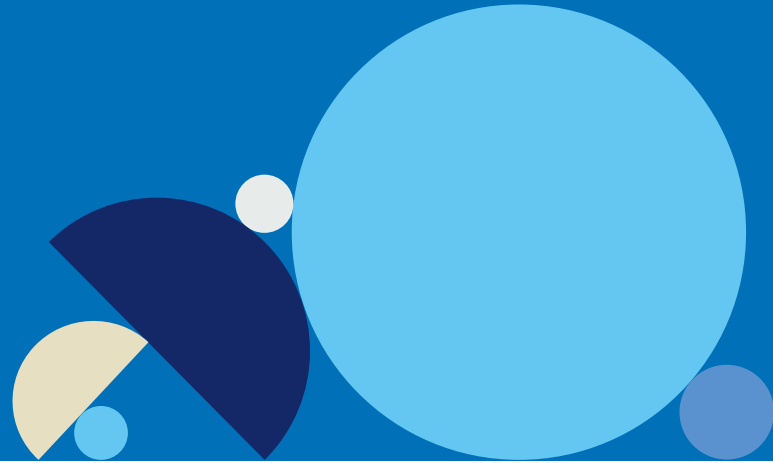


ANZ Home Loan Protection Insurance

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 ANZ Home Loan Protection product. This TMD also sets out how the product is distributed, review periods, and triggers related to 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 this product, based on the objectives, financial situation and needs of the class of consumer comprising the target market.

This document isn't a product disclosure statement and isn't 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 ANZ Home Loan Protection Product Disclosure Statement and Policy Document (**PDS**) before making a decision to apply for this product. The PDS can be found at **ANZ Home Loan Protection PDS**.

This insurance cover is optional and is sold exclusively to ANZ home loan customers (borrowers). The policy is designed to be linked to an ANZ home loan, and for borrowers who seek a process that is easy and convenient to protect their home loan against death and terminal illness and, to protect the home loan repayments against the loss of their income, because of unemployment, illness, or injury. These borrowers want an instant decision based on information provided in the application, without further health, financial, and occupational assessment (underwriting). Given ANZ Home Loan Protection is not sold with personal or general financial advice, consumers may want to consider obtaining personal financial advice to ensure the cover they select is tailored to their objectives, financial situation and needs.

2. Product description

ANZ Home Loan Protection is designed for borrowers with either or both of the needs and objectives set out below. It pays:

- the outstanding balance of their home loan, up to \$1,000,000, in the event of death or terminal illness diagnosis, and/or
- the home loan minimum monthly repayment:
 - for up to 18 months if an illness or injury prevents them from work for more than 30 days, or
 - for up to three months if they lose their job through no fault of their own and are unable to find work for more than 30 days.

The policy can have up to two borrowers on a single policy, and each borrower, can choose from one of three options of cover:

1. Life benefit only;
2. Injury & Illness and Involuntary Unemployment benefits only; or
3. All the above benefits – Life, Injury & Illness, and Involuntary Unemployment benefits.

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

ANZ Home Loan Protection is designed to provide financial protection for ANZ home loan customers with the following personal objectives and needs.

Option	Needs and objectives
Life benefit only	<ul style="list-style-type: none">• has financial dependants or loved ones and wants to continue providing financial support in the event of their death or terminal illness diagnosis by removing the cost of servicing the home loan.• has an outstanding balance on their home loan that will not be satisfied by their estate and any other insurance, or superannuation benefits, in the event of their death or terminal illness diagnosis.
Injury & Illness, and Involuntary Unemployment benefits only	<p>need to ensure their home loan repayments are covered, if:</p> <ul style="list-style-type: none">• an illness or injury prevents them from working for more than 1 month and up to 18 months, or• they lose their job through no fault of their own and are unable to find work for more than 1 month and for up to 3 months.
All benefits	This is the more comprehensive option and is designed for borrowers who have one or more needs or objectives in both of the above options.

When Cover may be suitable

ANZ Home Loan Protection may be suitable for consumers who will meet some or all of the following criteria:

- meet the eligibility requirements as stated below;
- be earning an income;
- have personal savings;
- have other means to fund premiums, and government charges, such as family or other relationships;
- seek cover for up to \$1,000,000 without undergoing a medical assessment.

When Cover may not be suitable

ANZ Home Loan Protection may not be suitable for consumers who do not meet the eligibility requirements as stated below, and consumers who

- require cover of less than \$30,000 or more than \$1,000,000,
- require personal financial advice to determine if ANZ Home Loan Protection is suitable for their individual needs,
- are seeking cover for a benefit which is not offered in ANZ Home Loan Protection, or they may be subject to the exclusion outlined below.

Financial capacity

ANZ Home Loan Protection 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, policy 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 will not be covered if premiums are not paid.

Appropriate borrowers will thus meet some or all the following criteria:

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

4. Product design and key attributes

Product value

ANZ Home Loan Protection provides value to consumers as it pays:

- a lump sum in the event of death or terminal illness diagnosis which will pay down their outstanding home loan balance; and/or
- a regular benefit in the event of illness, injury or involuntary unemployment as specified in the PDS, to cover their ongoing minimum monthly loan repayment for a period of time.

Eligibility requirements

When applying for an ANZ Home Loan Protection policy, consumers must:

- be a borrower of an ANZ loan contract from a minimum of \$30,000 to a maximum of \$1,000,000;
- be 18 to 59 years old;
- be an Australian or New Zealand citizen or hold an Australian Permanent Residency Visa;
- have no more than \$1,00,0000 in total Life Benefit across all ANZ Home Loan Protection policies;
- have received the PDS in Australia; and
- have lived in Australia for at least six months continuously during the past 12 months.

When applying for Injury & Illness, and Involuntary Unemployment benefits, in addition to the above requirements, borrowers must be either:

- employed in a permanent full-time job;
- employed in a permanent part-time, casual, contract or temporary job for 20 hours per week or more; or
- self-employed for 20 hours per week or more.

Premium structure

ANZ Home Loan Protection premiums are calculated based on:

- consumers outstanding loan balance and/or monthly loan repayments;
- consumer's age (premium rates generally increase with age);
- number of policy holders (single or joint);
- cover type; and
- government charges and stamp duty.

Premium rates aren't guaranteed and can change. Detailed information on understanding premiums, what factors impact them and why they change are available in the PDS.

Key exclusions and limitations

The following events are not covered under ANZ Home Loan Protection:

- pre-existing medical conditions that were the subject of a medical consultation in the 12 months before the policy start date;
- death caused by suicide in the first 13 months of any cover;
- for the Illness and Injury benefit, illness which occurs in the first 30 days after the policy commencement date;
- involuntary unemployment in the first 90 days after the policy commencement date;
- periods of illness, injury or involuntary unemployment no longer than the waiting period of 30 days.

5. Appropriateness of the product for the target market

The target market is borrowers who have or expect to have an outstanding home loan balance that may not be paid in the event of death or terminal illness, or those who need to ensure their home loan repayments continue to be paid in the event of injury, illness or involuntary unemployment. These borrowers have capacity to pay premiums on an ongoing basis. As the product pays a lump sum on death or terminal illness, and, or the minimum home loan repayments, it is likely to meet the needs, or go towards meeting the needs, of borrowers in the target market.

6. Conditions and restrictions on distribution

Distribution conditions

This product is exclusively distributed by Australia and New Zealand Banking Corporation (ANZ), AFSL No. 234527 under a distribution agreement with Zurich. The ANZ application process requires consumers to satisfy the product eligibility requirements before applying. If the eligibility requirements are not satisfied, cover will not be provided. As part of the application process, ANZ must also make consumers aware of the types of borrowers for whom the product is designed and suitable, and when the product may not be suitable.

ANZ Home Loan Protection can only be provided to consumers:

- through an ANZ call centre representative who is accredited and trained to provide product information support only,
- who meet the eligibility requirements,
- who have received a current ANZ Home Loan Protection PDS, and
- who have followed ANZ's customer application and product selection process.

These distribution conditions will assist distribution being directed toward the target market.

For home loan borrowers who contact ANZ to request financial assistance and hold an ANZ Home Loan Protection policy, ANZ must remind these consumers they may be eligible to claim under their policy, should the reasons for hardship be related to illness, injury or unemployment.

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 condition that would reasonably suggest that the TMD is no longer appropriate.
- Zurich determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.
- A material modification is made to ANZ Home Loan Protection features.
- 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

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 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, 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 (must be reported within 10 business days of becoming aware of the dealing).

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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 conditions (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 within 10 business days of becoming aware of the dealing); and
- Customer feedback.

Submitting data to Zurich

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