

Target Market Determination (TMD) for My Protection Plan



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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 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 customers, distributors, and staff an understanding of the target market for this product, based on customer objectives, financial situation and needs.

This document isn't a product disclosure statement and isn't 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 My Protection Plan Product Disclosure Statement and Policy Document (PDS) before making a decision to apply for this product.

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 customers 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 customers want an instant decision based on information provided in the application, but without 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

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 or suffers a specified injury.
- 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 at a specific level of severity.
- is diagnosed as terminally ill.

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

Needs and objectives

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

- 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 will 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, 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.

Broadly, the target market is consumers who have or expect to have outstanding financial commitments that will 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, trauma conditions that are covered, and specified injuries, it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

Eligibility requirements

When applying for My Protection Plan, customers 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. For the avoidance of doubt, a person who has paid out their loan may retain their My Protection Plan.
- 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 ZAL.

Policy owner

- must receive the PDS in Australia.

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Financial capacity

My Protection Plan 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 level of cover selected, management 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.

Appropriate customers will thus meet some or all 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 events are not covered under My Protection Plan:

For a full list of exclusions please refer to the PDS.

- 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).
- death caused by suicide in the first 13 months of any cover.
- claimable events that occur during the qualifying periods.

Conditions and restrictions on distribution

My Protection Plan is exclusively to be distributed by:

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

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 otherwise agreed, ALI Group 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

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