



Target Market Determination (TMD)

MLC Whole of Life

Issuer: MLC Limited (MLCL)

Date of TMD: 26 March 2025

Version: 5.0

Note: MLC Whole of Life is comprised of Whole of Life products previously issued by MLC, Capita, Australian Eagle Life, National Australia Financial Management and Norwich Union.

The product is open to new business from current policies only that have a conversion option from their existing life cover to a Whole of Life policy.

About this document

The Target Market Determination (TMD) sets out who this product may and may not be suitable for, as well as the likely financial situation and needs of the consumer. It also outlines the triggers to review the target market, how it is to be distributed, and certain other information.

This document is not a Product Disclosure Statement (PDS), and is not a summary of the product features or terms of the product.

Overview of the MLC Whole of Life product

An MLC Whole of Life policy is a bundled life insurance policy where the premium charged pays for the insurance cover and goes toward accruing a surrender amount. These components cannot be split.

MLC Whole of Life products provide for long term life insurance in the event of the Life Insured's death over the term of their life rather than to a specified date. While providing life insurance cover, these products also accrue a surrender value. Additional benefits may have been added to, or incorporated into, policies to expand the insurance provided or to increase the amount of insurance in a cost-effective manner. Benefits applicable to a policy are outlined in the product documentation and policy schedule.

Policies are paid in full (less any policy debts) in the event of death (also for other events, where applicable) and for some MLC Whole of Life series, they may also be paid in full (less any policy debts) at the policy anniversary following the Life Insured's 94th birthday. If cancelled prior to such events, the surrender value is payable. Any policy debts are always deducted from benefit or surrender amounts before payment is made to the consumer.

Some Whole of Life series may accrue bonuses which add to the benefit amounts payable and to the surrender value, other series are without earnings (also known as non-profit).

There is one series of this product open to new business where existing consumers of MLC Life Insurance wish to exercise a conversion option in their current policy to an MLC Whole of Life policy. For existing policies, no additional benefits can be added. However existing consumers can increase or decrease their insured amounts, reinstate their policy if it lapses, or convert their policy to an MLC Endowment policy. Additionally, consumers may cancel their policy and withdraw their surrender value.

Loan credit facility

For a subset of MLC Whole of Life series, a credit facility is available whereby a consumer may borrow money against the surrender value in their policy. This provides the consumer with cash when required while keeping their insurance in force. This loan facility is provided for by MLCL under its Australian Credit License which is governed by the National Consumer Credit Protection Act.

Up to 90% of the surrender value may be taken as a loan. However, where any amount requested is above 70% of a policy's surrender value, the loan is subject to responsible lending obligations.

Policy ownership

MLC Whole of Life policies may be owned by individuals (including multiple people), companies, trusts, partnerships, sole traders and superannuation trustees (of both complying and non-complying APRA funds).

Where a policy is owned by a superannuation trustee (known commonly as an external trustee), that trustee administers their fund's responsibilities. Non-super policies and superannuation trustee owned policies are the same, with the only difference being the bonus rate applied on policies that have earnings. If the superannuation fund is a complying APRA fund (as recorded by the ATO), then superannuation bonus rates are applied to the policy. If the superannuation fund is non-complying, then non-super bonus rates are applied. Fund compliance is monitored and communicated with superannuation trustees each year.

Key things to know

The target market consists of:

- existing MLC Whole of Life consumers, and
- any consumer with a current policy with MLC Life Insurance whose policy has an option to convert to a Whole of Life policy. The Life Insured must be under age 70 at the time of application.

The consumers in the target market must either be an Australian citizens, Australian permanent residents, or New Zealand citizens residing in Australia or consumers with certain temporary visas subject to underwriting terms and conditions.

Who the product may be suitable for

The target market includes:

- consumers who meet underwriting, residency and other eligibility requirements
- consumers who have the financial capacity to pay the premiums over the period they intend to hold the product, and
- consumers who want to reduce their financial risk in the event of the life insured (either themselves or someone else) experiencing a claimable event, in accordance with the terms and conditions of the policy.

A consumer will still be considered within the target market and to have met the eligibility criteria if:

- MLCL reinstate their policy within 24 months of the lapse date, due to non-payment of premium and/or loan debt accrual, provided they have satisfied MLCL's reinstatement requirements.
- They exercise an option to continue or convert cover under the policy terms of their policy documentation.
- MLCL allow them to replace their existing cover as a result of a change of ownership.

Who the product may not be suitable for

- Those who are not:
 - Australian citizens, or
 - Australian permanent residents, or
 - New Zealand citizens residing in Australia, or
 - Those with certain temporary visas who do not meet our underwriting terms and conditions in relation to residency.
- Those that do not meet the eligibility requirements (unless prior written approval has been provided).
- Those that do not meet the underwriting requirements.
- Certain occupations for some benefit types.
- Those contemplating self-harm.

Likely financial situation of the consumer

The consumer should have the financial capacity to pay the premiums over the period they intend to hold the product, or at least for part of the period – whereby the policy may be converted to paid up with no further premiums to be paid, else accrue a premium and interest debt which will reduce the claim amount payable.

The consumer must have at least one of the following potentially relevant sources of financial capacity:

- earning income
- personal savings
- superannuation, or
- family or other relationships, either personal or business.

Target market for MLC Whole of Life

Likely objectives of consumers in the target market

The target market consists of existing consumers and applicants who exercise a conversion option within their existing insurance with MLC Life Insurance.

The consumer wants to reduce their exposure where they have (or envisage that in the future they will or may have) outstanding financial risks.

Financial risks include financial commitments (personal and commercial) and financial-in-kind commitments (including for business insurance purposes), where the consumer has a responsibility to pay money or provide goods or services. For life cover, these responsibilities may need to be paid or provided to their dependents, Estate or Business. The consumer may currently be responsible, or anticipate being responsible, for these financial risks.

These financial or financial-in-kind commitments include, but are not limited to:

- mortgage and other debt servicing costs
- income or revenue replacement
- medical and rehabilitation costs
- schooling and education costs
- transportation and accommodation costs
- personal care
- palliative care
- business commitments, and/or
- business succession funding costs.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Death Benefit	<p>The consumer has (or envisages that in future they will or may have) outstanding financial or financial-in-kind commitments (including financial commitments to dependents such as spouse or children) that will not be satisfied in the event of their/the Life Insured's:</p> <ul style="list-style-type: none"> • Death (due to any cause) • Terminal Illness (where available, this is the early payment of the Death Benefit where the Life Insured is diagnosed with a terminal illness and is likely to die within 12 months or is highly likely to die within 24 months).
Extra Death Benefit	<p>As an optional benefit, the consumer has (or envisages in the future they will or may have) the need for an element of additional amount of insurance over a specified period in the case of death. This consumer may also have a need to convert this temporary insurance to a permanent Death Benefit which then provides additional long-term cover and then has the potential to earn bonuses on this amount to increase their cover further in the event of their/the Life Insured's Death (due to any cause).</p>
Accidental Death Benefit	<p>As an in-built or optional benefit, the consumer has (or envisages in the future they will or may have) the need to supplement their Death Benefit in the event of an unexpected death caused by an accident.</p>
Accidental Injury benefit	<p>As an in-built benefit for some series, the consumer has (or envisages in the future they will or may have) outstanding financial or financial-in-kind commitments that need to be satisfied in the event of their/the Life Insured's accidental loss of sight and/or one or more hands or feet.</p>
Total and Permanent Disablement (TPD) benefit	<p>As an optional benefit, the consumer has (or envisages in the future they will or may have) outstanding financial or financial-in-kind commitments that need to be satisfied in the event of their/the Life Insured's total and permanent disablement.</p>
Maturity benefit	<p>As an in-built benefit for some series, the consumer envisages they may have a need in the future to be paid a lump sum payment in their advanced years at a specific future date to provide for a financial or financial-in-kind commitment (for themselves or other family members) upon their survival to the policy anniversary following their 94th birthday. This will be satisfied by the payment of the Death Benefit.</p> <p>The consumer may reject this payment at the stated date and continue their policy with Death Benefit cover.</p>
Premium Waiver	<p>As an optional benefit, the consumer has (or envisages in the future they will or may have) premium payments for their policy that need to be satisfied in the event of their/the Life Insured's total disablement or the policy payer's (the person named as the contingent risk) death.</p>
Guaranteed Insurability benefit	<p>As an optional benefit, the consumer has (or envisages in the future they will or may have) the need to increase their Death Benefit amount in the future and they wish to do so without an underwriting assessment for the increased cover amount at specified option intervals.</p>
Bonus Earning	<p>The consumer has a preference for their policy's Death Benefit (and TPD and Accidental Injury benefits, as applicable) as well its surrender value to increase with bonus earnings in the future.</p>
Life Insurance Cover with minimal underwriting	<p>The consumer has a need for long term life insurance with minimal or no medical assessment and chooses to purchase this insurance directly.</p>
Certainty of Premium	<p>Premiums for MLC Whole of Life products are constant; and the consumer has, or potentially has, a need for certainty of the cost of this insurance into the future.</p>
Availability of CPI increases	<p>As an option, the consumer has (or envisions they will have in the future), the need to keep their Death Benefit (and TPD and Accidental Injury benefits, as applicable) in line with increases in CPI over time.</p>

Meeting the needs of the target market

The target market comprises of existing consumers, and consumers holding life insurance cover within a current policy with MLC Life Insurance who wish to exercise their conversion option to an MLC Whole of Life policy. It includes those who:

- have, or expect to have, outstanding financial commitments that will not be satisfied in the event of the Life Insured's death, terminal illness, accidental injury, or total and permanent disablement, and
- have a capacity to pay a fixed premium amount on an ongoing basis.

As the product pays a lump sum on upon claim, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Product description

Claimable events

MLC Whole of Life provides a lump sum payment if the Life Insured:

- dies from natural causes or accidental means
- survives until the policy anniversary following the Life Insured's 94th birthday (if provided for in the policy series)
- loses their sight or the use of hands/feet, or
- becomes totally and permanently disabled.

A claim is only paid where the claimable event is in accordance with the terms and conditions outlined in the Product Disclosure Statement (PDS), Customer Information Brochure (CIB) or Policy Document and the insurance cover is specified in the consumer's Policy Schedule.

Premiums

Premiums are generally fixed for the duration of the policy. However, premiums may:

- increase with CPI (which in turn increases the Sum Insured),
- increase when the Sum Insured is increased by a sum nominated by the consumer, or through a Guaranteed Insurability increase, or
- decrease if the policy's Sum Insured is reduced.

Premiums will also change if:

- you add or remove a benefit option, or an additional benefit expires or the premium for a benefit expires,
- your policy is changed such as to be made paid up, or commuted to pay premiums in advance,
- the government makes changes to duties or charges, or
- we change the policy fee.

Payment of premiums

Premiums can be paid on a monthly, quarterly, half-yearly or annual basis via direct debit, credit card, or BPay.

If premiums are not paid when due, and the policy has not yet attained a surrender value, then the policy will lapse. If this happens, the consumer will no longer have insurance cover and will not be eligible to make a claim.

If premiums are not paid when due, and the policy has a surrender value, then the unpaid premium amount will attract an interest charge. Unpaid premium and interest together become a debt against the policy's surrender value and will reduce any benefit payable. Unless paid, this debt can lead to the policy lapsing. If this happens, the consumer will no longer have insurance cover and will not be eligible to make a claim.

Eligibility criteria

Certain persons may be ineligible for cover if they do not meet the eligibility criteria for this product. The eligibility criteria of the life to be insured could include their:

- age
- employment status, and
- residency status.

For new MLC Whole of Life policies where a conversion option is exercised, there is no underwriting assessment where the Death Benefit applied for is less than or equal to the consumers current Life Cover benefit in their existing policy.

Benefit structures

Lump sum covers can be purchased as:

- Stand alone Death Benefit – These are independent of all other covers.
- In-built benefit – These are benefits included with the Death Benefit.
- Optional benefit – These are not independent of other covers but can be paid in addition to the Death Benefit, or act on the policy if a specified event is triggered.
- Extensions – These are attached to another cover. You pay less for this structure because any claim payment on one cover will reduce the benefits of the covers they are attached to.

Entry age

It is important to note that entry ages for each benefit type may vary depending on original application terms.

Requirements	Death Benefit	Extra Death Benefit	Accidental Death Benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Common entry age next birthday	1–70	16–50	16–50	1–70	16–54	16–50	16–50

Exclusions

The exclusions that may apply include, but are not limited to:

Exclusion	Death Benefit	Extra Death Benefit	Accidental Death Benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Suicide or self-inflicted injury within 13 months of policy commencement, increase or reinstatement.	✓	✓	✓	✓	✓	✓	–
Pre-existing injuries or conditions.	–	–	–	✓	✓	–	–
War or Act of War.	–	✓	✓	✓	✓	–	–
Directly, or indirectly from committing, or attempting to commit, a Criminal Act.	✓	✓	✓	✓	✓	✓	–

Distribution conditions

For distribution via personal advice

- Distributor will assess requests for increases or other alterations for a consumer, taking into consideration demographic factors and eligibility requirements in the Target Market as set out above;
- Distributor must have attained a licensee and adviser code and accepted the MLCL Distribution Agreement.

For distribution via general advice or no advice

- Distributor will assess requests for increases or other alterations for a consumer, taking into consideration demographic factors and eligibility requirements in the Target Market as set out above.

Why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market

For distribution via personal advice

Consumers of life insurance are more likely to be in the target market if distributors refrain from allowing conversions into this product where consumers do not meet the relevant demographic and eligibility requirements.

For distribution via general advice or no advice

Consumers of life insurance are more likely to be in the target market if conversion applications are refused where the consumer does not meet the relevant demographic and eligibility requirements.

Distributor reporting requirements

- Complaints (including the nature of the complaints) regarding product design, product availability, claims and distribution conditions must be reported as soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.
- A significant dealing in the product which the regulated person becomes aware of is not consistent with the TMD should be reported as they are identified.

When we review this document

The first review for this TMD occurs within 12 months from the date of this TMD. Subsequent reviews occur at least every three years after the end of the previous review.

This TMD may be reviewed more frequently if a Review Trigger occurs.

	Review triggers	Assessment information	Timeframe	Who is responsible
1	<p>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.</p> <p>Note: This trigger is a mandatory review. The product issuer may choose to undertake a review even if the above review trigger is not met.</p>	<p>Any relevant regulation, legislation and/or ASIC instruments relating to the change in law.</p>	<p>As new changes are introduced.</p>	<p>MLCL with information supplied.</p>
2	<p>Product performance is materially inconsistent with the product issuer's expectations, having regard to the:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate 	<p>During the review period, the expected and actual:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate <p>The product issuer has detailed specific assessments for each trigger.</p>	<p>Aligned to TMD Review Period.</p>	<p>MLCL.</p>
3	<p>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.</p>	<p>Complaints (as defined in section 994A(1) of the Act) and the nature of the complaints regarding product design, product availability, claims and distribution condition.</p>	<p>As soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.</p>	<p>MLCL and our distribution partners.</p>
4	<p>Material change to key product design, features, and/or fees that would reasonably suggest that this TMD is no longer appropriate.</p>	<p>Notification of proposed material change to key product design, features, and/or fees.</p>	<p>As material changes are made.</p>	<p>MLCL.</p>
5	<p>Significant Dealing in the product which the regulated person becomes aware is not consistent with the TMD.</p>	<p>A dealing in the product which the distributor (as the regulated person) becomes aware is not consistent with this TMD.</p>	<p>As a significant dealing is identified.</p>	<p>MLCL and our distribution partners.</p>

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth). It sets out the target market for the product, triggers to review the target market, how it is to be distributed and certain other information. It forms part of MLC Limited's design and distribution framework for the product.

This document is not a Product Disclosure Statement (PDS) and is not a summary of the product 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 before making a decision whether to buy this product.

This Target Market Determination (TMD) describes the class of consumers that comprise the target market for this product and matters relevant to the distribution and review of this product.

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