

Target Market Determination

Guardian Term Life Insurance



Purpose of this document

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**), effective from 13 December 2021.

This TMD was issued by Hannover Life Re of Australasia Ltd (**Hannover**) on 13 December 2021. It sets out the target market for Guardian Term Life Insurance, 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 Guardian Term Life Insurance before making a decision to purchase the product.

Target Market Determination: Guardian Term Life Insurance

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

Date of TMD: 13 December 2021

TMD version: 1

Product overview

Product description

Guardian Term Life Insurance provides a lump sum payment to the life insured's estate or nominated beneficiary in the event:

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

during the policy term in accordance with the terms and conditions outlined in the PDS.

Key attributes

Key attributes of Guardian Term Life Insurance 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 statusof the life to be insured;
- the underwriting process determines the outcome of your application. Your policy will be subject to a maximum policy term and may be subject to an accidental death only period of up to 24 months. Details of this will be included in your policy schedule; and
- the following key product exclusion applies – no cover would be available under the product if death as a result of suicide or self-inflicted injury occurs within 12 months following the commencement or reinstatement date.

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

Guardian Term Life Insurance is designed to meet the likely objective and need of the target market to reduce the exposure of the life insured by providing payment in the event of their death or terminal 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 or terminal illness, and who have a 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.

Description of the target market

Likely objectives, financial situation and needs of customers in the target market of Guardian Term Life 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) has (or envisages that in the 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 or terminal 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.

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

- age: 18 - 70 (when the life insured purchases the policy);
- residency status: Australian resident; and
- customers who meet the health and lifestyle criteria during the underwriting application process.

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

- age: over 70;
- residency status: not an Australian resident; or
- customers who do not meet the health and lifestyle criteria during the underwriting application process.

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 the 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.

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

- digital distribution must be undertaken in accordance with authorised 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 **12 December 2022**.

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

After the first review of this TMD (see above row), 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.