



Target Market Determination

Endowment

Insurer	Nippon Life Insurance Australia and New Zealand Limited, trading as Acenda (the Insurer) ABN 90 000 000 402 AFSL 230694
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This product is closed to new consumers but allows conversions from existing Whole of Life policies.



About this document

The Target Market Determination (TMD) sets out who this product may and may not be suitable for, as well as the likely financial situation and needs of the consumer. It also outlines the triggers to review the target market, how it is to be distributed, and certain other information.

This document is not a disclosure document and is not a summary of the product features or terms of the product.

Overview of the Endowment product

An Endowment policy is a bundled life insurance policy where the premium charged pays for the policy's maturity benefit, insurance cover and the surrender amount accrued. These components cannot be split.

Endowment products provide a maturity benefit to be paid upon the survival of the Life Insured to a specified date whilst providing life insurance cover in the event of the Life Insured's death over the same term. A surrender value accrues on the policy and this increases over time.

Additional benefits may be added to, or have been incorporated into, policies to expand the insurance provided or to increase the amount of insurance in a cost-effective manner. Benefits applicable to a policy are outlined in the product documentation and policy schedule.

Policies are paid in full in the event that the Life Insured survives until the policy maturity date, or if they die (or satisfy the payment of other benefits, as applicable) before that date. If a policy is cancelled prior to these events, the surrender value is payable.

Some Endowment series may accrue bonuses, which add to the benefit amounts payable and to the surrender value. Other Endowment series do not accrue bonuses and are without earnings; these series are also known as non-profit. Any policy debts are always deducted from the benefit or surrender amount before a payment is made to the consumer.

This product is no longer open to new business. However, existing consumers with a Whole of Life policy may convert their policy to an Endowment policy to introduce, or bring forward, a maturity date under specified provisions. No additional benefits can be added to policies.

However, existing consumers can increase or decrease their insured amounts and reinstate their policy if it should lapse.

Loan credit facility

For a subset of the Endowment series, a credit facility is available whereby a consumer may borrow money against the surrender value of their policy. This provides the consumer with cash when required while keeping their insurance in force. This loan facility is provided for by Nippon Life Insurance Australia and New Zealand Limited under its Australian Credit License, which is governed by the National Consumer Credit Protection Act 2009.

Up to 90% of the surrender value may be taken as a loan. However, where any amount requested is above 70% of a policy's surrender value, the loan is subject to responsible lending obligations.

Policy ownership

Endowment policies may be owned by individuals (including multiple people), companies, trusts, partnerships, sole traders and superannuation trustees (of both complying and non-complying APRA funds).

Where a policy is owned by a superannuation trustee (commonly known as an external trustee), that trustee administers their fund's responsibilities. Non-super policy and superannuation trustee owned policies are the same, with the only difference being the bonus rate applied on policies that have earnings. If the superannuation fund is a complying APRA fund (as recorded by the ATO), then superannuation bonus rates are applied to the policy. If the superannuation fund is non-complying, then non-super bonus rates are applied. Fund compliance is monitored and communicated with superannuation trustees each year.

Key things to know

This product is closed to new consumers. It is dedicated to existing Endowment consumers and any consumer with a Whole of Life policy with Acenda who converts their policy to Endowment.

The consumers in the target market must either be Australian citizens, Australian permanent residents, or New Zealand citizens residing in Australia.

Who the product may be suitable for

The target market includes:

- consumers who meet underwriting, residency and other eligibility requirements
- consumers who have the financial capacity to pay the premiums over the period they intend to hold the product, or at least for part of the period, and
- consumers who want to reduce their financial risk in the event of the life insured (either themselves or someone else) experiencing a claimable event, in accordance with the terms and conditions of the policy.

A consumer will still be considered within the target market and to have met eligibility criteria if:

- Acenda reinstates their policy within 24 months of the lapse date due to non-payment of premium and/or loan debt accrual, provided they have satisfied Acenda's reinstatement requirements.
- They exercise an option to continue or convert cover under the policy terms of their policy.
- Acenda allows them to replace their existing cover as a result of a change of ownership.

Who the product may not be suitable for

The target market excludes:

- those who are not
 - Australian citizens
 - Australian permanent residents, or
 - New Zealand citizens residing in Australia, or
 - Those with certain temporary visas who do not meet our underwriting terms and conditions in relation to residency.
- Those that do not meet the eligibility requirements (unless prior written approval has been provided).
- Those that do not meet the underwriting requirements.
- Certain occupations for some benefit types.
- Those contemplating self-harm.

Likely financial situation of the consumer

The consumer should have the financial capacity to pay the premiums over the period they intend to hold the product, or at least for part of the period. If premiums are not paid when due, they will accrue a premium and interest debt, which will lower the amount received when the consumer makes a claim or surrenders their policy. Alternatively, the consumer may choose to convert the policy to a paid-up policy, which will also reduce the amount they receive when they make a claim or surrender, however no further premiums will be payable.

The consumer must have at least one of the following potentially relevant sources of financial capacity to pay the premiums:

- earning income,
- personal savings,
- superannuation, or
- family or other relationships, either personal or business.

Target market for Endowment

Likely objectives of consumers in the target market

The target market consists of existing Endowment consumers and any consumer with a Whole of Life policy with Acenda who converts their policy to Endowment.

These consumers want to lower their financial risk if the events listed in the table below.

Financial risks include financial commitments (personal and commercial) and financial-in-kind commitments (including Business Insurance purposes), where the consumer has a responsibility to pay money or provide goods or services. For life cover, these responsibilities may need to be paid or provided to their dependents, Estate or Business. The consumer may currently be responsible, or anticipate being responsible, for these financial risks.

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

- mortgage and other debt servicing costs
- income or revenue replacement
- medical and rehabilitation costs
- schooling and education costs
- personal care
- palliative care
- business commitments, and/or
- business succession funding costs.

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Maturity benefit	<p>The consumer has (or envisages they will or may have in the future) a need for a lump sum payment at a specific future date to provide for a financial or financial-in-kind commitment (for themselves or others – such as family members or business partners) upon their survival to the date specified. This will be satisfied by the payment of the:</p> <ul style="list-style-type: none"> • Maturity benefit
Death Benefit	<p>The consumer has (or envisages they will or may have in the future) outstanding financial or financial-in-kind commitments (including financial commitments to dependants, such as a spouse or children) that will not be satisfied in the event of their/the Life Insured's:</p> <ul style="list-style-type: none"> • Death (due to any cause), or • Terminal Illness (where available, this is the early payment of the Death Benefit where the Life Insured is diagnosed with a terminal illness and is likely to die within 12 months or is highly likely to die within 24 months).
Extra Death Benefit	<p>As an optional benefit, the consumer has (or envisages they will or may have in the future) the need for an additional amount of insurance over a specified period in the case of death. The consumer may also have a need to convert this temporary insurance to a permanent Death Benefit, which then provides additional long-term cover and has the potential to earn bonuses on this amount to increase their cover further in the event of their/the Life Insured's death by any cause.</p>
Accidental Death Benefit	<p>As an in-built or optional benefit, the consumer has (or envisages they will or may have in the future) the need to supplement their Death Benefit in the event of an unexpected death caused by an accident.</p>
Accidental Injury benefit	<p>As an in-built benefit for some series, the consumer has (or envisages they will or may have in the future) outstanding financial or financial-in-kind commitments that need to be satisfied in the event of their/the Life Insured's accidental loss of sight and/or one or more hands and feet.</p>
Total and Permanent Disablement (TPD)	<p>As an optional benefit, the consumer has (or envisages they will or may have in the future) outstanding financial or financial-in-kind commitments that need to be satisfied in the event of their/the Life Insured's total and permanent disablement.</p>
Premium Waiver benefit	<p>As an optional benefit, the consumer has (or envisages they will or may have in the future) premium payments for their policy that need to be satisfied in the event of their/the Life Insured's total disablement.</p>
Guaranteed Insurability benefit	<p>As an optional benefit, the consumer has (or envisages they will or may have in the future) the need to increase their Death Benefit amount and they wish to do so without an underwriting assessment for the increased cover amount at specified option intervals.</p>

Benefit	The objective of consumers in the target market is to reduce their exposure to the following situations
Bonus Earning	The consumer prefers their policy's Death Benefit and surrender value to increase with bonus earnings in the future.
Life Insurance Cover with minimal underwriting	The consumer has a need for long term life insurance with minimal or no medical assessment and chooses to purchase this insurance directly.
Certainty of Premium	The consumer has, or potentially has, a need for certainty of the cost of this insurance into the future.
Availability of CPI increases	As an option, the consumer has (or envisions they will have in the future), the need to keep their benefits in-line with increases in the Consumer Price Index (CPI) over time.

Meeting the needs of the target market

The target market comprises of existing consumers and any consumer with an existing Whole of Life policy with Acenda who converts their policy to an Endowment. It includes those who have the capacity to pay a fixed premium amount on an ongoing basis and have, or expect to have, outstanding financial commitments that will not be satisfied in the event of the Life Insured's:

- Survival to the policy's maturity date, or
- Death, terminal illness or total and permanent disability.

As the product pays a lump sum on claim, it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

Product description

Claimable events

Endowment provides a lump sum payment if the Life Insured:

- survives until the policy's maturity date
- dies from natural causes or accidental means
- loses their sight or the use of hands/feet due to an accident, or
- becomes totally and permanently disabled.

A claim is only paid where the claimable event is in accordance with the terms and conditions outlined in the Customer Information Brochure (CIB) or Policy Document and the insurance cover is specified in the consumer's Policy Schedule.

Premiums

Premiums are generally fixed for the duration of the policy. However, premiums may:

- increase with CPI (which in turn increases the Sum Insured),
- increase when the Sum Insured is increased by a sum nominated by the consumer or through a Guaranteed Insurability increase, or
- decrease if the Sum Insured is reduced.

Premiums will also change if:

- a benefit option is added or removed, or an additional benefit expires or the premium for a benefit expires,
- the policy is changed such as to be made paid up, or commuted to pay premiums in advance,
- the government makes changes to duties or charges, or
- we change the policy fee.

Payment of premiums

Premiums can be paid on a monthly, quarterly, half-yearly or annual basis via direct debit, credit card, cheque, or BPay.

If premiums are not paid when due, and the policy has not yet attained a surrender value, then the policy will lapse. If this happens, the consumer will no longer have insurance cover and will not be eligible to make a claim.

If premiums are not paid when due, and the policy has a surrender value, then the unpaid premium amount will attract an interest charge after 30 days. Unpaid premium and interest together with any loan debt, becomes a debt against the policy's surrender value and will reduce any benefit payable. Unless paid, this debt can lead to the policy lapsing. If this happens, the consumer will no longer have insurance cover and will not be eligible to make a claim.

Eligibility criteria

Certain persons may be ineligible for cover if they do not meet the eligibility criteria for this product. The eligibility criteria of the life to be insured will include, but is not limited to their:

- age
- occupation, and
- residency status

Benefit structures

Lump sum covers can be purchased as:

- Stand-alone Death Benefit – These are independent of all other covers.
- In-built benefit – These are benefits included with the Death Benefit.
- Optional benefit – These are not independent of other covers but can be paid in addition to the Death Benefit, or act on the policy if a specified event is triggered.
- Extensions – These are attached to another cover. The consumer pays less for this structure because any claim payment on one cover will reduce the benefits of the covers they are attached to.

Entry age

It is important to note that entry ages for each benefit type may vary depending on original application terms.

Requirements	Maturity benefit	Death Benefit	Extra Death Benefit	Accidental Death Benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Common entry age next birthday	1-70	1-70	16-50	16-50	1-70	16-54	16-50	16-50

Exclusions

The exclusions that may apply include, but are not limited to:

Exclusion	Maturity benefit	Death Benefit	Extra Death Benefit	Accidental Death Benefit	Accidental Injury benefit	TPD benefit	Premium Waiver benefit	Guaranteed Insurability benefit
Suicide or self-inflicted injury within 13 months of policy commencement, increase or reinstatement	✓	✓	✓	✓	✓	✓	✓	–
Pre-existing injuries or conditions	–	–	–	–	✓	✓	–	–
War or Act of War	–	–	✓	✓	✓	✓	–	–
Directly, or indirectly from committing, or attempting to commit a Criminal Act	✓	✓	✓	✓	✓	✓	✓	–

Distribution conditions

Distribution channels

This product may be distributed to consumers in the following ways:

- with the aid of a Licensee or their Authorised Representative (as defined by law) who provides personal financial advice or general advice
- by direct application to us, in relation to existing customers (e.g. where the application is for a reinstatement), or
- by direct application to us, in relation to a conversion option.

For distribution via personal advice

- Distributor must not allow increase for a consumer who does not satisfy the demographic factors and eligibility requirements in the target market as set out above.
- Distributor must have attained a licensee and adviser code and accepted the Distribution Agreement Acenda Products (Retail).

For distribution via general advice

- Distributor must not allow increase for a consumer who does not satisfy the demographic factors and eligibility requirements in the target market as set out above.
- Distributor must have attained a licensee and adviser code and accepted the Distribution Agreement Acenda Products (Retail).

Why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market

For distribution via personal advice

Consumers of life insurance are more likely to be in the target market if distributors refrain from allowing conversions into this product where consumers do not meet the relevant demographic and eligibility requirements.

For distribution via general advice

Consumers of life insurance are more likely to be in the target market distributors refrain from allowing increases for consumers that do not meet the relevant demographic and eligibility requirements.

When we review this document

The review for this TMD occurs within 12 months from the date of this TMD. Subsequent reviews occur at least every three years after the end of the previous review.

This TMD may be reviewed more frequently if a review trigger occurs.

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

Review triggers		Assessment information	Timeframe
1	<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>Note: This trigger is a mandatory review. The product issuer may choose to undertake a review even if the above review trigger is not met.</p>	Any relevant regulation, legislation and/or ASIC instruments relating to the change in law.	As new changes are introduced.
2	<p>Product performance is materially inconsistent with the product issuer's expectations, having regard to the:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate 	<p>During the review period, the expected and actual:</p> <ul style="list-style-type: none"> a. Lapse rate b. Claim decline rate <p>The product issuer has detailed specific assessments for each trigger.</p>	Aligned to TMD review period.
3	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.	Complaints (as defined in section 994A(1) of the Act) and the nature of the complaints regarding product design, product availability, claims and distribution condition.	As soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.
4	Material change to key product design, features, and/or fees that would reasonably suggest that this TMD is no longer appropriate.	Notification of proposed material change to key product design, features, and/or fees.	As material changes are made.
5	Significant dealing in the product which the regulated person becomes aware is not consistent with the TMD.	A dealing in the product which the distributor (as the regulated person) becomes aware is not consistent with this TMD.	As a significant dealing is identified.

Distributor reporting requirements

- Complaints (including the nature of the complaints) regarding product design, product availability, claims and distribution conditions must be reported as soon as practicable, or in any event, within 10 business days after the end of each calendar quarter.
- A significant dealing in the product which the regulated person becomes aware of is not consistent with the TMD should be reported as they are identified.

Contact details:

Contact details and reporting instructions are available at acenda.com.au/ddoreporting

Also email us at ddo.reporting@acenda.com.au using the FSC standard template.



Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the Corporations Act 2001 (Cth). It sets out the target market for the product, triggers to review the target market, how it is to be distributed and certain other information. It forms part of Acenda's design and distribution framework for the product.

This document is not a Product Disclosure Statement (PDS) 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 PDS before making a decision whether to buy this product.

This Target Market Determination (TMD) describes the class of consumers that comprise the target market for this product and matters relevant to the distribution and review of this product.

Insurance is issued by Nippon Life Insurance Australia and New Zealand Limited ABN 90 000 000 402 AFSL 230694, trading as Acenda (the Insurer). The Insurer is a member of the Nippon Life Group. Any reference to 'Acenda', 'we', 'us' and 'our' means the Insurer.