LIFE INSURANCE

Target Market Determination (TMD): MLC Endowment

Note: This product is comprised of Endowment products previously issued by MLC, Capita, Eagle Australia Life, National Financial Management and Norwich Union.

This product is closed to new customers.

Issuer of this TMD:	**MLC Limited**
Date of TMD:	**7 August 2023**
Version:	**3.0**
Status:	**Current**

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 (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 product disclosure document 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.

Overview of the MLC Endowment product

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

MLC Endowment products provide for a maturity benefit to be paid at a specified date while at the same time providing for life insurance cover in the event of the Life Insured's death over the same term. Endowment products also accrue a surrender value which increases over time. Additional benefits may be added to, or have been incorporated into, policies to expand the insurance provided, or to increase the amount of insurance in a cost-effective manner. Benefits applicable to a policy are outlined in the product documentation and policy schedule. Policies are paid in full in the event of the Life Insured survives until the policy maturity date, or if they die (or satisfy the payment of other benefits, as applicable) before that date. If cancelled prior to these events, the surrender value is payable. Some MLC Endowment series may accrue bonuses which add to the benefit amounts payable and to the surrender value, other series are without earnings and do not accrue bonuses (also known as non-profit). Any policy debts are always deducted from benefit or surrender amounts before payment is made to the Policy Owner.

The product is no longer open to new business however existing customers with an MLC Whole of Life policy may convert their policy to an MLC Endowment to introduce or bring forward a maturity date under specified provisions. No additional benefits can be added to policies. However existing Policy Owners can increase or decrease their insured amounts and reinstate their policy if it should lapse. Additionally, Policy Owners may cancel their policy and withdraw their surrender value.

Loan credit facility

For a subset of MLC Endowment series, a credit facility is available whereby a Policy Owner may borrow money against the surrender value in their policy. This provides the Policy Owner 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, however where any amount requested is above 70% of a policy's surrender value, the loan is subject to responsible lending obligations.

Policy ownership

MLC 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 Endowment

1. Likely objectives of policy owners in the target market

THE TARGET MARKET CONSISTS OF EXISTING MLC ENDOWMENT POLICY OWNERS AND ANY POLICY OWNER WITH AN MLC WHOLE OF LIFE POLICY WHO CONVERT THEIR POLICY TO MLC ENDOWMENT.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Maturity	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: • Maturity Benefit
Death benefit	The Policy Owner 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: • 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).
Extra Death benefit	As an optional benefit, the Policy Owner has (or envisages in the future they will or may have) the need for an additional amount of Death Benefit insurance over a specified period. This Policy Owner may also have a need to convert this temporary insurance to permanent Death Benefit which then provides additional long term cover and has the potential to earn bonuses on this amount to increase their cover further in the event of their/the Life Insured's death by any cause.
Accidental death benefit	As an in-built or optional benefit, the Policy Owner has (or envisages in the future they will or may have) the need to supplement their Death Benefit insurance in the event of unexpected death caused by an accident.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Accidental Injury benefit	As an in-built benefit for some series, the Policy Owner has (or envisages in the future they will or may have) outstanding financial or financial-in- kind commitments that need to be satisfied in the event of their/the Life Insured's accidental loss of sight and/or one or more hands and feet.
Total and Permanent Disablement (TPD)	As an optional benefit, the Policy Owner has (or envisages in the future they will or may have) outstanding financial or financial-in-kind commitments that need to be satisfied in the event of their/the Life Insured's total and permanent disablement.
Premium Waiver	As an optional benefit, the Policy Owner has (or envisages in the future they will or may have) premium payments for their policy that need to be satisfied in the event of their/the Life Insured's total disablement.
Guaranteed Insurability benefit	As an optional benefit, the Policy Owner has (or envisages in the future they will or may have) the need to increase their Death Benefit insurance cover in the future and they wish to do so without an underwriting assessment for the increased cover amount at specified option intervals.
Bonus Earning	The Policy Owner 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.
Life Insurance Cover with minimal underwriting	The Policy Owner has a need for long term life insurance with minimal or no medical assessment and chooses to purchase this insurance directly.
Certainty of Premium	Premiums for MLC Endowment products are constant; and the Policy Owner has, or potentially has, a need for certainty of the cost of this insurance into the future.
Availability of CPI increases	As an option, the Policy Owner has (or envisions they will have in the future), the need to keep their Maturity and Death Benefits (as well as TPD and Accidental Injury Benefits, as applicable) in line with increases in CPI over time.

The financial or financial-in-kind commitments referred to above include, but are not limited to, mortgage and other debt servicing costs, income ore revenue replacement, medical and rehabilitation costs, schooling and education costs, personal care, palliative care, business commitments and/or business succession funding costs.

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

Premiums for this product are generally fixed for the duration of the policy. Exceptions to this are where the Policy Owner has accepted CPI increases on the premium (which in turn increases their Sum Insured amount), or they make voluntary increase or decreases to their Sum Insured. The Policy Owner 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 – whereby the policy may be converted to paid up with no further premiums to be paid, else accrue a premium and interest debt which will reduce the Claim amount payable.

The table below indicates potential relevant sources of financial capacity for the insurance cover offered.

Policy owner attributes (must have at least one)	Maturity benefit	Death benefit	Extra Death benefit	Accidental Death benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Is earning income	✓	✓	✓	✓	✓	✓	✓	✓
Has personal savings	✓	✓	✓	✓	✓	✓	✓	✓
Otherwise has financial capacity to pay premiums	✓	✓	✓	✓	✓	✓	✓	✓

3. Demographic and eligibility requirements for the insurance cover

Policy owner attributes (must have at least one)	Maturity benefit	Death benefit	Extra Death benefit	Accidental Death benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Entry age next birthday (note: entry ages vary depending on original application terms)	Commonly 1-70	Commonly 1-70	Commonly 16-50	Commonly 16-50	Commonly 1-70	Commonly 16-54	Commonly 16-50	Commonly 16-50
Australian permanent resident	✓	✓	✓	✓	✓	✓	✓	✓

The target market excludes

- Consumers who are not Australian citizens or permanent residents.

Premium payment frequency and method

- Ability to pay premiums on a monthly, quarterly, half-yearly or annual basis,
- ability to pay premiums via direct debit, credit card, cheque or BPay.

Product description

This product is available to a finite group of current MLC Endowment Policy Owners who wish to introduce or bring forward a maturity date to their policy.

Cover types -This product is closed to consumers. No cover types may be added.
MLC Endowment provides a lump sum payment in the event the life insured: Survives • until the policy's maturity date, • Dies from natural causes or accidental means, • Loses the loss of sight or hands/feet due to an accident, • Becomes totally and permanently disabled. 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 Policy Owner's Policy Schedule.

<table>
<tr><th colspan="2">Key product attributes</th><th>Maturity benefit</th><th>Death benefit</th><th>Extra Death benefit</th><th>Accidental Death benefit</th><th>Accidental Injury benefit</th><th>TPD benefit</th><th>Premium Waiver benefit</th><th>Guaranteed Insurability benefit</th></tr>
<tr><td colspan="2">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.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td colspan="2">The payment of premiums – if premiums are not paid when due, and:
• the policy has not yet attained a Cash Value, then the policy will lapse and the Policy Owner will no longer have insurance cover and will not be eligible to make a claim, or
• 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 Policy Owner will no longer have insurance cover and will not be eligible to make a claim.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td colspan="2">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:
• the age;
• employment status; and
• residency status</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td rowspan="3">There may be exclusions including but not limited to:</td><td>Suicide or Self-Inflicted injury with 13 months of policy commencement, increase or reinstatement.</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>-</td></tr>
<tr><td>Pre-Existing injuries or conditions</td><td>-</td><td>-</td><td>-</td><td>-</td><td>✓</td><td>✓</td><td>-</td><td>-</td></tr>
<tr><td>War or Act of War.</td><td>-</td><td>-</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>-</td><td>-</td></tr>
</table>

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

Maturity and Death benefits

The target market comprises existing Policy Owners, and any Policy Owner with an existing MLC Whole of Life policy who converts their policy to an MLC Endowment. 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) survival to the policy's maturity date or their prior death or terminal illness, or total and permanent disability and who have a capacity to pay a fixed premium amount on an ongoing basis. As the product pays a lump sum on claim, 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

- 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

- 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 has structured training and/or quality assurance standards;
- The customer meets application screening questions; and
- 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 distribution via personal advice

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 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;

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 policy lapse rates.	During the review period, the expected and actual number of policies lapsed where the Life Insured is under age 65.	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.