

# BT Protection Plans Business Overheads Assured

## Target Market Determination Document

Effective date 1 August 2022

### TARGET MARKET DETERMINATION (TMD)

This TMD is issued by TAL Life Insurance Services Limited (TLISL) ABN 31 003 149 157

**PRODUCT:** This TMD applies to Protection Plans Business Overheads Assured

**EFFECTIVE DATE:** 1 August 2022

### TARGET MARKET CLASS OF CONSUMERS

#### Product description and key attributes

The key product attributes of this product are:

- the product provides a monthly benefit to cover costs (such as those outlined under ‘Needs, objectives and financial situation’ below) if the insured person is totally or partially disabled and unable to work at full capacity:
  - the product provides a total disability benefit, which is the lesser of the insured monthly benefit and the allowable business expenses actually incurred in the month the insured person is totally disabled,
  - the product provides a partial disability benefit, which is the lesser of the insured monthly benefit and the allowable business expenses actually incurred in the month the insured person is partially disabled, based on their contribution to the business income of the business, as determined by TLISL,
- premiums can only be paid on a stepped premium structure.

#### Key eligibility requirements

The key eligibility requirements to acquire this product are:

- the insured person must be aged 17 – 59 at the time of commencing cover or aged 17 – 65 for any replacement or reinstatement,
- the insured person must be an income-producing key employee or business owner, or
- the insured person must be working for at least 20 hours per week,
- the insured person must be working in an eligible occupation (for occupation eligibility please speak to a financial adviser or contact TLISL through its customer contact centre),
- the insured person must be an Australian citizen, a permanent resident of Australia or the holder of an eligible spouse/partner or work visa,
- the policy must be owned by the insured person or by a trust or business entity that the insured person has direct control of,
- the business must have no more than two business owners,
- the business needs to have traded for a least one year in a net profit position in the most recent financial year,
- the insured person must not be an undischarged bankrupt.

If the product is being acquired via reinstatement or replacement, the insured person will be eligible for the product if they satisfied the above requirements when cover first commenced.

## Benefits and definitions

The product is available as an indemnity benefit, described in the table below:

Type of cover	Description	Cover Amounts Available
<b>Indemnity</b>	Means the amount of the Total Disability Benefit (which is relevant to calculating the benefit payable in the event of total disability and/or partial disability) being the lesser of: <ul style="list-style-type: none"><li>the insured monthly benefit amount stated in the most recent policy schedule, membership certificate or renewal summary,</li><li>and the allowable business expenses actually incurred in the month the insured person is suffering partial disability.</li></ul>	<ul style="list-style-type: none"><li>Minimum cover when applying for cover is \$1,000 per month</li><li>Maximum cover when first applying for cover is \$60,000 per month.</li></ul>

The product's key benefits are outlined in the table below:

Benefit type	Description
<b>Total Disability Benefit</b>	<ul style="list-style-type: none"><li>Pays a monthly benefit if the insured person is totally disabled.</li><li>Totally disabled means (in broad terms) the insured person is, due to sickness or injury, unable to perform one or more of the important income-producing duties of their usual occupation, not working for more than 10 hours per week in their usual occupation, and is under the regular care of a doctor.</li></ul>
<b>Partial Disability Benefit</b>	<ul style="list-style-type: none"><li>Pays a monthly benefit if the insured is partially disabled.</li><li>Partially disabled means (in broad terms) the insured person is, due to sickness or injury, able to perform at least one of the important income-producing duties of their usual occupation, but in a reduced capacity, is suffering a loss in business income, and is under the regular care of a doctor.</li></ul>

## Exclusions

Exclusions apply if the sickness or injury giving rise to the claim is caused by an act of war; by intentional self-inflicted injury; by attempted suicide; or by normal and uncomplicated pregnancy and childbirth.

Exclusions may also apply depending on individual circumstances, which will be notified in writing.

Only sicknesses or injuries that occur after policy commencement are covered by the policy.

Refer to the Protection Plans PDS for full terms and conditions, including exclusions and limitations.

## Class of consumers

The product is designed for policy owners, insured persons or super fund members who need a monthly benefit of between \$1,000 and \$60,000 per month if the insured person is unable to work at full capacity.

## Needs, objectives and financial situation

This product provides insurance for policy owners to cover the following business costs as a result of the insured person suffering total or partial disability:

- The fixed operating expenses of the business (e.g., utilities, rent, cleaning, leasing and advertising costs, as well as the remuneration of non-income producing employees and net costs of employing a locum).

The policy owner has financial capacity to pay premiums from time to time in accordance with the chosen sum insured, available premium structure, policy fees and government charges, and to be able to continue to pay premiums for the chosen policy term if premiums increase over time.

This product is not designed for policy owners and insured persons:

- if, when first taking out cover:
  - the insured person is not working in an eligible occupation, or
  - the business has not traded for at least one year or is not in a net profit position in the most recent financial year, or
  - the insured person is aged 60 or over, or
  - the insured person is an undischarged bankrupt, or
  - the insured person is not an Australian citizen, a permanent resident of Australia or holder of

- an eligible spouse/partner or work visa, or
- whose main reason for cover is for a pre-existing condition of the insured person, or
- who need cover for less than \$1,000 per month, or
- who need cover for more than \$60,000 per month, or
- who need cover for an insured person aged 16 or under, or
- who need cover for death, terminal illness, TPD cover or trauma insurance, or
- who need health insurance, or
- where the policy is not owned by the insured person or by a trust or business entity that the insured person has direct control of, or
- where the business has more than two owners.

### Alignment to target market

This product is likely to be consistent with the likely objectives, financial situation and needs of the class of consumers in the target market. This is based on an assessment of the key terms, features and attributes of the product and a determination that these are consistent with the identified class of consumers.

## DISTRIBUTION CONDITIONS AND RESTRICTIONS

### Distribution channels

This product is designed to be sold via the following means:

- by financial advisers, who hold or operate under an Australian Financial Services Licence, or
- by TLISL.

### Distribution conditions and restrictions

This product should only be distributed under the following circumstances:

- the policy owner, insured person or super fund member meet the relevant eligibility criteria for the product, and
- distribution to new consumers is provided by a financial adviser who is appropriately authorised, trained and qualified to provide financial advice about life insurance products, or
- distribution to consumers other than new consumers is provided by TLISL through its customer contact centre or a financial adviser who is appropriately authorised, trained and qualified to provide financial advice about life insurance products in the following circumstances:
  - the consumer falls within the target market for this product,
  - and either:
    - the consumer previously held this product, or
    - this product is being acquired to replace a product that the consumer holds which had been issued by TLISL.

Although the product may be advertised or compared on third party comparison websites, consumers may only make an application for the product to the issuer through a financial adviser or TLISL as described above.

### Appropriateness of distribution conditions and restrictions

We have assessed that the distribution conditions and restrictions will make it likely that consumers who acquire the product are in the target market. We consider that the distribution conditions and restrictions are appropriate and will facilitate distribution be directed towards the class of consumer for whom the product has been designed.

## TMD REVIEWS

We will review this TMD in accordance with the below:

<b>Periodic reviews</b>	At least every three years from the effective date.
<b>Review triggers or events</b>	<p>The specific review triggers (that reasonably suggest the TMD is no longer appropriate) that may result in an earlier review of the TMD are:</p> <ul style="list-style-type: none"> <li>– significant changes in metrics. These include complaints, sales, policy cancellations, lapses, claims, and loss ratios,</li> <li>– a material change to the design or distribution of the product, including an alteration in acceptance criteria or underwriting criteria,</li> <li>– identified systemic issues across the product lifecycle,</li> <li>– change in relevant law,</li> </ul>

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- occurrence of a significant dealing, and
  - distribution conditions found to be inadequate.
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## DISTRIBUTION INFORMATION

We will collect the following information from our distributors in relation to this TMD.

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<b>Complaints</b>	Distributors will report all complaints in relation to the product(s) covered by this TMD on a 6-monthly basis to TLISL, with distributors reporting complaint volumes within 10 business days of the end of each reporting period. This will include written details of the complaints.
<b>Significant dealings</b>	Distributors will report if they become aware of a significant dealing in relation to this product that is inconsistent with the TMD within 10 business days.

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