

Target Market Determination (TMD): MLC Term Insurance

(formerly part of a product suite issued by National Australia Financial Management) which includes:

- National Term Life
- National Staff Term Life
- National Business Life
- National Business Life Insurance
- National Yearly Renewable Term
- National TraumaCare

Note: These products are closed to new customers.

Issuer of this TMD: MLC Limited

Date of TMD: 7 August 2023

Version: 3.0

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 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, 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.

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 Term Insurance

1. Likely objectives of consumers in the target market

THE TARGET MARKET CONSISTS OF EXISTING POLICY HOLDERS ONLY.

Life Cover	Total and Permanent Disablement	Critical Illness
<p>The consumer has (or envisages that in future they will or may have) outstanding financial or financial-in-kind commitments (including financial commitments to dependents such as spouse or children or the Estate) that will not be satisfied in the event of their (or the life insured's):</p> <ul style="list-style-type: none"> • Death • Terminal Illness (where applicable under the product terms) <p>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, palliative care, business commitments and/or business succession funding costs.</p>	<p>The consumer has (or envisages that in future they will or may have) outstanding financial commitments that will not be satisfied should they (or the life insured) be incapable of engaging in:</p> <ul style="list-style-type: none"> • meaningful gainful employment, or • independent living <p>due to total and permanent disablement.</p> <p>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, palliative care, business commitments and/or business succession funding costs.</p>	<p>The consumer has (or envisages that in future they will or may have) outstanding financial or financial-in-kind commitments that will not be satisfied in the event that they (or the life insured) suffer a critical illness.</p> <p>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, business commitments and/or business succession funding costs.</p>
<p>The target market excludes those:</p> <ul style="list-style-type: none"> • contemplating self-harm: and • who are not Australian permanent residents. 		

2. Likely financial situation of consumers in the target market (existing policy holders only)*

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:

- earning income;
- having personal savings; or
- otherwise having financial capacity to pay premiums.

3. Demographic and eligibility requirements of consumers in the target market (existing policy holders only)

Requirements	Life Cover	Total and Permanent Disablement	Critical Illness
Entry age (note: entry ages may vary depending on original application terms)	15-69 Stepped Premium	15-59 Stepped Premium	15-59 Stepped Premium
Australian permanent resident	✓	✓	✓
Gainfully employed	-	✓ (Cover may be available for Home Duties)	-

* A consumer, who previously held a MLC Term Insurance policy or was covered by a MLC Term Insurance policy that lapsed due to non-payment of premium, who has applied to have their policy reinstated within twelve months of the lapsation and has satisfied MLCL's reinstatement requirements, will still be within the target market, irrespective of whether they otherwise fall within the target market described above.

Product description

Cover types – This product is closed to new consumers. Total and Permanent Disablement and Critical Illnesses can be added.	Type of claim payment
MLC Term Life offers cover for events listed below, in accordance with the terms and conditions outlined in the Product Disclosure Statement (PDS).	Lump sum
Life – In the event the life insured: <ul style="list-style-type: none"> • dies; or • is diagnosed with a terminal illness. 	✓
Total and Permanent Disablement – In the event the life insured: <ul style="list-style-type: none"> • suffers a permanent disability meaning they cannot work again in their normal occupation, or any similar occupation they are reasonably suited to; or • suffers either a specified loss of use; or • for those performing Home Duties, a permanent inability to perform at least two Activities of Daily Living; or • after age 65, if they suffer a Loss of Independent Existence. 	✓
Critical Illness - In the event the life insured: <ul style="list-style-type: none"> • is diagnosed with or suffers a critical illness. 	✓

Key product attributes		Life Cover	Total and Permanent Disablement	Critical Illness
Premium structure – premiums can change over time.		✓	✓	✓
<p>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.</p> <p>Premium payment frequency and method:</p> <ul style="list-style-type: none"> • ability to pay premiums on a monthly, half-yearly or annual basis • ability to pay premiums via direct debit, credit card, <p>The product provides insurance benefits only and does not provide for any accumulation of savings and has no future surrender value.</p>		✓	✓	✓
<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:</p> <ul style="list-style-type: none"> • the age; • employment status; • residency status; and • health status. 		✓	✓	✓
There may be exclusions and customisable benefits including but not limited to:	Suicide exclusion for Life or Terminal Illness in first 13 months of policy start, reinstatement or increase (exclusion).	✓	-	-
	Intentional self-inflicted injury or attempted suicide (exclusion).	✓ (Applicable to Terminal Illness)	✓	✓
	90-day exclusion/qualifying periods for certain critical conditions (exclusion).	-		-
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 cover

The target market comprises existing policy holders only. It includes 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 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 cover

The target market comprises existing policy holders only. It includes 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) 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 cover

The target market comprises existing policy holders only. It includes 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) 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 on the life insured suffering a critical illness, 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

Alterations to cover must be submitted by a suitably authorised financial adviser (i.e. authorised in life risk products), operating under an appropriate AFSL who has accepted the MLCL 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 the MLCL Distribution Agreement and has attained a licensee and adviser code.

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

For retail advised

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

For direct (non-advised) market

Consumers of life insurance are more likely to be in the target market if distributors refrain from allowing increases to customers that do not meet the relevant demographic and eligibility requirements.

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

Review triggers		Assessment information	Timeframe	Who is responsible
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.	Any relevant regulation, legislation and/or ASIC instruments relating to the change in law.	As new changes are introduced.	MLC Limited with information supplied.
2.	Product performance is materially inconsistent with the product issuer's expectations, having regard to: a. product claim ratios; b. the number of paid, denied and withdrawn claims; and c. policy lapse rates.	During the review period, the expected and actual: a. claims ratio; b. number of paid, declined and withdrawn claims; c. number of policies lapsed.	Aligned to TMD Review Period.	MLC Limited.
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.	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.	As soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.	MLC Limited and our Distribution Partners.
4.	Material change to key product design, features, and/or fees that would reasonably suggest that this TMD is no longer appropriate.	Notification of proposed material change to key product design, features, and/or fees.	As material changes are made.	MLC Limited.
5.	Significant Dealing in the product which the regulated person becomes aware is not consistent with the TMD.	A dealing in the product which the distributor (as the regulated person) becomes aware is not consistent with this TMD.	As a significant dealing is identified.	MLC Limited and our Distribution Partners.

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.