

Target Market Determination (TMD): MLC Essentials & NAB Essentials

Issuer of this TMD: MLC Limited

Date of TMD: 3 February 2024

Version: 4.0

Note: this product is closed to new customers.

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. Persons interested in acquiring this product should carefully read the PDS before making a decision whether to buy 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.

Target market for MLC Essentials & NAB Essentials

1. Likely objectives of consumers in the target market

THE TARGET MARKET CONSISTS OF EXISTING POLICYHOLDERS ONLY.

Essential Life	Essential Accidental Death	Essential Critical Illness	Essential Injury
<p>The consumer wants to reduce their exposure where they have (or envisage that in 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.</p>			
<p>The life insured's:</p> <ul style="list-style-type: none"> • Death; or • Terminal Illness. 	<p>The life insured's accidental death.</p>	<p>The life insured suffers a critical illness.</p>	<ul style="list-style-type: none"> • The life insured suffers an accidental injury; or • The life insured's partner (if insured on the policy) suffers an accidental injury.
<p>In addition to the exclusions listed on page 5 of this document, the target market excludes:</p> <ul style="list-style-type: none"> • Those contemplating self-harm. • Those who are not <ul style="list-style-type: none"> • Australian citizens, or • Australian permanent residents, or • New Zealand citizens residing in Australia. • Those that do not meet the eligibility requirements (unless prior written approval has been provided). • Consumers who want fixed or guaranteed premiums. • Those who have been diagnosed with osteoporosis (applicable to Essential Injury cover only). 			

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:

- earning income
- having personal savings
- having superannuation, or
- otherwise 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 of consumers in the target market

Requirements	Essential Life	Essential Accidental Death	Essential Critical Illness	Essential Injury
Entry age (inclusive)	18-64	18-64	18-54	18-64
Australian citizen, or Australian permanent resident, or A New Zealand citizen residing in Australia	✓	✓	✓	✓
Have received the PDS in Australia	✓	✓	✓	✓

Product description

Cover types	Type of claim payment	
MLC Essentials & NAB Essentials offers cover for events listed below, in accordance with the terms and conditions outlined in the Product Disclosure Statement (PDS).	Lump sum	Daily payment/s
Life Cover – In the event the life insured: <ul style="list-style-type: none"> • dies; or • is diagnosed with a terminal illness. 	✓	
Accidental Death - In the event the life insured: <ul style="list-style-type: none"> • dies as a result of an accident. 	✓	
Critical Illness - In the event the life insured: <ul style="list-style-type: none"> • is diagnosed with or suffers a specified critical illness (specified terms). 	✓	
Injury - In the event the life insured: <ul style="list-style-type: none"> • becomes injured as a result of an accident. 	✓	✓

Please note: MLC Essentials suite serviced by MLC Limited comprises of Essential Life and Essential Accidental Death only. MLC Essentials & NAB Essentials serviced by Aegon comprises of Essential Life, Essential Accidental Death, Essential Critical Illness, and Essential Injury.

Key product attributes		Essential Life	Essential Accidental Death	Essential Critical Illness	Essential Injury
<p>Premium structure – premiums can change over time. Premium rates are not guaranteed.</p> <p>Stepped premiums are based on your age and will usually increase each year as you get older to reflect the increasing likelihood of claim.</p> <p>Your premiums will also change:</p> <ul style="list-style-type: none"> • If you change your benefit amount by indexation, or by requesting an increase; • If the government, makes changes to duties or charges; or • If we change the premium rates or policy fees. 		✓	✓	✓	✓
<p>The payment of premiums – if premiums are not paid when due, the policy may lapse in which case the life insured would no longer be covered and cannot make a claim.</p> <p>Premium payment frequency and method:</p> <p>Premiums can be paid fortnightly or monthly in advance by credit card or direct debit from a nominated bank account.</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; • residency status; and • health status. 		✓	✓	✓	✓
There may be exclusions such as:	Suicide exclusion for Life or Terminal Illness in first 13 months of policy start, reinstatement, or increase	✓	✓	-	-
	Conditions pre-existing the insurance.	-	-	✓	✓
	Intentional self-inflicted injury, illness or attempted suicide within 13 months from starting, increasing (for increased amount) or reinstating policy.	✓	✓	✓	✓
	Being under the influence of alcohol or drugs unless taken under direction of a medical practitioner.	✓	✓	✓	✓
	Involvement in criminal activity.	✓	✓	✓	✓
	Participating in mountaineering, rock climbing, motor sports, scuba diving at a depth of more than 30* metres or flying other than as a passenger on a regularly scheduled flight of a licensed commercial airline.	✓	✓	✓	✓

Key product attributes		Essential Life	Essential Accidental Death	Essential Critical Illness	Essential Injury
There may be exclusions such as:	Working underground, with explosives or at heights greater than 10 metres.	✓	✓	✓	✓
	Osteoporosis exclusion on Fracture benefits if the condition has been diagnosed before the start of the policy.	-	-	-	✓
	90-day exclusion/qualifying periods for certain critical conditions.	-	-	✓	-
	Surgical procedures when the underlying condition requiring surgical intervention first appears, first happens, or is diagnosed within 90 days of starting, increasing (for the increased amount) or reinstating your policy for certain conditions.	-	-	✓	-
	War or warlike operations in certain conditions.	-	-	✓	✓
	Participating in professional sports, or dangerous pursuits including mountaineering, rock climbing, boxing, caving, motor sports, yacht-racing, horse-racing, jet-skiing, martial arts, off-piste skiing, potholing, skydiving, scuba diving at a depth of more than 30* metres or diving in a cave.	-	-	-	✓
	Working underground, offshore in the oil, gas or petroleum industry, with explosives, or at heights greater than 10 metres.	-	✓	-	✓
	Any disease, illness of any kind (including mental illness or surgical treatment).	-	✓	-	✓
	No Living Assist Benefit will be paid if the insured's inability to perform three Activities of Daily Living does not start within 90 days of the Accident.	-	-	-	✓
There are customisable benefits – customer can choose from different plan options for Injury cover.	-	-	-	✓	
Underwriting process – if criteria is not met for Life the customer will be offered Accidental Death.	✓	-	-	-	

*40 metres for NAB Essentials

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 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.

Accidental Death benefit

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

Injury benefit

Broadly, the target market comprises those who 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) injury and who have the capacity to pay potentially variable premiums on an ongoing basis. As the product pays a benefit upon an injury it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Distribution conditions

For direct (non-advised) market

- 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; and
- Distributor must have a license and accepted the MLCL Distribution Agreement.
- Distributor must have approved call scripts, training 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 direct (non-advised) market

Consumers of 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
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: <ul style="list-style-type: none"> • Lapse Rate • Claim decline rate • Claim Withdrawn rate 	During the review period, the expected and actual: <ul style="list-style-type: none"> • Lapse Rate • Claim decline rate • Claim Withdrawn rate <p>The product issuer has detailed specific assessments for each trigger.</p>	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.