

Purpose of this document

This Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**), effective from 27 September 2021.

This TMD was issued by Hannover Life Re of Australasia Ltd (**Hannover**) on 27 September 2021. It sets out the target market for Guardian Funeral Insurance, the triggers to review this target market determination, and other relevant information. It forms part of Hannover's Design and Distribution Obligations for this product.

This document is not a Product Disclosure Statement (**PDS**) and is not a summary of the features or terms of the product. It provides general information only and does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read Hannover's PDS for Guardian Funeral Insurance before making a decision to purchase the product.

Target Market Determination: Guardian Funeral Insurance

Issuer of this TMD: Hannover Life Re of Australasia Ltd ABN 37 062 395 484

Date of TMD: 27 September 2021

TMD version: 1

Product overview

Product description

Guardian Funeral Insurance provides a lump sum payment to the estate or nominated beneficiary of the life insured, in the event of:

- (a) accidental death only in the first 12 months of policy commencement or reinstatement;
- (b) thereafter, the life insured dies from any cause;
- (c) the life insured meets the definition of a terminal illness; or
- (d) the life insured suffers from a defined accidental serious injury within 12 months of the accident occurring

in accordance with the terms and conditions outlined in the PDS.

Key attributes

Key attributes of Guardian Funeral Insurance include:

- the payment of premiums – if premiums are not paid when due, the policy will end (subject to the required notice periods) and the life insured will no longer be covered and cannot make a claim.
- premium structure – premiums are structured on a level premium basis and will generally not increase over time unless the life insured increases cover or Hannover changes the premium rates applying to all policyholders.
- eligibility criteria – certain customers may be ineligible for cover if they do not meet the eligibility criteria for this product. Eligibility criteria include:
 - the age; and
 - residency statusof the life to be insured.
- the following key product exclusion applies – no cover would be available under the product if death other than as a result of an accident occurring within 12 months following the commencement, reinstatement or increase of the insurance cover (but only to the extent of that increase).
- there are other exclusions applied to this insurance and are detailed in the PDS.
- additional product features such as the Bonus Cover, Early Cash Out Option and guaranteed payment at age 100 (please refer to PDS for details).

How/why key product attributes make it likely that this product will meet the likely needs of customers in the target market

Guardian Funeral Insurance is designed to meet the likely objective and need of the target market to reduce the final or unexpected expense exposure of the life insured by providing payment in the event of their death, terminal illness or accidental serious injury. Broadly, the target market comprises those who have or expect to have final or unexpected expense commitments that will not be satisfied in the event of their own or another person's (i.e. the life insured's) death, terminal illness or accidental serious injury and who have a capacity to pay potentially variable premiums on an ongoing basis. As the product pays a nominal lump sum on death, terminal illness or accidental serious injury, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Description of the target market

Likely objectives, financial situation and needs of customers in the target market of Guardian Funeral Insurance

The objective of customers in the target market is to reduce their exposure to the following financial situations:

- the customer (either the policyowner or the life insured) has (or envisages that in the future they will or may have) final expenses to be paid in the event of their death or unexpected expenses in the event of suffering an accidental serious injury or terminal illness, such as (but not limited to):
 - funeral expenses; and/or
 - medical costs, transportation and accommodation costs, and personal and palliative care.

Financial situation of customers in the target market

A customer who:

- is earning income;
- has personal savings;
- has retirement income e.g. superannuation; or
- otherwise has financial capacity (e.g. family or other relationships)

to pay premiums (which may vary from time to time) in accordance with the level premium structure to retain the product for the extended period of time which it is intended to be held.

Demographic and eligibility requirements

Primary demographic:

- age: 45 - 79 (when the life insured purchases the policy); or
- customers who are unable to obtain underwritten cover or do not wish to undergo the underwriting process where their financial need can either in part or in whole be satisfied by the level of cover available (ages 18 - 44); and
- residency status: Australian resident.

Secondary demographic:

- age: 18 - 44 (when the life insured purchases the policy); and
- residency status: Australian resident.

For example, the following groups are outside the target market for this product:

- age: below 18 or over 79 (when the life insured purchases the policy); or
- residency status: not an Australian resident.

Distribution conditions

In accordance with the obligations outlined under Part 7.8A of the Corporations Act (product design and distribution obligations):

- this product is authorised for distribution only by Greenstone Financial Services Pty Ltd (**GFS**) and cannot be purchased directly from Hannover;
- this product may only be distributed to customers under General Advice. No Personal Advice is to be provided to a customer at any point in the distribution process;
- GFS should not sell to a customer who does not satisfy the demographic factors of customers in the target market; and
- GFS must provide a customer with a copy of the PDS.

The following distribution conditions and restrictions make it more likely that the customers who acquire the product are in the target market:

- call centre distribution must be undertaken in accordance with authorised call scripts and processes.

Review triggers, and information to assess whether a review trigger has occurred

Review triggers	Information needed to enable Hannover to assess if the review trigger has occurred
<p>Review trigger 1:</p> <p>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.</p>	<p>Hannover will monitor relevant regulations, legislation and/or ASIC instruments relating to the change in law during the review period.</p>
<p>Review trigger 2:</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>Hannover will monitor 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>Review trigger 3:</p> <p>Product performance is materially inconsistent with Hannover's expectations having regard to:</p> <ul style="list-style-type: none"> • claim ratios; • the volume of paid, denied and withdrawn claims; • the volume of policies sold; and • policy lapse or cancellation rates. 	<p>Hannover will monitor the expected and actual number of the product performance metrics during the review period.</p>
<p>Review trigger 4:</p> <p>Significant or unexpectedly high number of complaints regarding product design, product availability, claims and any distribution condition that would reasonably suggest that this TMD is no longer appropriate.</p>	<p>Complaints and the nature of the complaints regarding product design, product availability, claims and any distribution condition.</p>
<p>Review trigger 5:</p> <p>Hannover determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.</p>	<p>A significant dealing in the product which either GFS or Hannover becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).</p>

Hannover monitors the above review triggers in accordance with its Product Monitoring and Customer Satisfaction frameworks.

The maximum initial period before this TMD is reviewed

Subject to intervening review triggers, no more than one year after the issue of this TMD, or by **26 September 2022**.

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

After the first review of this TMD (see above), and subject to intervening review triggers, this TMD will be reviewed annually.

Reporting period for reporting information about the number of complaints about this product

Hannover's reporting period for complaints is annually in accordance with other regulatory reporting requirements.