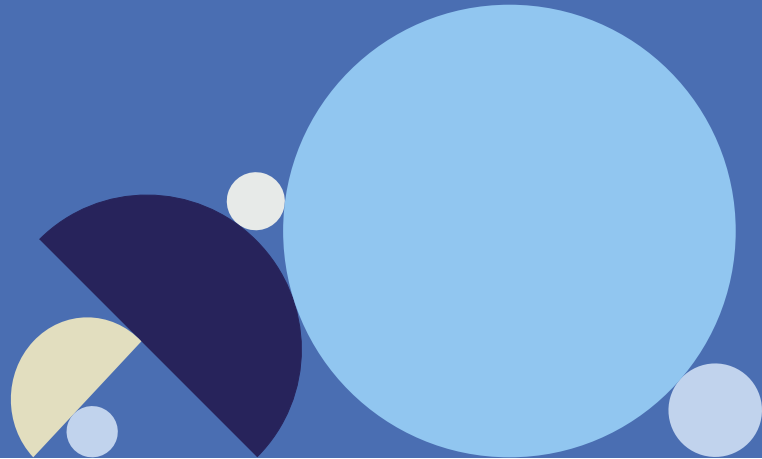


Target Market Determination for Health events & death cover

issued under
Zurich Active



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About this document

This document is a Target Market Determination (TMD). It sets out the target market for health events and death cover under the Zurich Active product suite (Health events & death cover). This TMD also sets out how the product is distributed, review periods and triggers relating 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 Health events & death cover, based on consumer objectives, financial situation and needs.

This document is not a Product Disclosure Statement (PDS) and is not 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 PDS for Zurich Active before making a decision to apply for this product. The PDS can be found at zurich.com.au/pds. Consumers may want to consider obtaining personal financial advice to ensure the cover they select is tailored to their personal needs, objectives, and financial situation.

Health events & death cover is an intermediated insurance product that can suit consumers with simple or complex needs, including consumers who either:

- have completed their own research, know what type of insurance they want and seek help with the application process
- want insurance that is tailored to their specific circumstances through a needs analysis and a fact find by a qualified financial adviser.

Consumers who apply for this product are comfortable to provide us with information about their health, financial situation, lifestyle, and pastimes for our assessment and they understand that the outcome of the assessment may be that they are not eligible for cover.

Health events & death cover can be held in the superannuation environment or outside of the superannuation environment.

Product and key attributes

Health events & death cover is a package of two types of cover. It is designed for consumers with the needs and objectives set out below. It pays:

- a lump sum benefit if the life insured suffers specified health events from the list of 169 covered events. A higher proportion of benefit is paid for more serious events and multiple claims can be made over time, recognising that if the life insured survives a serious health event, financial protection against further health events is an ongoing, long-term need
- a lump sum benefit if the life insured dies or an early payment of the death benefit in the case of terminal illness diagnosis, to help the life insured get their financial affairs in order.

If Health events & death cover is held in the superannuation environment, it can also be supplemented with cover outside.

Needs and objectives

Health events & death cover is designed to provide financial protection for personal and business consumers.

<p>For personal consumers</p>	<p>A consumer who has one or more of the following objectives and needs:</p> <ul style="list-style-type: none"> • has (or envisages that in future they will or may have) outstanding financial commitments that will not be satisfied by any other insurance in the event that they suffer a specified health event. The financial commitments may include (but are not limited to) mortgage and other debt servicing costs, home modifications, mobility aids, and income replacement • wants to fund an income gap to maintain lifestyle in the event that their partner must change or leave paid work in order to care for them • wants a financial buffer if they suffer a specified health event to reduce financial return-to-work pressure or to help fund extended recovery leave • wants a financial buffer if they suffer a specified health event to fund treatments which could result in out-of-pocket medical expenses not covered by Medicare or private health insurance, transport expenses and accommodation costs for short or long periods of time • wants to fund a gap in future working capacity • like the product design, which allows multiple claim payments over the long-term, rather than one large payment on the first event suffered • has financial dependants and wants to continue providing financial support for the dependants in the event of their death or terminal illness diagnosis • has (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 out-of-pocket medical expenses not covered by Medicare or private health insurance, transport expenses and accommodation costs, personal and palliative care.
<p>For consumers who are a business (not for Health events & death cover held in superannuation)</p>	<p>A business that has one or more of the following objectives and needs:</p> <ul style="list-style-type: none"> • has (or envisages that in future it will or may have) financial commitments, where the fulfilment of those commitments ensures that the business continues with less financial disruption upon the loss of a key-person due to serious health event or the death of a key-person • wants to ensure business succession if a business owner leaves the business due to a serious health event, death, or terminal illness diagnosis.

Target Market Determination for Health events & death cover

Broadly, the target market is consumers who have or expect to have outstanding financial commitments that will not be met in the event they suffer a serious health event diagnosis, death, or terminal illness diagnosis and who have capacity to pay premiums on an ongoing basis. As the product pays a lump sum on a serious health event diagnosis, death, or terminal illness diagnosis it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

If Health events & death cover is held in superannuation, the target market is more specifically consumers who also:

- want to obtain Health events & death cover within the superannuation environment
- understand and accept the additional risk of needing to meet a SIS condition of release to receive a benefit amount.

Eligibility requirements

When applying for Health events & death cover, consumers must satisfy all of the following:

- are aged between 15 and 65
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

Health events & death cover is subject to our assessment of health, financial information, and pastimes:

- not all occupations are eligible for cover
- consumers with pre-existing health conditions may not be eligible for cover
- consumers who participate in high risk pastimes may not be eligible for cover.

Financial capacity

Health events & death cover is designed for consumers who have the financial capacity to purchase it and to hold it over the timeframe identified for financial protection, ie. a consumer who has the financial capacity to pay premiums in accordance with the chosen premium structure 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 life insured won't be covered, if premiums are not paid.

Appropriate consumers for Health events & death cover held outside of superannuation will thus meet some or all of the following criteria:

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

Appropriate consumers for Health events & death cover held in superannuation will thus meet the following criteria:

- can pay insurance premiums funded by personal contributions, spouse contributions, employer contributions or by rollover from another superannuation fund.

Key exclusions

The following events are not covered under health events cover:

- intentional self-inflicted act or attempted suicide
- some events are not covered if they are as a result of drug or alcohol intake
- blood borne disease events are not covered if a treatment is developed and approved which renders them inactive and non-infectious, or if the life insured elects not to take an approved vaccine
- some events are not covered in the first 90 days of any cover or any reinstated cover. This also applies to any increases in cover after the cover starts
- elective and donor transplant surgery is not covered in the first six months of any cover or any reinstated cover. This also applies to any increases in cover after the cover starts.

The following events are not covered under death cover:

- death caused by suicide in the first 13 months of any cover or any reinstated cover. This also applies to any increases in cover after the cover starts.

This product may be subject to additional exclusions, based on our assessment of an application.

Conditions and restrictions on distribution

In light of the obligations under Part 7.8A of the Corporations Act (product design and distribution obligations), an application for Health events & death cover must be submitted by a Distributor who is operating under an AFSL with appropriate authorisations. The Distributor may only submit applications for consumers who satisfy all of the following:

- have received a current Zurich Active PDS
- have been given personal or general financial advice
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

The Distributor should not sell this product to a consumer who is unlikely to ever be eligible to claim the benefits under the policy.

These distribution conditions for Health events & death cover are appropriate and will assist in distribution being directed towards the target market.

Personal advice

Consumers that obtain personal advice are more likely to be in the target market for Health events & death cover because advisers have a duty to comply with the statutory best interests duty when providing personal advice.

The Distributor is expected to take into account any relevant information obtained about the consumer's financial situation, to ensure that Health events & death cover is sold in accordance with this TMD. Relevant information could include (but is not limited to):

- dependants
- employment and income
- other insurance
- debts.

General advice

Consumers that obtain general advice 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, ie.

- consumer has been provided with general advice in relation to this product
- this product is only distributed to consumers who have completed their own research, know what type of insurance they want and seek help with the application process.

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

Distributors should report complaints to us half-yearly (end of March and September), within 10 business days of the end of the relevant half-year. The first complaints report is due for the period ending March 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's product manager 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 accepted formats. Refer to our website for more information: zurich.com.au/tmd.