

# Target Market Determination (TMD)

Funeral Insurance



# Target Market Determination (TMD)

<b>TMD product:</b>	APIA Funeral Insurance (the <b>product</b> ), offered in combined Product Disclosure Statement ( <b>PDS</b> ) and Financial Services Guide with issue date 1 October 2021.
<b>Issuer of this TMD:</b>	TAL Life Limited ABN 70 050 109 450 AFSL 237848 ( <b>TAL Life</b> )
<b>Date of this TMD:</b>	15 November 2023
<b>TMD version:</b>	2
<b>Last TMD review date:</b>	15 November 2023 (which also constituted the first review of this TMD)
<b>Ongoing review period:</b>	Each subsequent review of this TMD must be completed annually after the completion of the prior review unless a review trigger requires a review to be completed at an earlier date.

## Important information

This TMD sets out the product description and key attributes, target market, distribution conditions, review periods and review triggers for the product. This TMD forms part of the product design and distribution arrangements of the product.

This document is **not** a Product Disclosure Statement, and is **not** a summary of the conditions, features or terms of the product. The terms and conditions of cover provided under the product are set out in the PDS, along with any policy schedule (if applicable). Consumers interested in acquiring this product should carefully read those documents before deciding to purchase, or to continue to hold the product.

This document does not take into account any consumer's individual objectives, financial situation or needs. If a consumer has any questions about the product, please contact TAL Life.

**The product is an insurance policy, not a savings plan, investment account, or bank account, which means consumers may pay more or less in premiums than the cover amount over the life of the policy.**

**The product does not acquire a cash value. No premiums or refunds will be payable to the Life Insured in the event of policy cancellation, except within the 30-day cooling off period, or on claiming the Early Payout Benefit.**

Key attributes	
<b>Product description</b>	<ul style="list-style-type: none"><li>Provides a lump sum payment in the event of the Life Insured's Accidental Death in the first 12 months of cover, or the Life Insured's death from any cause after the first 12 months of cover.</li><li>The lump sum payment will be the higher of the Benefit Amount or the relevant Value Promise option selected (either 100% or 70%).</li><li>Provides a lump sum payment equal to the Funeral Insurance Benefit premiums that have been paid for the Life Insured, in the event of the Life Insured's death during the first 12 months of cover from any cause other than Accidental Death.</li></ul>
<b>Eligibility criteria</b>	<ul style="list-style-type: none"><li>Entry age 45 – 80.</li><li>An Australian or New Zealand citizen or Australian permanent resident, currently residing in Australia who has received the PDS in Australia.</li></ul>
<b>Value promise options</b>	Means at the time of a claim, for the Funeral Insurance Benefit, the claim payout for the Life Insured will be the higher of the cover amount then in place (plus any bonus cover, where applicable) or the Value Promise option selected. Consumers have a choice of: <ul style="list-style-type: none"><li>100% Value Promise: 100% of the total premiums paid for the Life Insured's Funeral Insurance Benefit from the commencement date.</li><li>70% Value Promise: 70% of the total premiums paid for the Life Insured's Funeral Insurance Benefit from the commencement date.</li></ul>
<b>Early Payout Benefit</b>	The Early Payout Benefit gives the Life Insured the option, after reaching age 85 to either: <ul style="list-style-type: none"><li>continue cover in respect of the Life Insured by continuing to pay premiums.</li><li>cash in the Funeral Insurance Benefit early to receive an immediate payout of 120% of the Life Insured's average funeral insurance cover amount, excluding bonus cover. All cover (including any Accidental Death cover) ceases for the Life Insured once this option is exercised.</li></ul>

## Key attributes

<b>Minimum Benefit Amount</b>	<ul style="list-style-type: none"> <li>• \$3,000.</li> </ul>
<b>Maximum Benefit Amount</b>	<ul style="list-style-type: none"> <li>• Up to \$15,000 at application.</li> <li>• Up to \$25,000 once the policy is in place.</li> </ul>
<b>Expiry age</b>	<ul style="list-style-type: none"> <li>• None.</li> </ul>
<b>Key exclusions and limitations</b>	<ul style="list-style-type: none"> <li>• No Funeral Insurance Benefit is payable if the Life Insured dies during the first 12 months of cover from any cause other than Accidental Death.</li> <li>• No Accidental Death benefit is payable in any of the following circumstances: <ul style="list-style-type: none"> <li>– suicide or an intentional, self-inflicted act.</li> <li>– participation in any criminal or unlawful activity.</li> <li>– being under the influence of alcohol (over the prescribed legal limit for driving a motor vehicle according to the relevant state or territory limit), illicit drugs in any dosage, or any pharmaceutical drug (whether or not prescribed by a medical practitioner) not taken in the correct dosage.</li> <li>– war, hostilities or war-like operations (whether war is declared or not), civil commotion, civil war or rebellion, but not terrorism, outside of Australia or New Zealand.</li> <li>– undertaking a dangerous occupation.</li> <li>– participation in dangerous pursuits.</li> </ul> </li> </ul>
<b>Premium structures</b>	<p>Premiums are structured on a level basis.</p> <p>Level premiums are based on the Life Insured's age at the plan start date. Premiums will also depend on the Value Promise option (either 100% or 70%) that has been selected by the Life Insured.</p> <p>Level premiums are not guaranteed to remain the same each year. The amount consumers pay will change if:</p> <ul style="list-style-type: none"> <li>• the Life Insured makes changes to the policy.</li> <li>• the Life Insured increases or decreases the Benefit Amount.</li> <li>• the Life Insured adds or removes a benefit (such as Accidental Death cover) or another Life Insured from the policy.</li> <li>• the policy has more than one Life Insured, and cover ends as a result of the death or the removal of one or more lives insured, such that premiums remain payable only in respect of one Life Insured, then the discount for more than one Life Insured will no longer apply.</li> <li>• there are changes in government duty or taxes, and TAL Life choose to pass on these additional costs.</li> <li>• TAL Life chooses to change the premium rates on the APIA Funeral Insurance portfolio.</li> </ul> <p>If premiums are not paid when due, the policy will end (subject to the required notice periods), and the Life Insured will no longer be covered and cannot claim for events occurring after the policy ends.</p>

## Target market

<p>The target market for the product comprises the class of consumers who satisfy each of the following criteria with respect to eligibility, objectives, financial situation and needs.</p>	
<b>Eligibility of consumers in the target market</b>	<p>The target market for the product comprises of consumers who are:</p> <ul style="list-style-type: none"> <li>• aged 45 – 80.</li> <li>• an Australian or New Zealand citizen or Australian permanent resident, currently residing in Australia who has received the PDS in Australia.</li> </ul> <p>Consumers who are under 45 or over 80 years of age, or who are not an Australian or New Zealand citizen or Australian permanent resident, currently residing in Australia, are not part of the target market of the product.</p>

## Target market

<p><b>Objective of consumers in the target market</b></p>	<p>The target market for the product comprises of consumers who:</p> <ul style="list-style-type: none"> <li>• are looking for cover that provides a lump sum payment in the event of the Life Insured's Accidental Death and/or death.</li> <li>• are looking for cover of up to \$15,000 at application.</li> <li>• are looking for fast payments usually within 24 hours of receiving the completed claim requirements<sup>1</sup>.</li> <li>• do not want to be underwritten.</li> </ul> <p>Consumers who are not looking for cover that provides a lump sum payment in the event of the Life Insured's Accidental Death and/or death, or who are looking for cover of more than \$15,000 at application, or who are willing to go through an underwriting process are not part of the target market of the product.</p> <p><sup>1</sup> Some Accidental Death claims will take longer to assess. TAL Life will make sure to keep the claimant informed throughout the process.</p>
<p><b>Financial situation of consumers in the target market</b></p>	<p>The target market for the product comprises of consumers who have the financial capacity to fund the costs of cover, in accordance with the level premium structure, over the period they intend to hold the cover. This includes periods in which financial capacity may change such as, but not limited to, ceasing employment.</p> <p>Consumers who do not have the financial capacity to fund the costs of cover over the period they intend to hold the cover are not part of the target market of the product. Consumers will be required to form their own assessment of their capacity to fund premiums.</p>
<p><b>Needs of consumers in the target market</b></p>	<p>The target market for the product comprises of consumers who have a need, or may in the future have a need, to pay for a funeral or other final expenses in the event of the Life Insured's Accidental Death and/or death.</p> <p>Consumers who do not have a need to obtain insurance cover to pay for a funeral or other final expenses in the event of the Life Insured's Accidental Death and/or death are not part of the target market of the product.</p>
<p><b>Appropriateness of the product for the target market</b></p>	<p>The target market comprises of those who have or expect to have outstanding funeral costs or other final expenses, that will not be satisfied in the event of the Life Insured's Accidental Death and/or death.</p> <p>As this product pays a lump sum on Accidental Death and/or death and is only available for those meeting the eligibility criteria set out above, this product is therefore likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market.</p> <p>The target market is also limited to consumers who have the financial capacity to pay premiums, and as a result the product is likely to be consistent with the likely financial situation of consumers in the target market. This includes periods in which financial capacity may change such as, but not limited to, ceasing employment.</p> <p>Although this product does not pay a benefit (the sum insured) within the first 12 months of cover for death other than Accidental Death, premiums are refunded in the event of death in the first 12 months of cover from any cause other than Accidental Death. If death occurs after the first 12 months of cover, the Value Promise option selected (either 100% or 70%) also helps ensure that the cover will be consistent with the objectives of consumers in the target market.</p>

## Distribution conditions

Any regulated person who engages in retail product distribution conduct, other than excluded conduct (such as the provision of personal advice), must comply with the following distribution conditions for the product.

<b>Distribution conditions: Personal advice</b>	<p>Distribution conditions do not apply with respect to the provision of personal advice or to arranging for a consumer to apply for or acquire the product for the purpose of implementing personal advice. This is because regulated persons who provide personal advice have statutory and general law duties with respect to the provision of personal advice which apply instead of the distribution conditions.</p> <p><b>This product is not to be distributed through personal advice.</b></p>
<b>Distribution conditions: General advice - online</b>	<p>The following distribution conditions apply to any retail product distribution conduct, other than excluded conduct (such as the provision of personal advice), which occurs through an online channel:</p> <ul style="list-style-type: none"> <li>• The distributor of the online channel must be approved by TAL Life.</li> <li>• The online channel must obtain information required to determine whether the consumer is eligible for the product and must not permit a consumer to be issued the product if the consumer does not meet the eligibility criteria (provided that the consumer has provided all relevant information honestly and completely).</li> <li>• The online channel must draw the consumer's attention to the key features of the product, including: <ul style="list-style-type: none"> <li>– that only Accidental Death is covered for the first 12 months of cover or the first 12 months from the effective date of any increase to the Benefit Amount to the extent of the increase amount,</li> <li>– an estimate of the applicable premium based on the consumer's requested product benefits including the Value Promise option selected (either 100% or 70%),</li> </ul> to enable the consumer to determine if the product is likely to be consistent with their objectives, financial situation and needs.</li> <li>• The online channel must require the consumer to select a Value Promise option (either 100% or 70%), which will affect the minimum Benefit Amount payable and the applicable premium.</li> <li>• The online channel must make available a PDS of the product to consumers.</li> <li>• If the online channel is licenced, used or white labelled via a distributor who makes accessible the online channel to consumers, that distributor must also be approved by TAL Life.</li> </ul>
<b>Appropriateness of the distribution conditions: General advice - online</b>	<p>The distribution conditions will result in the product being issued to consumers who are likely to be in the target market because:</p> <ul style="list-style-type: none"> <li>• the requirement for the online channel to determine whether a consumer is eligible for the product and not permit consumers to be issued the product if they do not satisfy the eligibility criteria means the product cannot be issued to consumers who are not eligible for the product.</li> <li>• the requirement for the online channel to display information on the key features of the product, including an estimate of the applicable premium based on the consumer's requested product benefits (which consumers may customise based on their own preference and needs, namely the amount of cover and the Value Promise option selected (either 100% or 70%)), is likely to prompt a consumer to either proceed or not to proceed with an application based on their financial capacity to afford the applicable premiums and determination of whether the product is consistent with their likely objectives, financial situation and needs.</li> </ul>

## Distribution conditions

<p><b>Distribution conditions:</b> <b>General advice – call centre</b></p>	<p>The following distribution conditions apply to any retail product distribution conduct, other than excluded conduct (such as the provision of personal advice), which occurs through a call centre channel:</p> <ul style="list-style-type: none"> <li>• The distributor of the call centre channel must be approved by TAL Life.</li> <li>• The call centre channel must have in place processes in relation to call scripts, training, monitoring and quality assurance designed to ensure the appropriate distribution of the product.</li> <li>• The call centre channel must have training to assist in the identification of vulnerable customers.</li> <li>• The call centre channel must obtain information required to determine whether the consumer is eligible for the product and must not permit a consumer to be issued the product if the consumer does not meet the eligibility criteria (provided that the consumer has provided all relevant information honestly and completely).</li> <li>• The call centre channel must draw the consumer’s attention to the key features of the product, including: <ul style="list-style-type: none"> <li>– that only Accidental Death is covered for the first 12 months of cover or the first 12 months from the effective date of any increase to the Benefit Amount to the extent of the increase amount,</li> <li>– an estimate of the applicable premium based on the consumer’s requested product benefits including the Value Promise option selected (either 100% or 70%),</li> </ul> <p>to enable the consumer to determine if the product is likely to be consistent with their objectives, financial situation and needs.</p> </li> <li>• The call centre channel must require the consumer to select a Value Promise option (either 100% or 70%), which will affect the minimum Benefit Amount payable and the applicable premium.</li> <li>• The call centre channel must make available a PDS of the product to consumers.</li> </ul>
<p><b>Appropriateness of the distribution conditions:</b> <b>General advice – call centre</b></p>	<p>The distribution conditions will result in the product being issued to consumers who are likely to be in the target market because:</p> <ul style="list-style-type: none"> <li>• the requirement for the call centre channel to determine whether a consumer is eligible for the product and not permit consumers to be issued the product if they do not satisfy the eligibility criteria means the product cannot be issued to consumers who are not eligible for the product.</li> <li>• the requirement for the call centre channel to provide information on the key features of the product including an estimate of the applicable premium based on the consumer’s requested product benefits (which consumers may customise based on their own preference and needs namely the amount of cover and the Value Promise option selected (either 100% or 70%)), is likely to prompt a consumer to either proceed or not to proceed with an application based on their financial capacity to afford the applicable premiums and determination of whether the product is consistent with their likely objectives, financial situation and needs.</li> </ul>

## Review triggers

<p><b>Review trigger 1</b></p>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• The commencement of a significant change in law that materially affects the product design, distribution of the product or class of products that includes this product.</li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>• Changes to relevant regulation, legislation and instruments.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>• TAL Life must monitor and consider any significant relevant change in law that materially affects the design or distribution of the product.</li> </ul>
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## Review triggers

<p><b>Review trigger 2</b></p>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Product performance is materially inconsistent with TAL Life’s expectations of the appropriateness of the product for consumers having regard to: <ul style="list-style-type: none"> <li>– claim ratios.</li> <li>– claims made within the first 12 months of cover commencement (during which cover is only provided for death by accident), including number of claims declined because the cause of death was not by accident.</li> <li>– the number of paid, denied and withdrawn claims.</li> <li>– the number of policies sold.</li> <li>– policy lapse rates.</li> </ul> </li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>• Claims ratios.</li> <li>• Number of paid, denied and withdrawn claims.</li> <li>• Number of policies sold.</li> <li>• Policy lapse rates.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>• TAL Life must collect the reporting information and review these factors every 6 months.</li> </ul>
<p><b>Review trigger 3</b></p>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Significant or unexpectedly high number of complaints regarding product design, claims and distribution conditions that would reasonably suggest that this TMD is no longer appropriate.</li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>• The nature of each complaint and the total number of complaints received in relation to the product within the reporting period, including where applicable indicators of vulnerability.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>• TAL Life must review and consider complaints data every 6 months.</li> <li>• Distributors must report complaints data to TAL Life every 6 months, with reports required within 10 business days of the end of the reporting period.</li> </ul>
<p><b>Review trigger 4</b></p>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>• Significant change to the design or distribution of the product which TAL Life considers could result in a change to: <ul style="list-style-type: none"> <li>– whether the product is likely to be consistent with the likely objectives, financial situation or needs of the target market.</li> <li>– the distribution conditions required to ensure that the product is likely to be issued to consumers who are within the target market.</li> </ul> </li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>• Any significant changes to the design or distribution of the product.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>• TAL Life must monitor and consider any significant change to the design or distribution of the product.</li> </ul>

## Review triggers

<b>Review trigger 5</b>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>TAL Life determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.</li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>Any dealing in the product which the regulated person becomes aware of is not consistent with this TMD.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>TAL Life must promptly review and consider any significant dealing reported to it.</li> <li>TAL Life must also consider any dealing it considers to be a significant dealing in the product outside the target market.</li> <li>Any dealing outside the target market must be reported by a distributor to TAL Life as soon as practicable, and in any case within 10 business days of the distributor becoming aware of the significant dealing.</li> </ul>
<b>Review trigger 6</b>	<p><b>Description:</b></p> <ul style="list-style-type: none"> <li>The use of a product intervention power in relation to the distribution or design of this product where TAL Life considers this to be a reasonable indication that this TMD is no longer appropriate.</li> </ul> <p><b>Reporting information:</b></p> <ul style="list-style-type: none"> <li>The making of any applicable product intervention order which affects the distribution or design of the product.</li> </ul> <p><b>Reporting period and review obligation:</b></p> <ul style="list-style-type: none"> <li>TAL Life must promptly consider any product intervention order which affects the product.</li> </ul>