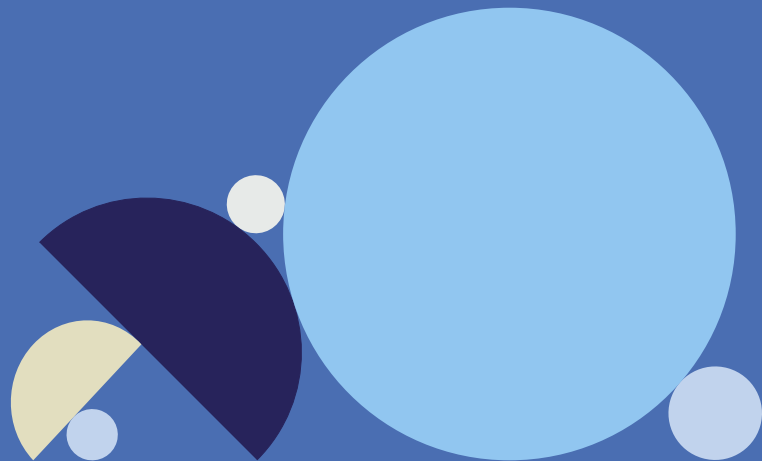


Target Market Determination for Income protection

issued under
Zurich Wealth Protection



Issuer of this TMD:	Zurich Australia Limited (ZAL)
ABN:	92 000 010 195
Date TMD is effective:	27 September 2021
Policy name:	Zurich Income Safeguard
TMD version:	1

About this document

This document is a Target Market Determination (TMD). It sets out the target market for income protection under the Zurich Wealth Protection product suite (Income protection). 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 Income protection, 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 Wealth Protection 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.

Income protection 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.

Income protection can be held in the superannuation environment or outside of the superannuation environment.

Product and key attributes

Income protection is designed for consumers with the needs and objectives set out below. It provides a monthly benefit if the life insured is unable to work solely due to a sickness or injury that causes ongoing restricted capacity for longer than the specified waiting period. 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.

Needs and objectives

Income protection is designed to provide financial protection for a consumer who has (or envisages that in future they will or may have) regular and ongoing financial commitments that will not be met in the event of a temporary or long-term disability which prevents them from earning income. The product offers a replacement income solution which can be tailored to consumer needs. Consumers can select an appropriate waiting period and benefit period, depending on the expected cash-flow impact of a temporary or long-term disability. This would also depend on accumulated savings, any other income replacement insurance, such as insurance in superannuation, and sick leave.

Extra-cost options may be selected to tailor cover to consumers, based on their needs, cash-flow, willingness to self-insure and affordability.

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 sickness or injury which prevents them from earning income and who have capacity to pay premiums on an ongoing basis. 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 market.

If Income protection is held in superannuation, the target market is more specifically consumers who also:

- want to obtain Income protection 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 income protection, consumers must satisfy all of the following:

- are aged between 19 and 61
- are in gainful employment for a minimum of 20 hours per week (24 hours for fixed term contractors and casual workers)
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

Income protection 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

Income protection 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, management 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 for Income protection 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, management fees and government charges, such as family or other relationships.

Appropriate consumers for Income protection 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

We will not pay any benefits for sickness or injury occurring as a direct or indirect result of any of the following:

- an intentional self-inflicted act
- attempted suicide
- illicit drug use
- an act of war, whether declared or not. War doesn't include acts of terrorism
- participation in criminal activity (and during incarceration due to participation in criminal activity)
- a cause other than sickness or injury. For example, loss of a professional qualification.

If Income protection is held in superannuation, benefits are not payable if the life insured is unemployed when a sickness or injury occurs, unless the life insured is unemployed because of a sickness or injury. However, the life insured will receive complimentary Income protection outside of superannuation to cover them if they are in this situation.

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 Income protection 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 Wealth Protection 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 Income protection 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 Income protection 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 Income protection 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.