

St Andrew's Australia
Mortgage Protection Insurance
Target Market Determination

Effective Date: 5th October 2021

This target market determination (TMD) is for the St Andrew's Mortgage Protection insurance product (**Mortgage Protection**), product versions:

- BOQMPDEC17
- BOQMPJUN19
- GENCPMPNOV18

It sets out the target market for the product, information about distribution conditions and the triggers for us to review this TMD.

Mortgage Protection is underwritten by St Andrew's Insurance (Australia) Pty Ltd (**St Andrew's Insurance**) (ABN 89 075 044 656, AFSL 239649) and St Andrew's Life Insurance Pty Ltd (**St Andrew's Life**) (ABN 98 105 176 243, AFSL 281731) (referred to in this document as **we, us** or **our**). St Andrew's Insurance is the issuer and underwriter of the Involuntary Unemployment Cover and, where the duration of the loan is 3 years or less, the Accident & Sickness Cover, and St Andrew's Life is the issuer and underwriter of the Life Cover and, where the duration of the loan is greater than 3 years, the Accident & Sickness Cover

This document is not a Product Disclosure Statement and is not a summary of the product terms and conditions. This document does not take into account any person's individual objectives, financial situation or needs. Please read the Product Disclosure Statement for Mortgage Protection before making a decision whether to continue to hold this product.

About Mortgage Protection

Mortgage Protection is consumer credit insurance that has the following key attributes;

- Consumers can choose a percentage of cover of 50%, 75% or 100% (being the proportion of the credit limit or monthly repayment that is insured).
- Consumers can choose to cover one or more of the following insured events (though Involuntary Unemployment Cover cannot be held on its own):
 - Involuntary Unemployment Cover: The key attributes of Involuntary Unemployment Cover are that:
 - to be eligible, you must be in permanent, self-employed, casual or fixed term employment;
 - to be eligible, you must also hold Accident and Sickness Cover and/or Life Cover; and

- it provides cover for the selected percentage of the monthly loan repayments where the policyholder is involuntarily unemployed for a period of more than 30 days.
- Accident and Sickness Cover: The key attributes of Accident & Sickness Cover are that:
 - to be eligible, you must be in permanent, self-employed, casual or fixed term employment; and
 - it provides cover for the selected percentage of the monthly loan repayments where the policyholder is unfit for work for a period of more than 30 days.
- Life Cover: The key attribute of Life Cover is that it provides cover for the selected percentage of the credit limit (total loan amount borrowed) if the policyholder dies or is diagnosed with a terminal illness with life expectancy of 12 months or less.

Target market

The types of cover available under Mortgage Protection are designed for consumers that have the following likely objectives, financial situation and needs:

- Involuntary Unemployment Cover: Involuntary Unemployment Cover is designed for people that are employed or self-employed and have a mortgage and will need to continue to make loan repayments if they become involuntarily unemployed.
- Accident and Sickness Cover: Accident and Sickness Cover is designed for people that are employed or self-employed and have a mortgage and will need to continue to make loan repayments if they are unable to work due to accident or sickness.
- Life Cover: Life Cover is designed for people who have a mortgage (regardless of their employment status) and, in the event of their death, or diagnosis of a terminal illness, will have an outstanding loan balance that cannot be satisfied by their estate.

Additionally:

- the 50% percentage of cover is designed for consumers that have the financial capacity to meet at least 50% of their loan repayments, or credit limit, in the event of an insured event occurring;
- the 75% percentage of cover is designed for consumers that have the financial capacity to meet at least 25% of their loan repayments, or credit limit, in the event of an insured event occurring; and
- the 100% percentage of cover is designed for consumers that either do not have the financial capacity to meet, or do not want to be out of pocket for, any of their loan repayments, or credit limit, in the event of an insured event occurring.

We have determined that Mortgage Protection is likely to be consistent with these likely objectives, financial situation and needs because the policy can provide cover for loan repayments if the policyholder dies, is diagnosed with a terminal illness, is unable to work due to accident or sickness or is made involuntarily unemployed.

We are no longer issuing Mortgage Protection to new policyholders but are continuing to offer renewals guaranteed under the terms of existing Mortgage Protection policies. This means the target market for Mortgage Protection policies issued after the Effective Date of this TMD is limited to existing policyholders who:

- have financed their premium into their mortgage for a set period; and
- have a mortgage that continues beyond the end of that set period (in which case the terms of their existing Mortgage Protection product provide for a guaranteed offer of renewal).

The below table further describes the types of consumers who form the target market for Mortgage Protection (for each type of cover), as well as the consumers who are outside the target market.

| Suitable for a person who: | Unsuitable for a person who: |
|---|---|
| Involuntary Unemployment cover | |
| <ul style="list-style-type: none"> • is listed as a ‘borrower’ on the loan documentation; • is aged 18 years or over and under 61 years of age when they first apply for cover; • is an Australian resident; and • is employed as a permanent, casual, self-employed or fixed-term worker by an organisation carrying on business in Australia (and, if a casual or fixed-term worker, has been employed by that organisation for a continuous period of at least 12 months). | <ul style="list-style-type: none"> • is employed in work that is of a temporary or seasonal nature or is a casual or fixed term worker that has been employed by their current organisation for less than 12 months; • is employed by, or by a company controlled by, their spouse, de facto spouse, parent, sibling or child; • needs cover for monthly loan repayments that exceed \$12,000 or 1% of their credit limit. |
| Accident and Sickness cover | |
| <ul style="list-style-type: none"> • is listed as a ‘borrower’ on the loan documentation; • is aged 18 years or over and under 61 years of age when they first apply for cover; • is an Australian resident; and • is employed as a permanent, casual, self-employed or fixed-term worker by an organisation carrying on business in Australia. | <ul style="list-style-type: none"> • needs cover for monthly loan repayments that exceed \$12,000 or 1% of their credit limit; • needs cover for a pre-existing condition; • needs cover for a congenital condition; or • needs cover for a malignant cancer or cancer confirmed to be metastases (spreading) of the original primary cancer. |

| Life cover | |
|---|---|
| <ul style="list-style-type: none"> • is listed as a ‘borrower’ on the loan documentation; • is aged 18 years or over and under 61 years of age when they first apply for cover; and • is an Australian resident. | <ul style="list-style-type: none"> • needs cover for an outstanding loan balance that exceeds \$1,500,000; • needs cover for a pre-existing condition; • needs cover for a congenital condition; or • needs cover for a malignant cancer or cancer confirmed to be metastases (spreading) of the original primary cancer. |

Distribution conditions

Mortgage Protection is only offered as a renewal policy to existing policyholders. We manage all renewal offers and do not use third party distributors. Our employees can only offer renewals if they have received adequate training from us and they must follow any guidance we give them (including, for example, template letters and renewal processes).

Our renewal letters also give policyholders specific information about who the product is designed for, so that they can confirm the product remains suitable for them (we do not automatically renew Mortgage Protection policies).

These distribution conditions make it likely that Mortgage Protection will only be distributed to consumers that fall within the target market described in this TMD because our distribution is limited to renewal of existing policies (in circumstances where the customer is made aware of who the product is designed for) and our employees have knowledge of the policy terms and conditions.

Reviewing this TMD

We will review this TMD at least every three years, starting from the effective date of this TMD (meaning our first review will be completed by no later than 5th October 2024).

We will also review this TMD if any of the following occur (each being a ‘review trigger’):

- we make any material changes or updates to our Mortgage Protection product;
- we make any material changes to how we distribute Mortgage Protection, including if we re-commence distributing Mortgage Protection to new policyholders;
- we receive a significant number of complaints regarding the design or distribution of Mortgage Protection;
- the performance of Mortgage Protection indicates that this TMD is no longer appropriate, having regard to relevant data such as claims ratios and cancellation rates; or
- we become aware that a significant dealing in Mortgage Protection that is not consistent with this TMD has occurred.

Our review will occur within 10 business days of the occurrence of a review trigger.

Reporting

As both the product issuer and distributor, we will collect information and prepare annual reports examining data relevant to the review triggers described above. This includes data regarding the number and type of complaints received about Mortgage Protection, the number of renewal offers accepted and the number of Mortgage Protection policies varied or cancelled in the preceding reporting period. We will produce these reports within 10 business days of the end of the most recent reporting period.