

TARGET MARKET DETERMINATION

For Bites of Life by AIA, provided by AIA Australia Limited
(ABN 79 004 837 861, AFSL 230043)

April 2022



1. About this document

When to use this target market determination

This target market determination (TMD) provides customers, distributors and staff with 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 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.

PDS to which this target market determination applies

This TMD applies to the Life insurance cover referred to in the following PDS:

- Bites of Life *by AIA*

Effective date

5 April 2022

Version

1.0

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 situation and needs that this cover has been designed to meet.

Class of customers.

The customer has (or envisages that in the future they will or may have) outstanding financial or financial-in-kind commitments (including financial commitments to their loved ones) that will not be satisfied by their estate in the event of their death, be covered for one of the Specific Injury events, or a need to replace their Pre-Disability Income in the event that they become Totally Disabled and unable to work due to an Injury or Sickness, in accordance with the terms of the PDS (where those covers are held).

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

For Life cover:

- Basic living expenses such as rent or child and pet care.
- Maintaining the lifestyle of your loved ones for a period of time – including expenses such as rent, utilities and subscriptions and living expenses (beyond child and pet care basics) including entertainment, clothing and vehicle expenses
- Paying off debts that your loved ones wouldn't be able to pay alone, such as mortgage, a car loan, or education loans.

For Injury cover:

- Specialist appointments, equipment like crutches or moon boots, physio, transport or even meals.

For Income Protection:

- Short term household expenses such as rent, mortgage payments, utilities and subscriptions, child or pet care, including entertainment, clothing and vehicle expenses.

Excluded class of customers

The insurance cover has not been designed for individuals who:

- are not an Australian citizen or permanent resident, or a New Zealand citizen;
- are not living permanently in Victoria, Australia at the time of application;
- are not aged 25 and 35 years old at the time of application;
- are not working in a white-collar occupation (occupational duties are limited to professional or managerial (e.g. solicitor, doctor, accountant) or administrative/clerical duties (e.g. office worker, call centre operator, bank teller);
- are a smoker;
- are not permanent employees or self-employed working at least 20 hours per week, and have done so for a continuous period in the past year;
- do not meet eligibility requirements– for example occupation/lifestyle/medical questions; and
- are unlikely to be able to afford to pay the regular policy premium.

Likely needs and objectives

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

Bites of Life by AIA	Likely needs and objectives
Life cover	<ul style="list-style-type: none"> • Want a lump sum payment to assist their loved ones to cover the basics, or maintaining their lifestyle for a period of time – including expenses such as rent, utilities and subscriptions, living expenses including entertainment, clothing, vehicle expenses, etc. • Want a lump sum payment to assist their loved ones in paying debts such as a mortgage, a car loan, or education loans..
Injury cover	<ul style="list-style-type: none"> • Want a lump sum payment that covers Specific Injury events such as fractures and dislocations occurring as part of their typical activities. • Want a lump sum payment that can be used to help pay for medical expenses such as follow-up specialist appointments, medical equipment hire or purchase such as crutches or a moon boot and for physio appointments. • Want a lump sum payment that can be used to help pay for day to day living expenses in the event of a Specific Injury such as paying for transport or readymade / take away meals.
Income Protection	<ul style="list-style-type: none"> • Want to protect their income through receipt of monthly payments for a limited benefit term in the event that they are unable to work due to an Injury or Sickness.

Financial situation

A customer who is employed, has savings or otherwise has financial capacity (e.g. family or other relationships) to pay premiums (which may vary from time to time) to retain the product for the period of time it is intended to be held.

3. Product design descriptions

Below is a description of the key terms, features and attributes that affect whether this product is likely to be suitable for the needs of the target market. Refer to the PDS for a full description of this product and for the applicable terms and conditions.

Product application eligibility

	Life cover	Injury cover	Income Protection
Residency Criteria	Must be permanently residing in Victoria, Australia and be an Australian citizen or permanent resident or a New Zealand citizen.		
Benefit Description	Provides a lump sum in the event of the insured's death.	Provides a lump sum amount in the event the customer suffers a Specific Injury and meets the definition of that accidental injury.	Provides a monthly payment in the event the customer becomes Totally Disabled and unable to work due to an Injury or Sickness for a one year benefit period after a 30-day waiting period.
Age Eligibility at application	25–35		
Non- Smoker	At the time of application must be a Non-Smoker, which means they have not smoked tobacco or any other substance for a continuous period of 12 months.		
Maximum Cover	\$300,000	\$20,000	70% of the customer's income up to \$5,000 per month
Claim payments	The policy ceases after the benefit payment is made.	A lump sum payment will be made for a Specific Injury event. Each payment will reduce the Annual Sum Insured amount. The benefit will cease after a payment due to a 'Permanent Loss of Use' event.	Following the waiting period of 30 days, monthly payments will be paid up to the one year benefit period as long as the customer remains totally disabled.
White Collar Occupation only	Occupational duties are limited to professional or managerial (e.g. solicitor, doctor, accountant) or administrative/clerical duties (e.g. office worker, call centre operator, bank teller).		
Permanent Employee/Self Employed	Occupation type and status is permanent employee or self-employed, working at least 20 hours per week, continuously in the past year.		
Cover Expiry	Three years and one day after the Policy Commencement Date.		

Policy Premium

Paying premiums on time in accordance with the product conditions is a requirement of continued cover. If premiums are not paid when due, the policy may lapse in which case the policyowner would no longer be covered and cannot make a claim.

Premiums are dependent on the information provided at application stage and the level of cover chosen.

Premiums, including any fees and charges, may vary from time to time.

Product Exclusions

	Life cover	Injury cover	Income Protection
A benefit will not be payable:			
• in the event of suicide within the first 13 months of policy commencement date	×	-	-
• as a result of any deliberately self-inflicted Injury or Sickness;	-	×	×
• in the event of death, a Specific Injury or a Total Disability arising from criminal activities and war;	×	×	×
• as a result of normal pregnancy	-	-	×
• for Specific Injury suffered within the first 60 days from the Policy Commencement Date	-	×	-
• as a result of the direct or indirect effects of alcohol or drug misuse or any illicit drug use	×	×	×
• as a result of Hazardous Pastimes (such as motor sports, ocean racing, horse jumping, hang gliding, abseiling) or if you are a Sports Professional	-	×	×

Cover Amount Limitations

- Where the customer is covered under more than one Life cover and/or Injury cover benefit through Snackbox, the maximum sum insured is limited to the maximum sum insured available for each Life Bite benefit as per the PDS.
- Where the customer is covered under more than one Income Protection policy via Snackbox, the maximum total of all cover amounts payable is 70% of the customer's Pre-Disability Income, up to \$5,000 per month.
- Where the customer is covered under more than one insurance policy issued by AIA Australia, we may limit your claim to the maximum Sum Insured available to you at your Policy Commencement Date, or so that your total Sum insured under all insurance policies issued by us does not exceed \$2 million for Life cover and \$10,000 per month for Income Protection.
- Where the customer receives income or payments from other sources whilst they are on an Income Protection claim, their Income Protection benefit amount will be reduced by these amounts. This is known as Offsets. Offsets are in place so that the benefits the customer receives are not higher than 70% of their Pre-Disablement Income.

Appropriateness explanation

Broadly, the target market comprises those who have or expect to have outstanding financial or financial-in-kind commitments that will not be satisfied in the event of their own death, or a Specific Injury, or of them being Totally Disabled and unable to work due to an Injury or Sickness, and who have a capacity to pay potentially variable premiums on an ongoing basis. As the product pays a lump sum on death and Injury and pays a monthly benefit for Income Protection, 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

This product is distributed online only via the Snackbox platform.

Distribution conditions

The distributor must follow the distribution conditions to ensure that this product is sold to consumers likely to be in the target market. These include:

- suitability and eligibility questions to determine whether the customer can apply for the product by meeting the product eligibility requirements;
- customers have the opportunity to access and read the PDS before agreeing to purchase Bites and Bundles;
- customers have access to other materials such as Product Descriptions, Product Education and FAQs; and

- contact centre representatives have received training about the product and comply with authorised scripting, training and quality assurance standards.

5. Reviewing this target market determination

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

Initial review	12 months after the effective date by 5 April 2023.
Periodic reviews	At least every three years from the initial review.
Review triggers or events	<p>A trigger event or circumstances which arise that would reasonably suggest the TMD is no longer appropriate or that the product is no longer consistent with the likely objectives, financial situation and needs of customers in the target market. Examples of trigger events include:</p> <ul style="list-style-type: none"> • External Events <ul style="list-style-type: none"> - A change in law or a change in the distribution conditions required to comply with regulatory standards; - A change in the likely needs of customers, for example as driven by significant advances in medical treatment or diagnosis standards; and - A material alteration in eligibility requirements or underwriting criteria of the product. • Product Performance and Changes <ul style="list-style-type: none"> - Alterations in product eligibility and suitability requirements or a significant change in product underwriting acceptance criteria; - Any significant or unexpectedly large fluctuations in metrics, including, but not limited to, sales volumes, applications acceptance rates, policy cancellation levels and product value to customers; and - Unexpectedly high number of complaints regarding the product outcomes for customers. • AIA Australia as the Product Issuer <ul style="list-style-type: none"> - The use of Product Intervention Powers in relation to the distribution or design of this product where AIA Australia considers this reasonably suggests that this TMD is no longer appropriate. • Distribution Conditions and Performance <ul style="list-style-type: none"> - The addition of new distribution channels or a material change in the design of existing distribution channels; - Unexpectedly high complaints regarding the distribution of the product; and - Occurrence of a significant dealing.
Information needed for review triggers	<p>In considering whether a trigger event has occurred, the following are examples of the types of information that will be considered.</p> <ul style="list-style-type: none"> • External events: <ul style="list-style-type: none"> - Published legislation by government; - Regulatory guides and industry consultation; and - Consumer research outlining changes in consumer behaviours and preferences. • Product performance and Changes <ul style="list-style-type: none"> - The actual and expected product performance of key metrics such as loss ratio, lapse rates, claims acceptance rates; - Product Specification documents; - Complaints captured in AIA Australia systems; and - Complaints captured and recorded by distributors, including Commonwealth Bank. • AIA Australia as the Product Issuer <ul style="list-style-type: none"> - Relevant Product Intervention order.

Information needed for review triggers (continued)

- Distribution Conditions and Performance
 - Level of customer engagement in application process and customer behaviours during application processes;
 - The outcomes of quality assurance reviews on assisted customer calls;
 - Complaints and the nature of the complaints regarding product design, claims, and distribution condition; and
 - A significant dealing in the product which 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 using information available about the performance of the product against likely customer needs and objectives and about the adherence of the distribution of the product to the distribution conditions outlined in this TMD.

6. Reporting and monitoring

We will collect and report on the following information:

Complaints

We will receive reports on all complaints in relation to this financial product half-yearly (within 10 business days of the end of the calendar half-year). This will include whether the distributor received complaints during the reporting period and if so, the number of complaints received, the nature of the complaints, including regarding product design, claims and distribution, in relation to the product, and the date on which each complaint was received.

Significant dealings

We will receive notification if our distributors become aware of a significant dealing in the product that is inconsistent with the TMD within 10 business days.
