

Zurich Wealth Protection (insurance only super) Income protection Target Market Determination

Date TMD is effective:	15 May 2023
Policy name:	Zurich Income Safeguard
TMD version:	1.2
Issuer product code:	AU24ZIEWLAC
Description:	Income protection issued under Zurich Wealth Protection as an insurance option under the Zurich Plan

This document contains two related Target Market Determinations (TMDs) that have been prepared to comply with the Design and Distribution Obligations (DDO) in Pt 7.8A of the Corporations Act 2001:

- **Part A** contains the TMD prepared by Zurich Australia Limited ABN 92 000 010 195 AFSL 232510 ('Zurich') as the issuer of insurance cover under the Zurich Insurance-only Superannuation Plan (the 'Zurich Plan').
- **Part B** contains the TMD prepared by Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757 (the 'Trustee') as the issuer of the Zurich Plan, a division of the Smart Future Trust (formerly known as the Aon Master Trust) ABN 68 964 712 340.

Although the insurance and superannuation products are related (because the insurance product may be acquired via the superannuation product), they are distinct products with separate TMDs. Where an insurance product is being acquired via the super product, distributors must have regard to both TMDs.

PART A - Insurance About this document

This document is a Target Market Determination (TMD). It sets out the target market for income protection under the Zurich Wealth Protection product suite (Income protection) as an insurance option under the Zurich Plan.

This TMD also sets out how the product is distributed, review periods and triggers relating 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 Income protection, based on consumer objectives, financial situation and needs.

This document is not a Product Disclosure Statement (PDS) and is not a summary of the 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 for Zurich Wealth Protection before making a decision to apply for this product. The PDS can be found at zurich.com.au/pds.

Consumers may want to consider obtaining personal financial advice to ensure the cover they select is tailored to their personal needs, objectives, and financial situation.

Income protection is an intermediated insurance product that can suit consumers with simple or complex needs, including consumers who either:

- have completed their own research, know what type of insurance they want and seek help with the application process
- want insurance that is tailored to their specific circumstances through a needs analysis and a fact find by a qualified financial adviser.

Consumers who apply for this product are comfortable to provide us with information about their health, financial situation, lifestyle, and pastimes for our assessment and they understand that the outcome of the assessment may be that they are not eligible for cover.

Product and key attributes

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

Needs and objectives

Income protection 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 or long-term disability which prevents them from earning 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 or long-term disability. This would also depend on accumulated savings, any other income replacement insurance, such as insurance in superannuation, and sick leave.

Extra-cost options may be selected to tailor cover to consumers, based on their needs, cash-flow, willingness to self-insure and affordability.

As this cover is held in superannuation, the target market is specifically consumers who also:

- want to obtain Income protection within the superannuation environment
- understand and accept the additional risk of needing to meet a SIS condition of release to receive a benefit amount.

Broadly, the target market is consumers who have or expect to have outstanding financial commitments that will not be met in the event they suffer a sickness or injury which prevents them from earning 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.

Eligibility requirements

When applying for Income protection, consumers must satisfy all of the following:

- are aged between 19 and 61
- are in gainful employment for a minimum of 20 hours per week (24 hours for fixed term contractors and casual workers)
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

Income protection is subject to our assessment of health, financial information, occupation, and pastimes:

- not all occupations are eligible for cover
- consumers with pre-existing health conditions may not be eligible for cover
- consumers who participate in high risk pastimes may not be eligible for cover.

Financial capacity

Income protection is designed for consumers who have the financial capacity to purchase it and to hold it over the timeframe identified for financial protection, ie. a consumer who has the financial capacity to pay premiums in accordance with the chosen premium structure, management 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 won't be covered, if premiums are not paid.

Appropriate consumers will thus meet the following criteria:

- can pay insurance premiums funded by personal contributions, spouse contributions, employer contributions or by rollover from another superannuation fund.

Key exclusions

We will not pay any benefits for sickness or injury occurring as a direct or indirect result of any of the following:

- an intentional self-inflicted act
- attempted suicide
- illicit drug use
- an act of war, whether declared or not. War doesn't include acts of terrorism
- elective and donor transplant surgery is not covered in the first six months of any cover or any reinstated cover. This also applies to any increases in cover after the cover starts
- participation in criminal activity (and during incarceration due to participation in criminal activity)
- a cause other than sickness or injury. For example, loss of a professional qualification.

If Income protection is held in superannuation, benefits are not payable if the life insured is unemployed when a sickness or injury occurs, unless the life insured is unemployed because of a sickness or injury. However, the life insured will receive complimentary Income protection outside of superannuation to cover them if they are in this situation.

This product may be subject to additional exclusions, based on our assessment of an application.

Conditions and restrictions on distribution

In light of the obligations under Part 7.8A of the Corporations Act (product design and distribution obligations), an application for Income protection must be submitted by a Distributor who is operating under an AFSL with appropriate authorisations. The Distributor may only submit applications for consumers who satisfy all of the following:

- have received a current Zurich Wealth Protection PDS and a current Zurich Insurance-only Superannuation Plan PDS
- have been given personal or general financial advice
- are in Australia
- have Australian residency or are in the process of applying for permanent Australian residency.

The Distributor should not sell this product to a consumer who is unlikely to ever be eligible to claim the benefits under the policy.

These distribution conditions for Income protection are appropriate and will assist in distribution being directed towards the target market.

Personal advice

Consumers that obtain personal advice are more likely to be in the target market for Income protection because advisers have a duty to comply with the statutory best interests duty when providing personal advice.

The Distributor is expected to take into account any relevant information obtained about the consumer's financial situation, to ensure that Income protection is sold in accordance with this TMD. Relevant information could include (but is not limited to):

- dependants
- employment and income
- other insurance
- debts.

General advice

Consumers that obtain general advice 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, ie.

- consumer has been provided with general advice in relation to this product
- this product is only distributed to consumers who have completed their own research, know what type of insurance they want and seek help with the application process.

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
 - 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.
- 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

This TMD will be reviewed every 2 years. Any of the above review triggers will bring forward the 2 yearly review.

Reporting period for any complaints about this product

Distributors should report complaints to us half-yearly (end of March and September), within 10 business days of the end of the relevant half-year.

Complaints data should include sufficient information to understand the substance of each complaint but should not include personal information.

How Zurich will decide if this TMD is no longer appropriate

Zurich's product manager will 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, expected and actual data for the following:
 - Product claims ratio
 - 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 condition.
- A significant dealing in the product which Zurich's product manager becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).

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 (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 (within 10 business days of becoming aware of the dealing).

Submitting data to Zurich

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

This document contains two related Target Market Determinations (TMDs) that have been prepared to comply with the Design and Distribution Obligations (DDO) in Pt 78A of the Corporations Act 2001:

- **Part A** contains the TMD prepared by Zurich Australia Limited ABN 92 000 010 195 AFSL 232510 ('Zurich') as the issuer of insurance cover under the Zurich Insurance-only Superannuation Plan (the 'Zurich Plan').
- **Part B** contains the TMD prepared by Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757 (the 'Trustee') as the issuer of the Zurich Plan, a division of the Smart Future Trust (formerly known as the Aon Master Trust) ABN 68 964 712 340.

Although the insurance and superannuation products are related (because the insurance product may be acquired via the superannuation product), they are distinct products with separate TMDs. Where an insurance product is being acquired via the super product, distributors must have regard to both TMDs.

PART B - Superannuation

1. About this document

This target market determination (TMD) contains information on the risk only superannuation products within the Zurich Insurance-only Superannuation Plan, a division of the Smart Future Trust ('the Fund') issued by Equity Trustees Superannuation Limited (the 'Trustee') as trustee for the Fund.

This TMD provides consumers, distributors and staff with an understanding of the class of consumers for which this product has been designed, having regard to the objectives, financial situation and needs of the target market.

This document is not a Product Disclosure Statement, is not to be treated as a full summary of the products terms and conditions, does not take into account any person's individual financial objectives, situation and needs and is not intended to provide financial advice. Consumers must refer to the relevant Product Disclosure Statement (PDS) and any supplementary documents when making a decision about this product.

Product Disclosure Statement to which this target market determination applies

This TMD applies to the risk only superannuation product that is distributed and marketed as the Zurich Insurance-only Superannuation Plan, referred to in the current Zurich Insurance-only Superannuation Plan Product Disclosure Statement.

Previous target market determination review date:
4 May 2022

2. Class of consumers that constitutes the target market

The Target Market for the Product comprises of persons who:

- want to obtain insurance cover within the superannuation environment
- want to pay insurance premiums funded by personal contributions, spouse contributions, employer contributions or by rollover from another superannuation fund
- can afford sufficient levels of insurance cover to allow for the potential taxation consequences at claim or can afford to receive a reduced benefit amount after allowing for potential taxation consequences at claim
- understand and accept the additional risk of needing to meet a SIS condition of release to receive a benefit amount

Excluded class of consumers

The product is not suitable for a person:

- seeking a superannuation product with an investment component
- who is unlikely to meet a SIS condition of release
- wishing to nominate a beneficiary that is not a financial dependant under superannuation law, or their estate
- intending to place cover through a business
- who cannot afford sufficient levels of cover to meet potential taxation consequences
- has insufficient retirement savings to meet their retirement goals

Eligibility criteria apply for each type of insurance cover and can be found in the TMD in Part A of this document.

Product description

The Product is a risk-only superannuation interest issued by Equity Trustees Superannuation Limited as Trustee for the Zurich Insurance-only Superannuation Plan, which is a division of the Smart Future Trust. It provides eligible persons the ability to obtain insurance cover within a superannuation environment and funded from eligible superannuation contributions or rollovers.

Any benefits paid under the policy will be paid to the Trustee and premiums paid for the policy are paid by the Trustee after it receives a sufficient contribution, or a rollover in respect of a member. Membership of the Fund is governed by the Fund's trust deed and superannuation laws. The underlying policy is a contract of insurance between Zurich Australia Limited and the Trustee and does not govern a person's membership of the Fund.

Any entitlements to:

- be paid as a benefit received by the Trustee under the policy, and
- payment of contributions or rollover amounts to the Trustee for the Trustee to pay premiums to Zurich Australia Limited for the policy;

are subject to any restrictions or limitations that may apply under the Fund's trust deed and under superannuation law.

Key product attributes

Fees and Costs

The product provides premiums that are primarily dependant on the type of insurance, age, smoker status, gender, stamp duty, medical history, occupation and level of insurance a person is applying for.

Tax

A person who becomes a member of the Fund may be eligible to receive a range of tax concessions subject to eligibility. Further information and updated eligibility are available from www.ato.gov.au.

Insurance

This TMD describes the following insurance option available through the Zurich Insurance-only Superannuation Plan:

Zurich Wealth Protection

- Income protection insurance – providing cover for ‘temporary incapacity’ where the member is unable to work to earn income due to sickness or injury

Insurance Key Attributes	Target Market Suitability
Income Protection Insurance	This may be suitable for a person who is looking to obtain insurance cover in the event of temporary or permanent disability or illness. Refer to the TMD in Part A of this document.

NOTE: Insurance may not be suitable for certain excluded occupations. You should refer to the PDS for further detail.

Consistency between target market and the product design

The Trustee considers that the product is likely to be consistent with the likely objectives, financial situation and needs of consumers within the target market because:

- the product has been designed for clients who receive personal or general advice;
- there is a range of insurance options to cater for a broad range of insurance needs (including type and level of cover);
- the product accepts the full range of contributions permitted under the law; and
- the costs associated with the product are consistent with market rates.

3. How this product is to be distributed

Distribution channels

The Product is distributed through approved financial advisers (consumers can not apply for this product directly). Also, the superannuation product is issued only to a consumer whose application for insurance has been accepted by the insurer.

Distribution conditions

This product should only be distributed under the following circumstances:

- Where the prospective member is resident in Australia and is eligible to contribute to superannuation; and
- Where a member is applying for insurance cover, they must:
 - meet the age, employment and residency requirements outlined in the PDS; and
 - be in an eligible occupation category for the type of insurance cover being applied for.

Distributors must also ensure that they comply with all regulatory provisions relating to financial products including but not limited to the provision of financial advice, Anti-Hawking Provisions and other legislative requirements within the Corporations Act and other relevant law.

Adequacy of distribution conditions and restrictions

The Trustee has determined that the distribution conditions and restrictions will make it likely that customers who purchase the product(s) are in the class of customers for which it has been designed. The Trustee considers that the distribution conditions and restrictions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed.

In making this determination, the Trustee has had particular regard to the following;

- a consumer must receive personal or general advice from an adviser in order to apply for the product; and
- the superannuation product will be issued to a consumer only if the consumer's application for insurance has been accepted by the insurer.

4. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Periodic reviews

3 years from the effective date.

Review triggers or events

Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to):

- Business performance review or adverse finding from a member outcomes assessment;
- a material change to the design or distribution of the product, including related documentation;
- occurrence of a significant dealing;
- distribution conditions found to be inadequate;
- external events such as adverse media coverage or regulatory changes that affect the product or the distribution of the product;
- significant changes in metrics, including, but not limited to, complaints, sales volumes or increase in cancellation rates during the cooling off period;
- the use of a Regulator's Product Intervention Powers in relation to the product;
- if the TMD for the underlying product is varied.

Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

5. Reporting and monitoring this target market determination

Distributors have the obligation to report the following information to us in relation to this TMD.

Complaints

Distributors must record and report all complaints that relate to the product or its distribution. The record should include the substance of complaints in relation to the product covered by this TMD. Where a complaint relating to the product and/or its distribution is received, the distributor must report this complaint information to the issuer at six monthly intervals (end of March and September). This will include written details of the complaints.

Significant dealings

Distributors must report if they become aware of a significant dealing in relation to this TMD within 10 business days.

**Reporting for complaints and significant dealings
should be directed to the issuer**

Complaints

Contact the Trustee via the Zurich Plan
administrator on (03) 9621 7275,
or write to us at the address below.

Complaints Officer

Zurich Insurance-only Superannuation Plan
C/- Equity Trustees Superannuation Limited
PO Box 1305,
South Melbourne VIC 3205

Significant dealings

Please direct these directly to the Trustee:

Equity Trustees Superannuation Limited
GPO Box 2307
Melbourne VIC 3001

Disclaimer

The information contained in this target market determination is general information only and is not intended to be construed as either personal advice or a product recommendation. You should make your own enquiries as to the suitability of this product for your personal financial needs and circumstances and obtain and read a copy of the PDS for further information on its suitability before making an investment and/or insurance decision.