



## **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 determined policy '*review date*'.

### **2. INTRODUCTION**

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

This policy articulates Police Health's commitment to compliance.

### **3. DEFINITIONS**

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

*Chairperson and Vice Chairperson* means those persons occupying the positions as Chairperson and Vice Chairperson of the Board of Directors.

*Director* means a duly appointed Director of Police Health.

*Chief Executive Officer (CEO)* means the person appointed by the Board of Directors to give effect to the Board's decisions.

*Leadership Team (LT)* means the Chief Executive Officer and managers who are direct reports to the Chief Executive Officer.

#### 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, and where necessary, identify and respond to breaches of laws, regulations, codes or standards occurring in Police Health.

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.

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

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

- Private Health Insurance Act (2007);
- Trade Practices Act (1974);
- Privacy Act (1988)
- Associations Incorporations Act (1985);
- Corporations Act 2001 (Cth);
- Laws in relation to occupational health and safety, equal employment, harassment, bullying and governance; and
- Any other legislative requirement affecting Police Health.

The Attachment to this policy (“Compliance Issues”) provides a set of compliance issues of particular interest to Police Health.

We have an Employee Code of Conduct Policy and an established set of values which requires 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 through the Corporate Development Manager and the Risk Management and Compliance Committee to the Board of Directors and the Chief Executive Officer.

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.

Compliance issues will remain as a standing agenda item at each Board meeting and the Risk Management and Compliance Committee is required to report to this item at each Board meeting. This policy is subject to ongoing review as part of the continuous improvement of operational and Board conduct and procedures.

Relevant Risk Register Codes

Date Policy Approved

15 February 2008

Policy Review Date

15 February 2011

# 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 organisation. 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.

### **Deceptive and misleading conduct**

This requirement of honesty is articulated in the *Trade Practices Act* (1974). 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 a corporate offence under the *Trade Practices Act* (1974). 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 PHIAC and ASIC.

## **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.

## **Occupational Health and Safety**

Occupational Health and 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. This compliance issue is governed by State legislation.

## **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.

## **Private Health Insurance Administration Council 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 effect the financial and membership base of the fund.

## **Privacy**

From 21 December 2001 amendments were made to the *Privacy Act* (1988), concerning the manner in which private sector organisations use, collect, store and disclose personal information.

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 Act by informing contributors of the privacy policy. Any changes to this policy will be posted on the Police Health website at [www.policehealth.com.au](http://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.

## **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.