



Target Market Determination (TMD): MLC Pure Endowment

This product is closed to new customers.

Issuer of this TMD:	MLC Limited
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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 design and distribution framework for the product.

This document is not a Product Disclosure Statement (PDS) 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.

This Target Market Determination (TMD) describes the class of consumers that comprise the target market for this product and matters relevant to the distribution and review of this product.

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.

Overview of the MLC Pure Endowment product

An MLC Pure Endowment policy is a bundled life insurance policy where the premium charged pays for the maturity benefit while the policy also accrues a surrender amount. These components cannot be split.

MLC Pure Endowment products provide for a lump sum benefit to be paid at the specified policy maturity date. MLC Pure Endowment policies also accrue a surrender value which increases over time and it is this amount that is paid on policy cancellation or upon the death of the Life Insured. Additional benefits may have been added to policies to expand the insurance provided or to increase the amount of insurance in a cost-effective manner, however these have all since expired. Benefits that were applicable to a policy were outlined in the product documentation and policy schedule. Policies are paid in full in the event the Life Insured survives until the policy maturity date. If cancelled prior to policy maturity, the surrender value is payable. MLC Pure Endowment policies accrue bonuses which add to the benefit amounts payable and to the surrender value. Any policy debts are always deducted from benefit or surrender amounts before payment is made to the consumer.

MLC Pure Endowment policies are issued by MLC Limited and there is only one active series. The product is no longer open to new business and no additional benefits can be added. However existing consumers can increase or decrease their insured amount and reinstate their policy should it lapse. Additionally, consumers may cancel their policy and withdraw their surrender value.

Loan credit facility

A credit facility is available whereby a consumer may borrow money against the surrender value in their policy. This provides the consumer with cash when required while keeping their insurance in force. This loan facility is provided for by MLC Limited under its Australian Credit License which is governed by the National Consumer Credit Protection Act 2009. Up to 90% of the surrender value may be taken as a loan, where any amount requested above 70% of a policy's surrender is subject to responsible lending obligations.

Policy ownership

MLC Pure Endowment policies may be owned by individuals (including multiple people), companies, trusts, partnerships, sole traders and superannuation trustees (of both complying and non-complying APRA funds).

Where a policy is owned by a superannuation trustee (known commonly as an external trustee), that trustee administers their fund's responsibilities. Non-super policy and superannuation trustee owned policies are the same, with the only difference being the bonus rate applied on policies that have earnings. If the superannuation fund is a complying APRA fund (as recorded by the ATO), then superannuation bonus rates are applied to the policy. If the superannuation fund is non-complying, then non-super bonus rates are applied. Fund compliance is monitored and communicated with superannuation trustees each year.

Target market for MLC Pure Endowment

1. Likely objectives of consumers in the target market

THE TARGET MARKET CONSISTS OF EXISTING CONSUMERS ONLY.

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 E state or their Business that will not be satisfied in the event/s listed below.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Maturity benefit	<p>The consumer has (or envisages that in future they will or may have) a need for a lump sum payment at a specific future date to provide for a financial or financial-in-kind commitment (for themselves or other family members) upon their survival to the date specified. This will be satisfied by the payment of the:</p> <ul style="list-style-type: none"> • Maturity Benefit.
Death benefit	<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) that will not be satisfied in the event of their/the Life Insured's:</p> <ul style="list-style-type: none"> • Death (due to any cause) • Terminal Illness (where available, this is the early payment of the Death benefit where the Life Insured is diagnosed with a terminal illness and is likely to die within 12 months or is highly likely to die within 24 months).
Bonus Earnings	<p>The consumer has a preference for their policy's Death Benefit (and TPD and Accidental Injury Benefits, as applicable) as well its surrender value to increase with bonus earnings in the future.</p>
Certainty of Premium	<p>Premiums for MLC Whole of Life products are constant; and the consumer has, or potentially has, a need for certainty of the cost of this insurance into the future.</p>
Availability of CPI increases	<p>As an option, the consumer has (or envisions they will have in the future), the need to keep their Death Benefit (and TPD and Accidental Injury Benefits, as applicable) in line with increases in CPI over time.</p>
<p>The financial or financial-in-kind commitments referred to above include, but are not limited to, mortgage and other debt servicing costs, income or revenue replacement, medical and rehabilitation costs, schooling and education costs, personal care, palliative care, business commitments and/or business succession funding costs.</p>	

2. Likely financial situation of consumers in the target market

Premiums for this product are generally fixed for the duration of the policy.

Your premiums will change:

- if you add or remove a benefit option;
- If you change your benefit amount by indexation, exercise the Increases without further medical evidence feature or by requesting an increase;
- If your policy is changed such as to be made paid up;
- If the government, makes changes to duties or charges; or
- If we change the policy fees.

The consumer should have the financial capacity to pay the premiums over the period they intend to hold the product, or at least for part of the period – w hereby the policy may be converted to paid up w ith no further premiums to be paid, else accrue a premium and interest debt w hich will reduce the Claim amount payable.

The potential relevant sources of financial capacity (consumer must have at least one) are:

Consumer attributes (must have at least one)	Maturity benefit	Death benefit
Earning income	✓	✓
Having personal savings	✓	✓
Having superannuation	✓	✓
Otherw ise having financial capacity (e.g. family or other relationships either personal or business to pay premiums to retain the product for the period of time it is intended to be held.	✓	✓

3. Demographic and eligibility requirements for the primary insurance cover

Requirements	Maturity benefit	Death benefit
Entry age next birthday (note: entry ages vary depending on original application terms)	Commonly 1-60	Commonly 1-60
Australian citizen or Australian permanent resident, or a New Zealand citizen residing in Australia, or Consumers with certain temporary visas subject to underwriting terms and conditions.	✓	✓

The target market excludes

- Those contemplating self-harm.
- Those who are not
 - Australian citizens, or
 - Australian permanent residents, or
 - 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.
- Those that do not meet the eligibility requirements (unless prior written approval has been provided).
- Those that do not meet the underwriting requirements.
- Certain occupations for some benefit types.

Product description

Lump sum covers can be purchased as:

- Stand alone Death Benefit, independent of all other covers.
- In-built benefit, these are benefits included with the Death Benefit.

Cover types – This product is closed to new business and is dedicated only to existing customers.

MLC Pure Endowment provides the full value of a lump sum payment in the event the life insured:

- Survives until the maturity date of the policy.

Where a policy terminates before the policy maturity date, a reduced lump sum payment will be made for a:

- Death benefit in the case where the Life Insured dies, or the
- Surrender value where the policy is cancelled.

Where the claimable event is in accordance with the terms and conditions outlined in the Product Disclosure Statement (PDS), Customer Information Brochure (CIB), or Policy Document and the insurance cover is specified in the consumer's Policy Schedule.

Key product attributes	Maturity benefit	Death benefit	Accidental Injury benefit	
Premium structure – premiums are fixed for the duration of the policy. However, they can increase with the addition of increased Sum Insured through voluntary, and CPI increases. Premiums may also decrease if the policy's Sum Insured is reduced.	✓	✓	✓	
The payment of premiums – if premiums are not paid when due, and: <ul style="list-style-type: none"> the policy has a Cash Value, then the unpaid premium amount will attract an interest charge. Unpaid premium and interest together become a debt against the policy's Cash Value and will reduce any benefit payable. Unless paid, this debt can lead to the policy lapsing, at which time the consumer will no longer have insurance cover and will not be eligible to make a claim. 	✓	✓	✓	
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"> the age; employment status; and residency status 	✓	✓	✓	
There may be exclusions including but not limited to:	Suicide or Self-Inflicted injury with 13 months of policy commencement, increase or reinstatement.	✓	✓	✓
	Pre-Existing injuries or conditions	-	-	✓
	Directly, or indirectly from committing, or attempting to commit, a Criminal Act.	✓	✓	✓

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

Maturity benefit

The target market comprises existing consumers. It includes those who have, or expect to have, outstanding financial commitments or goals to meet at the specified maturity date. Consumers must have the capacity to pay a fixed premium amount on an ongoing basis. As the product pays a lump sum on upon claim, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Reinstatements

A consumer will still be considered within the target market and to have met eligibility criteria if:

- MLCL reinstate their policy within twenty-four months of the lapse date, due to non-payment of premium and/or loan debt accrual, they have satisfied MLCL's reinstatement requirements.
- They exercise an option to continue or convert cover under the policy terms of their policy.
- MLCL allow them to replace their existing cover as a result of a change of ownership.

Distribution conditions

For distribution via personal advice

- Distributor will assess requests for increases or other alterations for a consumer, taking into consideration demographic factors and eligibility requirements in the Target Market as set out above;
- Distributor must have attained a licensee and adviser code and accepted the MLCL Distribution Agreement.

For distribution via general advice or no advice

- Distributor will assess requests for increases or other alterations for a consumer, taking into consideration demographic factors and eligibility requirements in the Target Market as set out above.

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 of life insurance are more likely to be in the target market if distributors refrain from allowing conversions into this product where consumers ~~customers~~ do not meet the relevant demographic and eligibility requirements.

For distribution via general advice or no advice

Consumers of life insurance are more likely to be in the target market if conversion applications are refused where the consumer does 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. Lapse Rate b. Claim decline rate	During the review period, the expected and actual: a. Lapse Rate b. Claim decline rate The product issuer has detailed specific assessments for each trigger.	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 periods

This TMD shall be reviewed as follows:

First review – within 12 months from the date of this TMD.

Subsequent review – 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.