

# WageCare Group Income Protection

## Target Market Determination

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TMD Effective Date: 01 December 2023

Policy Name: WageCare by Coverforce

Version: 1.0

Product Code: MP8843

This document is a Target Market Determination (TMD). It sets out the target market for the WageCare by Coverforce group income protection insurance product (the Product) under section 994B of the Corporations Act 2001 (Cth) (Corporations Act). This TMD also sets out how the Product is distributed, review periods and triggers relating to the TMD, and reporting on and monitoring the TMD.

This TMD has been prepared to provide consumers, distributors and staff with an understanding of the target market for group income protection cover based on consumer objectives, financial situations and needs.

This document summarises the key attributes of the Product but does not describe all of its features. This document is not a PDS. This document should not be used to make a decision on whether or not to purchase the Product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring the Product should carefully read the Product PDS before making a decision to apply for the Product. The PDS can be found at

<https://www.coverforce.com.au/documents/legal/WageCare-PDS.pdf>.

This TMD is issued by AIA Australia Limited (ABN 79 004 837 861 AFSL 230043) (AIA Australia).

## **ABOUT THE PRODUCT**

AIA Australia is a specialist provider of group life and group income protection insurance to employers and superannuation funds in Australia. AIA Australia is the underwriter of the Product which is managed by Coverforce Pty Limited (ABN 31067 079 261) (Coverforce).

## **PRODUCT AND KEY ATTRIBUTES**

The Product is a special purpose life insurance product purchased by employers for their employees. The Product is underwritten by AIA Australia and managed by Coverforce. Coverforce is also the Policy owner. Participating Employers acquire an interest in the master policy by completing an application form and paying monthly premiums. The Product provides employees with income protection insurance in the event of their sickness, injury or death.

The Product provides a replacement income for employees who cannot work at full capacity or at all due to sickness or injury. The Product provides additional cover such as death cover, homemakers assistance, rehabilitation assistance and return to work assistance.

The Product provides a fortnightly benefit if the Insured is unable to work solely due to sickness or injury that causes ongoing restricted capacity for longer than the specified waiting period. The Product replaces some lost income, so that the Insured can concentrate on recovery without having to worry about how to cover ongoing expenses.

## THE TARGET MARKET FOR THE PRODUCT

As Coverforce is the exclusive distributor of the Product the persons in the target market will be the employees of the employers that choose to take out this Product on behalf of their employees.

To be eligible for coverage under the Product the employee must satisfy the following:

- > be an Australian Resident;
- > be at least 15 years old and not more than 69 years old; and
- > employed by the Participating Employer.

All eligible employees must be nominated for cover by the Participating Employer.

For an Insured Person under age 65, prior to or during a claim in relation to an Injury or Sickness, the Maximum Benefit period is 104 weeks.

For an Insured Person aged 65 or over, prior to a claim:

- > in relation to an Injury, the Maximum Benefit Period is fifty-two (52) weeks;
- > in relation to a Sickness, the Maximum Benefit Period is twelve (12) weeks.

Where an Insured Person turns age 65 whilst in receipt of benefits in relation to an Injury:

- > If they have already received benefits for fifty-two (52) weeks, their benefits will cease upon turning age 65.
- > If they have not received benefits for fifty-two (52) weeks yet, their benefits will be payable for another fifty-two (52) weeks minus the number of weeks for which benefits have already been received.

Where an Insured Person turns age 65 whilst in receipt of benefits in relation to a Sickness:

- > If they have already received benefits for twelve (12) weeks, their benefits will cease upon turning age 65.
- > If they have not received benefits for twelve (12) weeks yet, their benefits will be payable for another twelve (12) weeks minus the number of weeks for which benefits have already been received.

## **CUSTOMERS NOT WITHIN THE TARGET MARKET**

A person is not within the target market for the Product if:

- They are not an Australian Resident;
- They are younger than 15 years old or older than 69 years old; or
- They are not employed by the Participating Employer.

Employees not nominated for cover by the Participating Employer are not in the target market.

## **NEEDS AND OBJECTIVES OF THE TARGET MARKET**

The objective of consumers in the target market is to reduce their exposure to the following situation:

- The consumer, being the Employer or business owner, envisages that in future their employees may have a need to replace their income in the event that they are unable to earn their income (or are only able to earn a lower income) due to an event which causes them to be unable to earn their pre-disability income, due to Illness or Injury.

## **APPROPRIATENESS FOR THE TARGET MARKET**

Broadly, the target market is consumers who have employees that they wish to cover in the event of the above outlined scenario; who are employed and earning an income from the Participating Employer; and where the Employer can pay the premiums (which may vary from time to time). As the product pays a regular income benefit it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

## **KEY BENEFITS OF THE PRODUCT**

- Injury benefit
- Sickness benefit
- Death Expenses benefit
- Death benefit
- Homemaker Assistance benefit
- Rehabilitation benefit
- Return to Work benefit
- Cover Whilst Changing Jobs
- Mental Health benefit (this benefit is optional at an additional cost).

## KEY EXCLUSIONS

No benefits under the Policy will be payable where the Injury or Sickness which is the cause of the claim was directly or indirectly caused by or resulting from:

- a. War (whether declared or not), hostilities or rebellion, civil war, revolution, insurrection, military or usurped power, invasion, or act of a foreign enemy.
- b. Ionising radiation or contamination by radioactivity from:
  1. any nuclear fuel or from any nuclear waste; or
  2. from the combustion of nuclear fuel (including any self-sustaining process of nuclear fission); or
  3. nuclear weapons material.
- c. In any way in connection with terrorism, which includes, but is not limited to, any act, preparation in respect of action or threat of action, designed to:
  1. influence a government or any political division within it for any purpose; and/or
  2. influence or intimidate the public or any section of the public with the intention of advancing a political, religious, ideological or similar purpose.
- d. Intentional self-inflicted Injury or Sickness.
- e. Being a pilot or crew-member of any aircraft; or engaging in any aerial activity, except as a fare paying passenger in a properly licensed aircraft, or as a passenger in an aircraft used as the means of transporting the Insured Person to and from their place of work.
- f. Pregnancy, childbirth or miscarriage, other than a complication arising from any of those conditions which requires hospitalisation in the first thirty-three (33) weeks of pregnancy.
- g. Any professional sporting activities.
- h. A criminal act committed by an Insured Person.
- i. An Insured Person suffering from a Mental Illness, unless the Insured Person is in receipt of workers compensation benefits for that condition.

This clause (i) does not apply where the Participating Employer has chosen to include the Mental Health benefit.
- j. An Insured Person engaging in or taking part in naval, military or air force service or operations.
- k. Any Pre-Existing Sickness or Injury.

No benefit will be payable during any period of maternity leave. No benefit will be payable for any complications arising after the thirty-third week of pregnancy.

If the Participating Employer has elected to make the Mental Health benefit available to Insured Persons, and the cause of the claim is a Mental Illness, benefits are payable only in relation to New Mental Health Events.

We will not provide any cover or pay a benefit under the Policy if doing so will contravene or violate any sanction, prohibition, restriction, proscription or prevention under any sanctions, laws or regulations, including but not limited to sanctions, laws or regulations of Australia, New Zealand, the European Union, the United Kingdom or the United States of America or those set

out in any United Nations resolutions.

## **DISTRIBUTION OF THIS PRODUCT**

In light of the obligations under Part 7.8A of the Corporations Act (product design and distribution obligations), an application for the Product must be submitted by a distributor who is operating under an Australian financial services licence with appropriate authorisations.

The distributor should not sell the Product to someone who is unlikely to ever be eligible to claim the benefits under the policy.

The Product is administered and distributed by Coverforce who holds Australian Financial Services Licence no. 238874.

Only Coverforce is authorised to distribute the Product.

AIA Australia will make risk-based decisions to determine its acceptance criteria about insurance cover that they can offer and the costing that will be applied. Some of the key acceptance criteria relating to this target market determination may include:

- Age of Insured Persons.
- Occupation of Insured Persons.
- Activities undertaken during the cover period.
- Previous claims experience for this type of risk.
- Risk location.
- The Benefits and Sum Insured required. The cost of the Policy is made up of premium, administration fees and government taxes (such as Goods & Services Tax [GST] and Stamp Duty), where applicable.

## **REVIEWING THIS TMD**

This TMD will be reviewed within 2 years from the effective date to ensure it remains appropriate. This TMD will also be reviewed if any event or circumstances (called 'review triggers') occur that would reasonably suggest that the determination is no longer appropriate, such as:

- AIA Australia makes a material change to the cover provided by the Product.
- A change in the acceptance criteria that impacts on the suitability of the Product for the target market.
- A material change to the distribution of the Product.
- The discovery of a relevant and material deficiency in the Product's disclosure documentation (e.g.: an unfair contract term).
- Systemic complaints and claims issues which indicate that the Product is no longer suitable for the described target market.
- Material and relevant reductions in the key Product suitability metrics such as:

- Customer satisfaction.
  - Product acceptance.
  - Financial performance.
  - Benefits to customers.
- > Product value and affordability.
  - > Significant dealing/s in the Product outside the target market as defined in this TMD.

This TMD will be reviewed within ten (10) business days of the occurrence of any review trigger.

Following the initial review and subject to the intervening 'review triggers' the maximum subsequent review period will be 2 years for this TMD.

## **REPORTING**

In order to monitor Review Triggers, Coverforce as the sole Distributor of this Product, will provide AIA Australia with the following information:

- > All complaints involving this Product, submitted monthly;
- > Incident-based reporting on key metrics, including but not limited to sales and lapse data, financial performance, and benefits to customers; and
- > Any Significant Dealings in this Product (that is not consistent with this TMD), submitted within 10 business days of becoming aware of the dealing.

## **RECORD KEEPING**

Coverforce and AIA Australia will maintain records of the reasonable steps they have taken to ensure that the Product is sold in a manner consistent with this TMD.

Coverforce and AIA Australia will also prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- > all target market determinations for this Product;
- > identifying and tracking review triggers;
- > setting review periods;
- > distribution conditions and restrictions on distribution;
- > when subsequent reviews of the TMD should take place;
- > the information that must be reported to identify whether a review trigger has occurred or another event that would reasonably suggest that the TMD is no longer appropriate; and
- > the matters documented in this TMD.