

Your Ethics, My Friend, are Blowin in the Wind

by Chris Amrhein, AAI

Welcome again to March, which is Ethics Awareness Month, sponsored by the CPCU Society and other fine insurance organizations.

Perhaps you wonder why we'd "waste" time with something as rhetorical as Ethics Awareness Month. By the time you reach the age of pursuing a career such as insurance, shouldn't your ethics already be solidly grounded? If not, isn't it silly to try to convince adults to take classes and attend luncheons where some speakers lecture them to do right and not wrong? To paraphrase a national publication expressing skepticism about the burst of ethics training requirements in many professions—including ours—hasn't that "morality" horse already left the barn?

"Neigh!" say I, pun intended. The assumption that ethics is about "doing the right thing" and not being a sleaze makes what passes for a discussion or class on "ethics" less than useless. It's a bit late to preach honesty as a virtue to adult professionals. And it's borderline ridiculous to think that reviewing state trade practice regulations is going to convert the pond scum into high-principled practitioners.

Get to the heart of true ethics and discover the value of ethics awareness and focus. Cut to the chase and realize the power of ethics is not in choosing right from wrong. It is in choosing right from right. We probably agree that those who happily do the wrong thing—for whatever reason—should be taken out and tied securely to railroad tracks.

Consider the following case study, taken from my Street Level Ethics class and based on an actual incident.

"It was the biggest storm to hit the area in decades. You saw news stories, but nothing prepared you for the total devastation you found when you arrived to set up the first catastrophe claims office for your carrier. The designated location was almost impossible to find, since street signs were gone and nearly every landmark had disappeared with the trees. There wasn't an undamaged building for miles. Agents and insureds were straggling into your claims trailer, begging for any assistance you could offer. Your plan had been to determine from local agents which of their insureds needed help the quickest, and some idea of the coverage each had purchased. But the agencies were damaged as badly as their clients, and few client records are available. You have your computers, but phone lines are dead and the cellular towers are down. It will be days before you can connect to your carrier network and pull up needed information. For now, a growing line of insureds is forming at your door.

One agent tells you a major national carrier down the road is so swamped by claimants that they've started taking down names and handing each claimant a \$5,000 check, telling them to get a place to stay and buy some food and clothing. The carrier will contact them later to start the formal claims process. You understand such compassion, but your feelings that that might not be a totally good idea are confirmed when the agent comments he knows some of the folks getting checks don't even have coverage with that carrier.

The human misery in front of you is overwhelming, and there's no way you can handle this flood of hurting people, much less expect them to understand you can't pay them anything until you have the proper information. Asking people who just lost everything if they remember their policy number would border on cruelty. Maybe it would be worth paying out some money to the fakes if it means the truly deserving get at least some help quicker. What do you do?"

Note that you're not being asked to choose right from wrong, but rather right from right.

- It's right not to pay out carrier funds, belonging to true clients, to fraudulent claimants.
- It's right to be compassionate.
- It's right to stick to the rules, protect your carrier's solvency and explain you can't pay out claim funds until you have proof of loss and valid insurance.
- It's right to make exceptions to the rules when dire circumstances call for reasonable variations.

A wrong choice would be stealing the money. Or paying it out only to an agent's buddies or favorite clients. Or choosing not to choose, thus abdicating your responsibilities as a professional sent to help insureds recover after a loss, and failing to fulfill the carrier's promise made when it issued the coverage.

But after considering all those "rights," you can only make one decision. There's no procrastinating or hoping for an escape from responsibility. You either write the checks or you don't. That's a true ethical situation. How do you choose when every choice seems right?

Valid ethics training is not about telling you what to do in every situation. In the insurance business, situations arise that are totally unexpected. You'd think after more than 30 years I would have heard and/or stumbled across just about everything, but nooooo. I still get questions or read of claims that are unique and perplexing. Like the adjuster above, you assume everything will be normal, but you find yourself unsure as to what to do next.

While a complete study of ethics is beyond this article, let me summarize three useful guidelines to help you make a decision in situations such as the case study above.

- Situation-based: What is the best outcome possible given these circumstances?
- Rule-based: Follow the rules, and let the chips fall where they may.
- People-based: Follow the Golden Rule: What would you have others do if faced by the same situation?

Here's the type of reasoning possible if we apply each of the above guidelines to the case study:

Situation-based: Write the checks. The small amount of funds that may be paid fraudulently is dwarfed by the needs of the claimants. Besides, in the long run, the good will the carrier will reap from this gesture will more than compensate for any financial loss from fraud.

Rule-based: Typical claims rules never anticipated anything as catastrophic as this—no coverage records, no way to verify insured status, or even prove who's insured and who isn't. But you can't just throw the rulebook away, either. Maybe you can ask agents in the area to vouch for each claimant before you release the money or at least

get enough information from each claimant (name of agent, amount of coverage, location of home, how many years insured) to try to create some semblance of credibility to the process. Without some assurance of proof of loss from a valid claimant, policy rules would tell you not to write the check.

People-based: Write the checks. If you were the one standing in line, having just suffered the loss of everything you owned, that's exactly what you would want—and deservedly so.

You can see that good, honest folks can still arrive at completely opposite decisions. Since each choice can be "right," it follows no one who chooses differently from you is "wrong." We simply arrive, through a solid process of following valid guidelines, at different possibilities. It is in understanding that we *all* strive for fairness and consistency that trust is built. And building trust—not choosing right from wrong—is the goal of pursuing ethical behavior.

So what if you were our adjuster? If you think the answer is obvious—much ado about nothing—an interesting but factual detail may make you reconsider your dismissal of the process. In a claims Webinar, over 400 practicing professional adjusters, all possessing advanced insurance designations, were presented with a case study essentially identical to the one above. They were also presented with the three guidelines for making their decisions. At the end, they were asked to vote: Do you write the check, or don't you?

As Dave Barry is wont to say, "I am not making this up." The final vote was split right down the middle—50% wrote the check, 50% said "no."

If you thought the answer was "obvious," think again. And next time, make sure your ethics class provides you with real-world challenges, not simplified morality plays and regulatory summaries. When confronting "right versus right" dilemmas, you want to learn how to reinforce your client's trust, not confirm their worst suspicions.

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