



The Property and Casualty Insurance Industry's Ethical Environment: An Update

by Robert W. Cooper, Ph.D., and Garry L. Frank, Ph.D.

Introduction

The June 2005 issue of the *CPCU eJournal*¹ reviewed the findings of five previous ethics-based research studies conducted in both the property and casualty, and life segments of the U.S. insurance industry in an attempt to provide a better understanding of the evolving ethical environment in which the CPCU Society and CPCUs, as individuals, currently find themselves attempting to determine the most appropriate roles to play in helping to restore the industry's image of trustworthiness following the highly publicized unethical activities involving collusion among certain key brokers and insurers.² With more recent allegations of unethical/illegal behavior having ranged far beyond the initial charges related to brokerage activities to include improper financial reporting for certain finite reinsurance transactions, underwriting income and losses, and workers compensation insurance premiums,³ the authors approached the CPCU Society with a proposal to survey a sample of its members in an effort to determine whether significant changes have occurred recently in the ethics issues perceived as presenting the greatest problems for those working in the industry and/or the extent to which they are viewed as presenting such problems. This article reports the findings of that survey and compares them with the findings of similar surveys of CPCUs conducted in 1989⁴ and 1999⁵ in an effort to help the Society and its members better understand the industry's changing ethical environment as they attempt to determine the most appropriate ways of restoring the trust of their clients and the public in general.

Survey Information

Information for the study was gathered using a two-page survey form mailed to 3,000 CPCUs during September 2005.

The Participants

The 3,000 survey participants were selected from a list of CPCU Society members organized by functional title, reflecting the member's type of business, level of position, and job function. Participants were selected at random from among the various functional title groups in proportion to the relative number of Society members in each group.

Abstract

This article reports the findings of a survey of CPCUs conducted during September 2005 with the assistance of the CPCU Society to determine their perceptions of the key ethical issues facing the industry today. The findings also are compared to those of similar surveys of CPCUs conducted in 1989 and 1999 in an effort to determine whether significant changes have occurred recently in the perception of either the key ethical issues faced by insurance professionals or their intensity.

Completed surveys were received from 485 participants producing an overall response rate of 16 percent, which was considerably lower than those experienced in past CPCU ethical issues surveys—response rates of 54 percent (810 responses from 1,500 CPCUs surveyed) obtained in the 1989 survey, and 30 percent (451 responses from 1,500 CPCUs surveyed) in the 1999 survey. This low response rate was anticipated based on the authors' recent experiences with similar mail surveys conducted in other professions. While the response rate is too low to permit generalizations to be made regarding the views of all Society members, the findings are grounded in a sufficient number of responses to provide a sense of the ethical environment currently encountered in the property and casualty insurance industry.

The Survey Form

Since the principal purpose of the survey was to provide an indication of the key ethical issues and dilemmas facing the property and casualty insurance industry today based on the perceptions of CPCUs in a variety of positions in the industry, the bulk of the survey form consisted of a list of 32 ethics-related statements that are reproduced in Table 1. The individuals surveyed were asked to rate each statement on a 5-point scale where 5 meant that it is a major problem today in the property and casualty insurance industry, and 1 meant that it is not a problem today in the industry.

The list of statements included in the survey form was identical to that contained in both the 1989 and 1999 questionnaires. Since the 32 statements included in the survey instrument are varied in their form of presentation (some reflect ethical conflicts that may be faced, many reflect unethical behaviors in response to ethical dilemmas, and a few are general situations that may give rise to ethical dilemmas as well as other problems), these statements will be referred to as "issues" to simplify the discussion in this article.

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Table 1
2005 Ethics Issues Survey Findings—All Respondents

		Mean	Rank	% Indicating 3, 4, or 5
Issue 1	Failure to provide products and services of the highest quality in the eyes of the customer	2.61	7	50.4
Issue 2	Failure to provide prompt, honest responses to customer inquiries and requests	2.68	5	53.3
Issue 3	Making disparaging remarks about competitors, their products, or their employees or agents	2.56	9	48.2
Issue 4	Misuse of proprietary information	2.17	20	32.4
Issue 5	Misuse of sensitive information belonging to others	2.08	23	30.0
Issue 6	Improper methods of gathering competitors' information	2.08	23	28.3
Issue 7	False or misleading representation of products or services in marketing, advertising, or sales efforts	2.60	8	50.0
Issue 8	Conflicts between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	2.93	3	60.5
Issue 9	Conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities	2.78	4	55.5

Table 1 (continued)
2005 Ethics Issues Survey Findings—All Respondents

		Mean	Rank	% Indicating 3, 4, or 5
Issue 10	Conflicts of interest involving the marketing of products and services competing with those of one's own company	2.20	17	34.3
Issue 11	Conflicts of interest that involve working for a competitor, customer, or supplier without approval	1.77	30	17.7
Issue 12	Misuse of company assets/property	2.20	17	33.7
Issue 13	Insider trading/other security trading problems	2.19	19	32.0
Issue 14	Giving excessive gifts or entertainment	2.26	15	36.6
Issue 15	Receiving excessive gifts or entertainment	2.23	16	36.2
Issue 16	Offering or soliciting payments or contributions for the purpose of influencing customers or suppliers	2.15	21	31.4
Issue 17	Offering or soliciting payments or contributions for the purpose of influencing government officials	2.05	25	28.2
Issue 18	Offering or soliciting payments or contributions for the purpose of obtaining, giving, or keeping business	2.35	14	39.2
Issue 19	Offering or soliciting payments or contributions for the purpose of persuading employees of another company to fail to perform, or improperly perform, their duties	1.62	32	12.0
Issue 20	Offering or soliciting payments or contributions for the purpose of influencing legislation or regulations	2.15	21	33.0
Issue 21	Inaccuracy of books, records, or reports	2.55	10	46.6
Issue 22	Abuse of expense accounts	2.43	13	44.3
Issue 23	Antitrust issues	2.02	26	27.4
Issue 24	Relations with local communities	1.88	28	23.0
Issue 25	Office/agency closings and layoffs	2.45	12	43.4
Issue 26	Discrimination	1.95	27	25.4
Issue 27	Drug and alcohol abuse	1.69	31	15.5
Issue 28	Employee theft	1.80	29	15.9
Issue 29	Lack of knowledge or skills to competently perform one's duties	2.95	2	63.6
Issue 30	Failure to identify the customer's needs and recommend products and services that meet those needs	3.04	1	68.2
Issue 31	Failure to be objective with others in one's business dealings	2.52	11	46.8
Issue 32	Misrepresenting or concealing limitations in one's abilities to provide services	2.67	6	50.7

Professional Issues Distinguished

The first 28 issues listed in Table 1 reflect ethical issues and dilemmas facing businesses and their employees in general. However, professionals, particularly those who work with clients, also face a variety of other ethical issues arising out of the fiduciary nature of the professional-client relationship. This fiduciary relationship recognizes both the superior knowledge that professionals have and the role of client consent in the decision-making process. The professional analyzes the client's problem(s), formulates alternative courses of action, makes recommendations, and helps carry out the client's decision; the client, in turn, agrees or disagrees with the options and recommendations presented by the professional. Because the client must rely on and, thus, trust the professional to provide informed options and recommendations that are in the client's best interest, the professional has special obligations to ensure that the trust is justified. These obligations give rise to a number of ethical responsibilities owed by professionals to their clients, such as keeping current with one's field, not undertaking tasks for which one lacks competence, being loyal to the client's interests, and remaining independent and objective in one's judgment. Issues 29 through 32 were included in the survey form to provide an indication of how CPCUs, as professionals, view ethical issues of special relevance to professionals as compared with ethical issues of concern to businesses and their employees in general.

In addition to the 32 issues to be rated, the survey form also contained two open-ended questions. First, survey participants were asked to indicate (and rate on a 5-point scale) any other ethical issues not already listed in the form that present problems in the property and casualty insurance industry. Also, they were asked to indicate what they feel is the most important specific ethics problem or issue facing those who work in the property and casualty insurance industry today. These two questions were included principally to provide a cross-check on the completeness of the list of 32 ethical issues and on the ratings provided for those issues.

Finally, participants were asked to indicate whether they were a senior manager, middle manager, or not in management, and whether they work in an agency, brokerage, insurance company, reinsurance, or other type of organization. These questions were included to permit an analysis of whether the perceptions of the key ethical issues differed significantly by level within the organization and/or the type of organization within which respondents work.

2005 Survey Findings

All Respondents

Table 1 shows the mean ratings for each of the 32 ethical issues based on the individual ratings given to each issue by all the CPCUs responding to the 2005 survey. The table also shows the rank of each issue based on the size of the issue's mean rating. Finally, the table indicates the percentage of the respondents who rated each issue 3, 4, or 5. Thus, for example, Issue 1 (failure to provide products and services of the highest quality in the eyes of the customer) was rated 2.61 on average by all survey respondents, had the seventh highest mean rating among the 32 ethical issues listed in the survey form, and was rated 3, 4, or 5 by 50.4 percent of the respondents.

Eleven ethical issues received mean ratings greater than 2.50. All these issues were rated 3, 4, or 5 by 46 percent or more of the CPCUs responding to the survey, and eight received these ratings from 50 percent or more of the respondents, suggesting that they are perceived as presenting real problems for the industry. In descending rank by mean rating, these 11 key ethical issues are:

- failure to identify the customer's needs and recommend products and services that meet those needs (Issue 30)
- lack of knowledge or skills to competently perform one's duties (Issue 29)
- pursuit of personal financial gain or other personal benefits interfering with the proper performance of one's duties (Issue 8)
- conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities (Issue 9)
- failure to provide prompt, honest responses to customer inquiries and requests (Issue 2)
- misrepresenting or concealing limitations in one's abilities to provide services (Issue 32)
- failure to provide products and services of the highest quality in the eyes of the customer (Issue 1)
- false or misleading representation of products or services in marketing, advertising, or sales efforts (Issue 7)
- making disparaging remarks about competitors, their products, or their employees or agents (Issue 3)
- inaccuracy of books, records, or reports (Issue 21)
- failure to be objective with others in one's business dealings (Issue 31)

As might be expected, the CPCUs responding to the survey rated two of the issues related to the ethical responsibilities of professionals, but not of businesses and their employees in general (Issues 30 and 29), as being on average of greatest concern to the industry today. The other two issues directly related to professional ethical responsibilities (Issues 32 and 31) were also rated among the top-11 ethical issues facing those currently working in the property and casualty insurance industry.

Seven ethical issues of interest to businesses and their employees in general were also rated on average greater than 2.50 by the CPCUs responding to the survey. These issues reflect ethical dilemmas related to the quality of products and services provided to customers (Issue 1), the propriety and/or promptness of information provided to customers and possibly others (Issues 2, 3, and 7), various potential conflicts of interest (Issues 8 and 9), and the accuracy of books, records, or reports (Issue 21).

While the remaining 21 issues were not viewed as presenting particularly significant problems for those working in the industry by as large a percentage of the respondents as was the case for the key ethical issues, all but the four lowest ranked (Issues 11, 19, 27, and 28) were rated 3, 4, or 5 by 20 percent or more of the respondents, and 12 of the 21 lowest-ranked issues received this rating from 30 percent or more of those CPCUs responding to the survey. This suggests that these issues, while not viewed as presenting particularly widespread problems, are sufficiently pervasive that they should not be ignored by management. Managers and supervisors need to be alert to identify and handle, on an individual basis, those situations that present reasonably significant challenges to ethical behavior in the workplace.

Findings for Different Groups of CPCUs

Although the findings discussed previously indicated how all the CPCUs responding to the 2005 survey perceived the various ethical issues overall, they did not indicate whether different groups of respondents had different perceptions of the extent to which a particular issue presented problems for those working in the industry. This section examines whether perceptions of ethical issues differ among CPCUs responding to the survey who are involved in different functions, at different organization levels, and in different types of business organizations.

Findings for Functions

Nearly 95 percent of the responses to the survey were received from CPCUs engaged in one of four functional areas—underwriting (29.1 percent), claims (17.1 percent), marketing (34.2 percent), and risk management (14.2 percent). The mean ratings for each of the 32 ethical issues were computed for the survey respondents in each of the four functional areas.

The mean ratings were found to differ significantly (at the .05 level) among the underwriting, claims, marketing, and/or risk management groups for only five of the 32 issues studied (Issues 1, 3, 12, 25, and 32). Three of these five issues (Issues 1, 3, and 32) were among the 11 key issues identified earlier as presenting the greatest ethical problems to the property and casualty insurance industry today by the 485 CPCUs responding to the survey. The marketing and risk management groups perceived Issue 1, failure to provide products and services of the highest quality in the eyes of the customer, and Issue 32, misrepresenting or concealing limitations in one's abilities to provide services, as presenting significantly greater problems for those working in the industry than did the members of the claims group. The underwriting and marketing groups perceived Issue 3, making disparaging remarks about competitors, their products, or their employees or agents, as presenting a significantly greater problem for those working in the industry than did the members of the claims group.

Findings for Organization Levels

Because of the extensive nature of the survey, information was gathered from CPCUs holding positions at various levels in insurance companies and other organizations such as agencies and brokerage firms. To permit an examination of whether perceptions of ethical issues differ among respondents at different organizational levels, survey participants were asked to indicate whether they were a senior manager, middle manager, or not in management. The percentages of survey respondents indicating senior manager, middle manager, or not in management were 30.8 percent, 40.5 percent, and 28.7 percent, respectively. The mean ratings for each of the 32 ethical issues were computed for the survey respondents at each of the three organization levels.

The mean ratings were found to differ significantly (at the .05 level) between organization level groups for only three of the 32 issues studied (Issues 1, 25, and 31). Moreover, only two of these (Issues 1 and 31) were among the 11 key issues identified earlier as presenting the greatest ethical problems to the property and casualty insurance industry today by the 485 CPCUs responding to the survey. On average, the nonmanagerial personnel group felt that Issue 1, failure to provide products and services of the highest quality in the eyes of the customer, was a significantly greater problem in the industry today than did the middle management group. The senior management group felt that Issue 31, the failure to be objective with others in one's business dealings, presented a significantly greater ethical problem for those working in the industry than did the nonmanagerial personnel group.

Findings for Types of Business Organizations

To permit an examination of whether perceptions of ethical issues differ among respondents who work in various types of business organizations, survey participants were asked to indicate whether they worked in an agency, a brokerage, an insurance company, a reinsurer, or another type of firm. Nearly 93 percent of the respondents indicated that they worked in an agency (26.7 percent), a brokerage (8.7 percent), or an insurance company (57.4 percent). The mean ratings for each of the 32 ethical issues were computed for the survey respondents who indicated they worked for each of these three types of organizations.

The mean ratings were found to differ significantly (at the .05 level) between organization type groups in the case of eight of the 32 issues studied (Issues 1, 9, 10, 11, 12, 22, 26, and 32). However, only three of these issues (Issues 1, 9, and 32) were among the 11 key issues identified earlier as presenting the greatest ethical problems to the property and casualty insurance industry today by the 485 CPCUs responding to the survey. On average, the respondents working in brokerage firms felt that the following key ethical issues present significantly greater problems for those working in the industry today than did the respondents working for insurance companies:

- failure to provide products and services of the highest quality in the eyes of the customer (Issue 1)
- conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities (Issue 9)
- misrepresenting or concealing limitations in one's abilities to provide services (Issue 32)

A Comparison with the 1989 and 1999 Survey Findings

Table 2 provides a comparison of findings of the issue means and ranks for all respondents to the 1989, 1999, and 2005 surveys. Several points regarding the findings of the three studies are noteworthy. First, while differences do exist in the order of the 32 ethical issues based on their means, the correlation coefficients calculated from the mean ratings of the three studies were .873 for the 1989 and 1999 studies, .868 for the 1999 and 2005 studies, and .756 for the 1989 and 2005 studies. These rather high positive correlation coefficients, especially those for the two pairs of consecutive studies, suggest that the order of the ethical issues was actually quite similar overall for the three studies.

Second, a number of similarities exist with respect to the top-ranked issues identified in the three studies—that is, between the 11 key ethical issues identified in the 2005 study and the 10 key ethical issues identified and reported for the 1989 and 1999 surveys:

- The same two issues related to ethical responsibilities of professionals (Issues 29 and 30) ranked first and second in all three studies.
- Nine of the top-10 issues identified in the 1999 study (Issues 1, 2, 3, 7, 8, 29, 30, 31, and 32), including all four of the issues related to ethical responsibilities of professionals, also rank among the top-11 issues in the 2005 study.
- Nine of the top-10 issues identified in the 1989 study (Issues 1, 2, 7, 8, 21, 29, 30, 31, and 32), including all four of the issues related to ethical responsibilities of professionals, also rank among the top-11 issues in the 2005 study.

Table 2
Comparison of Three CPCU Issues Studies—All Respondents

		1989 Study		1999 Study		2005 Study	
		Mean	Rank	Mean	Rank	Mean	Rank
Issue 1	Failure to provide products and services of the highest quality in the eyes of the customer	3.35***†	3	2.70	8	2.61	7
Issue 2	Failure to provide prompt, honest responses to customer inquiries and requests	3.20***†	4	2.91†	4	2.68	5
Issue 3	Making disparaging remarks about competitors, their products, or their employees or agents	2.26	14	2.56*	10	2.56*	9
Issue 4	Misuse of proprietary information	1.87	24	2.16*	15	2.17*	20
Issue 5	Misuse of sensitive information belonging to others	1.80	27	2.14*	19	2.08*	23
Issue 6	Improper methods of gathering competitors' information	1.91	23	2.06*	22	2.08*	23
Issue 7	False or misleading representation of products or services in marketing, advertising, or sales efforts	2.76	6	2.73	6	2.60	8
Issue 8	Conflicts between opportunities for personal financial gain (or other personal benefits) and proper performance of one's responsibilities	2.74	8	2.72	7	2.93* **	3
Issue 9	Conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities	2.37	13	2.46	11	2.78* **	4
Issue 10	Conflicts of interest involving the marketing of products and services competing with those of one's own company	1.92	22	2.08*	21	2.20*	17
Issue 11	Conflicts of interest that involve working for a competitor, customer, or supplier without approval	1.68	31	1.72	31	1.77	30
Issue 12	Misuse of company assets/property	1.97	20	2.15*	17	2.20*	17
Issue 13	Insider trading/other security trading problems	1.85	26	1.89	30	2.19* **	19
Issue 14	Giving excessive gifts or entertainment	1.87	24	2.01*	23	2.26* **	15
Issue 15	Receiving excessive gifts or entertainment	1.78	29	1.96*	26	2.23* **	16

Table 2 (continued)
Comparison of Three CPCU Issues Studies—All Respondents

		1989 Study		1999 Study		2005 Study	
		Mean	Rank	Mean	Rank	Mean	Rank
Issue 16	Offering or soliciting payments or contributions for the purpose of influencing customers or suppliers	1.77	30	1.90	29	2.15* **	21
Issue 17	Offering or soliciting payments or contributions for the purpose of influencing government officials	1.79	28	1.95*	27	2.05*	25
Issue 18	Offering or soliciting payments or contributions for the purpose of obtaining, giving, or keeping business	2.04	18	2.15	17	2.35* **	14
Issue 19	Offering or soliciting payments or contributions for the purpose of persuading employees of another company to fail to perform, or improperly perform, their duties	1.30	32	1.40	32	1.62* **	32
Issue 20	Offering or soliciting payments or contributions for the purpose of influencing legislation or regulations	1.97	20	2.16*	15	2.15*	21
Issue 21	Inaccuracy of books, records, or reports	2.48**	10	2.30	13	2.55**	10
Issue 22	Abuse of expense accounts	2.23	16	2.44*	12	2.43*	13
Issue 23	Antitrust issues	2.45**†	11	1.92	28	2.02	26
Issue 24	Relations with local communities	2.64**†	9	2.12†	20	1.88	28
Issue 25	Office/agency closings and layoffs	2.41	12	3.04*†	3	2.45	12
Issue 26	Discrimination	2.10	17	2.26*†	14	1.95	27
Issue 27	Drug and alcohol abuse	2.25**†	15	1.98†	25	1.69	31
Issue 28	Employee theft	1.99†	19	2.00†	24	1.80	29
Issue 29	Lack of knowledge or skills to competently perform one's duties	3.39†	2	3.31†	1	2.95	2
Issue 30	Failure to identify the customer's needs and recommend products and services that meet those needs	3.41**†	1	3.20†	2	3.04	1
Issue 31	Failure to be objective with others in one's business dealings	2.75†	7	2.66	9	2.52	11
Issue 32	Misrepresenting or concealing limitations in one's abilities to provide services	2.88†	5	2.89†	5	2.67	6

* = significantly greater than the 1989 CPCU study value at the .05 level
 ** = significantly greater than the 1999 CPCU study value at the .05 level
 † = significantly greater than the 2005 CPCU study value at the .05 level

- Eight of the 10 key ethical issues identified in both the 1989 and 1999 studies, including all four of the issues related to ethical responsibilities of professionals, are the same as the following eight of the 11 key ethical issues identified in the 2005 study:
 - failure to provide products and services of the highest quality in the eyes of the customer (Issue 1)
 - failure to provide prompt, honest responses to customer inquiries and requests (Issue 2)
 - false or misleading representation of products or services in marketing, advertising, or sales efforts (Issue 7)
 - pursuit of personal financial gain or other personal benefits interfering with the proper performance of one's duties (Issue 8)
 - lack of knowledge or skills to competently perform one's duties (Issue 29)
 - failure to identify the customer's needs and recommend products and services that meet those needs (Issue 30)
 - failure to be objective with others in one's business dealings (Issue 31)
 - misrepresenting or concealing limitations in one's abilities to provide services (Issue 32)

These findings suggest that the key ethical issues facing the property and casualty insurance industry today are quite similar to those in 1989 and 1999. However, two issues, Issues 9 and 21, were identified as new key ethical issues in the 2005 study. Issue 9—conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities—was not perceived as being a key ethical issue by the CPCUs responding to the 1989 and 1999 surveys, and Issue 21—inaccuracy of books, records, or reports—was not perceived as being a key ethical issue by those responding to the 1999 survey.

Finally, the extent to which particular issues were perceived as presenting problems for those working in the property and casualty insurance industry changed significantly (at the .05 level) over the past six years for 18 of the 32 issues studied. Nine issues, including the following three of the top-11 issues identified in the 2005 study, were perceived as presenting a *greater problem* for the industry today than in 1999:

- pursuit of personal financial gain or other personal benefits interfering with the proper performance of one's duties (Issue 8)
- conflicts of interest involving business or financial relationships with customers, suppliers, or competitors that influence, or appear to influence, one's ability to carry out his or her responsibilities (Issue 9)
- inaccuracy of books, records, or reports (Issue 21)

In contrast to this finding of greater problems being presented to those working in the industry over the past six years, two of these issues, Issues 8 and 9, had experienced no significant change in the extent to which they were perceived as presenting ethical problems for the property and casualty insurance industry from 1989 to 1999, and Issue 21 was perceived as presenting less of a problem in 1999 than in 1989.

Nine issues, including the following four of the top-11 issues identified in the 2005 study, were seen as presenting *less of a problem* for those working in the industry today than in 1999:

- failure to provide prompt, honest responses to customer inquiries and requests (Issue 2)
- lack of knowledge or skills to competently perform one's duties (Issue 29)
- failure to identify the customer's needs and recommend products and services that meet those needs (Issue 30)
- misrepresenting or concealing limitations in one's abilities to provide services (Issue 32)

According to the survey respondents, the remaining 14 issues, including the following four of the top-11 issues identified in the 2005 study, experienced *no statistically significant change* (at the .05 level) in the extent to which they were perceived as presenting problems for those working in the property and casualty insurance industry in 1999 and 2005:

- failure to provide products and services of the highest quality in the eyes of the customer (Issue 1)
- making disparaging remarks about competitors, their products, or their employees or agents (Issue 3)
- false or misleading representation of products or services in marketing, advertising, or sales efforts (Issue 7)
- failure to be objective with others in one's business dealings (Issue 31)

Concluding Comments

This article has reported the findings of three surveys of CPCUs concerning their perceptions of the key ethical issues encountered by those working in the property and casualty insurance industry in 1989, 1999, and 2005 in an effort to provide the Society and its members with a better understanding of the industry's ethical environment today as compared with the past.

Analysis of the data from the 2005 CPCU study led to the identification of 11 of 32 issues that were perceived by those responding to the study as presenting the greatest ethical problems for those working in the industry today. Relatively few significant differences were found among these key ethical issues for different groups of respondents organized by type of work, level in the organization, and type of organization.

Comparison of the 11 key ethical issues identified in the 2005 study with the key ethical issues identified in the 1989 and 1999 studies indicated that there has been little change in the perceptions of the key ethical issues encountered in the industry today as compared with 1989 and 1999. Nine of the top-10 issues identified in the 1989 study, nine of the top-10 issues identified in the 1999 study, and eight of the top-10 issues identified in both the 1989 and 1999 studies correspond to issues included among the 2005 study's 11 key ethical issues.

Finally, with regard to the extent to which the key ethical issues are perceived as presenting problems for those working in the industry, eight of the 11 key ethical issues identified in the 2005 study were found to present less of a problem or about the same degree of problem as in 1999, suggesting that Spitzer's allegations over the past year of unethical/illegal behavior on the part of certain insurance brokers and companies do not appear to have had as broad a negative impact on the industry's ethical environment as might have been anticipated. However, the identification of two new key ethical issues in 2005 as well as the perception of three key ethical issues as presenting greater ethical problems for the industry in 2005 than in 1999 suggest that instead, Spitzer's allegations may have had a rather focused negative impact on the industry's ethical environment during the past year. This supposition is based upon the close relationship exhibited between the nature of the three increasingly troublesome key ethical issues identified in the 2005 CPCU study and Spitzer's charges of conflicts of interest leveled against major brokerage firms, and inaccurate financial reporting and improper pursuit of personal financial gain leveled against certain insurers and their executives.

Endnotes

1. Robert W. Cooper, "Working to Regain the Public Trust: Considerations for CPCUs," *CPCU eJournal*, June 2005.
2. Eliot Spitzer, Complaint: *The People of the State of New York against Marsh & McLennan Companies, Inc. and Marsh Inc.*, Supreme Court of the State of New York, County of New York, October 14, 2004, available at http://www.oag.state.ny.us/press/2004/oct/oct14a_04_attach1.pdf. See also Eliot Spitzer, Complaint: *The People of the State of New York against Universal Life Resources, dba ULR; Universal Life Resources, Inc. dba ULR Insurance Services; Douglas P. Cox; and Benefits Commerce*, Supreme Court of the State of New York, County of New York, November 12, 2004, available at http://www.oag.state.ny.us/press/2004/nov/nov12a_04_attach1.pdf.
3. Eliot Spitzer and Howard Mills, Complaint: *The People of the State of New York against American International Group, Inc., Maurice R. Greenberg and Howard I. Smith*, Supreme Court of the State of New York, County of New York, May 26, 2005.
4. Robert W. Cooper and Garry L. Frank, "Ethics in the Property-Liability Insurance Industry: Perceptions of the Issues," *CPCU Journal*, Vol. 43, No. 4, December 1990, pp. 224-238.
5. Robert W. Cooper and Garry L. Frank, "Key Ethical Issues Facing the Property and Casualty Insurance Industry: Has a Decade Made a Difference," *CPCU Journal*, Vol. 54, No. 2, Summer 2001, pp. 99-111.