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TARGET MARKET DETERMINATION (TMD) FOR ANZ HOME LOAN PROTECTION

About this document

This document is a Target Market Determination (TMD). It sets out the target market for the ANZ Home Loan Protection product. This TMD also sets out how the product is distributed, review periods, and triggers related to 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 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 ANZ Home Loan Protection Product Disclosure Statement and Policy (PDS) before making a decision to apply for this product.

This insurance cover is optional and is sold exclusively to ANZ home loan customers (borrowers). The policy is designed to be linked to an ANZ home loan, and for borrowers who seek a process that it is easy and convenient to protect their home loan against death and terminal illness and, to protect the home loan repayments against the loss of their income, because of unemployment, illness, or injury. These borrowers want an instant decision based on information provided in the application, without further health, financial, and occupational assessment (underwriting). We recommend that borrowers consider the PDS and their personal objectives, financial situation and needs when determining if the product and type of cover selected is suitable for their circumstances.

Product and key attributes

ANZ Home Loan Protection is designed for borrowers with the needs and objectives set out below. It pays:

- the outstanding balance of their home loan, up to \$1M, in the event of death or terminal illness, and, or
- the home loan minimum monthly repayment:
 - for up to 18 months if an illness or injury prevents customers from work for more than 1 month, or
 - for up to 3 months if they lose their job through no fault of their own and are unable to find work for more than 1 month.

The policy can have up to two borrowers on a single policy, and each borrower, can choose from one of three options of cover:

- life benefit only
- injury & illness and Involuntary Unemployment benefits only; or
- all the above benefits – Life, Injury & Illness, and Involuntary Unemployment benefits.

Needs and objectives

ANZ Home Loan Protection is designed to provide financial protection for ANZ home loan customers with the following personal objectives and needs.

Life benefit only	<ul style="list-style-type: none"> • has financial dependants or loved ones and wants to continue providing financial support in the event of their death or terminal illness diagnosis by removing the cost of servicing the home loan. • has an outstanding balance on their home loan 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.
Injury & Illness, and Involuntary Unemployment benefits only	<p>Need to ensure their home loan repayments are covered, if:</p> <ul style="list-style-type: none"> • an illness or injury prevents them from working for more than 1 month and up to 18 months, or • They lose their job through no fault of their own and are unable to find work for more than 1 month and for up to 3 months.
All benefits	<p>This is the more comprehensive option and is designed for borrowers who have one or more needs or objectives in both of the above options.</p>

Broadly, the target market is borrowers who have or expect to have an outstanding home loan balance that may not be paid in the event of death or terminal illness, or those who need to ensure their home loan repayments continue to be paid in the event of injury, illness or involuntary unemployment. These borrowers have capacity to pay premiums on an ongoing basis. As the product pays a lump sum on death or terminal illness, and, or the minimum home loan repayments, it is likely to meet the needs, or go towards meeting the needs, of borrowers in the target market.

Eligibility requirements

When applying for an ANZ Home Loan Protection policy, customers must:

- be a borrower of an ANZ loan contract from a minimum of \$30,000 to a maximum of \$1 million.
- be 18 to 59 years old.
- be an Australian or New Zealand citizen, or hold an Australian Permanent Residency Visa.
- have no more than \$1 million in total Life Benefit across all ANZ Home Loan Protection policies
- receive the PDS in Australia.
- have lived in Australia for at least six months continuously during the past 12 months.

When applying for Injury & Illness, and Involuntary Unemployment benefits, in addition to the above requirements, borrowers must meet the definition of employed i.e., be employed in a permanent full-time job, be employed in a permanent part-time, casual, contract or temporary job for 20 hours or more per week, be self-employed for 20 hours or more per week.

Financial capacity

ANZ Home Loan Protection 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 chosen cover type, policy 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 will not be covered if premiums are not paid.

Appropriate borrowers 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 ANZ Home Loan Protection:

- pre-existing medical conditions that were the subject of a medical consultation in the 12 months before the policy start date
- death caused by suicide in the first 13 months of any cover
- claimable events that occur during the qualifying periods
- claimable events that do not proceed past the waiting period.

Conditions and restrictions on distribution

This product is exclusively distributed by ANZ, AFSL No. 234527.

ANZ Home Loan Protection can only be provided to customers:

- through an ANZ call centre representative who is accredited and trained;
- who meet the Eligibility Requirements;
- who have received a current ANZ Home Loan Protection PDS; and
- who have followed ANZ's customer application and product selection process.

These distribution conditions are appropriate and will assist in distribution being directed towards the target market.

For home loan borrowers who contact ANZ to request financial assistance and hold an ANZ Home Loan Protection policy, ANZ must remind these customers they may be eligible to claim under their policy, should the reasons for hardship be somehow related to illness, injury or unemployment.

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

Unless otherwise agreed, ANZ 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 OPL will decide if this TMD is no longer appropriate

OPL 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 ANZ 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 June and December each 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

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