

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 5 October 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. Date of issue of this version: 16 December 2023.

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, AFSL 530811 for handling and settling claims

Original Issue Date of TMD: 13 December 2021

Last review date: 16 December 2023

Current as at: 16 December 2023

TMD version: 5

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 increase every year;
- 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, financial situation 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.

Hannover regularly reviews the performance of this product, with review occurring at least once per quarter, this ensures the product remains appropriate for the identified target market.

It is important to note that premiums are charged for this product and you will need to have the capacity to pay these premiums on an ongoing basis.

Please refer to the current PDS for detailed information on what each type of cover provides and how premiums are calculated.

Description of the target market

The target market for this product is Australian Residents aged 18-70 with a need to meet outstanding financial commitments in the event of death or terminal illness, who have the capacity to pay ongoing premiums that will increase on an annual basis.

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

This product is suitable for customers who have the financial capacity to pay premiums (which will increase over time) in accordance with the stepped premium structure to retain the product for the period of time which it is intended to be held. This product is not suitable for customers who cannot commit to or afford payment of stepped premiums for the life of the policy.

Customers will be required to form their own assessment of their capacity to fund premiums.

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.

Customers should carefully consider if the product is right for them before applying.

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

- age: over 70;
- residency status: not an Australian resident;
- customers who do not meet the health and lifestyle criteria during the underwriting application process; or
- customers who cannot commit to or afford payment of stepped premiums for the life of the policy.

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.

This product would also not be appropriate for customers whose objective is to save or invest funds in financial planning for death as the product is not a savings or investment plan.

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 by Greenstone Financial Services Pty Ltd (**GFS**) only and cannot be purchased directly from Hannover;
- this product can only be purchased via the GFS website and the GFS inbound call centre;
- 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 underwriting criteria for the product are not met;
- 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 because they have been designed to check that the customer meets criteria aligned with the target market:

- GFS will set minimum standards of conduct which are documented, operationalised through training and appropriate procedures, and are monitored via quality assurance practices;
- digital and call centre distribution must be undertaken in accordance with authorised call scripts and processes;
- GFS will provide adequate general explanations to consumers of the product's premium structure, how the premiums are expected to change over time, and its exclusions;
- customers must undergo the underwriting process and satisfy the health and lifestyle criteria during the underwriting process;
- marketing activities for Guardian Term Life Insurance will be limited to channels that are likely to result in distribution to customers in the target market;
- GFS will ensure only Australian residents aged 18-70 are able to purchase the policy;

- GFS will ensure only customers who meet the health and lifestyle criteria of the underwriting process are able to purchase the policy; and
- GFS will provide Hannover with the information and data Hannover requires in order to promptly identify if a review trigger has occurred. This includes but is not limited to information in regards to sales, lapses, underwriting outcomes, complaints.

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	Responsible party for providing information
<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>	Hannover will monitor relevant regulations, legislation and/or ASIC instruments relating to the change in law during the review period.	Hannover
<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>	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.	Hannover
<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. 	Hannover will monitor the expected and actual number of the product performance metrics during the review period, reported by GFS or Hannover quarterly.	GFS & Hannover
<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>	Complaints and the nature of the complaints regarding product design, product availability, claims and any distribution condition, reported by GFS to Hannover monthly.	GFS
<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>	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).	GFS & Hannover

The occurrence of any of these review triggers would reasonably suggest that the product, including its key attributes, may no longer be consistent with the likely objectives, financial situation and needs of consumers in the target market. In the event of the occurrence of any review trigger, a review of the product, its target market and target market determination will occur.

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.

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. Reviews are to occur more frequently in the event risk of detriment to a consumer is identified necessitating an earlier review.