

A Question of Ethics

Developing a Reputation for Ethical Practice—Can We Have Instant Ethics?

“A good name is rather to be chosen than great riches.”

Proverbs 22:1 (KJV)

Last fall, I had the opportunity of a lifetime to enjoy a trip through Jordan and Egypt. A common sight that impressed me greatly was the magnificent architecture and the marvelous workmanship of ancient Egypt and the Greco-Roman world. Some very stately temples and public buildings have survived thousands of years. These edifices were built with commonly available stone, and without mortar. One marvels at the ingenuity and social organization of these ancient peoples who labored, perhaps their entire lifetimes and over several generations, to produce the wondrous structures that survive to this day.

Living now in the computer age with its demands for lightning-fast responses and instant gratification prompted me to ask, as the subject of this ethics column, whether we could have instant ethics. My considered opinion, based on my years in the business world and some personal research, is that we cannot. We may voice a commitment to ethical practice in a brief statement, say, in reciting our CPCU Professional Commitment, formerly known as the CPCU Charge, at a CPCU conferment ceremony. But a career of service with integrity is actually required to make an enduring reputation for ethics possible, if at all. More to the point, we should be aware that a lifetime of good deeds may only contribute somewhat to a favorable ethical reputation; even a single premeditated bad deed may well destroy it. As Shakespeare stated in Julius Caesar, “The evil that men do lives after them; the good is oft interred with their bones[.]” (Act III, Scene II, lines 79-80)



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As CPCUs, we are greatly concerned with developing a favorable reputation for ethics in business. We are even exposed to messages suggesting that adherence to high ethical standards may well improve our bottom lines.¹ Our CPCU Society strives to advance professionalism in the property and casualty insurance industry by emphasizing the importance of ethics. So, we now may ask, how would we go about accomplishing this goal?

I consider that each business or insurance transaction that we are able to complete competently and on a timely basis on behalf of a client serves to affirm this commitment. The ancient stone masons who produced the pyramids and the many temples that were the wonders of the ancient world chipped away with hammers and chisels and other primitive tools to shape the many stones with which the columns and lintels of these structures were built. These ancient construction techniques may be analogized to the various business transactions we carry out that fill our work days. These transactions must be undertaken properly if they are to build an enduring edifice: a favorable reputation for business ethics.

Our own rules of professional conduct prescribe our ethical obligation to perform our business tasks with diligence and competence. Consider the ethics rules discussed below from the American Institute of CPCU's Code of Professional Ethics and the CPCU Society's Code of Ethics.² The

Institute's Rule R4.1 provides as follows:

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

Further, Guideline G4.1, though not binding as a disciplinary provision in the Institute's Code, provides in part as follows:

From one who purports to be a true professional, the public has a right to expect both competence, in the sense of abilities, and diligent performance, in the sense of consistently applying those abilities in the service of others.

In addition, addressing the matter of reputation, the Institute's Code of Professional Ethics' aspirational Canon 8 provides in part as follows:

CPCUs should honor the integrity of the CPCU designation...

While the Institute's Rules R8.1 through 8.4 deal more directly with the limitations associated with CPCUs' use of the CPCU designation, the quoted portion of the canon cited above encourages us to do our part to protect the designation's reputation. A respected commentary states in part the following:

Honoring the integrity of the CPCU designation means doing one's best to ensure the well-being of this hard-earned professional designation, thus doing everything possible to preserve its sound reputation. (Italics added for emphasis.) [E. Wiening,

“Commentary Accompanying Code of Professional Ethics of the American Institute for Chartered Property Casualty Underwriters,” p. 2-53 (7th Ed. 2002)]

For its part, the CPCU Society’s Code of Ethics, provides as follows:

A member shall not engage in practices which tend to discredit the Society or the business of insurance and risk management. [Section 4(b) (1)]

Thus, we can see that the Institute’s and the Society’s ethics codes are reasonably aligned in their attempts to protect the favorable reputation of the CPCU designation and, by inference if not expressly, to set out the expectation for diligence and integrity in the performance of our professional tasks.

In contrast, consider the ongoing saga of Maurice R. “Hank” Greenberg and American International Group (AIG), a major conglomerate in our industry. In 2005, Eliot Spitzer, then New York’s attorney general, uncovered the corrupt leadership focused mainly on the manipulation of AIG’s stock prices, which Greenberg had allegedly coordinated at the helm of AIG. This eventually led to his ouster as AIG’s CEO, and a very substantial settlement on AIG’s part to dispose of civil and threatened criminal charges.³ Greenberg’s assertion of his Fifth Amendment right against self-incrimination while the investigation was proceeding is in itself something of a telling indication, given that we have an expectation that CPCUs, as insurance practitioners, will cooperate with the relevant authorities in these sorts of matters.⁴ We can only speculate that Greenberg’s alleged behavior inflicts significant damage to the reputation of the property and casualty insurance industry, and that it impairs the public’s confidence in our ability to conduct business with integrity.

Perhaps we can take a cue here, as CPCUs who are mindful of our obligation to fulfill our commitments

competently, that the following strategies may serve to build up our ethical standards:

- In whatever matters we take up, whether assigned to us or taken on our own initiative, we should proceed diligently to satisfy our clients’ needs with integrity.
- Consider that a lack of integrity manifested in our dealings with clients renders us unprofessional and unfit to hold our CPCU designations.
- Like humble artisans, we should endeavor to know the limits of what we can reasonably accomplish as we strive to fulfill our clients’ reasonable expectations.
- Bear in mind that as individuals and members of different business organizations, a blow to one’s reputation or to one’s organization’s reputation may not easily be overcome.
- Avoid questionable short-term gains that may compromise our overall integrity.
- Take a broad view of our place within the property and casualty insurance industry and make every effort to contribute positively to the public good in our business transactions.
- Support the efforts of CPCUs and the CPCU Society in standing firm for integrity in our business dealings.

Our legacy may not quite rival the contributions of the anonymous workers who produced the surviving

structures from the ancient world that we admire today. But our commitment to ethics should be no less than theirs in bringing about lasting contributions to our clients and to our society’s welfare. As we state in our CPCU Professional Commitment:

[A]nd I shall strive at all times to live by the highest standards of professional conduct...and I shall strive to maintain and uphold a standard of honor and integrity that will reflect credit on my profession and on the CPCU designation.

Many of the ancient monuments that were so carefully built up ultimately fell to the depredations of nature, in the form of earthquakes and other disasters. If we build our business reputations over the course of our careers with service to clients carried out with integrity and competence, then perhaps our legacy will speak well for us and the CPCU designation we dearly hold.

Editor’s note: *The opinions expressed in this column are those of the author and do not necessarily reflect the views of the CPCU Society membership, the Society’s Ethics Committee, or the author’s employer. In upcoming issues of CPCU News, the authorship of the “Question of Ethics” column will rotate among members of the Ethics Committee. If you have suggestions for upcoming articles or comments about the “Question of Ethics” column, please contact Sonya Marie Hope, CPCU, Ethics Committee chairman, at sonyah@iibweb.com.*

Endnotes

1. See, e.g., Larry L. Axline, “The Bottom Line on Ethics: A Fresh Perspective on a Worthwhile Subject,” *J. Accountancy*, v. 170, issue 6, pp. 87–91 (Dec. 1990).
2. CPCUs are subject to the American Institute of CPCU’s Code of Professional Ethics depending upon the year of their matriculation as CPCUs or upon their written commitment to abide by the Institute’s Code. The CPCU Society’s Code of Ethics applies to all members.
3. See *Amended Complaint*, Index No. 401720/05, filed in *People v Greenberg and Smith*, Supreme

Court of the State of New York, County of New York, available at the New York attorney general’s web site, which outlines the allegations against Greenberg and Howard Smith, AIG’s former chief financial officer. See also I. McDonald & T. Francis, “Heard on the Street, Spitzer Expects a Civil Settlement with AIG,” *The Wall Street Journal*, April 5, 2005, C1; Eileen Alt Powell, “Government Announces \$1.6 Billion Settlement with American International Group,” Associated Press, February 9, 2006.

4. See American Institute of CPCU’s Code of Professional Ethics Rule R5.4.