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Ethical Behavior Is More Than Just the Golden Rule

Donna J. Popow, JD, CPCU, AIC
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Donna J. Popow, JD, CPCU, AIC, is senior director of knowledge resources and ethics counsel for The Institutes in Malvern, Pennsylvania. The Institutes are the leader in delivering proven knowledge solutions that drive powerful business results for the risk management and property-casualty insurance industry. The material in this article is covered in the free “Ethical Guidelines for Insurance Professionals” learning module, which is among The Institutes’ numerous educational offerings. Ms. Popow is responsible for all aspects of claims education including the Associate in Claims designation program and the Introduction to Claims program. She can be reached at popow@TheInstitutes.org.

Ethical behavior is crucial to preserving not only the trust on which insurance transactions are based, but also the public’s trust in our industry as a whole. Given the increased public scrutiny of ethical conduct both inside and outside the insurance industry, an organization that is known for its ethics will enjoy a better reputation.

Ethical behavior is based on morals, laws, and ethics. Morals entail making the distinction between right and wrong, laws are legal tenets, and ethics involves knowing what to do when a law is not applicable or when a situation presents more than one “right” answer. The common press often mistakes legal issues for ethical issues. If someone violates a rule, it does not necessarily mean he or she has an ethical dilemma.

To resolve ethical dilemmas, insurance professionals may use decision-making tools that are rules based, situation based, or people based. When using rules-based decision making, the insurance professional must consider whether any laws, regulations, or standards apply in a given situation. An insurance professional must follow an applicable rule if it prescribes mandatory conduct. However, in many situations, the application of rules is not mandatory. Situation-based decision making analyzes the potential outcomes of possible decisions in given circumstances. It requires an assessment of a decision’s consequences and then asks one to place the greater good above individual need. People-based decision making is founded on the principle of the Golden Rule: “Do unto others as you would have them do unto you.” This principle requires the decision-maker to consider the personal circumstances surrounding a decision and calls for a degree of empathy.

Each decision-making process has positive and negative aspects that can lead to conflicts or may undermine an insurance professional’s ability to make an optimal decision. Therefore, other tools are available for ethical decision-making, such as codes of ethics, decision-making trees, and checklists. Insurance organizations have developed codes of ethics and market conduct to assist insurance professionals. A code of ethics provides significant benefits to insurance professionals in organizations that develop and support adherence to that code. A decision-making tree provides a step-by-step process that insurance professionals can use to guide their way through an ethical dilemma. A checklist is another tool that is available for resolving ethical dilemmas. By using one, insurance professionals can be sure that they have considered all of the possible options as they work their way to a decision.

All insurance industry professionals should adhere to doing what is right and honorable in their public and private conduct. Ethical guidelines establish and promote a profession-wide foundation, understanding, and code of conduct for making better ethical decisions.