

2014 CLM Annual Conference

April 9, 2014 – April 11, 2014

**Boca Raton Resort
501 E. Camino Real
Boca Raton, FL 33432**

Roundtable 2: Thursday, April 10, 2014 (11:30 am – 12:30 pm)

Defining Ethical Behavior for Insurance Professionals

1. What is Ethical Behavior?

How does one define what is ethical, what is moral and what is legal when it come to Behavior? Morals make the distinction between right and wrong; Laws are legal tenets, something accepted as important truth; Ethics is knowing what to do when a situation presents more than one “right” answer. Ethics is defined as a set of principles or a system of moral values, motivation based on ideas of right and wrong.

In discussing this with others, it is important to ask questions such as; how do we define ethical behavior? What characteristics do people display that marks them as an ethical person? Who do you consider to be an ethical person and what characteristics, habits or personality traits do they display? What would you do if confronted with an “ethical dilemma”? Ask yourself and others to give examples of situations they have confronted and ask them to explain how they dealt with the situation.

2. What is the motivation for ethical behavior?

In a professional capacity, what motivates one to choose to be ethical? If business ethics is described as knowing what is right and what is wrong in the workplace and choosing to do the right thing, who decides what the right thing is? Moral issues must be taken into consideration. Character traits and habits are important and the conduct of individuals is open to interpretation when one considers what motivates a co-worker to act the way they do.

3. Ten Things You Can Do:

When presented with behaviors that can be chosen, which of these would you find to be the easiest to do, the hardest to do and which of these would you consider to be a “no brainer”, something that everyone should be able to do without even having to try?

- Examine your ethical values
- Develop a personal code of ethics
- Follow the code and enlist the help of your friends
- Commit in public to your ethical values

- Steer clear of situations that might cause a conflict
- Communicate your expectations to others
- Assess your conduct
- Assess your standards
- Choose to be ethical
- Assess the good things that have happened because of your ethical values

4. The Fundamentals of Ethical Decision-Making

The Insurance Industry is unique because of the need for legal compliance with the Insurance Commissioner's office, because of the need for contractual compliance and because it is an industry based on integrity and professionalism. What is being sold to the consumer by an insurance professional? A promise. Not a vehicle or a piece of clothing or a high-dollar ticket item, simply a promise. This is what makes the insurance industry unique and what holds all members of the business to a higher standard. Insurance professionals must make decisions while complying with ethical expectations, legal expectations and contractual requirements.

5. Consider a case study to apply the decision-making fundamentals and draw others into your discussion:

Do Wrong and Wrong Make It Right?

You can't believe what you are holding in your hand. This should have been the simplest claim in the world to pay, but not anymore. For some reason, of the hundreds of policies you have seen from this carrier on this type of account, this one is totally messed up. The usual endorsements are missing, including the one that provides coverage for this particular claim. When you check with the underwriter, he claims the agent asked for the policy that way. When you call the agent, she tells you she just asked for the typical policy. So one of them made a big mistake, but you don't know which. All you know for sure is that this insured is being given the honor of paying for the mistake. You know if this account had been handled by standard procedures, the claim would be covered. But you also know that following the policy in your hand means you have to turn it down. If you do, by all rights, the insured should be suing somebody for E&O. Some days you just hate this job!

What is the right thing to do?

6. Develop a Personal Ethical Statement

Based on your beliefs, standards and personal expectations of yourself, develop an Ethical Statement, similar to a Mission Statement, but personal in nature. When you ask yourself what you can do, remember that ethical decisions are made by people, ethical standards are set by people, ethical cultures are created by people and that you are "people".