

TARGET MARKET DETERMINATION FOR BUSINESS EXPENSE COVER ISSUED UNDER ONECARE

Issuer of this TMD:	OnePath Life Limited (OPL)
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About this document

This document is a Target Market Determination (TMD). It sets out the target market for business expense cover under the OneCare product suite (Business Expense 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 OPL'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 Business Expense 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 OneCare and OneCare Super before making a decision to apply for this product. The PDS can be found at onepathinsurance.com.au. 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.

Business Expense 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.

Product and key attributes

Business Expense Cover is designed for consumers with the needs and objectives set out below. Business Expense Cover provides a monthly benefit for ongoing fixed business expenses while the life insured is disabled due to an illness or injury.

Needs and objectives

Business Expense Cover is designed to provide financial protection for consumers who are small business owners who have financial commitments, where the fulfilment of those commitments ensures that their business continues to operate upon their disability.

The product is designed for consumers who would like to secure the future of their business during a period of disability for up to 12 months, to ensure that they have either:

- a business to return to
- a business that is operating effectively and could be sold as an ongoing concern.

An appropriate waiting period can be selected, depending on the expected cash-flow impact of a disability.

Broadly, the target market is consumers who have or expect to have outstanding business operating financial commitments that will not be met in the event they suffer an illness or injury and who have capacity to pay premiums on an ongoing basis. As the product pays monthly expenses it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

Eligibility requirements

When applying for Business Expense Cover, consumers must satisfy all of the following:

- are aged between 19 and 60
- are self-employed consumers, responsible for the fixed costs of the business, and working in the business
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

Business Expense Cover is subject to our assessment of health, financial information, occupation, 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

Business Expense 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, fees 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 will thus meet some or all of the following criteria:

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

Key exclusions

We will not pay a benefit under Business Expense Cover if a claim is caused either directly or indirectly, by any of the following:

- an intentional self-inflicted act
- illicit drug use
- anything happening to the life insured in war. However, this exclusion does not apply to any benefit paid on death
- participation in criminal activity (and during incarceration due to participation in criminal activity)
- a cause other than illness or injury. For example, loss of a professional qualification.

We will not pay a benefit under Business Expense Cover if the life insured ceases to own or operate a business prior to when the illness or injury causes the disability to occur.

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 Business Expense 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 OneCare and OneCare Super 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 Business Expense 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 Business Expense 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 Business Expense 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.

OPL'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. OPL 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 OPL 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.
- OPL 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 OPL will decide if this TMD is no longer appropriate

OPL'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 OPL'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 OPL

Distributors may submit data to OPL in any of the accepted formats. Refer to our website for more information: onepathinsurance.com.au/tmd.