

TARGET MARKET DETERMINATION

Group Personal Accident & Sickness Insurance

Epsilon Underwriting Agencies

www.epsiloninsurance.com

Accident & Health: Group Personal Accident and Sickness Insurance

Effective Date: 5 October 2021

Product	Group Personal Accident and Sickness Insurance
Issuer	Epsilon Underwriting Agencies (AFSL: 245612) on behalf of certain Underwriters at Lloyd's of London
Distributor(s)	Licensed insurance Brokers (and their authorised representatives) holding an AFSL approved by Epsilon
Publication Date	5 October 2021
Review Date	Please see heading: Reviewing This Target Market Determination
Distributor's Reporting Requirements	Monthly – (please see heading: 'Review Mechanisms')

WHAT IS A TARGET MARKET DETERMINATION?

A Target Market Determination (TMD) is prepared by the issuer of the product and aims to provide customers and distributors with sufficient information to understand who the product is suitable for. It also details the distribution conditions for this product, how often the TMD will need to be reviewed, along with the distributor's reporting and record keeping requirements.

WHY DOES EPSILON NEED TO HAVE A TARGET MARKET DETERMINATION?

As a retail product issuer and AFS licence holder, Epsilon Underwriting is required to adhere to the Design and Distribution Obligations (DDO) defined by ASIC Regulation 274 and The Corporations Act (2001).

WHAT DO WE TAKE INTO CONSIDERATION WHEN MAKING A TARGET MARKET DETERMINATION?

The questions we ask as part of our target market determination are:

- What are the objectives the product is seeking to meet, what are the customers' needs.
- Product fees and customers capacity to meet financial obligations.
- Risk profile of the product over its lifetime and a customer's capacity to bear losses.
- The complexity of the product i.e. is it easy for a customer to understand.

BACKGROUND AND PRODUCT OUTLINE

Epsilon Underwriting Agencies Pty Limited (**EPSILON**) underwrites insurance on behalf of certain Underwriters at Lloyd's of London. In performing this function, EPSILON issues a **Group Personal Accident and Sickness** Insurance Policy (the product) to customers.

In general, the product provides lump sum benefits due to an accidental injury and weekly benefits due to an accidental injury or sickness resulting in loss of income (Salary) provided those consumers meet the underwriting guidelines and claims eligibility criteria.

When issuing this product, EPSILON acts as agents for the Underwriters and is authorised to provide only general financial product advice and factual information about the product. Individual customers will need to consider whether this insurance product meets their specific objectives, financial situation and needs.

This product is only distributed to customers who have appointed a licensed Insurance Broker (or their authorised representatives) to act on their behalf as their agent.

TARGET MARKET DETERMINATION

CLASS OF CONSUMERS COMPRISING THE TARGET MARKET FOR THE PRODUCT

The product is suitable for ('target market')

The product is suitable for businesses or organisations who wish to purchase insurance cover for their employees, aged 70 and under, (**consumers**) against the risks of accidental injury or sickness.

The product is not complex and is appropriate for retail customers who work in occupations and industries that are acceptable to cover under EPSILON'S underwriting guidelines.

"

The product is not suitable for ('negative target market')

The product will likely be inappropriate for consumers who fall outside the product's underwriting criteria (due to the type of work they do or their claims history) or claims criteria (that is, they are ineligible to make a claim or a policy exclusion applies). This will include consumers who, for example:

- are outside the age range given above;
- have significant "pre-existing conditions" as defined in the policy wording (however, the product is appropriate to the extent the consumer wishes to insure against risks that are un-related to their pre-existing condition);

- driving or riding in any kind of motorised race, time trial or practice for such an event; or
- suffer from a sexually transmitted disease or infection, including but not limited to Acquired Immune Deficiency Syndrome (AIDS) disease or Human Immunodeficiency Virus (HIV) infection.
- may require cover for Coronavirus disease. This product *expressly excludes* any claim in any way caused by or resulting from:
 - a) Coronavirus disease (COVID-19);
 - b) Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
 - c) any mutation or variation of SARS-CoV-2;
 - d) any fear or threat of a), b) or c) above. LMA 5391 04 March 2020

Additionally, the product will be inappropriate for those who will otherwise derive lesser benefits, such as consumers who:

- are unemployed; and
- have already obtained another insurance policy covering substantially the same risks (but only to the extent both policies cover the same risks).

HOW WE DISTRIBUTE THIS PRODUCT

To avoid the product being mis-sold to customers, this product cannot be purchased from EPSILON by customers directly. A network of Brokers (**the Brokers**) distributes the product to consumers. Brokers are required to provide EPSILON with a proposal form on behalf of the customer for submission. The Broker will then be referred to an EPSILON Accident and Health Underwriter who specialises in this area and has the appropriate training for this product. As a result of these measures, EPSILON expects consumers who are unlikely to receive sufficient benefits from this product will be identified before an inappropriate sale is made.

In order to receive a quotation for this product, EPSILON will require the following details from the Broker such as:

- the type of insured persons (if different categories are required for different groups of employees (e.g. white collar and blue collar staff));
- total number of insured persons;
- claims history;
- the sums insured;
- occupation class of insured persons;
- scope of cover;
- salary percentage intended to be covered; and
- benefit period and excess period.

It is a condition of the quotation, that both the Broker and the customer review the Policy Wording of the product and associated endorsements and are satisfied with not just the benefits of coverage but also the limitations and restrictions on coverage prior to finalising the sale to the customer (i.e. binding the risk).

REVIEWING THIS TARGET MARKET DETERMINATION

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

Initial Review	Within (1) Year of Effective Date
Periodic Review	Within (3) Years of Effective Date
Review triggers /events	<p>Any event or circumstance that arise that may suggest the current Target Market Determination is no longer appropriate the Target Market determination will be reviewed within 10 business days of the follow triggers or events including, but not limited to:</p> <ul style="list-style-type: none"> • Systematic issues across the product lifecycle. • A change in insurance terms or coverage. • Any alteration in acceptance criteria. • The product is deemed to no longer suit the likely objectives, financial situation and needs of the retail client. • Determination by us that a significant dealing or breach has occurred.

- Ongoing similar feedback from customers or brokers warrants product review.
- Significant changes in metrics i.e. claims data, sales data, complaints, cancellation rates.

REVIEW MECHANISMS

The following reporting will be used to review, assess, and document our Target Market Determination for appropriateness:

Complaints	Complaints are monitored on a monthly basis
Sales Data	Review and analysis of customer and sales data for fluctuation on a monthly basis
Claims Data	Review and analysis of claims data on a monthly basis
Cancellation Rates	Review of cancellation rate in comparison to sales data on a monthly basis

RELATED PRODUCT DISCLOSURE STATEMENT

Epsilon Underwriting – Expatriate Medical & Emergency Evacuation Insurance

CONTACT DETAILS

We welcome your questions and comments about our Target Market Determination. If you have any queries, please contact us at:

OUR ACCIDENT AND HEALTH SPECIALIST

Epsilon Underwriting Agencies
Suite 1503, Level 15, 1 Market Street, Sydney NSW 2000
Phone: +61 2 9299 3466
Email: admin@epsiloninsurance.com