

Target Market Determination (TMD) for Zurich Ezicover Income Protection



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About this document

This document is a Target Market Determination (TMD). It sets out the target market for the Zurich Ezicover Income Protection product. This TMD also sets out how the product is distributed, review periods and triggers related to the TMD, and reporting on and monitoring of the TMD. It forms part of ZAL'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 Ezicover Income Protection, based on consumer objectives, financial situation and needs.

This document is not a product disclosure statement and is not a summary of the features or terms of the products. 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 Ezicover Income Protection Product Disclosure Document and Policy (PDS) before making a decision to apply for this product.

This product is sold as a stand-alone product and distributed online or over the phone without advice specific to your circumstances. The insurance cover is designed for customers who seek an easy and convenient process, to protect against the temporary loss of their income, and suits customers who want access to this type of cover through a self-initiated application process. These customers want an instant decision based on information provided in the application, with minimal further health, financial, and occupational assessment (underwriting). We recommend that customers consider the PDS and their personal objectives, financial situation and needs when determining if the product and level of cover selected is suitable for their circumstances.

Product and key attributes

Ezicover Income Protection is designed for consumers with the needs and objectives set out below. It provides a monthly benefit if the insured is unable to work solely due to sickness or injury and is totally disabled for longer than the waiting period. Income protection insurance replaces some lost income, so that the insured can concentrate on recovery without having to worry about how to cover ongoing expenses.

Needs and objectives

Ezicover Income Protection is designed to provide financial protection for a consumer who has (or envisages that in future they will or may have) regular and ongoing financial commitments that will not be met in the event of a temporary disability which prevents them from earning an income. The product offers a replacement income solution which can be tailored to consumer needs. Consumers can select an appropriate waiting period and benefit period, depending on the expected cash-flow impact of a temporary disability. This would also depend on accumulated savings, any other income replacement insurance, such as insurance in superannuation, and sick leave.

Customers can choose two options of cover:

- sickness and Injury
- injury only

Broadly, the target market is consumers who have or expect to have financial commitments that will not be satisfied in the event of a sickness or injury which prevents them from earning an income and who have capacity to pay premiums on an ongoing basis. As the product pays a regular income benefit it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

Eligibility requirements

When applying for Ezicover Income Protection, consumers must satisfy all of the following:

- are aged between 19 and 60
- are in Australia
- have Australian residency or are in the process of applying for Australian residency
- are employed in a permanent position or are working between 20 and 60 hours per week, or
- are employed in a non-permanent position or are self-employed and have been working between 20 and 60 hours per week and with consistent income for at least the last 2 years.

Not all occupations are eligible for cover and access to this product is subject to occupation guidelines. Ezicover Income Protection is subject to our assessment of health and occupation, and consumers with pre-existing medical conditions may not be eligible for cover.

Financial capacity

Ezicover Income Protection is designed for consumers who have the financial capacity to purchase it and to hold it over the life of the policy, i.e., a consumer who has the financial capacity to pay premiums in accordance with the chosen cover type, and government charges. This is important for these two reasons:

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

Appropriate consumers will thus meet some or all of the following criteria:

- be earning income
- have personal savings
- have other means to fund premiums, management fees and government charges, such as family or other relationships.

Key exclusions

The following are examples of events that are not covered under Ezicover Income Protection insurance. For a full list of exclusions please refer to the PDS.

- involuntary unemployment
- an intentional self-inflicted act
- attempted suicide committing, being involved in, or attempting to commit a criminal offense

A policy may be subject to additional exclusions, based on our assessment of its application.

Conditions and restrictions on distribution

An application for Ezicover Income Protection must be submitted via the online application hosted on the Zurich microsite or via the Zurich contact centre (which may include a Zurich appointed external contact centre).

A distributor or referrer must direct customers to one of the above access points to learn more and, or purchase a policy.

Ezicover Income Protection is distributed only under General advice.

Consumers are more likely to be in the target market if distributors distribute the product in alignment with the issuer's distribution conditions relating to the relevant distribution channel.

ZAL's TMD review process

Review triggers

The following events and circumstances (review triggers) 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. ZAL may choose to undertake a review even if this review trigger is not met.
- Product performance is materially inconsistent with the product issuer's expectations of the appropriateness of the product to consumers having regard to:
 - product claims ratio
 - the number or rate of paid, denied, and withdrawn claims
 - the number of policies sold
 - policy lapse or cancellation rates
 - percentage of applications not accepted.
- The use of Product Intervention Powers in relation to the distribution or design of this product where ZAL considers this reasonably suggests that this TMD is no longer appropriate.
- Significant or unexpectedly high number of complaints regarding product design, product availability, claims and distribution condition that would reasonably suggest that the TMD is no longer appropriate.
- ZAL determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.
- 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

This TMD will be reviewed every 2 years. Any of the above review triggers will bring forward the 2 yearly review.

Reporting period for any complaints about this product

Unless agreed otherwise, distributors should report complaints to us half-yearly, within 10 business days of the end of the calendar half-year. The first complaints report due is for the period ending 30 June 2022. Complaints data should include sufficient information to understand the substance of each complaint but should not include personal information.

How ZAL will decide if this TMD is no longer appropriate

ZAL will review the information set out below on a regular basis to ensure that the TMD is still appropriate.

- Relevant regulation, legislation and/or ASIC instruments relating to the change in law.
- During the review period, expected and actual data for the following:
 - product claims ratio
 - the number or rate of paid, denied, and withdrawn claims
 - the number of policies sold
 - policy lapse or cancellation rates
 - percentage of applications not accepted.
- Relevant Product Intervention order.
- Complaints and the nature of the complaints regarding product design, claims and distribution condition.
- A significant dealing in the product which ZAL's product manager becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).

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

- Complaints and the nature of the complaints regarding product design, claims and distribution condition (within 10 business days of the end of the half-year).
- A significant dealing in the product which the Distributor becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).

Submitting data to ZAL

Distributors may submit data to ZAL in any of the agreed formats. Refer to our website for more information: zurich.com.au/tmd.