Target Market Determination

For Business Expenses under Priority Protection and Priority Protection for Platform Investors Insurance products and Professional Insurance Portfolio issued by AIA Australia Limited (ABN 79 004 837 861, AFSL 230043)

November 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 TMD applies

This TMD applies specifically to business expenses insurance cover referred to in the following PDS:

- AIA Priority Protection PDS
- Professional Insurance Portfolio (PIP) PDS

Effective date

9 November 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

A customer who is self-employed, a partner of a business or employed as a working director in a full-time employment capacity who has (or envisages that in future they will or may have) outstanding fixed business expenses that will not be satisfied should they become totally or partially disabled and incapable of performing one or more essential duties of their occupation as a result of either an Injury or Sickness.

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 Resident[1] or Visa[2] 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 monthly benefit greater than the maximum sum insured ratios allowable (including insurance of a similar type held with any other insurers) (not applicable to Existing Customers),
- is an employee rather than a self-employed business owner,
- 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

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

Business Expenses	Likely needs and objectives
Business Expenses	In the event of a total or partial disablement from Injury or Sickness which impacts their capacity to pay their fixed business expenses for an extended period of time: • want to ensure that fixed operating expenses of their business will be met if the insured cannot work due to an Injury or Sickness, • envisage the need to protect against the risk of closure of the business and subsequently ensure the insured individual's resumption of gainful self-employment following recovery, and/or • want the business to remain operational.

Financial situation

The insurance cover has been designed for self-employed business owner customers who are earning an income, have savings or otherwise have financial capacity (e.g. 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 monthly benefit to cover their fixed business expenses in the event they are unable to work as a result of an Injury or Sickness, in accordance with the terms and conditions outlined in the PDS.

Product type

Business Expenses cover helps protect the fixed business expenses of the customer's business in the event of total or partial disablement as a result of Injury or Sickness.

Monthly benefits are calculated based on the customer's fixed business expenses incurred during the period of disablement, up to the insured monthly benefit amount. However, monthly benefits will be reduced by amounts reimbursed from elsewhere.

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 Visa[3] 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.

Product eligibility

There are some eligibility limitations, such as:

- Business Expenses is not available to occupation categories E and Home Duties
- The 14-day waiting period is not available for occupation category D
- Your occupation needs to be as a self-employed person working alone, in partnership with others, or as a working director in a full-time employment capacity.

Product structure

Business Expenses is structured as a stand-alone cover and monthly benefit payments don't reduce the sum insured of any other cover.

There are options of 14 days or 30 days waiting period and the benefit period is 12 months.

Key attributes

Eligibility

Customer must be an Australian Resident[1] or Visa[2] holder and not an excluded class of customer as defined above at the time of application.

The entry age range depends on the 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. AIA Australia may review and amend premiums in accordance with the policy terms, including 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
- AIA Vitality Health Check Discount
- Initial Selection Discount
- Extended 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

AIA Vitality Health Check Discount

The AIA Vitality Health Check Discount is offered as part of AIA Vitality, our science-backed health and wellbeing program. As an AIA Vitality member, you can maintain your AIA Vitality Health Check Discount by completing an eligible AIA Vitality Heath Check. Learn more at aiavitality.com.au

Initial and Extended Selection Discounts

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 three years of the Policy. The discount will reduce on the policy anniversary each year to zero from the third Policy Anniversary onwards. If you opt out of the Initial Selection Discount, an Extended Selection Discount will automatically apply. For more information go to aia.com.au/life

Exclusions

A Business Expenses monthly benefit will not payable which is caused by:

- disablement due to intentional and self-inflicted injuries
- disablement due to participation in criminal activity or resulting from incarceration
- any period incarcerated arising from participation in criminal activity
- disablement due to engaging in or taking part in service in the armed forces of any country, or
- normal pregnancy, uncomplicated childbirth or miscarriage.

Product terms and conditions that may impact your ability to claim or affect the benefit received

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

- if you cease to be disabled under the terms of the Policy
- you exceed the total business expenses maximum sum insured (including insurance of a similar type held with any other insurers)
- the Business Expenses monthly benefit payments will be reduced by the customer's portion of net income the business derived from trading, and any amount received from any other insurance policy for reimbursement of business expenses that was not disclosed to us when the level of cover was applied for
- you have permanently retired from the workforce except as a direct result of disablement
- the end of the benefit period or 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.

Appropriateness explanation

Broadly, the target market comprises those who are self-employed individuals that have or expect to have outstanding fixed business expenses of their business that will not be satisfied in the event of the individual becoming totally or partially disabled and who have a capacity to pay potentially variable premiums on an ongoing basis. As the product pays regular monthly benefits on total disablement or partial disablement it is therefore likely to meet the needs, or go towards meeting the needs, of those in the target market.

4. 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 Australia 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 (although only limited options, benefits and sums insured of the product may be available through these 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 Australia 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 Australia 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 Australia 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
- 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.

5. 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: f) Product claims ratio g) Claim payment ratios h) The number of policies sold i) Policy lapse or cancellation rates j) Percentage of applications not accepted.

Review triggers or events (continued)	**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: Significant or unexpectedly high number of complaints regarding product design, product availability, claims, and distribution conditions that would reasonably suggest that the TMD is no longer appropriate
	Review Trigger 5: 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.
	Review Trigger 3: Relevant Product Intervention order.
	Review Trigger 4: Complaint data and the nature of the complaints regarding product design, product availability, claims and distribution conditions.
	Review Trigger 5: The product governance/incident management process determines that a significant dealing has occurred.
	All Distributors:
	Review Trigger 4: Reports of complaints and the nature of the complaints regarding product design, product availability, claims, and distribution conditions.
	Review Trigger 5: Reports of significant dealings to the issue

Where a review trigger has occurred, this Target Market Determination will be reviewed within 10 business days.

6. 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 Australia 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.