



# Target Market Determination (TMD)

MLC Debt Insurance

Issuer of this TMD: MLC Limited (MLCL)

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# 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. Consumers interested in acquiring this product should read the PDS carefully before making a decision whether to buy this product.

## Key things to know

The consumer must already have a formal contract with a Lender for a home loan or personal loan. They must have also received the PDS in Australia.

### Who the product may be suitable for

The target market includes:

- consumers who meet 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 (described under each cover type).

### Who the product may not be suitable for

The target market excludes:

- those who are not
  - Australian citizens
  - Australian permanent residents, or
  - New Zealand citizens residing in Australia
- those whose home or personal loan is not with a creditor registered with an Australian regulatory authority approved by us
- those that do not meet the eligibility requirements (unless prior written approval has been provided)
- those who want fixed or guaranteed premiums, and
- those contemplating self-harm.

### Likely financial situation of the consumer

As the premiums may vary from time to time, the consumer should have the financial capacity to pay the premiums over the period they intend to hold the product.

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

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

# Death Cover

## Who the product may be suitable for

The consumer wants to lower their financial risk if the life insured were to:

- die, or
- become terminally ill.

Financial risks include financial commitments (personal and commercial) and financial-in-kind commitments (including Business Insurance purposes), where the consumer has a responsibility to pay money or provide goods or services to their dependants, estate or business. The consumer may currently be responsible, or anticipate being responsible, for these financial risks.

## Why the product will meet the needs of consumers in the target market

The target market broadly comprises of consumers who:

- have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event of the life insured's death or terminal illness, and
- have the capacity to pay potentially variable premiums on an ongoing basis.

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

## Product description

Death cover pays a lump sum if the life insured:

- dies, or
- is diagnosed with a terminal illness.

Death cover is customisable where the consumer can choose 100% cover or partial cover of 75%, 50% or 25% of the Policy Debt Amount for each covered home loan or personal loan.

## Eligibility

To apply for this product, the consumer must be between the age of 18–64 (inclusive).

## Exclusions

Exclusions that apply to this product include:

- Suicide or attempted suicide for Death cover or Terminal Illness in the first 13 months of cover start date, or the date the benefit was increased (for the increased portion of the benefit).
- Conditions pre-existing the insurance.
- Involvement in criminal activity.

# Critical Illness Cover

## Who the product may be suitable for

The consumer wants to lower their financial risk if the life insured suffers a specified critical illness.

Financial risks include financial commitments (personal and commercial) and financial-in-kind commitments (including Business Insurance purposes), where the consumer has a responsibility to pay money or provide goods or services to their dependants, or business. The consumer may currently be responsible, or anticipate being responsible, for these financial risks.

## Why the product will meet the needs of consumers in the target market

The target market broadly comprises of consumers who:

- have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event of the life insured suffering a specified critical illness, and
- have the capacity to pay potentially variable premiums on an ongoing basis.

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

## Product description

Critical Illness cover pays a lump sum if the life insured is diagnosed with or suffers a specified critical illness aligned to (specified terms). Additionally, eligible children of the policy owner are covered for defined Child Cover Benefit conditions whilst they are aged between 2 to 18 (inclusive). The Child Cover Benefit pays a lump sum if an eligible child dies or is diagnosed with or suffers a defined Child Cover Benefit condition while the life insured is covered by Critical Illness. Conditions covered, benefits payable, and exclusions that apply to the Child Cover Benefit are different to the conditions, benefits, and exclusions that apply to Critical Illness cover.

## Eligibility

To apply for this product, the consumer must be between the age of 18–64 (inclusive).

## Exclusions

Exclusions that apply to this product include:

- Conditions pre-existing the insurance.
- Involvement in criminal activity.
- Self-inflicted injury or illness.
- 90-day exclusion/qualifying periods for certain critical conditions.
- For the Child Cover Benefit, any death or condition arising from or contributed to by an injury maliciously inflicted on the child by the Policy Owner.

# Disability Cover

## Who the product may be suitable for

The consumer wants to reduce their exposure where they have (or envisages that in future they will or may have) a need to replace their income if they are unable to earn income (or are only able to earn a lower income) due to illness or injury.

## Why the product will meet the needs of consumers in the target market

The target market broadly comprises of consumers who:

- have outstanding financial commitments in the form of a home loan or personal loan that may not be satisfied in the event they become unable to work due to sickness or injury
- meet employment requirements, and
- have the capacity to pay potentially variable premiums on an ongoing basis.

As the product pays a monthly benefit upon suffering a sickness or injury, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

## Product description

Disability cover pays one or more periodic payments if the life insured is unable to work due to illness or injury on a continued basis.

The consumer must be gainfully employed and must meet all employment eligibility criteria to take up and continue this cover. (See employment status under Eligibility criteria).

## Eligibility

To apply for this product, the consumer must be between the age of 18–64 (inclusive).

## Exclusions

Exclusions that may apply to this product include:

- Conditions pre-existing the insurance.
- Involvement in criminal activity.
- Self-inflicted injury or illness.
- Any sickness, disease or symptoms contracted within the first 30 days of the Cover Start Date, or the date the Benefit was increased.
- Insured is not gainfully employed.

# Involuntary Unemployment Cover

## Who the product may be suitable for

The consumer wants to reduce their exposure where they have (or envisages that in future they will or may have) a need to replace their income if they become involuntarily unemployed.

## Why the product will meet the needs of consumers in the target market

The target market broadly comprises of consumers who:

- have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event they become involuntarily unemployed, and
- meet employment requirements, and
- have the capacity to pay potentially variable premiums on an ongoing basis.

As the product pays a periodic benefit upon the insured becoming involuntarily unemployed, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

## Product description

Involuntary Unemployment cover is only available if another type of cover is taken up.

Involuntary Unemployment cover pays one or more periodic payments if the life insured becomes involuntarily unemployed on a continuous basis.

The consumer must be gainfully employed, however they cannot be self-employed or employed by family. The consumer must meet all employment eligibility criteria in order to take up and continue this cover (see employment status under Eligibility criteria).

## Eligibility

To apply for this product, the consumer must be between the age of 18–64 (inclusive).

## Exclusions

Exclusions that may apply to this product include:

- Involvement in criminal activity.
- Insured is not gainfully employed.
- Becoming Involuntarily Unemployed or becoming aware of being made Involuntarily Unemployed before or within 30 days of the Cover Start Date, or the date the Benefit was increased (for the increased portion of the benefit).
- Fixed term contract or season work which has ended.
- Resigning from employment or choosing to terminate an employment contract early.
- Termination by instant dismissal due to serious misconduct.
- Becoming involuntarily unemployed when self-employed or employed by family.
- Involuntary Unemployment cover cannot be taken out as standalone.



# Product attributes (applies to all covers)

## Premiums

Our premium rates can change over time and are not guaranteed.

Premiums for Death, Critical illness and Disability cover vary with age and will generally increase each year as the life insured gets older. Premiums for Involuntary Unemployment cover do not vary with age. Premiums for all covers can change due to other reasons.

The benefit amounts for Death and Critical Illness cover are based on a percentage of the Policy Loan Debt. If the Policy Owner advises us of a reduction of their remaining loan debt, we will reduce the Policy Loan Debt and the benefit amount for these covers. The benefit amounts for Disability and Involuntary Unemployment cover are based on a percentage of the Original Debt Amount owing at the commencement of each debt or the date of an increase to the debt. These benefit amounts are not reduced if the Policy Owner advises us of a reduction of their remaining loan debt.

Premiums will also change for other reasons including if:

- an option is added or removed
- the benefit amount changes
- there are changes to stamp duty or other government charges, or
- we make changes to our standard premium rates or discounts.

## Payment of premiums

Premiums are paid pro-rata monthly by credit card or from a nominated transaction account. If premiums are not paid when due, the policy may lapse, in which case the life insured would no longer be covered and cannot make a claim.

## Eligibility criteria

A consumer may be ineligible for cover if they don't meet the eligibility criteria for this product. Eligibility criteria of the life to be insured could include their:

- age
- employment status<sup>^</sup>
- residency status, and
- whether they have a formal contract with a Lender, which is a creditor registered with an Australian regulatory authority and as agreed by us.

<sup>^</sup>To be eligible for Involuntary Unemployment and Disability benefits the life insured must be employed on average 10 hours per week over a period of 6 months or more and in active employment for remuneration, payment or profit. Involuntary Unemployment cover is not available for those who are self-employed or employed by their family.

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

- MLCL reinstates their policy within 30 days of the lapse date due to non-payment of premium, and
- they have satisfied MLCL's reinstatement requirements.

# Distribution conditions

## For direct (non-advised) market

- The distributor must not sell to a customer who does not satisfy the demographic factors and eligibility requirements in the Target Market as set out above.
- The distributor must provide the customer with the PDS.
- This product must only be distributed by MLCL and its representatives, and distribution must comply with approved call scripts and processes.

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

### For direct (non-advised) market

Consumers of this product are more likely to be in the target market if the distributor (MLCL):

- refrains from selling to customers who do not meet the relevant demographic and eligibility requirements, and
- provides customers with a PDS.



# When we review this document

The 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
<p>1 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><b>Note:</b> 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.</p>
<p>2 Product performance is materially inconsistent with the product issuer's expectations, having regard to:</p> <ul style="list-style-type: none"> <li>a. Lapse rate</li> <li>b. Claim decline rate</li> <li>c. Claim withdrawn rate.</li> </ul>	<p>During the review period, the expected and actual:</p> <ul style="list-style-type: none"> <li>a. Lapse rate</li> <li>b. Claim decline rate</li> <li>c. Claim withdrawn rate.</li> </ul> <p>The product issuer has detailed specific assessments for each trigger.</p>	<p>Aligned to TMD review period.</p>	<p>MLCL.</p>
<p>3 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>
<p>4 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>
<p>5 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>

## Distributor reporting requirements

- Complaints and the nature of the complaints regarding product design, product availability, claims and distribution conditions. Complaints 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. These should be reported as they are identified.

## 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.

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