OREGON INSURANCE PROFESSIONAL'S ETHICS

Chapter 1
Introduction

It is fashionable, in today's society, to conduct an ethical discussion in the public forum. One does not have to look far to see examples of an increasing emphasis on the moral aspects of an issue:

- The media relates stories of ethical abuses and dilemmas they would have walked past in previous times.
- Corporations are developing ethical boards to serve as a corporate conscience.
- Business schools are incorporating ethical studies into their curricula, and, in some instances, making the courses mandatory.

Discussions of values, questioning decisions made by corporate citizens, is not taboo in conversation. In fact these topics are being mentioned in influential circles and in the most public places.

Some Facts
- 1 in 6 Americans regularly drinks or uses drugs on the job.
- 1 in 2 Americans genuinely believes you get ahead by politics and cheating, not by hard work.
- 1 in 4 Americans expects to compromise personal beliefs in order to get ahead in their current job.
- American workers frankly admit they spend more than 20% (8 hours a week) of their time at work totally goofing off.
- Americans feel the #1 cause of business decline is low executive ethics.

Although most individuals give themselves a high ethical rating, we continue to see ethical shortcomings all around us.
- "I swore I wouldn't tell anyone; but, let me tell you."
- "I simply told them what they wanted to hear."
- "I promised the kids I'd take them to the park today; but, I can do that any time."

If we rate ourselves so high ethically, why do we not act more ethically?
There are a variety of reasons. Oftentimes, we do not act ethically because we want to meet other goals. For example, we may want:
- To meet needs of immediate self-interest
     "I'm as honest as the next guy; but, I've got to make a living."
- To gain certain short-term benefits
     "By the time they find out, it will be too late."
- To protect someone
     "We have got to stick together."
- To avoid punishment
     "I looked him square in the eye and denied it; he had no proof."
- To win admiration or interest of others
     "It's supposed to be confidential, but . . ."
- To avoid embarrassment
     "Of course, I told her it looked great. What was I going to say?"

- To maintain privacy
    "I always give them the wrong number; it's none of their business."
- To avoid certain harm
    "I had to do it; I simply did not have a choice."

Ethics is a branch of study that focuses on the values of human life, duty, morality and presents rules of conduct. Ethics comprises standards of conduct that indicate how one should behave, based on moral obligation. It deals with the ability to distinguish right from wrong, good from evil, and propriety from impropriety - and the commitment to do what is right, good and proper.

Ethics means doing the right thing, taking the high road. Ethical decision-making skills can help people more effectively eliminate improper options and choose among conflicting ethical obligations.

While there are many definitions, the one that seems to serve us best here is to say that ethics are synonymous with our own personal behavioral code. Simply put, ethics consist of those things we make ourselves do, and those things we will not allow ourselves to do, no matter what.

Although there is some debate, most ethicists agree there are two areas an individual must emphasize in order to move toward a more ethically-based life. One area of emphasis is to cultivate ethical virtues such as honesty, truthfulness, and faithfulness. To be ethical requires discernment and understanding of the nature of moral obligations, to learn more about truth, honesty and trust. The second area of emphasis is to become better at making the right choices. Ethical decision-making skills can help people more effectively eliminate improper options and choose among conflicting ethical obligations. People interested in living an ethically-based life should work at both developing ethical values and improving the choices they make.

Personal ethics are different from, though they may reflect or include the laws of society or the regulations of a church. When the chips are down, people who might ignore certain laws or disobey church doctrine may stick to their own ethical code. For most of us, this personal code is formed from childhood, as we absorb family standards and work out relationships with our friends.

Most people are loyal to their families above everything else; this same kind of loyalty is found in groups that have taken the family's place. The gangs that young people turn to today have their strength in the fact that the members need to feel that they belong to something, that there is a group that will care for them. Such gangs have codes governing the behaviors of members, codes of loyalty and conformity to the gang's goals and interests. Often these codes are far above the rules society has set.

The glue that binds families and other groups together is the behavioral code - the code that sets limits of behavior, rewards for observing the limits, and penalties if those limits are broken or overlooked.

Personal ethical codes continue to develop as we grow and mature. They normally have much more force in influencing and guiding our decisions than do religious rules or the laws of the state. In fact, ethical behavior may be different from simply abiding by the letter of the laws that govern us. It has something to do with understanding the goals behind the laws – the "spirit" of the law.

One of the oldest – and unsolved – philosophical questions has always been: "Does the end justify the means?" If a good result is obtained through dishonorable or criminal means does the

benefit attached to the result, justify the dishonor or criminality of the means? Is it OK to benefit from the mistakes of others? In answering this question, as well as many others in ordinary life, our personal ethical code comes into play. Should I benefit by another person's mistake, such as when a cashier gives me too much money in return for the check I have just cashed, or neglects to charge me for an item in my purchases?

Much is made of the poor image of the insurance industry; consumers normally do not think of insurance in a positive light. In his analysis of the insurance industry, presented in the book *Let the Trumpet Resound*, Lawrence G. Brandon, CPCU, identifies five weaknesses of the industry that lead to such a poor reputation:

1. Lack of leadership allows insurance organizations to be driven by stockholder expectations rather than long-term goals.
2. Poor communication about how the industry and its products are designed to work leads to misunderstandings.
3. Lack of customer focus often leads to an adversarial position at a time the customer needs the product the most.
4. Burdensome bureaucracies create a negative image.
5. Unhealthy competition destroys the pricing integrity of the insurance product.

It is little wonder the industry does not usually receive a high rating from the consuming public.

The same polls that show the insurance industry is not to be trusted usually show something quite different about the insurance agency. Most people, when questioned, will tell you their particular agent is doing a good job in looking out for their best interests. The consuming public trusts their local agent much more than they trust the industry as a whole.

In the October 1996 issue of an insurance E&O newsletter, the Vice President of Errors and Omissions with Utica National, Curtis M. Pearsall, identified four trends in E&O. One of the trends that were mentioned is of particular interest to our discussion.

"In trials in which juries perceive the insurance agent has done something unethical, damages are now being awarded to the greatest extent possible. The amounts may not be labeled 'punitive,' but the effect is the same. The plaintiff can be awarded the entire amount being sought – even if the amounts would normally be questionable."

After completing this chapter, exit to the Main Menu and take the Chapter Quiz. When you feel you have mastered the material, begin the next chapter.