

Target Market Determination for Death Cover

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

Issuer of this TMD:	OnePath Life Limited, a company of the Zurich Financial Services Australia Group
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About this document

This document is a Target Market Determination (TMD). It sets out the target market for death cover under the Group Life Insurance product suite (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 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 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 Group Life 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 Life Insurance, and the Death Cover that is available under it, can be a means to add value to employees' remuneration packages by offering competitive insurance. Death Cover provides a lump sum benefit in the event of the insured's death or terminal illness.

Group Life Insurance allows you to tailor Death 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 Death 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.

Increases to an individual's sum insured under Death Cover may also be sought by completing an application form for the increase. Death 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

Death Cover is designed for employers or superannuation fund trustees with the needs and objectives set out below. It pays either (but not both):

- a lump sum benefit if a life insured under the policy dies
- an early payment of the death benefit in the case of terminal illness diagnosis of a life insured under the policy.

Either payment is available to be paid by the employer or the superannuation fund trustee to provide financial support to the life insured's beneficiaries or to help the life insured put their financial affairs in order (respectively). Where Death Cover is taken in conjunction with total and permanent disablement (TPD) cover, the lump sum benefit is payable once upon the earlier of the death and total and permanent disablement of the life insured under the policy.

Needs and objectives

Death Cover is designed to provide a lump sum benefit to employees or superannuation fund members who have one or more of the following objectives and needs:

- have financial dependents and want to continue providing financial support for the dependents in the event of their death or terminal illness diagnosis
- have (or envisage 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, transport expenses and accommodation costs, personal and palliative care
- want to leave a financial legacy in the event of their death.

Broadly, the target market is employers or superannuation fund trustees that have a desire or feel a need to provide a uniform or tailored lump sum 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 of their death or terminal illness diagnosis.

The target market for employees or superannuation fund members that acquire additional insurance on application is those who have or expect to have outstanding financial commitments that will not be met in the event of their death or terminal illness diagnosis and who have capacity to pay premiums on an ongoing basis.

As the product pays a lump sum on death or terminal illness diagnosis it is likely to meet the needs, or go towards meeting the needs, of the target markets.

Eligibility requirements

When applying for Death Cover, employees/members of employer/superannuation fund trustees to be covered by Death 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 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 Life Insurance is only available to an employer or superannuation fund trustee that is insuring not less than 20 employees or superannuation fund members.

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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 Death Cover:

- death of the insured person occasioned by war or an act of war occurring in Australia or New Zealand
- death of the insured person which engaged in war service
- where the insured person only holds new events cover under Death Cover, death caused by an injury that first occurs, or an illness which first became apparent, or a related condition, prior to holding Death Cover

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 Death Cover must be submitted by a Distributor.

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

- have received a current Group Life 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 Death Cover
- have received and agreed to a current quote and premium estimate for Death 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 Life 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