



ESSENT HEALTHCARE, INC.

Section: Corporate Compliance	Effective Date: 11/15/04
Subject: Compliance Monitoring	Revision Date: 03/25/08
Policy #: CC-5	Review Date: 05/06/09
Responsible Party: Corporate Compliance Officer	Revision #: 3

Scope:

This policy applies to all entities and all employees of Essent Healthcare, Inc.

Purpose:

The purpose of this policy is to establish guidelines for routine auditing and monitoring activities to be conducted by or at the direction of the Corporate Compliance Officer (CCO).

Policy:

The CCO has been assigned the task of overseeing the auditing and monitoring of the various activities and operations of the compliance program, providing an assessment of the effectiveness of the program, and identifying areas where the program may need to be revised or improved. To the extent that auditing and monitoring efforts reveal conduct which could potentially constitute a violation of the compliance program, Code of Conduct, or other misconduct, the CCO has an obligation to:

- Investigate the conduct in question immediately to determine whether any such violation has occurred,
- Report the existence of the violation immediately to those with a need to know,
- Take action to discipline the person or persons involved, and
- Correct the problem so as to prevent future occurrences.

Procedure:

1. Essent Healthcare, Inc. believes that a thorough and ongoing evaluation of the various aspects of the compliance program is critical to its success. In order to evaluate the effectiveness of the compliance program, Essent will employ a variety of practices, including but not limited to, one or more of the following:
 - a. Periodic interviews with management personnel regarding their perceived levels of compliance within their departments or areas of responsibility.
 - b. Questionnaires developed to poll personnel regarding compliance matters including the effectiveness of training and educational programs.
 - c. Periodic written reports to management.
 - d. Routine statistical monitoring of key compliance indicators.



ESSENT HEALTHCARE, INC.

Section: Corporate Compliance	Effective Date:	11/15/04
Subject: Compliance Monitoring	Revision Date:	03/25/08
Policy #: CC-5	Review Date:	05/06/09
Responsible Party: Corporate Compliance Officer	Revision #:	3

- e. Periodic audits designed and performed by internal or external auditors.
 - f. Investigation of all activity reported through the ethics and compliance reporting hotline.
 - g. Investigation of alleged noncompliance reported through the compliance web site, or any other means.
2. Information obtained through auditing and monitoring efforts will be retained in written format by the CCO and shared with the compliance committee.
 3. Upon receipt of any report of non-compliance, the CCO will initiate a preliminary assessment of the report to determine whether there is basis for a formal investigation.
 - a. If the preliminary assessment indicates that there is a basis for believing that the reported conduct constitutes a violation of the compliance program, *and if the reported violation involves a regulatory issue(s)*, then the CCO shall notify regulatory counsel immediately.
 - b. If the preliminary assessment indicates that there has been a violation of the compliance program, a formal investigation will be initiated by the CCO who will:
 - Notify the CEO and CFO of the nature of the complaint and the findings of the preliminary investigation.
 - Commence a formal investigation as soon as possible (but not more than 30 days after the receipt of the report) into the alleged non-compliance.
 - Interview the person or persons involved in or having knowledge of the reported non-compliance.
 - Review the statutes, regulations or policies involved.
 - Prepare a summary report with recommendations for corrective actions, including recommended disciplinary measures to be taken against the person or persons whose activities or conduct is the basis of the investigation.
 - Correct the problem and initiate disciplinary action and appropriate education and training to prevent recurrence of the problem.
 - Oversee the repayment of any overpayments uncovered during the investigation.
 - Work with regulatory counsel to determine if any outside agencies need to be informed of the investigation.
 4. The CCO shall prepare and present a summary of all monitoring activity to the CEO, CFO and the Audit and Compliance Committee of the Board of Directors (ACC-BOD) on a periodic basis.
 5. The CCO and the compliance committee shall review the Code of Conduct annually to ensure that the Code reflects the current needs of the organization.
 6. The CCO and the compliance committee shall conduct an effectiveness assessment of the compliance



ESSENT HEALTHCARE, INC.

Section: Corporate Compliance	Effective Date: 11/15/04
Subject: Compliance Monitoring	Revision Date: 03/25/08
Policy #: CC-5	Review Date: 05/06/09
Responsible Party: Corporate Compliance Officer	Revision #: 3

program annually and present the results of this assessment to the CEO, CFO and the ACC-BOD.

7. The CCO and compliance committee shall review and update the compliance plan and corresponding training materials as necessary based on the results of the annual effectiveness assessment and any feedback from the Board of Directors.

References:

OIG Compliance Guidance
HCCA Compliance Manual