

To profit, or not to profit?

You may have seen reports in the media about some Australian health funds changing their corporate structure from Not For Profit to list on the sharemarket.

Peoplecare has always been a Not For Profit organisation since the fund's beginnings in 1953 and the Board of Peoplecare strongly believes that this is the way Peoplecare should stay.

What does Not For Profit mean?

Peoplecare is a mutual organisation, which means that we are owned by the members and run by the members through a Board of Directors which is made up of both Directors elected by the membership and Directors appointed by the Board. Not For Profit companies like Peoplecare do make surpluses when required, but do not have shareholders and therefore do not pay profits out as dividends or pay income tax.

As a Not For Profit fund, our aim is to 'help people live healthier lives' by providing access and financial support to members in accessing quality healthcare when they need it. Our aim is to generate enough income to cover the cost of members' claims, run the fund and meet the financial requirements of the Private Health Insurance Administration Council (PHIAC), which is the regulator for all health funds in Australia.

Why is the Peoplecare Board committed to Not For Profit status?

The Board of Peoplecare firmly believes that it would not be in the best interests of our membership to change to 'for profit' status as this would mean a different approach to running the fund. For one thing, 'for profit' health funds need to generate profits to pay dividends to their shareholders, in

addition to providing health cover for their policy holders. To pay dividends to their shareholders, they must make profits above and beyond the cost of claims, running their business and the statutory requirements of the regulator. For profit companies also have the additional cost of paying income tax on their profits.

This would mean that to generate additional profits for shareholders, contributions would have to increase more than the average, or benefits would need to decrease or the cost of running the fund would need to reduce. In Peoplecare's case, the cost of administering the business (otherwise known as 'management expenses') is already among the lowest in the industry.

In essence, the Board believes that providing the health cover needs of Peoplecare members is best served by remaining a Not for Profit fund, owned and run by its members.

Competitions & Prizes! Family & Friends

As a member, you already know about Peoplecare's high quality health insurance and great value for money. Now that we're an open fund, why not share the good news with a friend or family member? Take up this great offer and encourage family and friends to join. The new member can join online at www.peoplecare.com.au or join by telephone on 1800 808 700. All they need to do is mention your membership details at the time of joining.

If your friend or family member joins Peoplecare from the 1st July to 31 December 2008, you and the new member will both receive a distinctive Sports Bag or Back Pack and an entry into the draw to win a fantastic iPod Video 80GB* valued at \$319.

This promotion is authorised under NSW Permit # LTPS/078/06027 and ACT Permit # TP 08/02477. For full Terms & Conditions, please visit <http://www.peoplecare.com.au/Members/NominateFamilyFriends.shtml>



Great deals on travel insurance

If you're thinking about traveling overseas, one of the most important things you need to consider is travel insurance, as your health fund membership doesn't cover overseas services. You may also want to consider travel insurance when traveling within Australia to protect you against unforeseen circumstances. Either way, QBE and Peoplecare offer a travel insurance policy to suit your needs at discounted prices.

It's simple to take out a policy by calling us on 1800 808 700 or visiting our website at www.peoplecare.com.au

Winners Circle

Family and Friends: The winner of the Family & Friends draw from July to December 2007 was Luke Doughty of Kanahooka, NSW who is the proud new owner of a 30GB Apple iPod Video.

Member Satisfaction Survey Winners: The lucky winner of the major prize draw, a TomTom One GPS Navigator, was Aimee Turner of Cringila, NSW. The winners of the Peoplecare 1GB MP3 player were Mandy Barlogie, Brian Herd,

Meredith Woodward, George Ashford, Glenn K Williams, Graeme Wirrell, Jamie Richardson, John Hames, Julie Newton-Werro, Elizabeth O'Donoghue.

Congratulations to all winners!