

Zurich Ezicover Income Protection

Target Market Determination (TMD)

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1. About this document

This document is a Target Market Determination (**TMD**). It sets out the target market for the Zurich Ezicover Income Protection product. This TMD also sets out how the product is distributed, review periods and triggers related to the TMD, and reporting on and monitoring of the TMD. It forms part of Zurich'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 Ezicover Income Protection, based on the objectives, financial situation and needs of the class of target market.

This document is not a product disclosure statement and is not 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 Ezicover Income Protection Product Disclosure Statement and Policy Document (**PDS**) before making a decision to apply for this product. The PDS is available at zurich.com.au/pds.

This product is sold as a stand-alone product and distributed online or over the phone without advice specific to your circumstances. The insurance cover is designed for consumers who seek an easy and convenient process, to protect against the temporary loss of their income, and suits consumers who want access to this type of cover through a self-initiated application process. These consumers want an instant decision based on information provided in the application, with minimal further health, financial, and occupational assessment (underwriting). Except when offered directly by Zurich under general advice, Ezicover Income Protection Insurance is sold on a referral basis with no advice. Consumers may want to consider obtaining personal financial advice to ensure the cover they select is tailored to their objectives, financial situation and personal needs.

2. Product description

Ezicover Income Protection Insurance 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 disability which prevents them from earning an 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 disability. This would also depend on accumulated savings, any other income replacement insurance, such as insurance in superannuation, and sick leave.

Consumers can choose from two cover options:

- a. Sickness and Injury
- b. Injury only

This product provides insurance protection only, so that benefits are only payable if an insured event occurs. It is not a savings product and does not accumulate a cash or surrender value.

3. Target market

Needs and objectives

Ezicover Income Protection Insurance is designed for consumers with the needs and objectives set out below. It provides a monthly benefit if the insured is unable to work solely due to sickness or injury and is totally disabled for longer than the waiting period. Income protection insurance replaces some lost income, so that the insured can concentrate on recovery without having to worry about how to cover ongoing expenses.

When Cover may be suitable

Ezicover Income Protection Insurance may be suitable for consumers who:

- meet the eligibility requirements as stated below;
- be earning an income and/or have personal savings;
- are employed and have or expect to have financial commitments that will not be met in the event they suffer a sickness or injury;
- are working a minimum of 20 hours per week in their principal occupation;
- have other means to fund premiums, and government charges, such as family or other relationships;
- are able to complete a health and occupation assessment online or over the phone which may lead to an increase in premiums, limit to the sum insured added special conditions, or declined cover;
- confidently navigate our application process, without the need to receive personal financial advice, to determine whether Ezicover Income Protection Insurance is suitable;
- are willing to undergo an assessment conducted by Zurich in relation to health and medical history, occupation, pursuits and pastimes to obtain insurance cover, and are willing to accept restrictions, loadings or exclusions determined by Zurich following that assessment;
- are engaged in an occupation for which Zurich provides insurance cover; and
- seek insurance cover for a sum insured up to \$12,000 per month without undergoing a health or medical assessment.

When Cover may not be suitable

Ezicover Income Protection Insurance may not be suitable for consumers who:

- don't meet the eligibility requirements as stated below;
- are engaged in an occupation for which Zurich does not provide insurance cover;
- are working less than 20 hours a week;
- require and are willing to pay and receive personal financial advice to determine if Ezicover Income Protection Insurance is suitable for their needs;
- have a complex medical history and may benefit from undergoing a health or medical assessment;
- are ineligible for cover on the basis of medical history, occupation (for example hazardous occupations), pursuits or pastimes;
- already hold sufficient income protection cover or are otherwise able to meet financial commitments in the event they suffer a sickness or injury;
- are unable to fund premiums over the timeframe identified for financial protection; or
- are seeking cover for a benefit which is not offered in Ezicover Income Protection Insurance or may be subject to the exclusion outlined below.

Financial capacity

Ezicover Income Protection Insurance is designed for consumers who have the financial capacity to purchase it and to hold it over the timeframe identified for financial protection (i.e. a consumer who has the financial capacity to pay premiums in accordance with the chosen cover type, and government charges). This is important for two reasons:

- the cost of cover will generally increase over time; and
- cover will be cancelled, and the insured won't be covered if premiums are not paid.

4. Product design and key attributes

Product value

Ezicover Income Protection Insurance provides value to consumers as it pays a regular income in the event of the insured's sickness or injury.

Eligibility requirements

When applying for Ezicover Income Protection Insurance, consumers must satisfy all of the following:

- are aged between 19 and 60;
- are in Australia;
- have Australian residency or are in the process of applying for Australian residency;
- are employed in a permanent position or are working between 20 and 60 hours per week; and
- are employed in a non-permanent position or are self-employed and have been working between 20 and 60 hours per week and with consistent income for at least the last 2 years.

Not all occupations are eligible for cover and access to this product is subject to occupation guidelines. Ezicover Income Protection is subject to our assessment of health and occupation, and consumers with pre-existing medical conditions may not be eligible for cover.

Premium Structure

- Ezicover Income Protection insurance premiums increase each year based on rates for the consumer's age. Premium rates are not guaranteed and can change.
- Other factors are considered as part of the premiums. These include gender, cover selected, benefit amount, claim duration, waiting period selected by the consumer, health, smoking status, discounts, government charges, and stamp duty.
- To protect consumers from the impacts of inflation, Zurich automatically increases the amount of the cover each year in line with CPI to a maximum of 3% unless we are told otherwise.

Key exclusions

The following are examples of events that are not covered under Ezicover Income Protection Insurance. For a full list of exclusions please refer to the PDS.

- Involuntary unemployment.
- An intentional self-inflicted act attempted suicide or committing, being involved in, or attempting to commit a criminal offense.

A policy may be subject to additional exclusions based on our assessment of the application.

Key Limitations

- This cover is based on your monthly income, the monthly benefit payable is determined by the insured's annual income at the time of claim. If the insured's income has decreased, the monthly benefit payable may be less than the insured monthly benefit. Regular review of insurance cover is important to help ensure it continues to meet consumer needs and objectives, which may change over time.
- Any Income Protection benefit payable cease at the end of the selected period, even if the life insured's disability continues after the end of the benefit period.
- Any Income Protection benefits payable cease at the policy anniversary when the life insured is 65 even if the life insured continues to be disabled and the benefit period for the payment has not ended at that time.
- To receive a monthly benefit, the life insured must:
 - follow the advice and recommended treatment of a medical practitioner; and
 - actively participate in a rehabilitation or retraining program that they have the capacity to undertake.

Appropriate consumers will thus meet some or all of the following criteria:

- be earning income;
- have personal savings; and/or
- have other means to fund premiums, management fees and government charges, such as family or other relationships.

5. Appropriateness of the product for the target market

The target market is consumers who have or expect to have financial commitments that will not be satisfied in the event of a sickness or injury which prevents them from earning an 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.

6. Conditions and restrictions on distribution

A distributor or referrer must only offer Ezicover Income Protection Insurance to consumers who meet the product eligibility criteria.

An application for Ezicover Income Protection Insurance must be submitted via the online application hosted by Zurich or via the Zurich contact centre (which may include a Zurich appointed external contact centre). In addition, for every application, Zurich's application process will require information covering the key eligibility criteria. If the eligibility criteria is not satisfied, cover will not be provided for those applicants. This will improve the likelihood that cover has been sold to consumers within that target market.

A distributor or referrer must direct consumers to one of the above access points to learn more about the product or purchase a policy.

Consumers 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.

7. Zurich'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. Zurich 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 (i.e., the proportion of premiums returned to consumers as benefits);
 - 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 Zurich 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 conditions that would reasonably suggest that the TMD is no longer appropriate.
- A material modification is made to the features of Ezicover Income Protection Insurance.
- Zurich determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.
- Changes in medical advances that impact product design or the market for the product.
- Distribution conditions set out in the TMD are otherwise no longer appropriate.

Maximum TMD lifespan

Subject to intervening review triggers, this TMD will be reviewed no more than two years after the effective date of the TMD. Any of the above review triggers will bring forward the two-yearly review.

Reporting period for any complaints about this product

Unless agreed otherwise, distributors must report complaints to us half-yearly, within 10 business days of the end of the calendar half-year. Complaints data should include sufficient information to understand the substance of each complaint but will not include personal information. If no complaints are received, quarterly reporting should confirm no complaints have been received in the period.

How Zurich will decide if this TMD is no longer appropriate

Zurich will regularly review the information set out below 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, compare expected and actual data for the following:
 - product claims ratio (i.e., the proportion of premiums returned to consumers as benefits);
 - 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 conditions.
- A significant dealing in the product which the product manager becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).

Ezicover Income Protection Insurance

Where relevant, Zurich's product manager will consider actual data against expected amounts, with thresholds around the expected position. Thresholds are set at green, amber and red levels, and results in the amber or red thresholds are analysed and monitored more closely and escalated for action as considered appropriate. Metrics are also monitored for trends and step changes.

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 (must be reported 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 (must be reported 10 business days of becoming aware of the dealing).
- Customer feedback.

Submitting data to Zurich

Distributors may submit data to Zurich in any of the agreed formats. Refer to our website for more information: zurich.com.au/tmd.