confirm no complaints have been received in the period.

How Zurich will decide if this TMD is no longer appropriate

Zurich will regularly review the information set out below to ensure that the TMD is still appropriate.

- Relevant regulation, legislation and/or ASIC instruments relating to a change in law.
- During the review period, expected and actual data for the following:
  - product claims ratio (i.e. the proportion of premiums returned to consumers as benefits). The number or rate of paid, denied, and withdrawn claims;
  - the number of policies sold;
  - policy lapse or cancellation rates.
- Any received and relevant Product Intervention orders.
- Complaints and the nature of the complaints regarding product design, claims and distribution conditions.
- A significant dealing in the product of which Zurich becomes aware.

Where relevant, Zurich's product manager will consider actual data against expected amounts, with thresholds around the expected position. Thresholds are set at green, amber and red levels, and results in the amber or red thresholds are analysed and monitored more closely and escalated for action as considered appropriate. Metrics are also monitored for trends and step changes.

The following information collected from ALI Group will be considered as part of the review:

- Complaints and the nature of the complaints regarding product design, claims and distribution conditions (must be provided 10 business days of the end of the half-year).
- A significant dealing in the product which ALI Group becomes aware is not consistent with the TMD (must be provided 10 business days of becoming aware of the dealing).
- Customer experience surveys.
- Customer feedback.

Submitting data to Zurich

ALI Group may submit data to Zurich in any of the accepted formats. Refer to our website for more information: **zurich.com.au/tmd**.

Zurich Australia Limited
ABN 92 000 010 195, AFSL 232510
Zurich Customer Care: 131 551
Email: client.service@zurich.com.au
www.zurich.com.au

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