LIFE INSURANCE

Target Market Determination (TMD): MLC Whole of Life

Note: This product is comprised of Whole of Life products previously issued by MLC, Capita, Australian Eagle Life, National Australia Financial Management and Norwich Union. The product is open to new business via a conversion option from current existing policies with life cover that have this grandfathered option.

This product is closed to new customers.

Issuer: MLC Limited
Date of TMD: 22 May 2023
Version: 2.0
Status: Current

Overview of the MLC Whole of Life product

An MLC Whole of Life policy is a bundled life insurance policy where the premium charged pays for the insurance cover and goes toward accruing a surrender amount. These components cannot be split.

MLC Whole of Life products provide for long term life insurance in the event of the Life Insured’s death over the term of their life rather than to a specified date. Whilst providing life insurance cover, these products also accrue a surrender value. Additional benefits may have been added to, or 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 death (also for other events, where applicable) and for some MLC Whole of Life series, they may also be paid in full at the policy anniversary following the Life Insured’s 94th birthday. If cancelled prior to such events, the surrender value is payable. Some Whole of Life series may accrue bonuses which add to the benefit amounts payable and to the surrender value, other series are without earnings (also known as non-profit). Any policy debts are always deducted from benefit or surrender amounts before payment is made to the Policy Owner.

There is one series of this product open to new business where existing customers of MLC Life Insurance wish to exercise a conversion option in their current policy to an MLC Whole of Life policy. For existing policies, no additional benefits can be added. However existing Policy Owners can increase or decrease their insured amounts, reinstate their policy if it should lapse, or convert their policy to an MLC Endowment policy. Additionally, Policy Owners may cancel their policy and withdraw their surrender value.

Loan credit facility

For a subset of MLC Whole of Life 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 Policy Owner Credit Protection Act. 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 Whole of Life 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 policies 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 Whole of Life

1. Likely objectives of policy owners in the target market

THE TARGET MARKET CONSISTS OF EXISTING POLICY OWNERS ONLY AND ANY POSSIBLE APPLICANTS WHO EXERCISE A CONVERSION OPTION WITHIN THEIR EXISTING INSURANCE WITH MLC LIFE INSURANCE.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
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 element of additional amount of Death Benefit insurance over a specified period. This Policy Owner may also have a need to convert this temporary insurance to a permanent Death Benefit which then provides additional long-term cover and then has the potential to earn bonuses on this amount to increase their cover further in the event of their/the Life Insured's Death (due to 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.
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 or Feet.
Total and Permanent Disablement (TPD) benefit	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 (TPD).

Maturity benefit	As an in-built benefit for some series, the Policy Owner envisages they may have a need in the future to be paid a lump sum payment in their advanced years 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 policy anniversary following their 94th birthday. This will be satisfied by the payment of the Death Benefit. The Policy Owner may reject this payment at the stated date and continue their policy with Death Benefit cover.
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 or the policy payer's (the person named as the contingent risk) death.
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 Earnings	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 Whole of Life 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 Death Benefit (and 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 or 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 and potential policy owners in the target market

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)	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 primary insurance cover

Requirements	Death benefit	Extra Death benefit	Accidental Death benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Entry age (note: entry ages vary depending on original application terms)	Commonly 1-70	Commonly 16-50	Commonly 16-50	Commonly 1-70	Commonly 16-54	Commonly 16-50	Commonly 16-50
Australian permanent resident	✓	✓	✓	✓	✓	✓	✓
Note: For new MLC Whole of Life policies: Where a conversion option is exercised, there is no underwriting assessment where the death benefit applied for is less than or equal to the Policy Owner's current Life Cover benefit in their existing policy.							

Product description

Cover types – This product is open to a finite group of current MLC Life Insurance Policy Owners with an existing conversion option which is grandfathered in their current policy.

MLC Whole of Life provides a lump sum payment in the event the life insured:

- Dies from natural causes or accidental means,
- Survives until the policy anniversary following the Life Insured’s 94th birthday (if provided for in the policy series),
- Loses their sight or the use of hands/feet, or
- 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.

Key product attributes		Death benefit	Extra Death benefit	Accidental Death benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability 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: • 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.		✓	✓	✓	✓	✓	✓	✓
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.		✓	✓	✓	✓	✓	✓	✓
There may be exclusions including but not limited to:	Suicide or self-inflicted injury with 13 months of policy commencement, increase or reinstatement of the policy.	✓	✓	✓	✓	✓	✓	-
	Pre-existing injuries or conditions.	-	-	-	✓	✓	-	-
	War or Act of War.	-	✓	✓	✓	✓	-	-

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

Death benefit

The target market comprises of existing Policy Owners, and Policy Owners holding other insurance benefits within an insurance policy with MLC Life Insurance who wish to exercise their conversion option to a MLC Whole of Life policy. 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 (the Life Insured's) death, terminal illness, accidental injury, or total and permanent disablement and who have a 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.

Distribution conditions

For distribution via personal advice

- Distributor must not allow increases for a customer who does not satisfy the 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 allow increases for a customer who does not satisfy the 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.

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

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

For distribution via general advice

Consumers of life insurance are more likely to be in the target market if distributors refrain from allowing increases for 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

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

Subject to intervening review triggers, no more than three years.

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

Subject to intervening review triggers, no more than three years.

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.