

Target Market Determination (TMD): MLC Debt Insurance

Issuer of this TMD: MLC Limited

Date of TMD: 19 April 2024

Version: 5.0

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth). It sets out the target market for the product, triggers to review the target market, how it is to be distributed and certain other information. It forms part of MLC Limited's design and distribution framework for the product.

This document is **not** a Product Disclosure Statement (PDS) and is **not** a summary of the product 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 before making a decision whether to buy this product.

Insurance is issued by MLC Limited ABN 90 000 000 402 AFSL 230694. MLC Limited uses the MLC brand under licence from the Insignia Financial Group. MLC Limited is part of the Nippon Life Insurance Group and is not a part of the Insignia Financial Group.

Target market for MLC Debt Insurance

1. Likely objectives of consumers in the target market

Death	Critical Illness	Disability	Involuntary Unemployment ¹
<p>The consumer wants to reduce their exposure where they have (or envisage that in future they will or may have) outstanding financial or financial-in-kind commitments (this includes for Business Insurance purposed) and (for life cover) financial commitments of dependents or the Estate or their Business that will not be satisfied in the event/s listed below.</p>		<p>The consumer wants to reduce their exposure where they have (or envisages that in future they will or may have) a need to replace their income if they are unable to earn income (or are only able to earn a lower income) due to illness or injury.</p>	<p>The consumer wants to reduce their exposure where they have (or envisages that in future they will or may have) a need to replace their income if they become involuntarily unemployed.</p>
<p>The life insured's:</p> <ul style="list-style-type: none"> • Death; or • Terminal Illness. 	<p>The life insured suffers a critical illness.</p>		
<p>In addition to the exclusions listed on page 6 of this document, the target market excludes:</p> <ul style="list-style-type: none"> • Those contemplating self-harm. • Those who are not <ul style="list-style-type: none"> - Australian citizens, or - Australian permanent residents, or - New Zealand citizens residing in Australia. • Those whose home or personal loan is not with a creditor registered with an Australian regulatory authority approved by us. • Those that do not meet the eligibility requirements (unless prior written approval has been provided). • Consumers who want fixed or guaranteed premiums. 			

¹ Only available if another type of cover is taken up.

2. Likely financial situation of consumers in the target market

As the premiums may vary from time to time, the consumer should have the financial capacity to pay the premiums over the period they intend to hold the product. The potential relevant sources of financial capacity (consumer must have at least one) are:

- earning income
- having personal saving
- having superannuation, or
- otherwise having financial capacity (e.g. family or other relationships either personal or business) to pay premiums to retain the product for the period of time it is intended to be held.

3. Demographic and eligibility requirements of consumers in the target market

Requirements	Death	Critical Illness	Disability	Involuntary Unemployment
Entry age of 18-64 (inclusive)	✓	✓	✓	✓
Australian citizen, or Australian permanent resident, or A New Zealand citizen residing in Australia.	✓	✓	✓	✓
Gainfully employed	-	-	✓	✓
The insured must already have a formal contract with a Lender for a home loan or personal loan.	✓	✓	✓	✓
Have received the PDS in Australia	✓	✓	✓	✓

* A consumer will still be considered within the target market and to have met eligibility criteria if MLCL reinstate their policy within 30 days of the lapse date due to non-payment of premium and they have satisfied MLCL's reinstatement requirements.

Product description

Cover types	Type of claim payment	
MLC Debt Insurance offers cover for events listed below, in accordance with the terms and conditions outlined in the PDS.	Lump sum	Monthly payment/s
Death – In the event the life insured: <ul style="list-style-type: none"> • dies; or • is diagnosed with a terminal illness. 	✓	
Critical Illness - In the event the life insured: <ul style="list-style-type: none"> • is diagnosed with or suffers a specified critical illness (specified terms). 	✓	
Disability - In the event the life insured: <ul style="list-style-type: none"> • is unable to work due to illness or injury on a continued basis. 		✓
Involuntary Unemployment - In the event the life insured: <ul style="list-style-type: none"> • becomes involuntarily unemployed on a continuous basis. 		✓

Key product attributes		*Death	*Critical Illness	*Disability	Involuntary Unemployment
Premium structure – premiums can change over time. Premium rates are not guaranteed.		✓	✓	✓	✓
<p>*Stepped premiums are based on your age and will usually increase each year as you get older to reflect the increasing likelihood of claim.</p> <p>Your premiums will also change:</p> <ul style="list-style-type: none"> • if you add or remove an option, • if you change your benefit amount, • if the government makes changes to duties or charges, or • if we change the premium rates or policy fees. 					
The payment of premiums – if premiums are not paid when due, the policy may lapse in which case the life insured would no longer be covered and cannot make a claim.		✓	✓	✓	✓
<p>Premium payment frequency and method:</p> <p>Premiums are paid pro-rata monthly by credit card from a nominated transaction account.</p>					
Eligibility criteria – certain persons may be ineligible for cover if they do not meet the eligibility criteria for this product. Eligibility criteria of the life to be insured could include:		✓	✓	✓	✓
<ul style="list-style-type: none"> • the age; • employment status; • residency status; and • must have a formal contract with a Lender which is a creditor registered with an Australian regulatory authority and as agreed by us. 					
There may be exclusions such as:	Suicide or attempted suicide for Death Cover or Terminal Illness in the first 13 months of cover start date, or the date the benefit was increased (for the increased portion of the benefit).	✓	-	-	-
	Conditions pre-existing the insurance.	✓	✓	✓	-
	Involvement in criminal activity.	✓	✓	✓	✓
	Self-inflicted injury or illness.	-	✓	✓	-
	90-day exclusion/qualifying periods for certain critical conditions.	-	✓	-	-
	Any sickness, disease or symptoms contracted within the first 30 days of the Cover Start Date, or the date your Benefit was increased.	-	-	✓	-

Key product attributes		Death	Critical Illness	Disability	Involuntary Unemployment
There may be exclusions such as:	Insured is not gainfully employed.	-	-	✓	✓
	Becoming Involuntarily Unemployed or becoming aware that you'll be made Involuntarily Unemployed before or within 30 days of the Cover Start Date, or the date your Benefit was increased (for the increased portion of the benefit).	-	-	-	✓
	Fixed term contract or season work which has ended.	-	-	-	✓
	Resigning from employment or choosing to terminate an employment contract early.	-	-	-	✓
	Termination by instant dismissal due to serious misconduct.	-	-	-	✓
	Becoming involuntarily unemployed when self-employed or employed by family.	-	-	-	✓
	Involuntary Unemployment cannot be taken out as stand alone.	-	-	-	✓
	There are customisable benefits – can choose 100% cover or partial cover of 75%, 50% or 25% for each home loan or personal loan.	✓	-	-	-

Why the product attributes will make it more likely that the consumers who acquire the product are in the target market

Death benefit

Broadly, the target market comprises those who have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event of their own or another person's (i.e. the life insured's) death or terminal illness and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum on death or terminal illness it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Critical Illness benefit

Broadly, the target market comprises those who have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event of their own or another person's (i.e. the life insured) suffering a critical illness and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum upon suffering a listed critical illness it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Disability benefit

Broadly, the target market comprises those who have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event they become unable to work due to sickness or injury and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a monthly benefit upon suffering a sickness or injury it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Involuntary Unemployment benefit

Broadly, the target market comprises those who have outstanding financial commitments in the form of a home loan or personal loan that will not be satisfied in the event they become involuntarily unemployed and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a monthly benefit upon the insured becoming involuntarily unemployed it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Distribution conditions

For direct (non-advised) market

- Distributor must not sell to a customer who does not satisfy the demographic factors and eligibility requirements in the Target Market as set out above;
- Distributor must provide the customer with the PDS; and
- This product must only be distributed by the MLCL General Advice team and distribution must comply with approved call scripts and processes.

Why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market

For direct (non-advised) market

Consumers of insurance are more likely to be in the target market if distributors:

- refrain from selling to customers that do not meet the relevant demographic and eligibility requirements; and
- provide customers with a PDS.

Review triggers and information to assess whether a review trigger has occurred

Review triggers	Assessment information	Timeframe	Who is responsible
<p>1 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. Note: This trigger is a mandatory review. The product issuer may choose to undertake a review even if the above review trigger is not met.</p>	<p>Any relevant regulation, legislation and/or ASIC instruments relating to the change in law.</p>	<p>As new changes are introduced.</p>	<p>MLC Limited with information supplied.</p>
<p>2 Product performance is materially inconsistent with the product issuer's expectations, having regard to:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate c. Claim withdrawn rate 	<p>During the review period, the expected and actual:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate c. Claim withdrawn rate <p>The product issuer has detailed specific assessments for each trigger.</p>	<p>Aligned to TMD Review Period.</p>	<p>MLC Limited.</p>
<p>3 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.</p>	<p>Complaints (as defined in section 994A(1) of the Act) and the nature of the complaints regarding product design, product availability, claims and distribution condition.</p>	<p>As soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.</p>	<p>MLC Limited.</p>
<p>4 Material change to key product design, features, and/or fees that would reasonably suggest that this TMD is no longer appropriate.</p>	<p>Notification of proposed material change to key product design, features, and/or fees.</p>	<p>As material changes are made.</p>	<p>MLC Limited.</p>
<p>5 Significant Dealing in the product which the regulated person becomes aware is not consistent with the TMD.</p>	<p>A dealing in the product which the distributor (as the regulated person) becomes aware is not consistent with this TMD.</p>	<p>As a significant dealing is identified.</p>	<p>MLC Limited.</p>

TMD review period

This TMD shall be reviewed as follows:

First review

Within 12 months from the date of this TMD.

Subsequent reviews

At least every three years after the end of the previous review.

This TMD may be reviewed more frequently if a Review Trigger occurs.

Distributor reporting requirements

- Complaints and the nature of the complaints regarding product design, product availability, claims and distribution conditions. Complaints must be reported as soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.
- A significant dealing in the product which the regulated person becomes aware of is not consistent with the TMD. These should be reported as they are identified.