

# Target Market Statement

## Zurich Income Protection

The Zurich Income Protection target market statement supports intermediaries and helps them understand the distribution strategy and identify the likely characteristics and eligibility of the customers in the target market. It outlines:

- What the product is designed to do
- How it should be distributed
- Target market customer characteristics and risk profile
- Key eligibility criteria for customers in the target market
- Key product features and how they meet customer needs
- Who the product won't be suitable for (the non-target market)

### What the Zurich Income Protection product is designed for



To provide customers with protection in the event they're unable to work due to illness or injury which results in a loss of income. It will pay a monthly benefit from the end of the chosen deferred period until the claim benefit period ends.

It's designed to cover ongoing financial liabilities such as mortgage or rent payments, utilities, groceries and any other additional costs to maintain the customer's, and where relevant their financial dependants', standard of living.

### Distribution Strategy

This product is designed for customers who want to buy with the help of an insurance intermediary. It may be sold either face-to-face or by telephone but must not be sold on an execution-only basis.

Due to the nature of the product, the Zurich Income Protection product should only be sold on an advised basis.

Where an intermediary becomes aware of a change in a customer's circumstances or as part of a regular customer review process, they should assess whether the product still meets the customer's long-term needs and objectives. To support intermediaries, Zurich provides customers with annual statements detailing their current options and what changes can be made to their policy.



# The target market

## Customers that have a specified need for:

- A monthly benefit if they become unable to work due to illness or injury and are still unable to work after their chosen deferred period has ended, taking into account any sick pay arrangements they may have from their employer or through another insurance company.
- Protection as they have no savings or are unwilling to use their savings to provide financial support if they're unable to work due to illness or injury.

## They'll also understand that:

- It's designed as a long-term commitment and they must pay premiums for the duration of the policy term.
- Missing premiums for two consecutive months will result in the policy ending and loss of cover with no refund of premiums.
- If they don't fully, honestly and accurately answer all the underwriting questions in their application, this could mean we won't pay out if they're unable to work due to illness or injury, or we could pay a reduced amount.
- It's a long-term commitment and the value of the monthly benefit paid could be impacted by inflation, unless Increasing Cover is chosen at outset.
- The amount we pay in the event of a claim could be less than the monthly benefit if the customer's income has reduced since they took out their policy, or regular salary increases haven't kept pace with the increasing rate chosen on their policy, if they have Increasing Cover.
- Continuing income from other sources, such as sick pay or income received for work completed after you became unable to work, can impact the amount we pay in the event of a claim.
- It only provides protection in the event of illness or injury. It does not provide cover for redundancy or unemployment.
- It isn't an investment product and has no surrender or cash value.

## Eligibility criteria for customers in the target market



### Customers must:

- Be a UK resident with no current intention or plans to live abroad.
- Be employed or self-employed and working at least 16 hours a week in an occupation that is covered by our underwriting philosophy when applying for the product.
- Be aged between 18 and 59 when applying for the product.
- Be registered with a UK doctor when the policy starts, and for at least two years before applying for the product.
- Pay the premiums from a UK bank account.
- Allow access to their medical records during the application and claim process.
- Not be undergoing any medical investigations for unexplained symptoms when they apply for the product which would impact our ability to offer acceptance terms.
- Not have any existing health conditions that is likely to mean they'll fail Zurich's underwriting requirements. This would include but may not be limited to customers who have had any significant time off work in the last two years.

## Likely needs of the target market

Income Protection is designed to meet the needs of customers who are reliant on their income to pay regular bills and maintain their, and where relevant, their financial dependants', standard of living (whether partially or in full).



### Employed customers

We would typically expect these customers to choose deferred periods reflecting their sick pay arrangements as there may be some sick pay provision provided by their employer.



### Self-employed customers

We would typically expect these customers to choose shorter deferred periods, reflecting the lack of any employer sick pay. Whilst recognising many may work within higher risk occupations resulting in higher premiums due to their occupation class which could result in longer deferred periods and/or benefit amounts being chosen due to affordability.



### Customers with financial dependants

We would expect these customers to potentially have a greater need to select the highest monthly benefit available as the customer's inability to work may also impact other family member's ability to earn and / or increase the day-to-day tasks they need to complete to support the family.

## Available product options to support customer needs

### Full term benefit period

In the event of a claim, the monthly benefit can be paid until the end of the policy term, subject to meeting the relevant claim criteria requirements. We would typically expect customers to consider a full term benefit period where they can afford it.

### Limited term benefit period

In the event of a claim, the monthly benefit can be paid for a maximum of 24 months for each claim, subject to meeting the relevant claim criteria requirements. We would typically expect customers to consider a limited term benefit period where there are challenges with affordability.

### Deferred periods

In the event of a claim, the monthly benefit will start at the end of the deferred period if the customer's income has reduced or stopped. This benefit is paid monthly, at the end of each month. We would typically expect customers to select a deferred period that aligns with any existing sick pay or ongoing income they may continue to receive.

### Increasing Cover

As a long-term product, the Increasing Cover option is suitable where customers need to help protect against the impact of inflation and reduce the risk of the monthly benefit being insufficient to meet their objectives and needs. It also helps the monthly benefit to keep up with the customer's expected earnings increases over time.

## Income Protection Enhanced

Includes the following three features:



### Trauma Benefit

Meets the needs of customers who would need additional funds, over and above their monthly benefit, to cover additional costs they may incur if they were diagnosed with one of the conditions covered. For example, home adaptations.



### Hospital Stay Benefit

Meets the needs of customers wanting to cover costs they, or their family members may incur if they were hospitalised for seven nights or more. For example, travel and parking.



### Funeral Benefit

Meets the needs of customers looking for cover that helps contribute towards their funeral costs.

## Zurich Accelerate



Designed to provide customers and their children up to their 22nd birthday with quick access to expert medical services to investigate, diagnose and treat specific serious medical conditions.

Zurich Accelerate has its own Target Market Statement which can be [found here](#) or in the document library on [www.zurichintermediary.co.uk](http://www.zurichintermediary.co.uk).

## Multi-Fracture Cover



Designed to provide customers with financial support whilst they recover from a broken bone, dislocation, Achilles tendon ruptures or cruciate ligament tears.

Multi-Fracture Cover has its own Target Market Statement which can be [found here](#) or in the document library on [www.zurichintermediary.co.uk](http://www.zurichintermediary.co.uk).

## Who the product won't be suitable for (non-target market)

### The Zurich Income Protection product won't provide the intended value to customers who:



- Are under the age of 18 or over the age of 59 when their policy starts. These customers are outside of the age eligibility criteria.
- Are not employed or self-employed when applying for the product or working less than 16 hours a week.
- Want a short deferred period of either 4 or 8 weeks and their occupation is restricted by our underwriting philosophy to a minimum of 13 weeks. This applies mainly to occupations in Classes 3 and 4. Full details can be found in our Occupational Guide Tool.
- Have any unexplained, or existing health conditions that could affect their access to the product.
- Won't have a reduction or loss of income in the event of an illness or injury.
- Want an investment product or a cash-in value.
- Need a lump sum to be paid if they're diagnosed with a critical illness.
- Need a lump sum to be paid if they die (unless their need is for a lump sum to contribute towards funeral costs and they choose Income Protection Enhanced which includes Funeral Benefit).
- Want benefits to be paid in the event of redundancy, unemployment or failure of their business.
- Don't fully, honestly and accurately answer all the underwriting questions during the application.
- Don't give consent to Zurich to access their medical records.
- Are unable to pay the expected premiums for the duration of the policy.
- Decide to move abroad during the policy term and reside in a country where we're unable to properly assess and manage their claim.
- Have not been registered with a UK doctor for at least two years before applying for the product.

**For financial advisers only – not for use with your clients.**

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