

TARGET MARKET DETERMINATION (TMD): ENCOMPASS PROTECTION



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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 and NEOS Life's design and distribution framework for the product.

This document is **not** a product disclosure statement 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 product disclosure statement before making a decision whether to buy this product.

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

NEOS Life is a registered business name of Australian Life Development Pty. Ltd. ABN 96 617 129 914 AFSL 502759.

Target market

1. Likely objectives of consumers in the target market*

Life Cover	Total and Permanent Disability (TPD) Cover	Critical Illness Cover	Income Protection Cover
The consumer wants to reduce their exposure where they have (or envisage that in the future they will or may have) outstanding financial or financial-in-kind commitments (this includes for business insurance purposes) 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.			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 sickness or injury.
The insured person's: <ul style="list-style-type: none">• Death• Terminal Illness	The insured person is incapable of engaging in: <ul style="list-style-type: none">• meaningful gainful employment, or• independent living due to total and permanent disability.	The insured person suffers a specified critical illness.	

The target market excludes those:

- Contemplating self-harm.
- Who are not:
 - Australian citizens,
 - Australian permanent residents,
 - New Zealand citizens residing in Australia, or
 - those with certain temporary visas who do not meet our underwriting terms and conditions in relation to residency.
- Who do not meet the eligibility requirements (unless prior written approval has been provided).
- Who do not meet the underwriting requirements.
- In certain occupations for some benefit types.
- Consumers who want fixed or guaranteed premiums.

Life Cover	Total and Permanent Disability (TPD) Cover	Critical Illness Cover	Income Protection Cover
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For Encompass Protection cover within superannuation, an individual is in the target market for life insurance within the super environment if they accept that there are legislative restrictions that impact the insurance cover, including:

- the insurance premiums must be paid from a super fund or by making a contribution to a super account
- any insurance claim will be paid via the trustee of the super fund, who must also approve payment of the benefit
- if the consumer dies and has not made a valid binding death beneficiary nomination, the trustee of the super fund may determine the beneficiary or beneficiaries who will receive the death benefit
- the qualifying definitions under which an insurance claim can be paid must be consistent with legislated superannuation rules called 'conditions of release'
- the legislated 'conditions of release' must be satisfied before benefits, including an insurance claim, can be paid to the member
- taxation may apply to benefit payments paid to the member or beneficiary, and
- where super savings are used to pay premiums, this will reduce the super balance available to consumers in retirement and consumers should consider whether payment of premiums via superannuation will inappropriately erode their retirement income.

2. Likely financial situation of consumers in the target market*

As the premiums may vary from time to time (in accordance with the chosen premium structure), 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:

- Is earning income
- Has personal savings
- Has superannuation; or
- Otherwise has financial capacity (e.g. family or other relationships, either personal or business) to pay premiums.

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

Requirements	Life Cover	Total and Permanent Disability Cover	Critical Illness Cover	Income Protection Cover
Encompass Protection Entry age	Stepped: 18-70 Level: 18-60^	18-60	18-60	18-60
<ul style="list-style-type: none"> • Australian citizen • Australian permanent resident • a New Zealand citizen residing in Australia, or • consumers with certain temporary visas subject to underwriting terms and conditions 	✓	✓	✓	✓
Gainfully employed	-	✓	-	✓
		(Cover may be available for Home Duties if unemployed at the time of application)		

- * A consumer will still be considered within the target market and to have met eligibility criteria if:
- MLC Life Insurance reinstate their policy within six months of the lapse date due to non-payment of premium and they have satisfied MLC Life Insurance's reinstatement requirements.
 - They exercise an option to continue, convert or buy back cover under the policy terms in their PDS.
 - MLC Life Insurance allow them to replace their existing cover as a result of a change of ownership.

^Level premium only applies if the policy was current as at 15 February 2024, or the insurance on level premium was transferred from a policy that was current as at 15 February 2024.

Product description

Cover types	Type of claim payment		Ownership
	Lump sum	Monthly payment/s	Available under Encompass Protection (Super)
<p>Encompass Protection offers cover for events listed below, in accordance with the terms and conditions outlined in the Encompass Protection Product Disclosure Statement and Policy Document (PDS).</p>			
<p>Life Cover – In the event the insured person:</p> <ul style="list-style-type: none"> dies; or is diagnosed with a terminal illness. <p>Life Cover is available as stand-alone cover*.</p>	✓	-	✓
<p>Total and Permanent Disability Cover – In the event the insured person:</p> <ul style="list-style-type: none"> suffers a permanent disability, meaning they cannot work again in their usual occupation, or any other occupation they are reasonably suited to (depending on whether own occupation, any occupation or super TPD is chosen); or suffers either a permanent cognitive deficit, a specified loss of use or for those performing home duties, a permanent inability to perform specified Domestic Duties <p>Note: For Encompass Protection within super in all cases, the insured person must also be permanently incapacitated (as required by SIS) and meet all other terms and conditions outlined in the PDS.</p> <p>Total and Permanent Disability Cover is available as attached cover and linked cover^.</p>	✓	-	✓
<p>Critical Illness Cover – In the event the insured person:</p> <ul style="list-style-type: none"> is diagnosed with or suffers a specified critical illness (specified terms). <p>Critical Illness Cover is available as stand-alone cover*, attached cover and linked cover^.</p>	✓	-	-
<p>Income Protection Cover – In the event the insured person is:</p> <ul style="list-style-type: none"> unable to work due to illness or injury; or partially restricted in performing their duties and suffering a reduction in income due to illness or injury. <p>Note: For Encompass Protection within super in all cases, the insured person must also have satisfied a period of temporary incapacity and meet all other terms and conditions outlined in the PDS.</p>	-	✓	✓

*Stand-alone cover is independent of all other covers.

^ Attached cover is attached to another cover. You pay less for this structure when compared to stand-alone cover because any claim payment on one cover will reduce the benefits of the covers they are attached to. Linked cover works the same way as attached cover, however the covers are held as separate policies. For example cover inside super can be linked to cover outside super.

Key product attributes	Life Cover	Total and Permanent Disability Cover	Critical Illness Cover	Income Protection Cover
Available via super environment	✓	✓	-	✓
Premium structure – premiums can change over time for both level and stepped premium options. Premium rates are not guaranteed. From 16 February 2024 we only offer stepped premium rates.				
Stepped premiums are based on the consumer's age and will usually increase each year as they get older.				
Level premiums (only applicable if the policy was current as at 15 February 2024 or the insurance on level premium was transferred from a policy that was current as at 15 February 2024) are designed to spread the costs of the premiums over the life of the policy. Premiums are higher in the early years and lower in later years compared to stepped premiums which increase as the consumer gets older.	✓	✓	✓	✓
Premiums will also change: <ul style="list-style-type: none"> • if options are added or removed • if the benefit amount is changed by indexation, exercising the Future Increase Benefit feature or by requesting an increase • 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 policy owner would no longer be covered and cannot make a claim.				
Premium payment frequency and method provides the consumer the: <ul style="list-style-type: none"> • ability to pay premiums on a monthly, or yearly basis, and • ability to pay premiums via direct debit or credit card. 	✓	✓	✓	✓
The product provides insurance benefits only and does not provide for any accumulation of savings.				
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"> • age • employment status • residency status; and • health status. 	✓	✓	✓	✓
There are standard exclusions including but not limited to: <ul style="list-style-type: none"> • Suicide exclusion for death or terminal illness in the first 13 months of policy start, reinstatement or increase. • Self-inflicted injury or attempted suicide. • War or war-like operations • 90-day exclusion/qualifying periods for certain critical conditions. • Normal and uncomplicated pregnancy or childbirth. • Claims arising directly or indirectly from committing, or attempting to commit a criminal act where; a conviction is recorded, and a term of imprisonment is being, or has been, served. • A sickness or injury that first appeared, happened or was diagnosed before the consumer's insurance started, or was last reinstated (unless disclosed to and accepted by us as part of the application or reinstatement process). 	✓	-	-	-
	-	✓	✓	✓
	-	-	-	✓
	-	-	✓	-
	-	-	-	✓
	-	-	-	✓
	✓	✓	✓	✓
There are ancillary and/or customisable benefits.	✓	✓	✓	✓
Underwriting process – could also impact the price of the product, the sum insured, and the terms and conditions of the insurance policy.	✓	✓	✓	✓

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

Life benefit

Broadly, the target market comprises 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 insured person'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.

Total and Permanent Disablement benefit

Broadly, the target market comprises 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 insured person's) permanent disability, and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum on permanent disability 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 or expect to have outstanding financial commitments that will not be satisfied if they or another person (i.e. the insured person) suffer a critical illness, and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum on the insured person suffering a critical illness, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Income Protection benefit

Broadly, the target market comprises those who have or expect to have outstanding financial commitments that will not be satisfied in the event of their own (i.e. the insured person's) sickness, illness or accident and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a periodical monthly benefit while disabled, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Distribution conditions

For distribution via personal advice

Application for cover must be submitted by a suitably authorised financial adviser (i.e. authorised in life risk products and/or super), operating under an appropriate AFSL who has accepted the NEOS Life Distribution Agreement and has attained a licensee code and adviser code.

For distribution via general advice

- 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
- Distributor has structured training and/or quality assurance standards
- The customer meets application screening questions
- Application for cover must be submitted via an appropriate AFSL, with appropriate authorisation, who has accepted NEOS Life Distribution Agreement and has attained a licensee and adviser code; and
- From time to time, the product may be distributed under a general advice model in compliance with the distributor's authorised 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 distribution via personal advice

Consumers that obtain personal advice from a qualified financial adviser are more likely to acquire an appropriate product and be in the target market because advisers have a duty to act in their best interest when providing personal advice.

For distribution via general advice

Consumers of life 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 Life Insurance 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. the value of policies sold; b. the number of policies cancelled; c. the conversion rate; d. the policy lapse rate; e. the number of claims denied; and f. the number of claims withdrawn. 	<p>During the review period, the expected and actual:</p> <ul style="list-style-type: none"> a. sales; b. number of policies cancelled from inception; c. conversion rate; d. policy lapse rate; e. number of claims denied; and f. number of claims withdrawn. <p>MLC Life Insurance has detailed specific assessments for each trigger.</p>	<p>Aligned to TMD Review Period.</p>	<p>MLC Life Insurance.</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 the reporting period.</p>	<p>MLC Life Insurance and our Distribution Partners.</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 Life Insurance.</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 Life Insurance and our Distribution Partners.</p>

TMD review periods

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

Subject to intervening review triggers, no more than 12 months from the date of this TMD.

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

Subject to intervening review triggers, no more than three years after the end of the previous review.

Distributor reporting requirements

- Complaints and the nature of the complaints regarding product design, product availability, claims and distribution condition. Complaints must be reported as soon as practicable, or in any event, within 10 business days after the end of March and September reporting periods each year.
- 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.



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Encompass Protection is issued by MLC Limited (MLC Life Insurance, the Insurer) ABN 90 000 000 402 AFSL 230694. NEOS Life (NEOS, the Administrator) is a registered business name of Australian Life Development Pty Ltd ABN 96 617 129 914 AFSL 502759. NEOS provides administration services (excluding the administration of claims) in relation to Encompass Protection on behalf of the Insurer.