

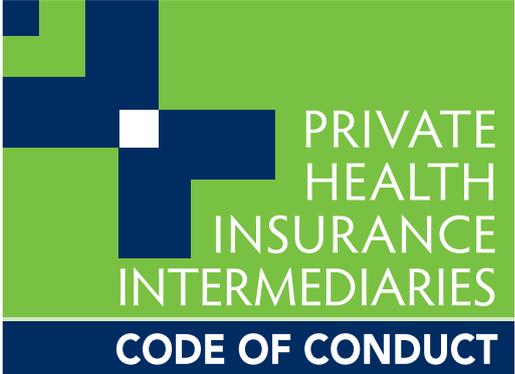


**PRIVATE
HEALTH
INSURANCE
INTERMEDIARIES**

CODE OF CONDUCT

JUNE 2015

VERSION 2



PRIVATE
HEALTH
INSURANCE
INTERMEDIARIES

CODE OF CONDUCT

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DEFINITIONS

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PART A: GENERAL

1. INTRODUCTION

The Private Health Insurance Intermediaries Code of Conduct ("Code") is a self-regulatory code to promote honest, informed and transparent relationships between Private Health Insurance Intermediaries and consumers.

Our objective is that the Code will, together with other industry codes, assist to maintain and enhance regulatory compliance and service standards across the private health insurance industry. The provisions in this Code are for the purpose of clarification, or are in addition to the existing regulatory obligations on Intermediaries.

For this purpose the Code is to be a "living Code" which will be progressively reviewed from time to time. We welcome the input of the industry into the Code and its operation. We may also seek the input of consumers from time to time, including through consulting with the Private Health Insurance Ombudsman ("PHIO") or equivalent authority.

2. OUR COMMITMENT UNDER THE CODE

As a signatory under the Code, as private health insurance intermediaries, we will:

- (a) continuously work towards improving the standards of practice and service in the private health insurance industry;
- (b) work in the best interests of our clients;
- (c) put consumers interests before our own;
- (d) provide information to consumers and organisations in plain language;
- (e) promote better informed decisions about the private health insurance products and services we offer by:
 - (i) ensuring that our proposals contain all required information;
 - (ii) providing an effective explanation of the contents of the policy documentation in plain English and in the form requested by a consumer;
 - (iii) ensuring that our staff and other persons providing information on our behalf are appropriately trained;
- (f) provide information to consumers on their rights and obligations under their relationship with their health fund or general insurer, including information on this information on this Private Health Insurance (PHI) Intermediaries Code of Conduct;

- (g) disclose to consumers or our principal our relationship with the Private Health Insurers we are recommending to them;
- (h) provide consumers with easy access to our internal dispute resolution procedures, which will be undertaken in a fair and reasonable manner; and
 - (i) where internal dispute resolution procedures do not reach a satisfactory outcome for the consumer, or if a consumer wishes to deal directly with an external body, advise the consumer of the right to take the issue to a health fund that may be the subject of the dispute or an external body, such as the PHIO;

but, apart from the provisions for enforcement and sanctions in the Private Health Insurance Intermediaries Codes of Practice, a breach of the Code shall not give rise to any legal right or liability.

3. PRIVATE HEALTH INSURANCE ENVIRONMENT

In meeting our commitments, we will have regard to:

- (a) the provisions of the Private Health Insurance Act 2007 which govern private health insurance policies and arrangements between consumers, Private Health Insurers and government;
- (b) our requirement to comply with the provisions of the Competition and Consumer Act 2010 and the state Fair Trading Acts; and
- (c) the need for effective competition and cost efficiency being promoted in the private health insurance industry.

PART B: DISPUTE RESOLUTION PROCEDURES IN RELATION TO THE CODE

1. INTERNAL DISPUTE RESOLUTION

1.1 INTERNAL DISPUTE RESOLUTION

We shall have a fully documented internal process for resolving a dispute between the consumer and us. This process shall be readily accessible by consumers, without charge.

The internal process shall provide a fair and timely method of handling disputes, together with procedures for monitoring the efficient resolution of disputes.

1.2 RESOLUTION REQUESTS

Where we receive from a consumer a request, whether written or oral, for the resolution of a dispute or a request for a response in writing in relation to the dispute, we will promptly reply to the consumer within ten working days. If the dispute is not resolved in a manner acceptable to the consumer, we will provide:

- (a) where appropriate, the general reasons for that outcome; and
- (b) information on the further action that the consumer can take such as the process for resolution of disputes referred to in Section 2 below.

2. EXTERNAL DISPUTE RESOLUTION

2.1 EXTERNAL DISPUTE RESOLUTION

In the event that a dispute is considered by the consumer to be unresolved internally, we will advise the consumer of the available external dispute resolution procedures in which we participate.

This includes providing information on a health fund or general insurer that may be involved as well as information regarding the PHIO or other relevant authority.

PART C: EMPLOYEES

1. TRAINING OF EMPLOYEES

We will:

- (a) ensure that employees involved in arranging insurance and in dispute resolution are familiar with the provisions of this Code and that they possess the necessary skills appropriate to their responsibilities;
- (b) both provide and keep appropriate records of adequate on-going training to employees having regard to the employee's role and responsibility and the PHI contracts for and the insurance services to consumers that he/she is authorised to arrange or provide;
- (c) review the effectiveness of training provided to employees in relation to their responsibilities under the Code; and
- (d) provide remedial training where necessary.

2. IMPLEMENTATION FOR EMPLOYEES

In implementing these requirements, we will have regard to whether the employee would ordinarily make representations on products to consumers and, if this is not the case, we will provide such employees with information as to how consumers may be able to obtain product information.

We will instruct and remind our employees not to make representations in relation to any product in respect of which they have not been trained to provide information.

We will instruct our employees to explain the consumer's options clearly and provide, in addition to the policy documentation, the information that the consumer requires to make an informed choice as to their health insurance purchase. We will instruct employees to keep appropriate records of their advice to consumers.

PART D: RESPONSIBILITIES

1. GENERAL RESPONSIBILITIES OF INTERMEDIARIES

We, as Intermediaries, will ensure that if we are engaging in health insurance business or dealing with health cover provided by a general insurer we will:

- (a) discharge our responsibilities and duties competently and with integrity and honesty;
- (b) exercise reasonable care and skill;
- (c) comply with the provisions of the Private Health Insurance Act 2007, the Competition and Consumer Act 2010, the State Fair Trading Acts and the Privacy Act 1988;
- (d) maintain records required by law and comply with legal requirements for production of, access to, or copying of, such records;
- (e) provide such information as may be legally required by any regulatory or other authority;
- (f) comply with the Code where relevant;
- (g) not engage in any unlawful non-disclosure or misrepresentation; and
- (h) ensure recommendations are made to consumers' in the consumers' best interest, regardless of any incentive or commission received by us.

Policy documentation or proposals

ensure all policy documentation and proposals identify the usual information the Private Health Insurer or general insurer ordinarily requires to be disclosed which will as a minimum contain:

- (i) waiting periods and pre-existing conditions;
- (ii) an explanation of the scope and implications of exclusions;
- (iii) an explanation of the scope and implications of restriction on benefits;
- (iv) an explanation of the scope and implications of benefit limitation periods;
- (v) annual limits (individual and membership);
- (vi) co-payments and/or excesses;
- (vii) how to access the fund's complaints handling procedures;

- (viii) advice that they may cancel their private health insurance policy and, if they have not yet made a claim, may receive a full refund of any premiums paid within a period of 30 days from the commencement date of their policy;
 - (ix) information about the existence of the Code and Code Logo; and
 - (x) advice that the documentation should be read carefully and retained;
- (j) ensure all product summaries contain at a minimum information detailed in (i)(i) to (i)(x) above; and
 - (j) when requested disclose to the consumer or our principals the existence of fees, commissions or other remuneration or benefits.

2. ADDITIONAL RESPONSIBILITIES OF AGENTS

In addition to those responsibilities in Rule 1. **GENERAL RESPONSIBILITIES OF INTERMEDIARIES** above we will as agents of one or more health funds and/or general insurers:

- (a) provide to the consumer copies of policy wordings, insurance documentation and certificates;
- (b) explain options clearly to the consumer and provide such information as is required to make an informed choice as to their health insurance purchase; and
- (c) promptly convey to the consumer, relevant information and documents being sent to us by a relevant Private Health Insurer or general insurer.

3. ADDITIONAL RESPONSIBILITIES OF BROKERS ACTING AS AGENT OF INSURED

In addition to those responsibilities in Rule 1. **GENERAL RESPONSIBILITIES OF INTERMEDIARIES** above we as a Broker acting as the agent of a consumer in relation to a PHI contract offered by a health fund or general insurer will:

- (a) ensure consumers are able to make an informed decision about their health insurance purchase by clearly explaining relevant options and providing all relevant information;
- (b) comply with our fiduciary obligations to our principal and the consumer, including:
 - (i) avoiding conflicts of interest

- (ii) if a conflict of interest occurs, disclosing that conflict as soon as is reasonably practicable; and
- (iii) maintain the confidentiality of our principal's records and other information.

Policy arrangements/renewal/cancellation

- (c) assist the consumer in all ways to comply with the Private Health Insurer's or general insurer's requirements of the consumer;
- (d) promptly provide the consumer's proposal information to the Private Health Insurer or general insurer; and
- (e) not engage in any unlawful non-disclosure or misrepresentation

Drafting proposals

- (f) when requesting information from consumers for information to prepare a proposal, ensure requests are in plain language and provide instruction where necessary on how the questions should be answered: and
- (g) when preparing proposals ensure information is in plain language.

4. ADDITIONAL RESPONSIBILITIES OF CORPORATE BROKERS ACTING ON BEHALF OF ORGANISATIONS WISHING TO OFFER HEALTH INSURANCE PRODUCTS TO EMPLOYEES

In addition to those responsibilities in Rule 1. **GENERAL RESPONSIBILITIES OF INTERMEDIARIES** above we as a Broker acting as the agent of an organisation wishing to offer health insurance products or health cover offered by a general insurer to their employees will:

- (a) ensure our Principal is able to make an informed decision about their health insurance decisions by clearly explaining relevant options and providing all relevant information;
- (b) comply with our fiduciary obligations to our Principal, including:
 - (i) avoiding conflicts of interest;
 - (ii) if a conflict of interest occurs, disclosing that conflict as soon as is reasonably practicable; and
 - (iii) maintain the confidentiality of our Principal's records and other information.

Drafting proposals

- (c) when requesting information from our Principal for information to prepare a proposal, ensure requests are in plain language and provide instruction where necessary on how the questions should be answered: and
- (d) when preparing proposals ensure information is in plain language.

PART E: **TRAINING AND ACCREDITATION**

1. TRAINING OF AGENTS

1.1 TRAINING OF AGENTS

We will, as agents of a health fund, ensure we possess the necessary skills appropriate to the private health insurance product we are arranging and the insurance services we are providing.

To this end, we will, as agents ensure we receive adequate on-going training or instructions, and documentation from relevant health fund/s to competently arrange PHI contracts for and provide the insurance services to consumers that we are authorised to arrange or provide. This training will allow sufficient information for the consumer to make an informed choice as to their health insurance purchase.

The obligation to receive training or instruction, and documentation shall be ongoing and will include training or instruction and documentation in the areas of:

- (a) principles of health insurance and any relevant consumer protection law;
- (b) product knowledge;
- (c) use of by us and distribution to consumers of relevant product documentation;
- (d) what to do in the event of a claim;
- (e) the requirements of this Code; and
- (f) the requirements for our compliance with the Private Health Insurance Intermediaries Code of Conduct;

as may be appropriate in relation to the authority and responsibility of us as agents.

1.2 IMPLEMENTATION FOR AGENTS

In implementing these requirements, we will have regard to whether we as agents would ordinarily make representations on products to consumers.

If we as agents make no representations to consumers and merely have brochures in our premises or receive claims from health fund members, we will ensure we have information as to how consumers may be able to obtain further product information and assistance from the relevant health fund/s or general insurer/s.

We will ensure we, as agents do not make representations in relation to any product in respect of which we have not been trained to provide information. We will keep appropriate records of our advice to consumers.

2. TRAINING AND ACCREDITATION OF BROKERS AND CORPORATE BROKERS

2.1 TRAINING AND ACCREDITATION OF BROKERS AND CORPORATE BROKERS

We as Brokers and/or Corporate Brokers acting in the private health insurance industry will meet appropriate training and accreditation requirements including any requirements of a Private Health Insurer or general insurer with whom we deal.

This training will allow for sufficient information to be provided to the consumer or principal to make an informed choice as to their health insurance purchase or decision.

PART F: DISCLOSURE

1. GENERAL DISCLOSURE REQUIREMENTS FOR INTERMEDIARIES

We will inform consumers and/or our principal in our contact with them including our advertising and our website of:

- (a) our accreditation under the Code including the Code logo;
- (b) the identity of any other Private Health Insurers or general insurers whose products we are presenting;
- (c) the total number of Private Health Insurers or general insurers available to us to select from on behalf of the consumer or our Principal; and
- (d) when asked acknowledge to the consumer or our principal any recommendation of a health fund or general insurer where that health fund or general insurer pays commissions and/or fees and/or incentives higher than other health funds or general insurers from which we are selecting on their behalf.

2. ADDITIONAL DISCLOSURE REQUIREMENT FOR AGENTS

In addition to the requirements in 1. above, we as agents will inform consumers; of our status as agents, the fact that we are acting for the health fund/s or general insurer/s and the nature of our association.

3. ADDITIONAL DISCLOSURE REQUIREMENT FOR BROKERS ACTING AS AGENT OF INSURED

In addition to the requirements in 1. above, we as Brokers will inform consumers of:

- (a) our status; and
- (b) the company we are representing.

We will also inform consumers and the corporate entity for whom we are acting of any associations between us and Private Health Insurers and/or general insurers.

4. ADDITIONAL DISCLOSURE REQUIREMENT FOR CORPORATE BROKERS OPERATING ON BEHALF OF ORGANISATIONS WISHING TO OFFER HEALTH INSURANCE PRODUCTS TO EMPLOYEES

In addition to the requirements in 1 above, we as Corporate Brokers will inform our principal of our status.

PART G: **PRIVACY**

1. AUSTRALIAN PRIVACY PRINCIPLES

We will:

- (a) embrace the Australian Privacy Principles under the Privacy Act 1988 and the provisions of relevant State privacy legislation; and
- (b) formulate and publish our own Privacy Policy, by which we will abide.

PART H: DEFINITIONS

In the Code, the following terms mean:

“**ADVICE**” means general advice of a factual nature;

“**AGENT**” means an insurance intermediary who is an agent for one or more Private Health Insurers and who acts on behalf of the Private Health Insurer/s;

“**ASSOCIATION**” means the PHIIA;

“**BROKER**” means an insurance intermediary who is an agent for a consumer and who acts on behalf of the consumer;

“**CONSUMER**” means an individual, where that individual, whether alone or jointly with another individual, enters or proposes to enter into a PHI contract;

“**CORPORATE BROKER**” means an insurance intermediary who is a representative of an organisation wishing to offer health insurance products provided by a Private Health Insurer or general insurer to their employees and acts on behalf of that organisation;

“**BOARD**” means the board of directors of the PHIIA set up to manage the affairs of the Association;

“**DoHA**” means the Australian Government Department of Health and Ageing, or such other name given to such body from time to time;

“**DISPUTE**” means an unresolved complaint about a product or service of an Intermediary and for this purpose a complaint is an expression of dissatisfaction conveyed to an Intermediary together with a request that the complaint be remedied by the Intermediary;

“**GENERAL INSURER**” means a general insurer offering health insurance products to consumers that fall outside the *Private Health Insurance Act 2007*;

“**HEALTH INSURANCE BUSINESS**” is as defined in Division 121 of the *Private Health Insurance Act 2007*;d

“**INTERMEDIARY**” means an “agent” or “broker” or “corporate broker” defined in these Definitions.

“**MINISTER**” means the Federal Minister or his or her delegate with the powers vested in the Minister under the *Private Health Insurance Act 2007*;

“**PHI**” means private health insurance;

“**PHIIA**” means the Private Health Insurance Intermediaries Association, an industry body that agents and brokers may join if they wish;

“**PHI POLICY**” or “product” means each PHI policy arising out of or in connection with health insurance business between a Private Health Insurer and a consumer;

“**PHIO**” means the Private Health Insurance Ombudsman or equivalent authority as appointed by the Minister from time to time;

“**POLICY DOCUMENTATION**” means private health insurance policy information in brochures, websites or other printed or electronic form;

“**PRIVATE HEALTH INSURANCE**” means health insurance business;

“**PRIVATE HEALTH INSURER**” means a registered health benefits fund under the *Private Health Insurance Act 2007*;

“**PRODUCT SALES MATERIAL**” means material that markets or promotes a PHI fund, PHI policy or PHI product of a Private Health Insurer that is not Policy documentation, whether in printed or electronic form;

“**PROPOSAL**” means a document in any form prepared by an Intermediary offering a private health insurance product or products to a consumer or to an organisation.



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