

# ONECARE CONTINUOUS CARE COVER TARGET MARKET DETERMINATION

<b>Issuer of this TMD:</b>	Zurich Australia Limited (Zurich, OnePath)
<b>ABN:</b>	92 000 010 195
<b>AFSL:</b>	232510
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## 1. About this document

This document is a Target Market Determination (TMD). It sets out the target market for Continuous Care Cover under the OneCare product suite. This TMD also sets out how the product is distributed, review periods and triggers relating to the TMD, and reporting on and monitoring of the TMD. It forms part of OnePath's design and distribution framework and is required under section 994B of the Corporations Act 2001 (Cth).

This TMD has been prepared to give consumers, distributors, and staff an understanding of the target market for Continuous Care Cover, based on the objectives, financial situation and needs of the class of consumer comprising the target market.

This document is not a Product Disclosure Statement (PDS) and is not a summary of the 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 for OneCare before making a decision to apply for this product. The PDS can be found at [onepath.com.au](http://onepath.com.au). Consumers may want to consider obtaining personal financial advice to ensure the cover they select is tailored to their objectives, financial situation and needs.

Continuous Care Cover is an intermediated insurance product that can suit consumers with simple or complex needs, including consumers who either:

- have completed their own research, including having received general advice, know what type of insurance they want and seek help with the application process; or
- want insurance that is tailored to their specific circumstances through a needs analysis and a fact find by a qualified financial adviser.

Consumers who apply for this product are comfortable to provide us with information about their health, financial situation, lifestyle, and pastimes for our assessment and they understand that the outcome of the assessment may be that they are not eligible for cover.

Continuous Care Cover can be held in the superannuation environment or outside of the superannuation environment.

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## 2. Product description

Continuous Care Cover is designed for consumers with the needs and objectives set out below. It pays a lump sum if the life insured suffers from a permanent illness or injury that requires ongoing care.

Continuous Care Cover can be taken to complement other covers offered under the OneCare product suite.

This product provides insurance protection only, so that benefits are only payable if an insured event occurs. It is not a savings product and does not accumulate a cash or surrender value.

## 3. Target market

### Needs and objectives

Continuous Care Cover is designed to provide financial protection for consumers who have one or more of the following objectives and needs:

- has (or envisages that in future they will or may have) financial need to fund ongoing care as a result of permanent illness or injury. The financial need may include (but not limited to) in-home private care costs or care home costs. The cost of care may also arise because of a family member no longer being able to work and earn an income when they need to provide the ongoing care.
- wants to have funds available to cover the cost of home modifications as a result of permanent illness or injury.

Continuous Care Cover is designed to meet the needs of consumers in two areas:

- funding of continuous permanent care to cover the costs including in-house professional nurse, full-time carers or family member carer, which is covered by the policy and meets our specific definition.
- funding of home modifications whereby the cover will pay a partial payment to cover the costs of modifying the home after permanent illness or injury e.g. home elevator, redesign bathroom or kitchen.

If the Continuous Care Cover is held in superannuation, the target market is more specifically consumers who also:

- want to obtain Continuous Care Cover within the superannuation environment; and
- understand and accept the additional requirement of satisfying a condition of release to receive a benefit amount from superannuation

### When cover may be suitable

Continuous Care Cover may be suitable for consumers who:

- meet the eligibility requirements outlined below;
- seek an amount of cover that can be tailored to meet their individual and carer's needs or circumstances;
- are willing to undergo an assessment conducted by OnePath in relation to health and medical history, occupation, pursuits and pastimes to obtain insurance cover, and are willing to accept restrictions, loadings or exclusions determined by OnePath following that assessment; or who have an eligible existing OnePath insurance policy and may wish to replace existing cover with this product without the need for a health or medical assessment;
- are engaged in an occupation or a class of activity for which OnePath provides insurance cover, and
- have capacity to pay premiums on an ongoing basis over the timeframe identified for financial protection.

**When cover may not be suitable**

Continuous Care Cover may not be suitable for consumers who:

- are engaged in an occupation for which OnePath does not provide insurance cover;
- seek automatic insurance cover without health or medical assessment;
- are ineligible for underwritten cover on the basis of medical history, occupation (for example, hazardous occupations), pursuits or pastimes;
- already hold sufficient insurance cover or are otherwise able to meet funding requirements for their continuous permanent care needs and home modifications after suffering a permanent illness or injury;
- are seeking total and permanent disablement (TPD) cover against their inability to work in any (or their own) occupation;
- are unable to fund premiums over the timeframe identified for financial protection; or
- are seeking cover for any benefit which is subject to the exclusions outlined below.

**Financial capacity**

Continuous Care Cover is designed for consumers who have the financial capacity to purchase it and to fund the cost of cover in accordance with the chosen premium structure, selected level of cover, fees and government charges over the timeframe identified for financial protection. This is important for two reasons:

- the cost of cover will generally increase over time; and
- cover will be cancelled, and the life insured won't be covered, if premiums are not paid.

Appropriate consumers for Continuous Care Cover held outside of superannuation will thus meet some or all of the following criteria:

- be earning income;
- have personal savings;
- have other means to fund premiums, fees, and government charges, such as family or other relationships.

Appropriate consumers for Continuous Care Cover held in superannuation will thus be able to ensure payment of insurance premiums, which may be funded by personal contributions, spouse contributions, employer contributions or by rollover from another superannuation fund.

## 4. Product design and key attributes

**Product value**

Continuous Care Cover provides value to consumers because it can help consumers cope financially in the event of the life insured suffering a permanent illness or injury that meets the Continuous Care Benefit or Home Modification Advancement Benefit definitions. It provides a lump sum which can be used to:

- enable the life insured's family member to reduce their working hours to look after the life insured or, alternatively, to fund a carer;
- pay for changes to lifestyle, for example, to refit and modify the home as necessitated by the disability.

**Eligibility requirements**

When applying for Continuous Care Cover, consumers must satisfy all of the following\*:

- are aged between 15 and 60;
- are seeking a sum insured of at least \$250,000 to a maximum of \$5 million across Continuous Care and TPD cover;
- are in Australia; and
- have Australian residency or are in the process of applying for permanent Australian residency.

Continuous Care Cover provides a lump sum when the life insured requires ongoing care after a permanent illness or injury which is covered by the policy and meets our specific definition of that condition. It assists in meeting financial commitments and the above eligibility criteria provides parameters for consumers for whom Continuous Care Cover is likely to be suitable.

Continuous Care Cover is subject to our assessment of health, occupation, and pastimes and so:

- not all occupations are eligible for cover;
- consumers with pre-existing health conditions may not be eligible for cover;
- consumers who participate in high risk pastimes may not be eligible for cover; and
- the outcome of the assessment may impact premiums, the sum insured and the terms of the insurance policy, or cover may be declined.

\* Where we issue a new policy for one of the scenarios below, the consumer will still be considered eligible and within the target market:

- replacement of existing cover as a result of a change of ownership; or
- policy reinstatement after cancellation due to non-payment of premium; or
- exercising an option to continue, convert or buyback cover, under the policy terms outlined in the PDS.

### Premium structure

The product is suitable for consumers who have capacity to pay premiums on an ongoing basis over the timeframe identified for financial protection.

There are two premium types:

- variable age-stepped premium
- variable premium.

Variable age-stepped premiums generally increase each year based on rates for the consumer's age. They may be lower at the start of the policy, on the basis that the consumer's health has been recently assessed. Variable premiums for the benefit amount at policy outset are based on the age of the consumer when cover begins.

Variable premiums are 'averaged out' or smoothed, which means they are generally higher than variable age-stepped premiums during the initial years, but lower than variable age-stepped premiums in later years. Variable premiums may be more cost effective than variable age-stepped premiums for a consumer's longer term need for insurance.

Variable age-stepped premiums may be more suitable where there is a preference for lower upfront cost or there is uncertainty as to how long cover will be held. Variable premiums may be more suitable where cover is to be held for a duration such that the variable premiums are expected to result in lower overall cost than variable age-stepped premiums and where the consumer is comfortable with higher upfront costs, particularly in the event of early policy terminations.

Whether variable age-stepped or variable premiums apply, premium rates aren't guaranteed and can change. Detailed information on understanding premiums, what factors impact them and why they change are available in the PDS.

### Key exclusions and limitations

#### Key exclusions

The following event is not covered under Continuous Care Cover:

- intentional self-inflicted act.

This product may be subject to additional exclusions, based on our assessment of an application.

#### Key limitations

- If Continuous Care Cover is held in superannuation, the life insured will also need to satisfy a condition of release to receive a benefit amount from superannuation.
- Continuous Care Cover will expire at the policy anniversary when the life insured is 65.
- Continuous Care Cover sum insured payable at claim time is the amount at the time when all requirements for that benefit have first been met.

Full details of the terms and conditions of this product are available in the PDS.

## 5. Appropriateness of the product for the target market

The target market is consumers who have or expect to have outstanding financial commitments that will not be met in the event of the life insured's permanent illness or injury that requires ongoing care and who have capacity to pay premiums on an ongoing basis. As the product pays a lump sum on permanent illness or injury it is likely to meet the needs, or go towards meeting the needs, of consumers in the target market.

## 6. Conditions and restrictions on distribution

### Distribution conditions

In light of the obligations under Part 7.8A of the Corporations Act (product design and distribution obligations), an application for Continuous Care Cover must be submitted by a Distributor who is operating under an AFSL with appropriate authorisations. The Distributor must be authorised by OnePath to distribute the product as per the terms of the distribution agreement. The Distributor may only submit applications for consumers who:

- have received a current OneCare PDS;
- have been given personal or general financial advice; and
- meet the eligibility criteria set out in this TMD.

The Distributor must consider when the cover may be suitable and when the cover may not be suitable as set out in this TMD.

The Distributor should not sell this product to a consumer who is unlikely to ever be eligible to claim the benefits under the policy.

Where the product is distributed under general advice, the Distributor must also have in place, where appropriate, processes relating to general advice scripting, training, monitoring and quality assurance.

These distribution conditions for Continuous Care Cover are appropriate and will assist in distribution being directed towards the target market.

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

#### Personal advice

Consumers that obtain personal advice are more likely to be in the target market for Continuous Care Cover because financial advisers have a duty to comply with the statutory best interests duty when providing personal advice.

The Distributor is expected to consider any relevant information obtained about the consumer's financial situation, to ensure that Continuous Care Cover is sold in accordance with this TMD. Relevant information could include (but is not limited to):

- dependants
- employment and income
- other insurance
- debts.

#### General advice

Consumers that obtain general advice are more likely to be in the target market providing Distributors follow OnePath's distribution conditions regarding:

- eligibility criteria;
- having considered the suitability of the product; and
- having provided general advice.

In addition, for every application, OnePath's application process will require information covering the key eligibility criteria. If the eligibility criteria is not satisfied, cover will not be provided for those applicants. This will improve the likelihood that cover has been sold to consumers within the target market.

## 7. OnePath's TMD review process

### Review triggers

The following events and circumstances (review triggers) will trigger a review of this TMD as they may mean that it is no longer appropriate:

- 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. This triggers a mandatory review. OnePath may choose to undertake a review even if this review trigger is not met.
- Product performance is materially inconsistent with the product issuer's expectations of the appropriateness of the product to consumers having regard to:
  - product claims ratio (i.e. the proportion of premiums returned to consumers as benefits)
  - the number or rate of paid, denied, and withdrawn claims
  - the number of policies sold
  - policy lapse or cancellation rates
  - percentage of applications not accepted.
- The use of Product Intervention Powers in relation to the distribution or design of this product where OnePath considers this reasonably suggests that this TMD is no longer appropriate.
- 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.
- OnePath determines that a significant dealing in the product outside the target market (except for an excluded dealing) has occurred.
- Changes in medical advances impact product design or the market for the product.
- Distribution conditions set out in the TMD are otherwise no longer appropriate.
- OnePath makes a material change to the insurance product terms.

### Maximum TMD lifespan

Subject to intervening review triggers, this TMD will be reviewed no more than two years after the effective date of the TMD. Any of the above review triggers will bring forward the two-yearly review.

### Reporting period for any complaints about this product

Distributors must report complaints to us half-yearly (end of March and September), within 10 business days of the end of the relevant half-year.

Complaints data should include sufficient information to understand the substance of each complaint but should not include personal information.

### How OnePath will decide if this TMD is no longer appropriate

OnePath's product manager will review the information set out below on a regular basis to ensure that the TMD is still appropriate.

- Relevant regulation, legislation and/or ASIC/APRA instruments relating to the change in law.
- During the review period, compare expected and actual data for the following:
  - product claims ratio (i.e. the proportion of premiums returned to consumers as benefits)
  - the number or rate of paid, denied, and withdrawn claims
  - the number of policies sold
  - policy lapse or cancellation rates
  - percentage of applications not accepted.
- Relevant Product Intervention order.
- Complaints and the nature of the complaints regarding product design, claims and distribution condition.
- A significant dealing in the product which OnePath's product manager becomes aware is not consistent with the TMD (within 10 business days of becoming aware of the dealing).

Where relevant, OnePath's product manager will consider actual data against expected amounts, with thresholds around the expected position. Thresholds are set at green, amber and red levels and results in the amber or red thresholds are analysed and monitored more closely and escalated for action as considered appropriate. Metrics are also monitored for trends and step changes.

The following information collected from Distributors will be considered as part of the review:

- Complaints and the nature of the complaints regarding product design, claims and distribution condition (must be reported to us by Distributors within 10 business days of the end of the half-year).
- A significant dealing in the product which the Distributor becomes aware is not consistent with the TMD (must be reported to us by Distributors within 10 business days of becoming aware of the dealing).

#### Submitting data to OnePath

Distributors may submit data to OnePath in any of the accepted formats.

Refer to our OnePath website for more information:

[onepath.com.au/tmd](http://onepath.com.au/tmd)