

TARGET MARKET DETERMINATION

For Total and Permanent Disablement (TPD) under Priority Protection, Priority Protection for Platform Investors insurance products and Professional Insurance Portfolio issued by AIA Australia Limited (ABN 79 004 837 861, AFSL 230043).



April 2025

1. About this document

When to use this target market determination

This target market determination (TMD) provides customers, distributors, and staff an understanding of the class of customers this product has been designed for, having regard to the likely objectives, financial situation and needs of the target market. Further, it sets out how the product is distributed, review periods and triggers relating to the TMD, and reporting and monitoring of the TMD.

This document is not a summary of the product's terms and conditions and is not intended to provide financial advice. Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) and any applicable Supplementary Product Disclosure Statement(s) which outline the relevant terms and conditions before making a decision whether to buy this product.

Product disclosure statement to which this target market determination applies

This TMD applies specifically to Total and Permanent Disablement (TPD) insurance covers referred to in the following PDSs:

- AIA Priority Protection and Priority Protection (PP) for Platform Investors PDS
- Professional Insurance Portfolio (PIP) PDS

Note: 'TPD' and 'Permanent Disablement Benefit' have the same meaning. 'TPD' is used in the PP PDS and 'Permanent Disablement Benefit' is used in the PIP PDS.

Effective date

12 April 2025

Version

4.0

2. Class of customers that fall within this target market

The information below summarises the class of customers that fall within the target market for this insurance cover, and the likely objectives, financial situations and needs that this insurance cover has been designed to meet.

Class of customers

The customer has (or envisages that in future they will or may have) outstanding financial or financial-in-kind commitments that will not be satisfied should they be incapable of engaging in:

- gainful employment, and/or
- independent living due to total and permanent disablement.

These financial or financial-in-kind commitments include but are not limited to:

- mortgage and other debt servicing costs

- medical, transportation, and accommodation costs
- ongoing living expenses, and/or
- ensuring that their business continues with less financial disruption.

Alternatively, a customer who is seeking to reinstate this cover, exercise an option or make an administrative change (under this product or a different product for which AIA Australia is the issuer) that results in a policy being issued ("Existing Customer").

Excluded class of customers

The insurance covers have **not** been designed for customers who:

- are not an Australian Resident¹ or Visa² holder residing in Australia at the time of application or,
- are an Australian citizen currently residing overseas for work at the time of application:
 - without an Australian residential address, and
 - without an intention to return to Australia within an agreed time frame accepted by AIA Australia.
- require a total TPD sum insured above the maximum sum insured (including insurance of a similar type held with any other insurers) (not applicable to Existing Customers),
- want premiums that can never be amended by an insurer in the future, and/or
- do not meet the eligibility, distribution or underwriting requirements (some underwriting and eligibility requirements may not be applicable to Existing Customers).

Product value, likely needs and objectives

Individuals can select from the following TPD Cover based on their needs and objectives as outlined below.

This insurance cover has been designed to provide value to customers who have the following likely needs and objectives:

TPD Cover	Likely needs and objectives
TPD/Permanent Disablement Benefit (Any and Own Occupation definitions)	In the event of a total and permanent disablement from Injury or Sickness: • want to reduce the burden of living expenses and financial commitments through the receipt of a lump sum amount, • envisage the need to protect their assets, and limit exposure of liabilities, and/or • want to support ongoing business management and retention strategies.
TPD/Permanent Disablement Benefit/ Universal TPD (Home Duties, Universal and All Duties definitions)	In the event of a severe total and permanent disablement from Injury or Sickness: • want to reduce the burden of living expenses and financial commitments through the receipt of a lump sum amount • envisage the need to protect their assets, and limit exposure of liabilities, and/or • want to support ongoing business management and retention strategies, where relevant.
Accidental TPD (Any Occupation definition)	In the event of a total and permanent disablement from an accidental injury: • want to reduce the burden of living expenses and financial commitments through the receipt of a lump sum amount • envisage the need to protect their assets, and limit exposure of liabilities, and/or • want to support ongoing business management and retention strategies.
Accidental TPD (Home Duties definition)	In the event of a severe total and permanent disablement from accidental injury: • want to reduce the burden of living expenses and financial commitments through the receipt of a lump sum amount, and/or • envisage the need to protect their assets, and limit exposure of liabilities.

* In PIP only Permanent Disablement Benefit is available.

1. Australian Resident means:

- a person who is either an Australian citizen or a holder of an Australian Permanent Resident visa; or
- a person who is a New Zealand citizen and is the holder of a Special Category Visa³ while residing in Australia indefinitely.

2. Visa means a current and valid visa issued in accordance with the Migration Act 1958 (Cth) or any amending or replacing Act which enables a person to work in Australia.

3. Special Category Visa (SCV) means:

As per the guidelines provided under the Department of Immigration and Border Protection, a Special Category visa (subclass 444) is a temporary visa that allows a person to stay and work in Australia as long as that person remains a New Zealand citizen.

For avoidance of doubt, a New Zealand citizen who holds a SCV while residing in Australia and departs temporarily overseas will be treated the same as an Australian Resident. They will be entitled to the same provisions, cover terms and conditions as an Australian Resident under this policy..

Financial situation

The insurance cover has been designed for customers who are employed, or otherwise have the financial means (e.g. savings, family or other relationships) to pay premiums (which may vary from time to time) in accordance with the chosen premium structure to retain the product for the period of time it is intended to be held.

3. Product design descriptions

This insurance product is likely to be consistent with the likely objectives, financial situation and needs for individuals who want to receive a lump sum payment in the event where total and permanent disablement results in them becoming unlikely to ever return to work and/or engage in home duties.

Product type

Three main types of TPD insurance cover are offered*. They are:

TPD Cover Type	Description	Available options
TPD/Permanent Disablement Benefit	Provides lump sum benefits for Total and Permanent Disablement because of Injury or Sickness .	• Own Occupation – unlikely to ever engage in their own occupation • Any Occupation – unlikely to ever engage in any suited occupation • Universal – Loss of Independence where you are no longer able to perform some activities of daily living without assistance or a specified sickness/injury • Home Duties – severe inability to perform any Normal Domestic Duties • All Duties – a more severe definition than Own Occupation, Any Occupation, Home Duties or Universal
Accidental TPD (Not available in Professional Insurance Portfolio product)	Provides lump sum benefits for Total and Permanent Disablement because of an Accidental Injury .	• Any Occupation – unlikely to ever engage in any suited occupation • Home Duties – severe inability to perform any Normal Domestic Duties
Universal TPD (Not available in Professional Insurance Portfolio product)	Provides lump sum benefits for losing the ability to live independently	• Universal – Loss of Independence where you are no longer able to perform some activities of daily living without assistance or a specified sickness/injury.

* In PIP only Permanent Disablement Benefit is available.

Product eligibility

There are some eligibility limitations for certain TPD cover definitions, such as:

- Own Occupation TPD definition is not available for occupation categories D, E, Home Duties or casual workers.
- Any Occupation TPD definition is not available for occupation categories E, Home Duties or casual workers (PP only)
- All Duties TPD definition is only available for occupation category E (PIP only)

Product structure

Customers can structure TPD cover as either stand-alone or as a rider to Life or Crisis Recovery covers:

- as a rider, a TPD benefit payment will reduce the other cover sum insured by the same amount,
- as a stand-alone, a TPD benefit payment doesn't reduce the sum insured of any other cover.

Where TPD cover is structured as a rider to Life Cover, customers can also choose to add the following rider options to their TPD cover:

- **Double TPD**

The Life Cover sum insured will not be reduced when a TPD benefit payment is made.

- **Double Universal TPD (Not available in the Professional Insurance Portfolio product)**

The Life Cover sum insured will not be reduced when a Universal TPD benefit payment is made.

- **TPD Buy-back**

Reinstates the Life Cover sum insured 12 months after a TPD benefit payment is made.

Key attributes

Eligibility

Customer must be an Australian Resident¹ or Visa² holder and not an excluded class of customer as defined above at the time of application. The entry age range depends on the cover type and premium structure selected. Please refer to the PDS for the eligible entry age range available.

Premiums

Payment of premiums – if premiums remain unpaid when due, the policy will lapse in which case the customer would no longer be covered and cannot make a claim.

Premium structure – Premiums may vary from time to time and are dependent on age, sex, medical history, pastimes, smoking status, whether benefit indexation applies, level of insurance cover, and chosen premium option or available under the insurance cover. Premiums can alter based on the chosen premium structure and can change over time.

The main premium structures are:

Premium type	Summary	Suitability
Variable age-stepped premiums	Variable age-stepped premiums increase each year as you get older because your chances of death, illness and injury increase with age. Variable age-stepped premiums increase over time. Variable age-stepped premiums are generally cheaper in the earlier years, compared to other premium structures like 'Variable premiums'.	There is a preference for a lower initial cost or there is uncertainty as to how long cover will be held. In addition, you have capacity to meet increasing premiums over time due to your age increasing.
Variable premiums	Variable premiums don't increase because of age. Variable premiums start higher than Variable age-stepped premiums but don't go up because of your age. Variable premiums are designed to be held over a long period of time. However, the amount of Variable premiums you pay over the life of your policy can sometimes be more than what you'd pay for Variable age-stepped premiums. The key difference between Variable and Variable age-stepped premiums is that Variable premiums start higher than Variable age-stepped premiums, however, while Variable premiums can increase each year for a number of reasons, they don't increase each year due to your age. Please see below 'Other reasons why premiums can change'.	There is a preference for cover to be held for a long period of time. You should be comfortable with the higher initial cost, particularly in the event you cancel your policy prior to the expiry date.
Optimum premiums	Optimum premiums are an option which combines Variable age-stepped premiums (which start low and increase each year because of your age), with Variable premiums (which can increase each year for a number of reasons but don't increase due to your age). If you select Optimum premiums, this means your premiums are Variable age-stepped type premiums when your cover starts. The premium type typically changes from Variable age-stepped type to Variable type at the policy anniversary when Variable age-stepped premiums become greater than Variable premiums. Your Optimum premiums start higher than a Variable age-stepped premium type.	There is a preference for a lower initial cost, compared to Variable premiums, or there is uncertainty how long cover will be held but you would like the option to hold your cover for a long period of time. In addition, you have capacity to meet increasing premiums during the initial years due to your age increasing where premiums are Variable age-stepped, until premiums change to Variable premiums.

Learn more

For more information go to aia.com.au/life and read the premium information under 'Understanding premiums and cover'.

Other reasons why premiums can change

Regardless of which premium structure is chosen, premiums can change for the following reasons:

1. if you choose benefit indexation, which increases your cover amount to help keep pace with inflation
2. if we change our premium rates for a group of policies due to, amongst other reasons, unanticipated claims increases, or if the economic conditions change

3. changes in stamp duty rates or any other legislative/regulatory requirement
4. due to discounts that end or are reduced, and/or
5. if you make a change to your policy (e.g. a change in the sum insured).

Detailed information on the premium structures available for each insurance cover are set out in the relevant sections of the PDS.

Premium discounts

We offer a range of premium discounts which may be available to customers depending on their circumstances. These include:

- AIA Vitality Discount
- Initial Selection Discount
- Bundled Discount
- Lump Sum Bundled Discount
- Healthier Life Reward
- Large Sum Insured Discount
- Health and Life Discount, and
- other discounts.

Some of these discounts may increase, decrease or cease over time as a result of changes in the customers policy structure (such as adding or removing benefits), AIA Vitality participation and membership status. Below you can find additional information about why AIA Vitality Discount and Initial Selection Discount changes over time. For full details of all the discounts available, qualifying criteria and terms and conditions, please refer to the PDS.

AIA Vitality Discount

The AIA Vitality Discount is offered as part of AIA Vitality, our science-backed health and wellbeing program. As an AIA Vitality member engages in the program, they can build their status and maintain or access a higher discount on their premiums up to the discount maximum. However, if there is low or no engagement in the program, the AIA Vitality Discount will reduce over time until no discount applies. Learn more at aiavitality.com.au

Initial Selection Discount

Claims experience highlights that individuals are less likely to claim in the initial years after underwriting. If the policy is on Variable age-stepped premiums and you select the Initial Selection Discount, we will pass on the benefit of this improved claims experience to you in the form of a discount. The Initial Selection Discount provides a discount for the first two years of the Policy. The discount will halve on the first policy anniversary and will decrease to zero from the second policy anniversary. For more information go to aia.com.au/life

Exclusions

A benefit is not payable for TPD, Accidental TPD or Universal TPD in relation to any event or disablement:

- where disablement is related to intentional self-inflicted injury or any such attempt by you
- where disablement is resulting from imprisonment or related to your participation in an unlawful activity punishable by imprisonment.

Product terms and conditions that may impact your ability to claim

The following policy terms and conditions may impact your ability to claim:

- if you purchase your policy within superannuation, you'll also need to meet the relevant superannuation law conditions of release before the trustee of the superannuation fund can make a payment of claim proceeds to you
- if your cover is eligible for conversion to Loss of Independence (LOI) cover, your policy will convert to LOI cover at the policy anniversary prior to your specific birthday depending on your occupation category. LOI cover is a more restrictive, significant impairment and severity-based definition, such as where you are no longer able to perform some activities of daily living without assistance.
- you do not attend a specialist Medical Practitioner or undergo all reasonable and usual treatment, including (where appropriate) rehabilitation for the injury or sickness, as recommended by a specialist Medical Practitioner
- the cover expiry date, which is the policy anniversary prior to the expiry age as disclosed in the PDS.

Please refer to the PDS for the products terms and conditions.

Other information

Insurance cover can be obtained either inside or outside of the superannuation environment, and a personally owned insurance policy can be linked to superannuation-owned insurance policies. Taxation laws apply to the insurance policy and/or premiums.

Superannuation-owned policies can be funded from superannuation monies, which may create taxation and cash flow efficiencies, however superannuation law prescribes what benefits are available and the conditions in which claim proceeds can be received.

For further information refer to the PDS.

Appropriateness explanation

Broadly, the target market comprises those who have or expect to have outstanding financial commitments that will not be satisfied in the event of their own or another person's (i.e., the life insured's) total and permanent disablement (TPD) and who have a capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum on total and permanent disablement (TPD) it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

6. How this product is to be distributed

Distribution channels

The insurance cover must only be distributed through the following means:

- **Distribution under a personal advice model** - Australian Financial Services Licence (AFSL) holders authorised by AIA Australia to distribute the product will provide customers with personal advice in relation to the product. Under this model, the AFSL holder can also distribute the product via a platform, where an appropriate agreement between the platform provider and AIA is in place.
- **Distribution under general advice** – AFSL holders authorised by AIA Australia to distribute the product under general advice. This includes online and telephone direct channels, including online aggregators. Under this model, the AFSL holder can also distribute the product via a platform, where an appropriate agreement between the platform provider and AIA is in place.
- **Distribution directly by AIA Australia** – AIA Australia reinstates or issues the product for Existing Customers through completion of the relevant process and form.

Distribution conditions

In order to ensure the customer is likely to be in the target market, the insurance cover must only be distributed in the following circumstances.

Distribution under Personal Advice:

Distributors must ensure:

- the product is distributed under an appropriate AFSL and authorised by AIA to distribute the product per the terms of a Distribution Agreement
- to provide the customer personal financial advice in relation to the product,
- to provide the customer a copy of the current PDS prior to making a decision to purchase the product, and
- the customer meets the product's age, residency and eligibility requirements.

Customers that obtain personal advice are more likely to be in the target market for this product because advisers have a duty to act in their best interest when providing personal advice.

Distribution under General Advice:

Distributors must ensure:

- the product is distributed under an appropriate AFSL and the distributor is authorised by AIA to distribute the product per the terms of a Distribution Agreement
- the distributor has authorised scripting, training and/or quality assurance standards the customer is provided with a copy of the relevant PDS prior to making a decision to purchase the product,
- the customer meets application screening questions, and

- the customer meets the product's age, residency and eligibility requirements.
- the customer is provided with information on the products requested, by way of:
 - the PDS, and
 - a premium estimate

that is likely to prompt the customer to either proceed or not proceed with their purchase based on the product meeting their likely needs and objectives as well as financial capacity to pay ongoing insurance premiums.

Customers are more likely to be in the target market if distributors distribute the product in alignment with the issuer's distribution conditions.

Distribution directly by AIA Australia

AIA Australia must ensure Existing Customers complete the relevant process and form.

Customers are more likely to be in the target market if AIA Australia utilises the relevant process whereby the Existing Customer must either consult an adviser or alternatively the Existing Customer must confirm that the product meets the Existing Customers likely needs.

7. Reviewing this target market determination

We will review this target market determination in accordance with the below:

Initial review	Within 12 months after the effective date.
Periodic reviews	At least every three years from the initial review or in the event of a review trigger, 12 months after the TMD is updated due to the review trigger.
Review triggers or events	Review Trigger 1: The commencement of a significant change in law that materially affects the product design and/or distribution of the product or class of products that includes this product. Review Trigger 2: Product performance is materially inconsistent with the product issuer's expectations of the appropriateness of the product to consumers having regard to: a) Product claims ratio b) Claim payment ratios c) The number of policies sold d) Policy lapse or cancellation rates e) Percentage of applications not accepted f) The number of complaints related to product design or distribution Review Trigger 3: 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. Review Trigger 4: A material change in the product design/distribution or pricing.
Review triggers or events (continued)	Review Trigger 5: 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. Review Trigger 6: The product issuer determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.

Information needed for review triggers or events	Issuer: Review Trigger 1: Relevant regulation, legislation and/or ASIC instruments relating to the change in law. Review Trigger 2: During the review period, the expected and actual number of: a) Product claims ratio b) The number or rate of paid, denied, and withdrawn claims c) The number of policies sold d) Policy lapse or cancellation rates e) Percentage of applications not accepted f) Complaints related to product design or distribution. Review Trigger 3: Relevant Product Intervention order Review Trigger 4: Product Specification documents including the considerations of target market. All Distributors: Review Trigger 5: Complaints and the nature of the complaints regarding product design, claims, and distribution condition. Review Trigger 6: 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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Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.

8. Reporting and monitoring

We will collect and report on the following information:

Complaints	We will receive reports from the distributors on all complaints in relation to this financial product half-yearly (within 10 business days of the end of March and September). If any such complaints have been received by distributors in the reporting period, we require the number of complaints received. In addition, where complaints are received during the reporting period that relate to product design, product availability, claims or distribution conditions, we require for each complaint: • the date complaint was received • a description of the complaint. AIA may request additional information from the distributor to further understand the underlying complaint issue.
Significant dealings	We will receive reports if our distributors become aware of a significant dealing in the product that is inconsistent with the TMD within 10 business days.