

PPS MUTUAL TARGET MARKET DETERMINATION



PPS MUTUAL PROFESSIONALS CHOICE BUSINESS EXPENSES INSURANCE

Issuer of this TMD: NobleOak Life Limited

Issuer ABN: 85 087 648 708 AFSL No. 247302

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ABOUT THIS DOCUMENT

This Target Market Determination (TMD) sets out the target market for the product, triggers to review the target market and certain other information. It forms part of NobleOak Life Limited's design and distribution framework for the product.

This document is not a product disclosure statement, 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 for **PPS Mutual Professionals Choice Business Expenses Insurance** before making a decision whether to buy this product.



CLASS OF CONSUMERS THAT FALL WITHIN THIS TARGET MARKET

The information below summarises the class of consumers that fall within the target market for the PPS Mutual Professionals Choice Business Expenses Insurance product, based on their likely objectives, financial situation and needs that this product has been designed to meet.

Class of consumers

- Individuals should be eligible to practise (or have been eligible to practise in the past), or have acquired a minimum level of tertiary qualification, in a professional field recognised by PPSM.
- Current age from 18 to 65 for new applicants
- Employment status at application: Gainfully employed and working at least 20 hours per week
- Residency status: Australian or New Zealand Citizen, a Permanent Resident of Australia or a Temporary Resident who has applied to be a Permanent Resident of Australia
- Consumers that can tolerate and afford changes in premiums over time, including increases
- Consumers with a health status compatible with the Eligibility Criteria i.e. not exceeding relevant underwriting criteria in respect of smoking, Body Mass Index (BMI) and other lifestyle/medical factors

This product would not be appropriate for consumers who:

- Are not eligible to practise (or have never been eligible to practise) in a professional occupation recognised by PPSM nor do they have a minimum level of tertiary qualification in a professional field recognised by PPSM
- For new applicants are less than age 18 or older than age 65
- Are not gainfully employed and working at least 20 hours per week
- Are not an Australian or New Zealand Citizen, a Permanent Resident of Australia or a Temporary Resident who has applied to be a Permanent Resident of Australia
- Can't tolerate and afford changes in premiums over time, including increases
- Have a health status that is not compatible with the Eligibility Criteria i.e. they exceed relevant underwriting criteria in respect of smoking, Body Mass Index (BMI) and other lifestyle/medical factors

- Do not meet our underwriting requirements.
- Who are unable or unwilling to participate in the required underwriting process.

Likely objectives and needs of consumers in the target market

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

- The consumer (the policy owner) has (or envisages that in future they will or may have) a need to continue to meet their business obligations in the form of fixed ongoing expenses in the event that they are unable to earn their income/ share of income (or are only able to earn a lower income/ share of income) due to an event which causes them to be unable to work, whether due to illness or injury.

Financial situation of consumers in the target market

A consumer who:

- Is a self-employed person, or a working director, or a partner in a partnership; and
- Has financial capacity;

to pay variable premiums in accordance with their chosen premium structure in order to retain the product for the period of time it is intended to be held.

When deciding what premium structure may be appropriate (as described under the Key attributes section below):

- Variable age-stepped premiums may suit consumers who prefer lower up-front costs with premiums that increase with age and/or consumers who are uncertain as to how long they wish to hold cover for. Depending on how long consumers hold cover, the amount payable under variable age-stepped premiums may be more than what consumers would pay under variable premiums.
- Variable premiums may suit consumers who prefer higher up-front costs with premiums that do not increase with age, and/or consumers who intend to hold cover for an extended period of time. Depending on how long consumers hold cover, the amount payable under variable premiums may be less than what consumers would pay under variable age-stepped premiums.

PRODUCT DESCRIPTION AND KEY ATTRIBUTES

Product description

PPS Mutual Professionals Choice Business Expenses Insurance replaces a share of the life insured's pre-disability business income to help cover the life insured's share of ongoing business expenses whilst they are not working or working in a reduced capacity due to illness or injury, in accordance with the terms and conditions outlined in the Product Disclosure Statement (PDS).

Key attributes

Key attributes of PPS Mutual Professionals Choice Business Expenses Insurance include:

- *Payment of premiums* – if premiums are not paid when due, the policy may lapse in which case the policyowner would no longer be covered and cannot make a claim
- *Premium structure* – premiums may either be variable age-stepped (previously known as “stepped”) or variable (previously known as “level”). Variable age-stepped premiums are based on the insured person's age at each plan anniversary, meaning premiums will generally increase each year as the insured person gets older. Variable premiums are based on the insured's person age when cover first commenced and will not increase with their increase in age each year (premium cost is spread over the life of the policy). Variable premiums are therefore generally higher than variable age-stepped initially and lower than variable age-stepped in later years. Both variable age-stepped and variable premiums are not guaranteed to remain the same and can change over time to take into account changes in factors such as claims experience, economic conditions and expenses.
- *Choice of Premiums with Phasing or Phasing Removed* – premiums with phasing will be lower in earlier years (and higher in later years) compared to premiums with phasing removed. Under phasing, a larger discount will be applied in earlier years that reduces over time to reflect the recency of underwriting. With phasing removed, a smaller discount will instead be applied over the lifetime of the policy.
- Life insured must be accepted by PPSM as a Member on application for their first cover.
- Life Insured's Age range at entry 18 to 60 (or older at the insurer's discretion)
- Life Insured must be employed for at least 20 hours per week
- The Life Insured does not have to be resident in Australia but must be an Australian or New Zealand Citizen or a Permanent Resident of Australia or a Temporary Resident who has applied to be a Permanent Resident of Australia
- There are customisable benefits
- *Eligibility criteria* – certain consumers may be ineligible for cover if they do not meet the key eligibility criteria at the time of application, including the
 - age (from 18 to 65)
 - health status
 - employment status (including income)
 - financial status
 - residency status
 - occupation type
 - pursuits and pastimes

of the life to be insured.

- *Underwriting process* – This is a fully-underwritten product. The underwriting process may require additional financial and medical information, including a medical report from the life to be insured’s treating doctor(s) and/or medical screening tests. The underwriting process could result in an increase in the price of the product, limitations to the sum insured, special terms and conditions applied to cover, or declining cover. This product is not appropriate for consumers who are unwilling or unable to participate in the underwriting process and related medical requirements.
- Insurance cover can be obtained outside of the superannuation environment only.
- Exclusions*:
 - intentional self-injury or attempted suicide
 - normal and uncomplicated pregnancy, childbirth or miscarriage
 - an illness or injury that occurred before the insurance started or was increased (for the increased amount, except for increases based on the Indexation for Professionals benefit) or during any period of lapse (except where disclosed and accepted by us)
 - war or act of war (except in relation to a death benefit payment)
 - elective surgery or treatment which is voluntarily undertaken within 6 months of commencement, reinstatement or increase (for the increase)
 - expenses that are not permitted by law to be reimbursed

* This is a summary. Please refer to the PDS for the full wording on cover exclusions. Any specific exclusions applying to your cover will also be outlined on your Plan Schedule.

Product’s appropriateness for the target market

Broadly, the target market comprises those who meet the eligibility criteria including the professional occupation eligibility criteria, who have or expect to have a need to cover their fixed ongoing expenses should they be unable to earn an income/ share of income due to an event which causes them to be unable to work whether due to illness or injury, and who have a capacity to pay variable premiums on an ongoing basis in accordance with their chosen premium structure. As the product pays a monthly benefit to cover fixed ongoing expenses in the event the life insured is unable to earn an income/ share of income due to an illness or injury which causes them to be unable to work it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

HOW THIS PRODUCT IS TO BE DISTRIBUTED

The following Distribution Conditions apply to this product:

Underwriting and Disclosure:

Issuing a policy is subject to:

- full underwriting including medical and financial underwriting assessment, as applicable; and
- complying with the disclosure requirements under the relevant legislation.

Underwriting and consumer disclosure ensures that target market eligibility criteria are met prior to the consumer acquiring a PPS Mutual Professionals Choice product.

Distributor:

- The product is distributed by a “Distributor” who holds an Australian Financial Services Licence (AFSL).
- The distribution must be in accordance with the agreements relating to distribution of this product, including but not limited to the distribution agreement between the Distributor and the Issuer.
- The “Distributor” must take into account the TMD in providing personal advice and meeting their statutory best interest duty.

Distribution under a personal advice model:

This product is not available to consumers who do not obtain personal advice from the “Distributor” described above in this TMD.

Consumers that obtain personal advice are more likely to be in the target market for this product because advisers will provide them with personal advice that takes into account their objectives, financial situation and needs.

REVIEWING THE TMD

The target market determination will be reviewed as outlined below:

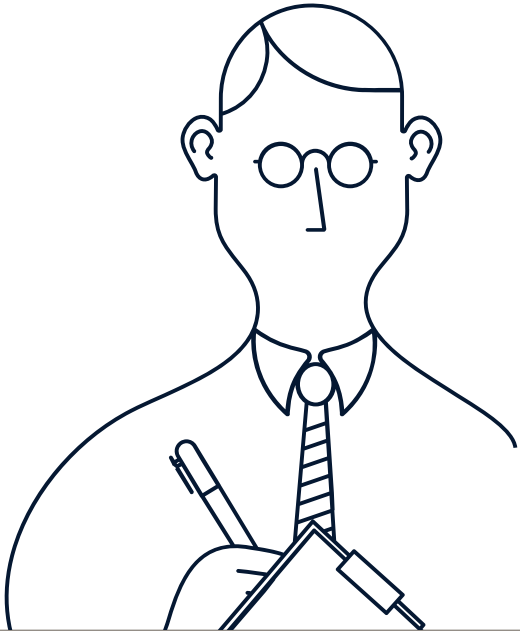
Periodic reviews – First review of the TMD	Subject to intervening review triggers, no more than 2 years.
Periodic reviews – Subsequent reviews of the TMD	Subject to intervening review triggers, no more than 2 years.
Review triggers	
Review Trigger 1	<p>The commencement of a significant change in law impacting the product design and/or distribution of the product</p> <p>Information required to be reported to the issuer of the product:</p> <p>Relevant regulation, legislation and/or ASIC instruments relating to the change in law</p> <p>Reporting period and review obligation:</p> <p>PPS Mutual must monitor and consider any significant relevant changes, regulatory or otherwise, that materially affect the design or distribution of the product</p>
Review Trigger 2	<p>The product issuer determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.</p> <p>Information required to be reported to the issuer of the product:</p> <p>A significant dealing in the product which the regulated person becomes aware is not consistent with the TMD</p> <p>Reporting period and review obligation:</p> <ul style="list-style-type: none"> • PPS Mutual must review and consider any significant dealing reported to it. • Any dealing outside the target market must be reported by the distributor to PPS Mutual within 10 business days, at the latest, of becoming aware of the significant dealing

<p>Review Trigger 3</p>	<p>Product performance is materially inconsistent with issuer's expectations of the appropriateness of the product to consumers having regard to:</p> <ul style="list-style-type: none"> • product claim ratio; • the number or rate of paid, denied and withdrawn claims; • the number of policies sold; • policy lapse or cancellation rates; and • percentage of applications not accepted. <p>Information required to be reported to the issuer of the product:</p> <p>During the review period, the expected and actual number of:</p> <ul style="list-style-type: none"> • Claims ratios; • Number or rate of paid, denied and withdrawn claims; • Number of policies sold; • Policy lapse or cancellation rates; and • Percentage of applications not accepted. <p>Reporting period and review obligation:</p> <p>PPS Mutual must collect the reporting information and review these factors every 6 months</p>
<p>Review Trigger 4</p>	<p>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.</p> <p>Information required to be reported to the issuer of the product:</p> <p>Complaints and the nature of the complaints regarding product design, claims, and distribution condition</p> <p>Reporting period and review obligation:</p> <p>PPS Mutual must review and consider complaints every 6 months.</p>
<p>Review Trigger 5</p>	<p>The use of Product Intervention Powers in relation to the distribution or design of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.</p> <p>Information required to be reported to the issuer of the product:</p> <p>Relevant Product Intervention order</p> <p>Reporting period and review obligation:</p> <p>PPS Mutual must review as promptly as practicable the implications in relation to this TMD if a Product Intervention order has been issued</p>

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REPORTING PERIODS

Complaints about product	Reporting period for complaints: half-yearly (1 October to 31 March and 1 April to 30 September each year). Reporting should be within 10 business days of the end of the half-year period.
Significant dealings	Reporting period for a significant dealing in the product which the regulated person becomes aware is not consistent with the TMD: within 10 business days of becoming aware of the dealing.



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