

Police Health



YOUR HEALTH FUND

COMPLIANCE POLICY

1. PREFACE

To ensure prudent administration, risk management and governance Police Health maintains a register of Board of Director approved policies.

The Board of Directors, where appropriate, has approved policies to delegate their authority or provide guidance to appropriate employees.

These policies are reviewed regularly, but not later than the review date specified in this policy.

2. DEFINITIONS

Board of Directors (Board or BOD) means those persons appointed as Directors of Police Health Limited when meeting formally in relation to its Corporate Governance responsibilities.

Chairperson and Deputy Chairperson means those Directors respectively elected as the chair of the meetings of Directors or elected as deputy chair to chair meetings of Directors in accordance with clause 25.4 of the Constitution of Police Health Limited.

Compliance is the corporate obligation to comply with statutory requirements of Police Health and the establishment of systems and processes by which Directors and the Chief Executive Officer discharge their accountability in respect of the functions they are undertaking.

Director means a Director of Police Health Limited but does not, except to such extent as may be required by the *Corporations Act 2001*, include a person defined in Section 9 of the *Corporations Act 2001*, who is not a person appointed as and holding the office of, a Director in accordance with the Constitution of Police Health Limited.

Chief Executive Officer (CEO) means the person appointed by the Board of Directors to give effect to the Board's decisions. Where there is a Managing Director, reference to the CEO is also reference to the person who is the Managing Director.

Leadership Team (LT) means the CEO plus the Senior Managers.

Senior Manager (SM) means any person reporting directly to the CEO with the designation of "manager" whether permanently or temporarily employed, but not including contract or consultant service providers.

3. INTRODUCTION

Police Health operates in the private health insurance industry. Police Health is a restricted access insurer that operates a not for profit health fund under the *Private Health Insurance Act 2007*, and is a public company limited by guarantee under the *Corporations Act 2001*.

The Board is committed to maintaining a strong compliance culture within Police Health.

This policy articulates Police Health's commitment to compliance.

4. POLICY

Police Health is committed to compliance at all levels within the organisation.

Our Compliance Policy comes from the Board of Directors and the Chief Executive Officer. Our management and personnel take further responsibility for the promotion, understanding and compliance with laws, regulations, codes and organisational standards.

We aim to be and maintain the status of a good corporate citizen at all times.

We aim to prevent, but where necessary, identify and respond to breaches of laws, regulations, codes or standards occurring in Police Health.

The law enforcement industry values compliance and the associated integrity it implies.

Police Health is committed to ensuring that all regulatory reporting requirements are met.

Police Health, through its compliance program and the support of its personnel, aims to meet the requirements of the:

- *Private Health Insurance Act 2007*;
- *Competition and Consumer Act 2010*;
- *Privacy Act 1988*;
- *Corporations Act 2001*;
- Laws in relation to occupational health and safety, equal employment, harassment, bullying and governance; and
- Any other legislative requirement affecting Police Health.

A number of compliance issues that are of particular interest to Police Health are provided as an attachment to this policy.

We have a code of conduct for Directors and have established a set of values requiring our personnel to observe the highest standards of integrity in their conduct. We also have a commitment to the Private Health Insurance Code of Conduct.

We promote a positive attitude to compliance and are committed to the development and implementation of process and procedures that make compliance easier to understand and achieve. This will be done consistent with Australian Standards AS 3806-2006.

We adopt a policy of continuous improvement based on our training program and monitoring and review processes which are designed to identify and rectify any aspects of our compliance which can be improved.

While all personnel have a responsibility for compliance, the process is managed under the oversight of the Risk Management and Compliance Committee.

All personnel are encouraged to report compliance breaches and compliance risks to their line manager or any member of the Leadership Team. Escalation of a breach or risk is dependent upon the issue involved, but all breaches and risks must be brought to the attention of the Corporate Development Manager for recording and assessment through the Risk Management and Compliance Committee.

Non-compliance with legislation, regulation, common law or voluntary code may have extensive consequences on Police Health both financial and in reputation. The reputation of Police Health is particularly important given the community it serves. Breaches of compliance will be dealt with through the Police Health disciplinary procedures.

5. POLICY ADMINISTRATION

The policy should be regularly reviewed, but no later than the policy review date.

Date policy approved:	24 June 2015
Policy review date:	30 June 2016

ATTACHMENT
COMPLIANCE ISSUES

Fiduciary Duty

This imperative applies to every decision a director makes in the exercise of power in their position. A fiduciary obligation is enshrined in the Corporations Law and Common Law. It binds the director to exercise power in good faith for the benefit of the company. It does not allow a director to profit from a decision made and it is this legal obligation that underpins the conduct of all office holders.

Due diligence

Due diligence is the proper exercise of fiduciary duty. It has as its standard, the diligence one would expect to be applied to one's own affairs. It insists that decisions are made after careful and thorough investigation. If a director has not applied due diligence to a decision then they are liable at law.

Conflict of Interest

A conflict of interest occurs where a director has a personal interest in an issue at hand that could create an apprehension of bias from an independent observer. The standing procedures in the Board meetings of Police Health insist that any conflict be declared and that the person declaring the conflict abstain from discussion and voting on a decision, and will not be present during any discussion or voting.

Misleading or deceptive conduct

It is illegal for a business to engage in conduct that misleads or deceives or is likely to mislead or deceive consumers or other businesses. The law applies even if there is no intention to mislead or deceive or no one has suffered any loss or damage as a result of the conduct. This requirement of honesty is articulated in the Competition and Consumer Act 2010. It applies both to the literature of Police Health and any verbal representations. Truth, transparency and accuracy are values of Police Health that are reflected in this Federal legislation.

Price fixing

Price fixing is an agreement, whether it is a casual conversation or a formal understanding, between competitors to set agreed prices for products and services. Price fixing is a corporate offence under the Competition and Consumer Act 2010. It is imperative that there is no discussion or collusion between funds to maintain a rate that does not allow the fullness of competition. This concept is a component of anti-competitive behaviour that is monitored and enforced by the ACCC.

Operating Environment

The *Private Health Insurance Act* specifies the obligations that Police Health must discharge to retain registration as a private health insurer. It is important that compliance with these obligations is maintained. Examples of these obligations are ensuring only complying health insurance products are the only health insurance policies made available and that the Prudential Standards are met.

Work Health Safety

Work Health Safety legislation has evolved to ensure both safe work practices and a safe work environment. It requires that staff representation must be made to management on such issues and that regular meetings take place to deal with anticipated problems and issues as they arise.

Equal Opportunity Law

Equal opportunity law is both State and federally based and covers issues of discrimination and racial vilification. This discrimination applies to both employees and customers, and includes such issues as racism and discrimination against people because of their gender, religion, mental capacity, marital status, age, race or disability, and harassment.

Regulator Requirements

It is incumbent on each director to be familiar with and understand the regulations that relate to solvency, capital adequacy, risk equalisation, prudential requirements, audits and risk management. These regulations must be considered by each Director when making decisions that affect the financial and membership base of the fund.

Privacy

Police Health has always respected privacy and treated any information that is collected and stored, confidentially. Police Health is committed to complying with the requirements of the *Privacy Act 1988* by providing a privacy notice and informing all persons from whom we collect personal information of the APP Privacy Policy. Any changes to this policy will be posted on the Police Health website at www.policehealth.com.au.

Insurance

While not a legislative requirement, adequate insurance for directors and the assets of the fund is essential to protect the interests of the members.

Director's insurance insulates the fund against litigation only to the extent that there is no negligence on the part of the individual director involved and the extent allowed by law.

Audit scrutiny

Independent advice is a key element in the prudent management of the fund. It is incumbent on all directors and staff of Police Health to ensure that accurate and timely information is supplied to auditors and that the audit reports are closely scrutinised. This will ensure that the audits are as accurate as possible and give some confidence to the Board that the financial position of the fund is accurately reflected in the figures presented.