

Integrity
 Adherence to moral principles.
 In ethics, integrity is regarded as the honesty and truthfulness or uprightness, sincerity, and

Issues Testing the Ethics and Compliance of Agencies

As a college ethics professor may say, if a person has to learn ethics, it's probably too late. But ethics classes are valuable in providing new philosophies and actual mathematical models for measuring the price of ethics. There are issues such as handling certificates and protecting personal information that have caused agencies to measure the cost of ethics and complying with the law without a formal model in place.

One of the most prevalent issues the industry has seen publicly over the years is in the area of certificates of insurance. Many agents and producers have made the conscious decision to provide certificates that are not correct or misrepresent coverage provisions. They decided that the risk of getting caught is far too little relative to the reward for making the sale. Perhaps, though, they are not considering the entire cost. For example, all errors and omissions policies exclude coverage for intentional acts where the party knowingly violates the law. Modifying the certificate also violates ACORD's copyright agreements, and it is a form filed and approved by the insurance departments in many states. Implementation of state laws requiring the issuance of certificates that misrepresent coverage have changed this from an ethical question in days past to one of breaking the law today.


Another issue testing the ethics of agencies has to do with privacy laws. Many people know the basics of these laws, yet many lack understanding of the complex details. Most agencies are not intentionally being unethical, just potentially operating illegally. Agents complying with just implementing the basic data protection will gain tremendous protection from first and third party liability from breach of customer data. Completely implementing the basics, though, can still be a foreboding task. Consider taking the following small steps that will help you get started:

- **Lock the paper.** It is easy to keep files locked, although it is surprising how many agencies lack locking file cabinets or have lost the keys to their filing cabinets. To those who profess life will never be as agreeable because they now have to lock their filing cabinets, times have changed. People do steal agencies' files.
- **Protect passwords.** Not leaving passwords lying around or plastered on computer monitors is another good example of an easy solution. It may seem farfetched, but more than one agency and small business has reported an innocuous looking person walk in professing the need to examine someone's computer to help the system run faster, only to have the customer service representative politely turn over a computer and passwords without question.
- **Internal encryption.** Using internally encrypted emails is another good example of relatively easy compliance. It gets tougher trying to comply with the laws when sending encrypted email externally because some carriers and customer systems may not be set up appropriately to accommodate encryption.

Knowing insurance statutes is one thing, but making the decision to take the risk of non-compliance is another. The reasons for not complying are troubling with vociferous responses of, "We can't survive if we comply with that law." This response means these agents intend to operate illegally without even considering the options. Ignoring the issues and refusing to adapt is not the solution. Ultimately, such actions are going to injure the industry. In addition, denying that anything is wrong and denying the need to change just might be unethical.

When consulting with agencies on their operations, I have been told that I am too direct when I bring ethical and legal issues to people's attention. In other words, I should use more tact in telling people they are violating the law. Can you imagine the police arresting a fraud suspect stating, "Now, don't get me wrong, I know times are tough. I have a lot of empathy with you for knowingly committing fraud. I hope this helps you become a better person by my bringing the fraud you've committed to your personal attention." Violating certificate or privacy laws, whether knowingly or unknowingly, is a serious issue and should be treated as such.

Ethics come from the leaders of the agency, and bending laws to pad the income statement in the short-term builds a culture that openly protects people who knowingly violate laws and ethics. It may not seem like it but the decisions of some agencies ultimately affect many because the playing field can become lopsided.

If non-compliance to certificates and privacy laws is a reality in your shop, ask yourself why. If you understand the rules but are not playing by them, are you comfortable with the ethics behind that decision? Sometimes agency owners are so adverse to change that they unknowingly take on additional regulatory risk. It can be good to gain perspective from someone outside the agency to help address ethical and compliance issues because it is the fortunes and representation of agency owners that will ultimately suffer. 

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