

Dignity Funeral Insurance

Target Market Determination (TMD)



Issuer: Hallmark Life Insurance Company Ltd ABN 87 008 446 884, AFSL 243469 (Hallmark Life)

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1. Purpose of this document

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth) (the Act). It sets out the target market for the product, information about distribution conditions, triggers for us to review the TMD, and other important information. It forms part of Hallmark Life's product design and distribution framework for Dignity Funeral Insurance. Hallmark Life is referred to in this document as 'we', 'us' or 'our'.

It is important to note that this TMD is not a Product Disclosure Statement (PDS) and is not a summary of the product features, terms or conditions of the product. The full terms and conditions of the product are outlined in the Dignity Funeral Insurance PDS.

This TMD does not consider any customers' personal objectives, financial situation or needs. Customers interested in acquiring this product should carefully review the Dignity Funeral Insurance PDS before deciding whether to buy this product or continue to hold the product.

2. Description of the target market

Likely objectives and needs of customers in the target market

The likely objectives and needs of consumers within the target market for Dignity Funeral Insurance are consumers who:

- Have, or expect to have, final expenses (such as funeral expenses or medical and palliative care expenses) that will need to be paid in the event of their death or terminal illness diagnosis and need financial protection for those expenses;
- Are looking for the certainty of fixed premiums that do not increase as they get older;
- Require up to \$15,000 of cover;
- Do not want to go through an underwriting process to assess eligibility for cover.

Likely financial situation of customers in the target market

The likely financial situation of consumers within the target market for Dignity Funeral Insurance are consumers who can afford the ongoing fixed (also known as 'level') premiums for the product for the period of cover.

Customers are required to make their own assessment of their financial capacity to cover ongoing premium payments.

Who is the product suitable for?

For consumers with the above likely objectives, financial situation and needs, the consumers that the product is suitable for, and is not suitable for, is described in further detail below on the next page.

Suitable for a person who:	Unsuitable for a person who:
<ul style="list-style-type: none"> • is an Australian resident (as defined in the PDS); and • is aged between 50 and 80 years old at the time of application. 	<ul style="list-style-type: none"> • is unlikely to have final expenses of at least \$3,000; • needs cover for final expenses that are likely to exceed \$15,000; • wanting to go through an underwriting process to assess eligibility for cover; or • is unable to fund or afford the policy premiums.

3. Product overview

Product description
<p>Dignity Funeral Insurance provides a lump sum payment in the event the life insured:</p> <ul style="list-style-type: none"> • dies due to an accident within the first 12 months of the commencement date (the waiting period); • dies due to any cause of death after the first 12 months of the commencement date (i.e. after the waiting period); or • is diagnosed with a terminal illness after the first 12 months of the commencement date (i.e. after the waiting period), <p>in accordance with the terms and conditions outlined in the Dignity Funeral Insurance PDS.</p> <p>The product does not accumulate a cash value. No premiums or refunds will be payable if the policy is cancelled outside the 30-day cooling-off period.</p>
Key attributes
<p>Key attributes of Dignity Funeral Insurance are:</p> <ul style="list-style-type: none"> • Who can purchase – you can only insure your own life under Dignity Funeral Insurance (not the life of another). To be eligible, you must be an Australian resident (as defined in the PDS) and aged between 50 and 80 years old at the time of application. • Benefit amount – you can choose a benefit amount from \$3,000 up to a maximum of \$15,000. Unless you change it, the benefit amount will stay the same over the period of insurance (it does not automatically increase with inflation). • Cover – Dignity Funeral Insurance provides cover: <ul style="list-style-type: none"> ◦ if you die from an accidental death at any time from the commencement date (if the accident causing your death occurred after that date) – the amount payable is two times your chosen benefit amount; ◦ if you die from a non-accidental death after the first 12 months from the commencement date – the amount payable is your chosen benefit amount; ◦ if you are diagnosed with a terminal illness after the first 12 months from the commencement date – the amount payable is your chosen benefit amount. • The amount payable is paid as a lump sum to your beneficiary/ies in the event of death or to you in the event of diagnosis of a terminal illness. • Payment of premiums – premiums can only be paid fortnightly or monthly by direct debit. • Premium structure – the premiums are fixed at the time the policy is issued (also known as 'level' premiums) and will not change unless you increase or decrease the benefit amount, or if you notify us of a change in your smoking status, and we confirm that your premium has been adjusted accordingly. • Paid to age – premiums are payable up until the policy anniversary following your 90th birthday, after which there will be no more premiums to pay but the policy will remain in force and cover continues.

- Expiry age – there is no expiry age. Your policy continues until the earlier of your death, the payment of the benefit amount for a terminal illness claim or cancellation.
- Key exclusions and limitations –
 - No benefit amount is payable if you die from a non-accidental death during the first 12 months from the policy commencement date. If this occurs we will refund the total of all premiums paid towards your policy.
 - If you are diagnosed with a terminal illness during the first 12 months from the policy commencement date, you will not be eligible to make a terminal illness claim.
 - A 12 month waiting period applies if you decide to increase your benefit amount, but only in respect to the amount of the increase.

Appropriateness of the product for the target market

Dignity Funeral Insurance is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market because:

- the product provides a lump sum payment on death or terminal illness which can be used by the beneficiary/ies or the insured (as applicable) to meet final expenses (such as funeral expenses or medical and palliative care expenses);
- the premium for the product is 'fixed' at the time of policy issue (also known as a 'level' premium structure) and will not change unless the policyholder changes the benefit amount or their smoking status; and
- if the consumer meets the eligibility criteria, we guarantee to accept their application (there is no underwriting process).

4. Distribution requirements

Distribution conditions

Dignity Funeral Insurance is designed to be distributed by Neilson Financial Services Pty Ltd ABN 52 668 314 896, AFSL 552284 (Neilson) through their contact centre only and cannot be purchased directly from us.

This product can 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.

To ensure that distribution of the product is directed towards customers in the target market, Neilson can only offer Dignity Funeral Insurance if they do the following:

- Neilson will obtain necessary customer information to determine that the customer meets key eligibility and suitability criteria.
- Neilson must meet its regulatory obligations to make available to customers a copy of the PDS and any other relevant information for them to review so that they can make an informed decision about the product.
- Neilson must operate the call centre in accordance with policies, processes and procedures designed to ensure appropriate distribution of the product. This includes the requirement for Neilson to have in place call scripts, training, monitoring and quality assurance processes.

By implementing the distribution conditions outlined above, it is likely that Dignity Funeral Insurance will only be distributed to consumers that are in the target market because:

- Neilson and its representatives have knowledge of the policy terms and conditions;
- the sales process is designed to identify consumers outside the target market and prevent the product being sold to those consumers; and
- Neilson and its representatives are trained and monitored in respect to that sales process.

5. Review triggers

Further, we will review this TMD if any of the following events or circumstances occur:

1. The commencement of a significant change in law, applicable industry code, decision/direction of a court or other regulatory body (including through regulatory guidance), that materially affects the product design or distribution of the product or a class of products that includes this product.
2. Product performance/value metrics, including:
 - claim ratios;
 - the number of paid, denied and withdrawn claims;
 - sales volume; or
 - policy cancellation and lapse levels,indicate that the product is not providing value or reasonably suggests that the TMD is no longer appropriate.
3. Significant number of complaints regarding product design, product availability, claims and distribution conditions, including Australian Financial Complaints Authority (AFCA) determinations, that would reasonably suggest that the TMD is no longer appropriate.
4. There is a significant dealing in the product outside the target market.
5. Material changes to the design or distribution of the product, such as revisions in product eligibility criteria.

6. Reporting

Neilson will provide us with the following information to enable us to effectively identify if a review trigger has occurred:

- Monthly reports on the number of complaints received in the preceding month and the nature of those complaints.
- If Neilson becomes aware of a significant dealing in the product, they must report that to us within 10 business days.

We also prepare our own quarterly reports examining data relevant to the review triggers described above. The information addressed in these reports includes:

- Information regarding the number and type of complaints we receive directly.
- Key product performance/value metrics, including sales volumes, loss ratios, lapse and cancellation rates and claims acceptance rates.

7. Review period

Subject to intervening review triggers and any further regulatory guidance, we will review this TMD as follows:

First review: Within at least 12 months from the issue date of this TMD.

Subsequent reviews: At least annually after the first review.

Dignity Insurance is a trading name of Neilson Financial Services Pty Ltd ABN 52 668 314 896, AFSL 552284. Dignity Insurance products are issued and managed by Dignity Insurance as agent of the insurer Hallmark Life Insurance Company Ltd ABN 87 008 446 884, AFSL 243469 (Hallmark Life), who underwrites the Dignity Insurance products. Hallmark Life is part of the St Andrew's Insurance Group. All information and advice provided is only general in nature and it does not consider your objectives, financial situation or needs. You should consider the relevant Product Disclosure Statement (PDS) to ensure the product is suitable for you.