

# Target Market Determination for Income Protection Cover

Issued under Group Income Protection  
Insurance Product Disclosure Statement  
and Policy Terms dated 1 April 2022

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## About this document

This document is a Target Market Determination (TMD). It sets out the target market for income protection cover under the Group Income Protection Insurance product suite (IP 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 our 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 IP 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 Group Income Protection Insurance before making a decision to apply for this product. 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.

Group Income Protection Insurance, and the IP Cover that is available under it, can be a means to add value to employees' remuneration packages by

offering competitive insurance. IP Cover provides a total or partial disability income benefit in the event of the insured's total or partial disability.

Group Income Protection Insurance allows you to tailor IP Cover for a group of employees or superannuation fund members by choosing an appropriate benefit design. Consumers will need to be comfortable to undertake that tailoring of the IP Cover either based on their own knowledge and analysis or by seeking the assistance of a broker, adviser or other consultant.

Consumers who apply for this product are comfortable to provide us with limited information about their employees' or superannuation fund members' health, financial situation, lifestyle, and pastimes for our assessment. They also understand that the outcome of the assessment may be that employees' or superannuation fund members are not insurable or only insurable on additional terms or subject to payment of a premium loading.

IP Cover is suited to applicants with simple or complex needs, including applicants who either:

- have completed their own research, know what type of insurance they want and simply 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.

### Product and key attributes

IP Cover is designed for employers or superannuation fund trustees with the needs and objectives set out below.

It provides a monthly benefit if the life insured is unable to work solely due to sickness or injury and is totally disabled or partially disabled for longer than the waiting period. Group Income Protection Insurance replaces some lost income, so that the life insured can concentrate on recovery without having to worry about how to cover ongoing expenses. Other benefits such as death benefit while on claim, a specific injury benefit (not available within superannuation), and return to work assistance, may be included with IP Cover.

Various options for waiting periods, maximum benefit payment periods, and premium payment frequencies are available under the product. A maximum replacement income ratio of 75% of the life insured's pre-disability income, reduced by certain other payments received by the life insured, applies.

Extra-cost options may be selected under the product.

#### Needs and objectives

Group Income Protection Cover is designed to provide financial protection to employees or superannuation fund members who have one or more of the following objectives and needs:

- have financial dependents and want regular replacement income to continue providing financial support for the dependents while they are totally or partially disabled.
- have (or envisage that in future they will or may have) outstanding financial commitments that will not be satisfied in the event of a temporary or long-term disability which prevent them from earning income and may require financial assistance for return to work and workplace modification.

Broadly, the target market is employers or superannuation fund trustees that have a desire or feel a need to provide a replacement income to employees or superannuation fund members on the basis that they have or expect to have outstanding financial commitments that will not be met in the event they suffer a sickness or injury which prevents them from earning income. 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 markets.

The target market for employees or superannuation fund members that acquire additional insurance on application is those who have or expect to have regular financial commitments that will not be met in the event they suffer a sickness or injury which prevents them from earning income and who have capacity to pay premiums on an ongoing basis.

#### Eligibility requirements

When applying for IP Cover, employees/members of employer/superannuation fund trustees to be covered by IP Cover:

- generally must reside in Australia unless the insured person is either on paid or unpaid leave or covered while working outside of Australia under the policy
- must satisfy the eligibility rules in the policy schedule
- generally, will be an Australian citizen, a New Zealand citizen or a permanent resident within the meaning of the Migration Act 1958 (Cth) or the holder of a visa permitting permanent residence or employment in Australia issued in accordance with the Migration Act 1958 (Cth)
- must be employed and working at least 14 hours per week as a permanent employee (including any contractor performing all normal duties and working on a contracted basis under a fixed term contract of no less than one year in duration for at least 14 hours per week)
- must be aged between 15 and 69.
- by negotiation with the life insured or policy owner, additional or amended eligibility requirements/exclusions might be applied for a particular plan.

Employees or superannuation fund members that acquire additional insurance on application may be subject to our assessment of health, occupation, and pastimes and as such:

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

Group Income Protection Insurance is only available to an employer or superannuation fund trustee that is insuring not less than 20 employees or superannuation fund members.

### Financial capacity

Employees or superannuation fund members that acquire additional insurance must have the financial capacity to purchase it and to hold it over the timeframe identified for financial protection.

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 by a certain number of days from the due date.

Such persons will need to meet some or all of the following criteria:

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

They will be provided with an initial premium estimate. However, these persons will be required to form their own assessment on their capacity to fund premiums or alternatively through a needs analysis and a fact find by a qualified financial adviser

### Key exclusions

The following events are not covered under IP cover:

- total or partial disability of the insured person occasioned by war or an act of war occurring in Australia or New Zealand
- total or partial disability of the insured person which engaged in war service
- total or partial disability due to an intentional self-inflicted act of the insured person
- total or partial disability due to uncomplicated pregnancy or childbirth of the insured person
- total or partial disability during a period while the insured person is imprisoned or on remand in a correctional or rehabilitation facility.
- total or partial disability which arises from the insured person participating in criminal activity.
- where the insured person only holds new events cover under IP Cover, total or partial disability caused by an injury that first occurs, or an illness which first became apparent, or a related condition, prior to holding IP Cover.
- total or partial disability due to the insured person engaging in illicit drug use.
- unreasonably refusing to actively participate in a Rehabilitation program by the insured person.

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 the Part 78A of the Corporations Act 2001 (Cth) (product design and distribution obligations), an application for IP Cover must be submitted by a Distributor.

The Distributor may only submit applications for IP Cover which satisfy all of the following:

- have received a current Group Income Protection Insurance PDS
- have provided information on employees and superannuation fund members as may be required for the purpose of understanding the lives to be provided with IP Cover
- have received and agreed to a current quote and premium estimate for IP Cover
- generally, be in Australia

There are no distribution conditions or restrictions on employees or superannuation fund members that acquire additional insurance other than that the Distributor has provided them with a current Group Income Protection Insurance PDS and the relevant application form. Each individual application will be subject to review and acceptance in each case.

## Our 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. We may choose to undertake a review even if this review trigger is not met.
- The use of Product Intervention Powers in relation to the distribution or design of this product where we consider 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.
- Where we determine that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.
- When changes in medical advances impact product design or the market for the product.
- when 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

We will seek feedback from Distributors regarding complaints half-yearly (end of March and September), within 10 business days of the end of the relevant half-year.

Complaints data should include 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 we will decide if this TMD is no longer appropriate

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

- Relevant legislation, regulations and ASIC instruments for changes in relevant law.
- Relevant Product Intervention order.
- Complaints records for complaints regarding product design, claims and distribution condition.
- Any significant dealing in the product which we become 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 reporting and the nature of the complaints regarding product design, claims and distribution condition (within 10 business days of the end of the calendar quarter).
- Reporting on any 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 Zurich

Distributors may submit data in any of the accepted formats. Refer to our website for more information:  
[zurich.com.au/group-insurance/cover](http://zurich.com.au/group-insurance/cover)