

Target Market Determination – Group Personal Accident & Sickness Insurance

What is a Target Market Determination?

- This Target Market Determination (**TMD**) seeks to offer customers, distributors and our own staff with an understanding of the classes of customers the product has been designed for, having regard to the needs, objectives and financial situation of the target market.
- This document is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice.
- When making a decision about this product, customers must refer to the Product Disclosure Statement (PDS) and any supplementary documents which outline the Group Personal Accident and Sickness Insurance terms and conditions

What does this TMD relate to?

- This TMD is for our Group Personal Accident and Sickness (**Group PA&S**) Insurance Policy.
- The TMD is effective as at 5 October 2021.

Overview of our Group Personal Accident and Sickness Insurance

- Our Group PA&S Policy is designed to enable employers to purchase accident and health insurance for a group of nominated persons (the nominated persons are employees and referred to in the policy as covered persons). Our Group PA&S policy is designed for groups of 2 or more employees/covered persons.
- The covered persons are third party beneficiaries under the issued policy. We do not enter into the insurance with the covered persons directly (we do issue an individual A&H product not covered by this TMD).
- The Group PA&S policy will respond in the event of bodily injury or sickness to a covered person, subject to the terms and conditions of each policy wording.
- It provides employees with financial protection in the event of bodily injury and/or sickness which temporarily prevents a covered person from earning an income (temporary disablement). Both "bodily injury" and "sickness" are defined terms in the Group A&H policy
- The Group PA&S policy also provides a lump sum benefit to employees or their estate, to compensate for accidental death and/or an accident which causes permanent disablement.
- The benefit of group purchase of PA&S insurance is that it is usually more cost effective than individuals buying their own insurance, covered persons are not subjected to individual underwriting or medical examination before cover and generally all covered persons receive equal cover. A limitation is that because covered persons are not individually underwritten, there are some general restrictions and limitations which may not be included in individually underwritten cover.
- One example is the cover for mental health claims. Generally mental health claims are excluded. We can offer a mental health cover, as an endorsement to the policy, for an additional premium (and the additional premium is based on actuarial and statistical data).

- There are other restrictions in our products. One example is there is no cover for pre-existing conditions generally. That enables us to cover groups or organisations without individual underwriting of covered persons.
- A benefit of Group PA&S insurance being purchased as a group product is that cover is spread across a broader cross section of society than if people were to individually apply for the cover.
- The Group PA&S policy has been developed and modified over a period of years to ensure it is sufficiently broad to cover most claims, within the confine of the premium paid. We acknowledge that not every cover is suitable for each member of a group or organisation covered and that factor is considered in our ongoing product development.
- If a cohort of claims is identified as not being covered under the policy, as part of our regular review, we will consider covering that cohort of claims, at an appropriate premium, determined using actuarial and statistical data.

What Benefits are payable under the Group Personal Accident and Sickness Insurance

- The key benefits payable under the policy are:
 - lump sum payments for accidental death (as defined);
 - lump sum payments for bodily injuries resulting in permanent disablement (as defined);
 - weekly benefits as a result of a bodily injury;
 - weekly benefits as a result of a sickness, and
 - lump sum benefits for serious bone fractures

Who are our target market customers?

- Our target market is all employers in white, blue and grey collar occupations.
- Employers agree to purchase Group PA&S as an employee benefit or when they are required to do so under an Enterprise Agreement. The covered person must be an employee of the employer who purchases the Group PA&S Policy.
- The target market is the following categories of employees or industries:
 - Office based work – all occupations
 - Not for profit/charitable organisations
 - Manufacturing – production roles
 - Resource exploration – ESG compliant
 - Mine processing (no underground mining work whatsoever) - ESG compliant
 - Skilled Trades i.e. electricians, plumbers, engineers,
 - Construction
- We will consider risks in the following industries based on factors including the size of the risk and any previous claims history. These industries include:
 - Transport drivers/delivery drivers (logistics)
 - Labour hire
 - Retail/Hospitality
 - Health workers
 - Abattoirs
 - Security
 - Seafarers/Marine Occupations
- The Target Market **excludes** the following occupations or industries:
 - Loss of licence insurance for pilots, and

- Any underground mining employees

Target Market Eligibility requirements and restrictions

- The employer/policyholder must be an Australian entity. Exemptions can be sought for entities outside of Australia depending on the location of the employees covered.
- The average age demographic of the covered persons under the Group A&H Policy must not exceed 60 years.
- The weekly income benefit limits must not exceed \$5,000 per week.
- The weekly income benefit period must not exceed 156 weeks.
- The waiting period (excess) before a weekly income benefit can be paid must be at least 7 days
- Sickness benefits cannot be purchased alone. They must be purchased with bodily injury benefits.
- The occupation of the covered persons must fit our appetite – business outside of our target market appetite may be considered selectively based on size and profile of exposure to us and proven claims history

Distribution restrictions

- Our products are not able to be acquired directly from us and products can only be acquired through AFS licenced brokers.
- We continually interact with brokers to ensure our products are consistent with their client's likely objectives, financial situation and needs and we continue to monitor the adequacy of the target market and the adequacy of the product with brokers.
- There are some industries we will not cover and others we will not automatically cover. These are described in paragraphs 21 and 22 above.

Monitoring and Review

- We monitor our Group PA&S product, its ease of acquisition, customer satisfaction and claims paid to ensure the product continues to meet our target market objectives, and the financial situation and needs of insured. We also monitor that each product delivers what we promise and whether there has been less than satisfactory or poor outcomes for clients.
- Our monitoring is a continuous process based on outcomes. A written record of our ongoing monitoring will be maintained and will be part of the minutes of each quarterly product review.
- Our monitoring and review of the product also has regard to distributor considerations and involves continuous liaison with the broker market.
- Our initial review of the product will take place on or before 5 December 2021.
- The product will thereafter be reviewed on a quarterly basis.
- The review committee will consist of the Underwriting Operations and Compliance Manager, Product Specialist, A&H Underwriting Manager and the Claims Manager.
- Our review process will include:
 - continuous monitoring of issues raised by brokers as to the adequacy of the product for the target market or generally,

- Identification of any issues that arise out of regular communication with brokers which is inconsistent with the target market, the suitability of the product for the target market, the performance of the product or the manner the product is marketed.
- Identifying recurrent issues, such as claims or service issues and whether they give rise to a need to review the target market or the product itself.
- Identifying any poor outcomes and whether they impact the target market and create a need to review the product.
- Confirmation of the ongoing adequacy of the TMD or identifying what changes are required to be made.
- Immediately following a review (not less than 10 working days after the review) we will amend, if required, the target market for the product and, if necessary, create a product review plan to ensure the products ongoing suitability for the target market.

Record keeping

- Written minutes of the initial review and each quarterly review will be made and kept as part of our compliance record.

Reporting to Underwriters

- A copy of the minutes of each quarterly TMD review will be provided to underwriters together with a record of timelines for any action agreed to be taken arising out of the quarterly review meeting.
- Any underwriter feedback will be reviewed at quarterly meetings.