



The Canons, Rules, and Guidelines of the CPCU Code of Professional Conduct

2nd Edition • 3rd Printing

The Institutes
720 Providence Road, Suite 100
Malvern, Pennsylvania 19355-3433

© 2023

American Institute For Chartered Property Casualty Underwriters

All rights reserved. This book or any part thereof may not be reproduced without the written permission of the copyright holder.

Unless otherwise apparent, examples used in The Institutes materials related to this course are based on hypothetical situations and are for educational purposes only. The characters, persons, products, services, and organizations described in these examples are fictional. Any similarity or resemblance to any other character, person, product, services, or organization is merely coincidental. The Institutes are not responsible for such coincidental or accidental resemblances.

This material may contain internet website links external to The Institutes. The Institutes neither approve nor endorse any information, products, or services to which any external websites refer. Nor do The Institutes control these websites' content or the procedures for website content development.

The Institutes specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials.

The Institutes materials related to this course are provided with the understanding that The Institutes are not engaged in rendering legal, accounting, or other professional service. Nor are The Institutes explicitly or implicitly stating that any of the processes, procedures, or policies described in the materials are the only appropriate ones to use. The advice and strategies contained herein may not be suitable for every situation.

This product (DISC RM) includes information which is proprietary to Insurance Services Office, Inc.

ISO does not guarantee the accuracy or timeliness of the ISO information provided. ISO shall not be liable for any loss or damage of any kind and howsoever caused resulting from your use of the ISO information.

CPCU is a registered trademark of The Institutes Designations, LLC. All rights reserved.

2nd Edition • 3rd Printing • March 2023

ISBN: 978-0-89463-872-5

The Canons, Rules, and Guidelines of the CPCU Code of Professional Conduct

This material is published by The Institutes Designations, LLC and is excerpted from the following material:

Ethical Guidelines for CPCUs

The Institutes are leaders in property-casualty insurance education, research, and ethics. For more information on our professional certification programs, please contact our Customer Success Department at (800) 644-2101.

The Canons, Rules, and Guidelines of the CPCU Code of Professional Conduct

OVERVIEW OF THE CPCU CODE OF PROFESSIONAL CONDUCT

The goals described in the Chartered Property Casualty Underwriter (CPCU®) Code of Professional Conduct's (the Code) Canons direct all CPCUs and CPCU candidates to always perform their professional activities ethically. The minimum standards of conduct described in the Code's Rules support the integrity of the CPCU designation.

All CPCUs are obligated to meet the minimum standards outlined in the Code. Failure to do so may subject a CPCU—or a CPCU candidate—to disciplinary measures. The Code consists of Canons and Rules, as well as Disciplinary Rules and Procedures, to be followed when a Rule violation occurs.

Purpose of the Code of Professional Conduct

The purpose of the Code is to clearly communicate the minimum standard of conduct expected for CPCUs and CPCU candidates. The Code also outlines the disciplinary process that will be followed to investigate alleged Rule violations.

The Code was introduced in 1976. Therefore, anyone who received their CPCU designation in 1976 or after is bound by it. Furthermore, most individuals who received the CPCU designation before 1976 signed a statement agreeing to be bound by the Code.

Only The Institutes are authorized to confer the CPCU designation. The Institutes confer the CPCU designation upon individuals who have met the three requirements—education, experience, and ethics—established by its Board of Trustees.

The Board of Trustees also can revoke the designation or otherwise discipline CPCUs who violate one or more Rules of the Code. Revocation of the CPCU designation is the ultimate disciplinary action under the Code. Lesser sanctions, such as a reprimand, may also be imposed, depending on the severity of the offense.

Parties Affected by the Code

The Code applies to applicants, who are new CPCU students awaiting approval of their matriculation form and to candidates who have completed the matriculation process. Finally, the Code applies to designees and to CPCUs. If an individual's designation is revoked or suspended, that person is no longer considered a CPCU and is not permitted to use the CPCU designation.

Designees or those waiting for conferment may also be referred to as CPCUs.

Applicants

A person must complete a matriculation form in order to be considered an applicant. People interested in obtaining the CPCU designation are encouraged to matriculate when they begin the CPCU program, but they are not required to do so until they have satisfied the educational requirements.

The matriculation form can assist in identifying an applicant whose eligibility as a CPCU candidate may raise ethical concerns. Such applicants are urged to matriculate as soon as possible in order to allow any potential issues of concern to be surfaced and resolved.

In cases involving serious ethical issues, a student's matriculation application is reviewed by Ethics Counsel, who may request additional information before accepting or rejecting the application. In some instances, an applicant's eligibility to become a candidate and take further CPCU exams may be suspended temporarily or indefinitely.

CPCU Candidates

Once the matriculation form has been approved, a CPCU candidate is bound by the Code. Because CPCU candidacy has no term limits, a matriculated CPCU student remains a candidate until conferment of the designation, unless his or her conferment has been deferred or candidacy has been suspended or revoked.

CPCUs

All CPCUs are bound by the Code. The small number of CPCUs who received their designations before 1976 and chose not to be bound by the Code are not subject to discipline or penalties under the Code.

Components of the Code

The Code includes Canons and Rules regarding ethical standards of conduct. Advisory Opinions can be requested to assist in interpreting the various Code provisions when a question arises. The Code also includes Disciplinary Rules, Procedures, and Penalties that explain the process by which it is administered and enforced.

Canons and Rules

The Canons in the Code establish standards of professional conduct. They also express the general concepts and principles from which the more specific Rules are derived.

Each of the Canons is followed by one or more related Rules. Unlike the Canons, the Rules are mandatory and enforceable because sanctions may be imposed on any CPCU or candidate found guilty of a Rule violation. The Rules prescribe the absolute minimum level of ethical conduct required of every CPCU, regardless of their occupation or position. Any individual subject to the Code who violates a Rule faces the possibility of disciplinary action. In the absence of a Rule violation, violations of Canons do not constitute sufficient grounds for disciplinary action.

The Rules attendant to Canon 8 incorporate by reference a set of Guidelines to assist CPCUs and candidates in interpreting Canon 8's Rules regarding the use of the CPCU designation and the CPCU key logo. Individuals subject to the Code are exposed to the possibility of disciplinary action for violations of these Guidelines that have been incorporated by reference into the Rules. For example, the Guidelines explain when it is appropriate to use the letters "CPCU" and where it is appropriate to display the CPCU key logo.

Advisory Opinions

CPCUs and candidates are strongly encouraged to request Advisory Opinions from The Institutes whenever substantial questions of interpretation arise. The Board of Ethical Inquiry (BEI) is an eight-member board, chaired by the Ethics Counsel, responsible for providing advisory opinions and for implementing, establishing, and approving CPCU ethics policy.

Advisory Opinions may be either unpublished or published. Unpublished Advisory Opinions are informal and are issued by the BEI for the sole use of individuals to whom they are issued. Formal published Advisory Opinions are intended to be used by all persons subject to the Code.

Unpublished Advisory Opinions may eventually be published. For example, several unpublished Advisory Opinions were initially issued in response to individual questions regarding the appropriate use of the CPCU key logo and designation on web pages. After discussion, the BEI unanimously approved an Advisory Opinion published in the *CPCU Journal* that was then incorporated into Canon 8.

Disciplinary Rules, Procedures, and Penalties

The right to use the CPCU designation is a privilege granted by The Institutes' Board of Trustees and conditioned on full compliance with the Rules of Professional Conduct. The Board of Trustees reserves the power to suspend or revoke the privilege or approve other penalties recommended by the BEI. Disciplinary penalties are imposed as warranted based on the severity of the offense. All disciplinary actions are undertaken in accordance with

published procedures and penalties designed to ensure the proper enforcement of the Rules within the framework of due process and equal protection of the laws.

The Disciplinary Rules, Procedures, and Penalties describe the procedures that are followed in response to possible Rule violations and also describe possible sanctions. If it is determined that The Institutes have jurisdiction and the claim has sufficient merit, a formal investigation is initiated. At that point, a copy of the complaint is provided to the person or persons against whom the complaint is lodged, who may then respond.

The specific nature of any investigation depends on the circumstances of the complaint. Ultimately, a three-member hearing panel of the BEI reviews the matter and makes a recommendation to the entire BEI. The BEI recommendation, in turn, is considered by the Ethics Policy Committee. All revocations and suspensions of the privilege to use the CPCU designation are reported in writing to The Institutes' Board of Trustees.

Some Rules violations involving criminal conviction may subject a CPCU or candidate to automatic suspension without the procedural steps that may otherwise be involved, because the conviction itself is objective evidence of a Rule violation.

The sanctions that may be applied to CPCU applicants and candidates differ from those applicable to CPCUs. Both applicants and candidates may be penalized by being denied admission to further CPCU exams, either indefinitely or for a specified time period. The BEI may also withhold awarding the CPCU designation, pending receipt of convincing proof of a candidate's complete rehabilitation. Candidates may also be subject to admonition, reprimand, or censure, depending on the nature and severity of the offense.

A CPCU candidate is immediately suspended from further participation in the CPCU program if convicted—by verdict, guilty plea, or plea of *nolo contendere*—of any crime that violates the Rules of Professional Conduct. This suspension lasts indefinitely, or until the BEI has been convinced that the person is again fit to use the designation.

For CPCUs, the BEI may impose one of five sanctions on a CPCU who is subject to the Code and found guilty of a Rules violation:

- Private admonition, including a request to cease and desist
- Reprimand (informal rebuke given limited publication)
- Censure (formal rebuke given wide publication)
- Suspension of the privilege to use the designation, indefinitely or for a specific time period
- Revocation of the designation

CANON 1

Insurance professionals should endeavor to place the public interest above their own.

Rules of Professional Conduct

R1.1: A CPCU should avoid even the appearance of impropriety when performing his or her professional duties and should act in a manner that ultimately will best serve his or her own professional interests. However, potential conflicts of interest may arise, or may appear to arise, because many CPCUs simultaneously must balance multiple professional interests with their personal interests and the best interests of the general public. The ethical obligation to place the public interest above personal interests or financial gain extends to every CPCU, regardless of whether the CPCU's occupational position requires direct contact with actual or prospective insurance consumers. This does not imply that insurance purchasers should be given preferential treatment over insurance claimants because the needs and best interests of insurance purchasers are in fact served only when all insurance claimants, including third-party liability claimants, are accorded prompt, equitable, and otherwise fair treatment.

CANON 2

Insurance professionals should seek continually to maintain and improve their professional knowledge, skills, and competence.

Rules of Professional Conduct

R2.1: Ongoing professional education is a minimum obligation for every CPCU. A CPCU must maintain a high level of expertise in the insurance and risk management fields they serve.

Toward fulfillment of this Rule, the Board authorizes The Institutes to establish and administer a program and formal reporting of continuing education for those who have earned the CPCU designation.

CANON 3

Insurance professionals should obey all laws and regulations, and should avoid any conduct or activity that would cause unjust harm to others.

Rules of Professional Conduct

- R3.1:**A CPCU shall exercise the utmost good faith in the conduct of business or professional activities. A CPCU shall not engage in any business practice or activity designed to restrict fair competition with the exception of a CPCU's participation in a legally enforceable covenant not to compete or similar activity allowed by law. A CPCU shall not willfully misrepresent or conceal any fact or information, or fail to furnish any fact or information that is material to the business or professional activity.
- R3.2:**A CPCU shall not allow the pursuit of financial gain or other personal benefit to interfere with the exercise of sound professional judgment and skills.
- R3.3:**A CPCU shall remain informed of, uphold and not violate any policy, rule, law, or regulation relating to professional activities within the country in which business is being conducted, nor commit any felony, as defined by the country in which committed.

CANON 4

Insurance professionals should be diligent in the performance of their occupational duties and should continually strive to improve the functioning of the insurance mechanism.

Rules of Professional Conduct

R4.1:A CPCU shall competently and consistently discharge his or her occupational duties.

R4.2:A CPCU shall support efforts to effect improvements in all aspects of insurance operations that will both benefit the public and improve the overall efficiency with which the insurance mechanism functions.

CANON 5

Insurance professionals should aspire to raise the professional and ethical standards of the insurance and risk management profession.

Rules of Professional Conduct

- R5.1: A CPCU shall encourage and assist others to enhance their professional competence.
- R5.2: A CPCU shall support the development, improvement, and enforcement of laws, regulations, and codes that will foster competence and ethical conduct on the part of all insurance practitioners and benefit the public.
- R5.3: A CPCU shall not withhold information or assistance officially requested by appropriate regulatory authorities who are investigating or prosecuting any alleged violation of laws or regulations.

CANON 6

Insurance professionals should strive to establish and maintain dignified and honorable relationships with those whom they serve, with fellow insurance professionals, and with members of other professions.

Rules of Professional Conduct

R6.1: CPCUs must treat as confidential all information obtained by or entrusted to them in the course of their professional duties, unless otherwise required by law or as necessary to complete their professional work.

R6.2: A CPCU must know the legal limitations of their profession and act within them. Unless admitted to the bar or otherwise legally qualified, CPCUs must not engage or give the appearance of engaging in the unauthorized practice of law.

R6.3: In any given circumstance, a CPCU must accurately represent his or her ability to provide the amount or quality of professional services required. When a client requests or when issues lie outside the expertise of a CPCU, he or she must seek counsel of other professionals to ensure the necessary quality of professional service.

CANON 7

Insurance professionals should assist in improving the public understanding of insurance and risk management.

Rules of Professional Conduct

R7.1: A CPCU shall support efforts to provide members of the public with objective information concerning their risk management and insurance needs and the products, services, and techniques which are available to meet their needs. A CPCU should also keep abreast of legislation, changing conditions, and/or other developments that may affect the insuring public.

CANON 8

CPCUs should honor the integrity of the CPCU designation and respect the limitations placed on its use.

Rules of Professional Conduct

R8.1:A CPCU shall use the CPCU designation and the CPCU key only in accordance with the relevant Guidelines promulgated by The Institutes.

R8.2:A CPCU shall not attribute to the mere possession of the designation a depth or scope of knowledge, skills, and professional capabilities greater than that demonstrated by successful completion of the CPCU program.

R8.3:A CPCU shall not make unfair comparisons between a person who holds the CPCU designation and one who does not.

R8.4:A CPCU shall not write, speak, or act in a way that leads another to reasonably believe the CPCU is officially representing The Institutes, unless the CPCU has been authorized to do so by The Institutes.

Guidelines for Professional Conduct

The following are guidelines that derive verbatim from an Advisory Opinion of the BEI that was issued under the Code's previous name. Any such references to the Code of Professional Ethics are assumed to refer also to the Code under its new name, the CPCU Code of Professional Conduct.

G8.1 Rule R8.1 of the Code of Professional Ethics stipulates that "A CPCU shall use the CPCU designation and the CPCU key only in accordance with the relevant Guidelines promulgated by The Institutes." These Guidelines, which define and impose restrictions upon the privilege to use the CPCU designation and key, are set forth subsequently. They are designed to prevent undignified commercialization of the designation, unfair comparison with able and well-established insurance practitioners who do not hold the designation, and other unethical practices inconsistent with the professional concepts that the CPCU designation represents. Specifically, every CPCU has an ethical obligation to comply with the following minimum standards:

- a. The designation "Chartered Property Casualty Underwriter," the initials "CPCU," and the CPCU key may be used only in a dignified and professional manner, according to the following provisions:
 1. The designation or initials may be used after the holder's name on business cards, stationery, office advertising, signed articles, business and professional listings, and telephone

listings, except where such use would conflict with the provisions of subparagraph a.3.

2. The CPCU key (actual size or reduced, but not enlarged) may be imprinted only on business cards and stationery used exclusively by CPCUs. Copies of the CPCU key suitable for reproduction are available from The Institutes.
3. The designation itself, the initials “CPCU,” and the CPCU key are not to be used as part of a firm, partnership, or corporate name, trademark, or logo, or affixed to any object, product, or property, for any purpose whatsoever, except by The Institutes.

Different opinions may exist about what constitutes “dignified and professional.” The Institutes generally apply a fairly conservative standard. Any use besides those specifically authorized must first be approved by The Institutes. When in doubt, CPCUs are urged to request appropriate permission.

Camera-ready copies of the key are available to designees and CPCUs. The key’s actual height is one and one-quarter of an inch. Larger reproductions are not permitted on business cards and stationery.

Because the CPCU designation is rightfully associated only with the person who has earned it, it may not appropriately be used as part of a business name or logo.

Except as specifically authorized in provisions 1 and 2, the initials “CPCU” (whether uppercase or lowercase) and the CPCU key are not to be affixed to any object except by The Institutes or with the explicit permission of The Institutes.

- b. The designation “Chartered Property Casualty Underwriter,” the initials “CPCU,” and the CPCU key may be used to announce the conferment of the designation.
 1. News releases prepared by The Institutes are made available to all new CPCU designees. Only these approved releases, with the addition of personal biographical information, may be used by individual CPCU designees in preparing material for the business and community press. Approved news releases are worded to give due visibility to the accomplishment of the designee, while preserving the dignity of the CPCU designation, and to avoid any wording that might violate R8.2 or R8.3.
 2. The Institutes encourage employers of new designees to publish in company publications articles congratulating the new designees. The Institutes’ official listing of new designees, published at the time of the conferment ceremony, should be used to verify the names of new designees. Copies of the CPCU

key are available from The Institutes for reproduction in such articles.

3. The Institutes encourage the use of dignified advertisements congratulating new designees on earning the CPCU designation. Copies of the CPCU key are available from The Institutes for reproduction in such advertisements. These advertisements must be strictly congratulatory in nature, however, and should not include the business conducted by the firm, the lines of insurance carried by the firm, the firm's telephone number, or any copy soliciting business.
- c. The designation "Chartered Property Casualty Underwriter," the initials "CPCU," and the CPCU key may be used by the CPCU Society in a manner that complies with the Rules and Guidelines of The Institutes' Code of Professional Ethics and that has first been authorized in writing by the Ethics Counsel of The Institutes. The CPCU Society sells CPCU jewelry and other items bearing the CPCU designation and/or key. Items sold by the Society have been approved by The Institutes, unless they reflect the CPCU Society logo rather than the CPCU letters or key.
- d. The designation "Chartered Property Casualty Underwriter," the initials "CPCU," and the CPCU key may not be used in any manner that violates a Rule of the Code of Professional Ethics. Rules R8.2, R8.3, and R8.4 deserve special mention in this context since they relate directly to, and impose restrictions upon, the privilege to use the CPCU designation.
- e. The designation "Chartered Property Casualty Underwriter," the initials "CPCU," and the CPCU key may be used in any other manner that has received prior approval in writing from the Ethics Counsel of The Institutes. Use of the CPCU designation on custom-made items of jewelry or other objects is not authorized unless it is specifically approved by the Ethics Counsel.

This Guideline has been supplemented by three Advisory Opinions. The first prohibits the use of the initials "CPCU," by themselves or along with other letters or numbers, on license plates. Rule R8.1 incorporates by reference any guidelines published by The Institutes, and these Advisory Opinions therefore have the force of a Rule. Usage prohibited by these Advisory Opinions could lead to sanctions under the enforcement provisions of the Code.

The second Advisory Opinion addresses the use of the CPCU designation and key on web pages, as follows:

Advisory Opinion Regarding Use of the Designation “Chartered Property Casualty Underwriter,” the Initials “CPCU,” and the CPCU Key on a web page

The Guidelines applicable to business cards, stationery, office advertising, signed articles, business and professional listings, and telephone listings also apply to use of the designation and key on web pages by CPCUs or organizations employing CPCUs. CPCU keys should not be enlarged, the designation should relate only to individual designation-holders (not the organization), and any explanation should not directly or indirectly overstate the designation’s value. All use should be professional and dignified. CPCUs are encouraged to link their web pages to The Institutes’ website at TheInstitutes.org. (The CPCU Society also encourages members to link to its website at CPCUSociety.org.)

The Institutes, the CPCU Society, and CPCU Society chapters may use the designation “Chartered Property Casualty Underwriter,” the initials “CPCU,” and the CPCU key on a web page, where they may also use the designation or initials as part of the organization name, provided the use is otherwise consistent with these guidelines.

Any questions regarding the appropriateness of existing or draft web pages may be directed to the Ethics Counsel of The Institutes.

The third Advisory Opinion addresses the use of the initials “CPCU” in a web page address or email address.

Advisory Opinion Regarding Use of the Initials “CPCU” in a web page Address or an Email Address

The initials “CPCU,” whether uppercase or lowercase, by themselves, or within a longer address, may not be used as part of a web page address or an email address, except by The Institutes, the CPCU Society, and CPCU Society chapters.

G8.2 Misrepresentation

Rule R8.2 stipulates that “A CPCU shall not attribute to the mere possession of the designation depth or scope of knowledge, skills, and professional capabilities greater than those demonstrated by successful completion of the CPCU program.” Unless this Rule is strictly observed by all CPCUs, the public will be misled and the integrity of the designation, as well as the integrity of the violator, will be significantly diminished. The public is protected and the integrity of the designation and its holder are best preserved by avoiding any misrepresentations of the nature and significance of the CPCU designation.

CANON 9

CPCUs should assist in maintaining the integrity of the CPCU Code of Professional Conduct.

Rules of Professional Conduct

- R9.1:**A CPCU shall not initiate or support the CPCU candidacy of any individual he or she knows engages in business practices that violate the ethical standards prescribed by this Code.
- R9.2:**A CPCU possessing unprivileged information concerning an alleged violation of this Code shall, upon request, reveal such information to the tribunal or other authority empowered by The Institutes to investigate or act upon the alleged violation.
- R9.3:**A CPCU shall not retaliate against an individual for reporting an activity that the person, in good faith, believes to be a violation of any law, rule, regulation or provision of this Code.
- R9.4:**A CPCU shall report promptly to The Institutes any information concerning the use of the CPCU designation by an unauthorized person.