

Target Market Determination

Real Family Life Cover

Purpose of this document

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**), effective from 27 September 2021.

This TMD was issued by Hannover Life Re of Australasia Ltd (**Hannover**) on 27 September 2021. It sets out the target market for Real Family Life Cover, the triggers to review this target market determination, and other relevant information. It forms part of Hannover's Design and Distribution Obligations for this product.

This document is not a Product Disclosure Statement (**PDS**) and is not a summary of the features or terms of the product. It provides general information only and does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read Hannover's PDS for Real Family Life Cover before making a decision to purchase the product.

Target Market Determination: Real Family Life Cover

Issuer of this TMD: Hannover Life Re of Australasia Ltd ABN 37 062 395 484

Date of TMD: 27 September 2021

TMD version: 1

Product overview

Product description

Real Family Life Cover provides a lump sum payment to the estate or nominated beneficiary of the life insured, in the event:

- ✓ the life insured dies; or
- ✓ the life insured meets the definition of a terminal illness

in accordance with the terms and conditions outlined in the PDS.

Real Family Life Cover also provides optional benefits that can be added to your cover. Optional benefits include Total and Permanent Disability (TPD) Insurance, Serious Illness Insurance, and Children's Insurance.

- ✓ TPD Insurance - provides a lump sum payment in the event the life insured, as a result of sickness or injury:
 - a. suffers the loss of limbs or sight;
 - b. is unable to work;
 - c. suffers loss of independent existence; or
 - d. the life insured suffers cognitive impairment that results in the life insured requiring permanent and constant supervision for a continuous period of at least 6 months

in accordance with the terms and conditions outlined in the PDS.

- ✓ Serious Illness Insurance - provides a lump sum payment in the event the life insured meets the definition of a Serious Illness, in accordance with the terms and conditions outlined in the PDS.

- ✓ Children's Insurance - provides a lump sum payment to the policyowner if:

- a. the child insured dies; or
- b. the child insured is diagnosed with a terminal illness or a defined serious injury or illness (listed in the PDS)

in accordance with the terms and conditions outlined in the PDS.

Key attributes

Key attributes of Real Family Life Cover include:

- ✓ the payment of premiums – 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 make a claim;
 - ✓ premium structure – premiums are structured on a stepped premium basis and will generally increase over time;
 - ✓ eligibility criteria – certain customers may be ineligible for cover if they do not meet the eligibility criteria for this product. Eligibility criteria include:
 - the age; and
 - residency status
- of the life to be insured.

For a full list of eligibility criteria, refer to the table below under 'Demographic and eligibility requirements'. Optional benefits have specific eligibility criteria, and you will need to qualify for the Life Insurance benefit in order to add any optional benefits;

- ✓ meeting severity and/or medical treatment requirements as part of the terminal illness or serious illness definitions;
- ✓ the following key product exclusions apply and no cover would be available under the product if:
 - death as a result of suicide or self-inflicted injury occurring within 13 months following the commencement, reinstatement or increase of the insurance cover (but only to the extent of that increase);
 - for TPD Insurance - Total and Permanent Disability is as a result of an injury caused or accelerated by an intentional act performed by the life insured, policyowner or person who will otherwise be entitled to all or part of the benefit amount;
 - for Serious Illness Insurance -
 - a Serious Illness occurring as a result of an intentional self-inflicted bodily injury or attempted suicide within 13 months following the policy acceptance date, reinstatement date or increase of the insurance cover (but only to the extent of that increase);
 - the condition resulting in the claim first becomes apparent before the Serious Illness Insurance starts or during the first 3 months after the Serious Illness Insurance starts, is increased (only in respect of that increase), or is reinstated.
 - for Children's Insurance - the child insured suffers a defined serious injury or illness as a result a congenital condition, an intentional act of the policyowner or person who will otherwise be entitled to all or part of the benefit amount or an injury which occurs or an illness which becomes apparent, before the Children's Insurance starts, or during the first 3 months after it starts or, if reinstated, the reinstatement date.
- ✓ there are other exclusions applied to this insurance and these are detailed in the PDS;
- ✓ the underwriting process could result in an increase in the price of the product, limitations to the sum insured, special terms and conditions applied to cover, or a decline to offer cover.

Please refer to the PDS for further information about what Real Family Life Cover does and doesn't cover.

How/why key product attributes make it likely that this product will meet the likely needs of customers in the target market

Real Family Life Cover including the optional benefits TPD Insurance, and Serious Illness insurance, is designed to meet the likely objectives and needs of the target market to reduce the financial exposure of the life insured or their beneficiaries by providing payment in the event of their death, terminal illness, total and permanent disablement, or serious illness. Broadly, the target market comprises of those who have or expect to have outstanding financial commitments that will not be satisfied in the event of their own or another person's (i.e. the life insured's):

- ✓ death;
- ✓ terminal illness;
- ✓ total and permanent disablement; or
- ✓ suffering a serious illness

and who have a capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum for a covered event, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

The Children's Insurance option is designed to meet the likely objective and need of the target market to reduce the exposure of the policyowner by providing payment in the event of the child's death, diagnosis of terminal illness or serious injury or illness. Broadly, the target market comprises of those who expect to have unforeseen/unplanned expenses or financial commitments as a result of a child's death, terminal illness or serious injury or illness that will not be able to be satisfied with funds readily available or will leave the policyholder out of pocket. As the product pays a lump sum on death or diagnosis of terminal illness or serious injury or illness, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Description of the target market

Likely objectives, financial situation and needs of customers in the target market

The objective of customers in the target market is to reduce their exposure to the following financial situations:

- ✓ the customer (either the policyowner or the life insured) has (or envisages that in future they will or may have) outstanding financial or financial-in-kind commitments that will not be satisfied by their estate in the event of their death, terminal illness, or by choosing to add Serious Illness Insurance, the diagnosis of a serious illness, such as (but not limited to):
 - financial commitments to dependents such as spouse or children;
 - mortgage and other debt servicing costs, final expenses, education expenses;
 - medical costs, transportation and accommodation costs, and personal and palliative care; and/or
 - commitments ensuring that their business continues with less financial disruption upon the loss of a key person, or to ensure business succession.

By choosing to add optional TPD Insurance, the objective of customers in the target market is to reduce their exposure to the following financial situation:

- ✓ the customer (either the policyowner or the life insured) has (or envisages that in the future they will or may have) outstanding financial or financial-in-kind commitments that will not be able to be satisfied should they as a result of sickness or injury:
- ✓ suffer the loss of limbs or sight;
- ✓ is unable to work;

- ✓ suffers the loss of independent existence; and/or
- ✓ the life insured suffers cognitive impairment that results in the life insured requiring permanent and constant supervision for a continuous period of at least 6 months.

These financial or financial-in-kind commitments include, but are not limited to mortgage and other debt servicing costs, income or revenue replacement, medical and rehabilitation costs, transportation and accommodation costs, personal care and palliative care, business commitments and/or business succession funding costs.

By choosing to add Children's Insurance, the objective of customers in the target market is to reduce their exposure to the following financial situations:

- ✓ the customer (either the policyowner or the life insured) envisages that should the insured event occur they will or may have outstanding financial or financial-in-kind commitments that will not be able to be satisfied in the event of a child's death, terminal illness or serious injury or illness such as (but not limited to): medical costs, transportation and accommodation costs, or lost income from time away from work.

Financial situation of customers in the target market

A customer who:

- ✓ is earning income;
- ✓ has personal savings;
- ✓ has retirement income e.g. superannuation; or
- ✓ otherwise has financial capacity (e.g. family or other relationships)

to pay premiums (which will increase over time) in accordance with the stepped premium structure to retain the product for the extended period of time which it is intended to be held.

Demographic and eligibility requirements

The information below shows the demographic and eligibility requirements of the target market for Real Family Life Cover.

Cover type	Residency status	Age (when you purchase the cover)	Employment status	Other
Life Insurance	Australian residents	18 - 64	N/A	Customers who meet the health and lifestyle criteria during the underwriting application process
TPD Insurance		18 - 59	Working at least 20 hours per week	
Serious Illness Insurance			N/A	
Children's Cover - life insured		2 - 17	N/A	Dependant of the policyowner
Children's Cover - policyowner		18 - 64	N/A	Parent or legal guardian of the child to be insured

For example, the following groups are outside the target market for this product:

- ✓ All cover types:
 - residency status - not an Australian resident; or
 - customers who do not meet the health and lifestyle criteria during the underwriting application process.
- ✓ Life Insurance:
 - age - 65 and older.
- ✓ Optional TPD Insurance:
 - age - 60 and over; or
 - employment status - unemployed or working less than 20 hours per week.
- ✓ Optional Serious Illness Insurance
 - age - 60 and over.
- ✓ Optional Children's Insurance:
 - children aged under 2 or over 17; or
 - not a dependant of the policyowner.

This product would not be appropriate for customers who do not meet our underwriting requirements. This product is not appropriate for customers who are unable or unwilling to participate in the underwriting process, or who may require personal advice during the underwriting process.

Distribution conditions

In accordance with the obligations outlined under Part 7.8A of the Corporations Act (product design and distribution obligations):

- ✓ this product is authorised for distribution only by Greenstone Financial Services Pty Ltd (**GFS**) and cannot be purchased directly from Hannover;
- ✓ this product may only be distributed to customers under General Advice. No Personal Advice is to be provided to a customer at any point in the distribution process;
- ✓ GFS should not sell this product to a customer where the Policy will never respond due to any specific exclusions (including health and life events) built into the product;
- ✓ GFS should not sell to a customer who does not satisfy the demographic factors of customers in the target market; and
- ✓ GFS must provide a customer with a copy of the PDS.

The following distribution conditions and restrictions make it more likely that the customers who acquire the product are in the target market:

- ✓ call centre distribution must be undertaken in accordance with authorised call scripts and processes.
- ✓ customers must undergo the underwriting process and satisfy the health and lifestyle criteria during the underwriting process.

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

Review triggers	Information needed to enable Hannover to assess if the review trigger has occurred
<p>Review trigger 1:</p> <p>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.</p>	<p>Hannover will monitor relevant regulations, legislation and/or ASIC instruments relating to the change in law during the review period.</p>
<p>Review trigger 2:</p> <p>The use of Product Intervention Powers in relation to the distribution or design of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p>	<p>Hannover will monitor the use of Product Intervention Powers in relation to the distribution or design of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p>
<p>Review trigger 3:</p> <p>Product performance is materially inconsistent with Hannover's expectations having regard to:</p> <ul style="list-style-type: none"> ✓ claim ratios; ✓ the volume of paid, denied and withdrawn claims; ✓ the volume of policies sold; ✓ the volume of applications declined at underwriting; and ✓ policy lapse or cancellation rates. 	<p>Hannover will monitor the expected and actual number of the product performance metrics during the review period.</p>
<p>Review trigger 4:</p> <p>Significant or unexpectedly high number of complaints regarding product design, product availability, claims and any distribution condition that would reasonably suggest that this TMD is no longer appropriate.</p>	<p>Complaints and the nature of the complaints regarding product design, product availability, claims and any distribution condition.</p>
<p>Review trigger 5:</p> <p>Hannover determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.</p>	<p>A significant dealing in the product which either GFS or Hannover becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).</p>

Hannover monitors the above review triggers in accordance with its Product Monitoring and Customer Satisfaction frameworks.

The maximum initial period before this TMD is reviewed

Subject to intervening review triggers, no more than one year after the issue of this TMD, or **by 26 September 2022**.

The maximum period before this TMD is reviewed (after the initial review)

After the first review of this TMD (see above), and subject to intervening review triggers, this TMD will be reviewed annually.

Reporting period for reporting information about the number of complaints about this product

Hannover's reporting period for complaints is annually in accordance with other regulatory reporting requirements.