

Ladies and Gentlemen:

INTRODUCTION

The Theme of your AGM this year – PROFESSIONAL AND ETHICAL BEHAVIOUR IN THE INSURANCE INDUSTRY- is quite noble and markedly so in an era where greed has caused the greatest calamity in history – The financial meltdown that started in America, devastated many an economy in Europe and the impact on Africa is yet to be fully comprehended. At the heart of this meltdown was the insurance industry notably **AIG- American International Group, Inc.**

Serious fraud and irregularities at AIG Insurance, Freddy Mac and Fannie Mae in the US has forced a government bailout that generations and generations hence would pay for. The Financial meltdown of five years ago only intensified the “increased public scrutiny in the past twenty years as the public is becoming both more aware of and concerned with business abuses” *Dubinsky and Loken, 1989, Vitell et al., 1993.*

The general distrust by society of business people in general and insurance companies in particular and the fact that increasingly practitioners are faced constantly with ethical dilemmas in performing their duties have made the topic for this year’s AGM even more relevant.

The insurance industry have enjoyed decades of exponential growth, due to increased affluence and the associated appetite for long term security in way of life, in health, in continued income flow, in children’s well being etc. The insurance companies nowadays as with other financial services companies are widely distrusted and even antagonized by civil society. Why is the insurance company experiencing perception of unethical behavior? Is it related to?

1. The profit purpose of business and the huge potential for ethical lapses?
2. The Complexity and confusing nature of insurance policies, where customers rely entire on the disclosures made by the insurance agent or brokers.
3. The History of gross abuse of confidence in insurance practices, to drive the point I cite some few examples:
 - The Dead Peasant Scheme, not only is the name brutal, it is a practice that non-insurance people will never accept. The dead peasant, another name for COLI - **Corporate-owned life insurance** is life insurance on employees' lives that is owned by the employer, with benefits payable to the employer. I recently just heard about this scheme but understand that it is a very old practice. , That was brought to public attention when a housewife accidentally learnt that the whilst she is struggling to pay the bills of her dead husband, the employers have been paid millions of dollars on insurance taken on her husband’s life without his knowledge. In the Famous Texas case, the widow of a disabled former employee of Houston-based Amegy Bank NA sued to recover \$1.6 million in life-insurance death benefits the bank received after her husband died.

- The Metropolitan Life Scandal over improper sales tactics by agents, more concerned with their commissions than their customers. Agents misrepresented whole life insurance policies as retirement savings plans for nurses.
- Closer to home the medical insurance scheme have collapse completely because local doctors would not treat employees for lack of payment by insurance companies.

What is important in all these cases is that it demonstrates the need for the insurance industry to become more ethical to regain consumer confidence. Areas of concern include marketing tactics, **such as withholding and distorting information for clients and product integrity.**

Now I come to the paper I am supposed to dilate on, these are not my words, dilate is definitely not my vocabulary, these words belong to my friend and brother William Coker, a proud example of the Gambian Professional. I wondered why I was chosen to deliver such a controversial topic, especially considering my understanding of the insurance industry is very little known only to a group of select few.

I must imagine that I was invited because of my unique perspective as an outsider, an outsider to the industry and definitely an outsider to the fine crop of aristocrats. I recently attended the graduation ceremony of the university of the Gambia, where the president of The Gambia Dr. Yahya AJJ Jammeh, said that this university is only relevant if it trains people that add value to society otherwise they are simply Aristocrats. I know that the people that I see in front of me are Professionals not aristocrat, for Aristocrats are people that are very wealthy highly respected and yet ... they do no business, they sell no products, they build no buildings, they cure no disease.... Yet society compensates them for being Aristocrats.

The topic I was asked to dilate on: **Professionalism In A Highly Competitive Environment And The Practice Of Ethical Behavior In The Development Of The Insurance Industry: The Role Of Management.**

Don't worry if you cannot remember the whole subject, I also thought that is was a trick question. I first seek to posed the question in layman terminology:

What is the role of management in maintaining professionalism and ethical behavior in a highly competitive environment?

To answer these we have to understand the nature of the insurance industry competition and its value proposition. I would here ask some questions but have no intention to answer, they are meant only to define the areas of competition that requires companies to

evolve Distinct, Differentiated and Defensible propositions to win market share and increase profitability.

- a. What is the product that insurance company Offer its customers, what are the features of these products?
- b. What are the benefit of these product features to the customers both emotional and functional benefit? An example of an emotional benefit is peace of mind.
- c. How do customers select insurance companies or products? What is the customer's reason to prefer – Brand, Product, Inter-personal etc.?
- d. How do insurance companies project their image and core vales, what is their VM (Visual Manifestation), How do they communicate with the public with government, with employees etc.?
- e. What is the product value chain, what are the costs and margins of the industry and how do competitors maximize value?

It is not my place to understand the nature of the competition yet competition is a very important source of unethical behavior as it contracts margins and increase cost. I would therefore assume that the insurance industry in the region is in a highly competitive environment characterized by:

- Threats of substitution form the micro-finance and micro credit organization and more importantly from the culture and societal structure.
- Bargaining Power of Buyers, the banks and major corporation are very limited as most of the economy remains informal.
- Threats of Entrants are high and ever present limited only by the policy of the governments to increase the capital requirements of firms.
- The bargaining power of suppliers being in this case reinsurers is very high and I must salute the West African insurance industry for Waica-Re.

All these combined to create an environment of great rivalry among competitors. In highly competitive environments there are two determinants of performance, and competitive advantage: **Differentiation or Cost leadership**. Instead of differentiation, most of your industry is adapting cost leadership. Differentiation is achieved either through operational excellence doing the ordinary extra-ordinarily well or Strategic Positioning (creating a unique and sustainable competitive position) i.e. choosing to run a different race. Ours is to assume that there exist a very competitive environment and companies choose to compete only based on cost leadership, driving the industry to a point of non-profit.

BASELINE

On Friday 23rd March 2012, I boarded a plane for Banjul from Dakar, looking forward to reaching home early. On departure time it was announced that there was a delay due to

mechanical problems and also that the plane would go past Banjul to Bissau before returning to Banjul. As I imagine all the hours I would waste, another more important preoccupation came to my mind –safety and then insurance. Insurance for the equipment, for the passengers, for the fuel, for the airport, for the airline, for the OEM, for third parties- the notion of insurance is a very pervasive one and every day every minute we are confronted with its great potential both for great good and great evil.

The insurance industry like all forces natural or man-made can be used either for the benefit of humanity or for its destruction. Nuclear Forces, The Forces of winds and waves, of the SUN can all be harnessed for good or for evil. When we discuss ethics therefore we discussing the choices of the corporation, of the agents of the corporation and of course of the industry.

“Since he came down from trees, man has faced the problem of survival, not as an individual but as a member of a social group. His continued existence is testimony of the fact that that he has succeeded in solving the problem; but the continued existence of want and misery ... is evidence that his solution has been at best a partial one.” Heilbroner in his famous book “The worldly philosophers” conducts us through study of the development of economic philosophical theories by some of the world’s greatest thinkers. Through the stories of these thinkers we have seen that survival has always been a problem for mankind. Man has had to survive not only as an individual but also as a member of a social group. The problem is that man has to rely on man in order to achieve all the work of society for a harmonious existence. The fact that man is self-centred makes this difficult. Early societies were forced to confront the threat of starvation, hunger that made cooperation imperative. INSURANCE IS MODERN ANSWER TO THE IMPERATIVE OF COOPERATION.

I will start the discussion, without being industry specific on the keywords in the topic Professionalism, on Morality, on Ethics. I will establish a baseline.

PROFESSIONALISM: Academics have been greatly tasked by the definition of professionalism, considering that it covers people doing things that are completely different: from Drogba, to Yusu Ndure. A Professional as opposed to an amateur is someone who does something for money. I am certain that this is not the professional that my friend intended me to discuss. Doing it for the money.

Yet we would show that an organization or a business could be professional and pursuing very unethical goals. The fact that it is generally believed that the first profession ... I don’t need to say more, we all know what the first profession was. Yet we will agree that it was not ethical or moral, hence need to establish a baseline for our discussion.

For more clarity, I referred to the dictionary and it tells me that a professional is someone who shows a high level of skill or training. Yet I feel that professionalism is more than

this, because it is always discussed along very positive light. It involves Skills ofcourse, but also a set of behavior. I suspect that your industry have a definition for a professional but for the purpose of this presentation I am using one proposed to the Royal College of Physician by Sir Donald Irvine: “Professionalism rests on the three pillars of expert knowledge and Skill, Ethicality and service to patient.”

Insurance customers are like patients; they depend entirely on the mercy, competence and integrity of the agent or broker.At your own peril of course, one is making assumptions going to a doctor, and lets hope that you are right about their professionalism for you discover their incompetence mainly after you die. Insurance agents would sell you things mainly for when you die. Pay me now and when you die I will pay your family. When an industry appeals to the most basic of human needs-security, it cannot go wrong, especially as society evolve from a system governed by traditions of cooperation to a more individualistic society.

Professionalism and the views and expectations associated with it are constantly changingand will continue to evolve. A friend of mine always reminds me that professionalism is in the eye of the beholder.In a paper reflecting on the characteristics of a professional, Robert Downie wrote, “ The professional provides a service based on a special relationship with those who he or she serves. This relationship involves a special attitude of beneficence tempered with integrity. This includes fairness, honesty and a bond based on legal and ethical rights and duties authorized by the professional institution and legalized by public esteem.”Morrell based on this definition has identified the hallmark of professionalism:

- a. Confidence: The trust of patients needs to be earned
- b. Confidentiality: Patient Confidentiality must be respected
- c. Competence: Agents needs to be trained
- d. Contract: Forget the hidden text, the unwritten contract to provide the best appropriate solution
- e. Community Care:
- f. Commitment: Being a profession involves a commitment beyond working hours.

The question we should ask at this stage, Are you in the insurance industry by these definitions and hallmarks professionals?Importantly what is the WAICA code of conduct to be a professional you must belong to a profession? Is WAICA a profession? I want to assume that this gathering is a collection of professionals. The requirement also includes Community Care and I suspect that leads to an important subject that of Ethics.

ETHICS

I don't like definitions but please allow me to quote "Ethics, also known as **moral philosophy**, is a branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong behavior" Wikipedia.

In preparing for this topic I discovered that the study of Ethics is such an Old and broad pre-occupation. I was tempted to elaborate on its evolution but decided that I am in the company of great academics who might not only had discovered these philosophical insights years ago, but who perhaps are already teaching the subject in schools and universities. So please allow me to reduce my intervention on ethics to Modern Ethics where ethical theories are often divided between

- a. The consequentialist theories of utilitarian philosophers such as Jeremy Bentham and John Stuart Mill, and
- b. Deontological ethics as epitomized by the work of Immanuel Kant and John Dewey.

Modern consequentialism: holds that the consequences of a particular action form the basis for any valid moral judgment about that action. Thus, from a consequentialist standpoint, a morally right action is one that produces a good outcome, or consequence.

This view is often expressed as the aphorism "*The ends justify the means*".

Deontological ethics (from Greek *deon*, "obligation, duty") is an approach to ethics that determines goodness or rightness from examining acts, or the intentions of the person doing the act, as it adheres to rules and duties. In deontology, an act may be considered right even if the act produces a bad consequence, if it follows the *rule* that "one should do unto others as they would have done unto them" For deontologists, the ends or consequences of our actions are not important in themselves, and our intentions are not important in and of themselves.

ISLAM TEACHES THAT ACTIONS ARE BUT BY INTENTIONS AND THAT EVERY MAN SHALL HAVE BUT THAT WHICH HE INTENDED. Since the foundation of monotheism is similar I know that Christianity teaches us the same.

A profession, must have a code of Ethics, I think that you have developed a code for your industry. A code of ethics is what societies and groups tend to adhere to in order to determine what is right, wrong or proper conduct. Ethics puts principles into action and doing the right thing despite what you might have the power, the right or the desire to do. Scholar and philosopher John Deigh describes ethics as the philosophy of morality.

Morality represents a system of standards based on the individual's character. A person's morality can also entail how attached that person is to generally accepted behavior. Consider the differences between ethics and morality. *Ethics serves as a barometer of proper conduct for a society as a whole, whereas morality is a more personal*

barometer. A person's own morals can conflict due to a person's altering philosophies on life, whereas there is generally no such thing as an ethical dilemma, as ethics are more clearly defined as accepted guidelines to follow.

INSURANCE AND ETHICS

An insurance company, like any corporation At law, is a person, distinct in its personality from its shareholders or directors, managers and other employees. If the corporation were not a separate legal person the distribution of dividends would not be a taxable event (because money would not be changing hands). Corporations are also subject to civil liability that is distinct from that of its owners and to criminal liability that is distinct from that of its owners, directors, officers, or employees.

If the corporation is a legal person, is it also a moral person?

If we identify that the corporation is a *personne morale*, like the French would say, then we have to discuss the question of ethics both at the corporate and at the individual levels. Anglo-Saxon law takes no explicit position on this, although the corporate personality is frequently described as a legal *fiction*, suggesting that the corporation's legally recognized personality is not also ontological fact. Yet for the purpose of my discussion I want to assume and discuss situation of ethical/unethical conduct both at the level of the corporation and at the individual level.

This is not an academic discuss and I know ethicists have taken a variety of positions on the question whether the corporation is a moral person or moral agent. **The difficulty is always to determine whether a decision is an individual one or a corporate one.**

Peter French argues that corporations have corporate internal decision (CID) structures that provide sufficient grounds for attributing moral agency to them. These CID structures consist of two main parts:

1. An organization chart that corresponds to decision authority within the corporation and
2. Rules (usually contained in the corporation's articles of incorporation or its by-laws) for determining whether a decision, made by one who possesses decision making authority according to the organization chart, is a corporate decision rather than merely a personal decision.

Combining the organization chart with the rule(s) of recognition, one identifies corporate actions, intentions, and aims—the stuff of moral agency in natural persons. Thus, for French, corporations are both legal and moral persons, and hence moral agents in their own right. To the contrary, Manuel Velasquez (1983) argues that the CID structures to which French appeals are the product of human agency and design. They are rules of cooperation among persons who, given *their* actions, intentions, and aims, associate

under the corporate banner. Attributing moral agency to corporations opens the door to the intuitively implausible conclusion that a corporation can be morally responsible for something no natural person connected with it is responsible for. *Whilst I completely agree with Velasquez, I think the point of attributing corporate responsibility is not as an alternative but an addition to individual responsibilities.*

THE BUSINESS ENVIRONMENT

To investigate some practical situation about ethics and business decision we have to consider the possibility that ethical and commercial considerations will conflict. The existence of ethical dilemma in business decision is not new, what is new is the widespread interest in the action of an industry that is suspect by society to be amoral and also in the ability of new media to influence and disseminate these actions on YouTube, Facebook yahoo etc. People are interested in not only your decisions but also in the ethical judgments, which lie behind them. The decision to fly an accident patient to Europe for treatment or not is viewed in terms of feasibility, or in terms of profit maximization. Society irrespective of whether the accident patient is fully covered or not expects an ethical decision to save life by the insurer.

We also have to note, “that ethical signposts do not always point in the same direction.... The rule that it is best to tell the truth often runs up against the rule that we should not hurt people’s feelings unnecessarily. There is no simple, universal formula for solving ethical problems. We have to choose from our own codes of conduct whichever rules are **appropriate to the case in hand; the outcome of those choices makes us who we are.**”
Sir Adrian Cadbury.

As professionals usually we find it easier to resolve our personal ethical dilemmas, example for a Muslim who runs a shop it is easy to resolve whether to sell Alcohol or not break even and close shop. As corporate agents the difficulties arise when we have to make decisions, which affect the interests of others. As managers business decisions require us to balance the interests of employees against those of shareholders. And there may well be differing views among the shareholders.

Milton Friedman has argued eliminating ethical considerations from business decisions would simplify the management task “Few trends could so thoroughly undermine the very foundation of our free society,” he writes in *Capitalism and Freedom*, “as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as possible.” The pursuit of these misguided philosophies and the maximization of shareholder values which was propagated by the likes of Shell and GE and taken to extreme in the abandoned world of the stock exchange have led to the collapse of the economic system, leading to mass unemployment and deprivation.

It is therefore useful, for WAICA to develop code of conduct to acknowledge the part

which ethics plays business decisions and to encourage the combination of commercial and ethical judgments. Beyond the development of ethical standards for the industry we have to recognize the importance that it is people who make up the company and are responsible for its conduct and it is their collective actions, which determine the company's ethical standards. One of my popular quotes is by Larry Bossidy who said, "At the end of the day you bet on people not strategies."

The ethical standards of an industry are judged by its actions, not by beautiful codes of conduct. The standards by which an industry lives by influences the perception of not only its customer, and partners like government and civil society, but also by its employees. Yes a code of conduct but our ethics are determined by our actions.

THE INSURANCE INDUSTRY

I am certain that the case of the "dead peasant" insurance policies is new not only to me but also to some of you. Yes? Of course because In a nutshell, they're often secret insurance policies taken out by companies on unwitting employees, which can yield sizable corporate tax breaks. Also even in the known insurance there are secrets hidden in the fine prints that perhaps you teach your agents as knowledge and power they have over customers. Superior knowledge is only useful, or ethical if its intention is to create greater good not dupe.

An industry is made up of different corporations within a country or globally. These Corporations are made up of up Shareholders, Managers, workers, suppliers, and regulators. In various configurations, as individuals, and groups the actions of these people or groups or corporations determine the perception of an industry. Details of payoff kickback and dubious practices in the media regarding insurance practices demonstrate huge ethical lapses. A practice such as brokerage requires serious addressing as it influences greatly the perception of the public of an institutionalized kick system by the insurance companies. I know that most brokerage firms uphold very high standards but for examples of late there is a story circulating of how a young lady was enriched by a company... This company was doing business directly with an insurance company for many years, but suddenly wrote to say that they have appointed a broker. The insurance company paid out a huge sum to the broker, more than the profit it has made for its shareholders. The Management was faced of course with an ethical dilemma do I stand on principle and lose the business that give huge gross margin or do I pay knowing that this is the practice in the industry, if I don't pay the broker my competitors would do the same.

The insurance industry is not exempt from ethical dilemmas, increasingly so because it operates in a world that is increasing becoming virtual and impersonal. Another reason for increased moral dilemma is derived from the pervasive nature of the industry, it is found in all industries: medical, hospitals, labs, education, pension, petroleum, banks,

and property. **INSURANCE IS EVERYTHING EVERYWHERE.** INSURANCE is also necessary, we can argue but you cannot deny, that insurance like oil is interwoven in the fabric of modern societies, a life-blood without which many an industry would have disappeared.

By design I must say that insurance is one of the wonders of human invention, to create a refuge that guarantee long term security against initially, the elements fire, disaster, theft and now even against dead. Yet in the preparation of this paper, I was constantly amused by the idea that –yes who protect us against this new contraption. This contraption of yours that take a little from all and make a distant promise base on our fears for insecurity.

Insurance, like most service industries have ethical problems in that managers may misrepresent services, capabilities, and data to make their product look better than competitors. However, over the years and based on personal experiences, many consumers do not trust the insurance industry and consequently it needs to rebuild the public trust. In the USA, Vinten ranked various occupations for their ethical practices and reported the following ranking:

1. Auditors, 2. Professors, 3. Bankers, 4. Doctors, 5. Corporate executives, 6. Editors, 7. Lawyers, 8. Stockbrokers, 9. Insurance 10. U.S. Congress.

The insurance agents were ranked only above the US politicians I think it would be worthwhile to investigate the ranking of the insurance personnel in West Africa. Yet whatever the case this suggests that there should be an emphasis on improving insurance ethics increasing ethics education in the insurance field.

There major ethical issues that confront insurance agents:

1. Assisting a customer in **misrepresenting** a claim to the company
2. **Downselling** a competitor's product to gain a competitive edge
3. **Twisting**/replacement of policies without offering full disclosure of consequences to the consumer,
4. Offering a lower price policy without disclosing higher deductibles or other changes in classification (**Lowball**);

These issues of market conduct and misleading sales tactics will continue to plague the integrity of the insurance field the list was meant only to demonstrate a point and it is by no means exhaustive..

In the Gambia, as companies race to include life products, ethical problems, could increase due to several problems including inadequate controls, due to a lack of

internal safeguards to catch unethical agents early on, and increased competition in the insurance

Industry, which has led to more aggressive sales tactics. A more importantly the use of contracted sales agents working only on commission basis is a recipe for conflict.

The problem we face in the industry is that these perceived unethical behaviors are stopping people from insurance life. Customer perception and cultural practice alone could have been sufficient correction mechanism. However, the danger comes from when the insurance lobby seeks to influence governments to legislate compulsory cover only to allow insurance companies to make profits at the expense on national savings.

I apologize for disparaging your industry, YET I know that some of the most ethical people I know have worked in this industry. I want to salute, Sir Osaka Ogala and the late Pa Jagne, they are a fine example of what gentlemen are. Fraedrich offers that the moral philosophies that are employed in ethical decision-making differ between the work and nonwork environments for the same person. Tsalikis and Fritzsche state that there are two ethical standards: personal and professional, with the personal level of ethics being stricter than the professional level (since the professional level may be compromised because of the need to succeed and to meet corporate goals). Tansey et al. (1994, p. 73) found, however, that the moral judgments of life insurance agents are connected to their personal moral philosophies. The public generally recognizes that fraudulent behavior can occur often, they tend to be more tolerant of unethical behavior by consumers than unethical business behavior.

EXAMINING FACTORS INFLUENCING ETHICAL BEHAVIOUR

You are the best of peoples, evolved for mankind, enjoining what is right, forbidding what is wrong, and believing in Allah. **(Qur'an 3:110)**

1. Legal Interpretations are based upon contemporary and often transient values and standards; At one time, it was legal and ethical in the United States to discriminate against women and minorities in hiring; now, affirmative action laws make it illegal to discriminate against these groups. Yet slavery and discrimination has never been ethical.

2. Organizational Factors: The organization too can affect influence participants' behavior. One of the key sources of organizational influence is the degree of commitment of the organization's leader to ethical conduct. This commitment can be communicated through a code of ethics, policy statements, speeches, publications, etc.

The development of group business principles and ethical standards are sometimes even funny. In case like the drug cartels, an institution selling CDOs or making biological agents where is ethics in the formula.

3. Individual Factors: Individuals come to work with different values. Factors affecting one's ethical behavior include: stages of moral development, personal values and morals, family influences, peer influences, and life experiences.

4. Situational Factors: People may behave unethically in certain situations because they may see no way out. For example, a manager may record fictitious sales in order to cover losses within his area of responsibility.

Perhaps the most widely discussed case of this sort is taken from William Styron's Sophie's Choice [1980] [Greenspan (1983)]. Sophie and her two children are at a Nazi concentration camp. A guard confronts Sophie and tells her that one of her children will be allowed to live and one will be killed. But it is Sophie who must decide which child will be killed. Sophie can prevent the death of either of her children, but only by condemning the other to be killed. The guard makes the situation even more excruciating by informing Sophie that if she chooses neither, then both will be killed. With this added factor, Sophie has a morally compelling reason to choose one of her children. But for each child, Sophie has an apparently equally strong reason to save him or her. Thus the same moral precept gives rise to conflicting obligations. Some have called such cases symmetrical.

What is your Sophie's choice? What is the insurance industry doing about poverty?

I have just finished writing a paper on the social enterprise and poverty alleviation. I have in the process evolved some new mindset. After looking at the unethical behaviors of professionals of the insurance industry, I want to investigate the subject whether insurance business as practiced in West Africa is ethical.

In Africa, the biggest problem facing society is the problem of poverty. In Africa, insurance is not new, historically, the African village used to have a food bank or a village farm where, all the villagers work. Would an ethical insurance company, not investigate the traditional African society and develop a homegrown system to solve poverty and food insecurity. We have discussed that ethics is about intentions. Profit for me is the result of hard work and innovation.

The African is a farmer and no bank or insurance company, I know, would invest in or insure agriculture. We now ask the question, why doesn't insurance exist for the poor? There are two answers from fact that there is asymmetric information:

1. 'Moral hazard': the insured will behave differently after having insurance
2. 'Adverse selection': If you offer insurance, the inherently high-risk people are the ones who will want the insurance the most. But if the people who buy insurance are high risk, the premium has to be high. This will drive out the low risk people making the pool of people left even more high risk. Taking this logic to its extremes you cannot make any money offering insurance.

We have already surmised that a firm's approach to ethics and legal compliance management has an enormous impact on employees' attitudes and behaviors. In this study, we found that specific characteristics of the formal ethics or compliance program matter less than broader perceptions of the program's orientation toward values and ethical aspirations. What helps the most are consistency between policies and actions as well as dimensions of the organization's ethical culture such as fair treatment of employees. On the other hand, what hurt the most are an ethical culture that emphasizes self-interest and unquestioning obedience to authority, and the perception that the ethics or compliance program exists only to protect top management from blame.

There Is A Need To Introduce WAICA Ethics Compliance Management System.

The most important consideration in an ethics management system is Employee Awareness of Ethical/Legal Issues that Arise at Work. Norm Augustine, Chairman of the Board of Lockheed Martin, has stated, "We don't teach ethics, we teach ethics awareness." No matter how strong their values, employees cannot be expected to be naturally familiar with all of the laws and regulations that pertain to their work. Nor can they be expected to be automatically aware of the ethical ambiguities that they might face in a particular industry or position. However, if employees are aware of relevant ethical and legal issues, they will more likely ask the right questions and ultimately do the right thing when faced with a dilemma

An ethics compliance management system must also include:

1. Employee Ethics/Compliance Advice within the Company
2. Employees protected to deliver Bad News to Management
3. An Ethics/Compliance Violations Are Reported and advertised
4. Increased General Employee Commitment to the Organization

THE SPECIFIC PROBLEM WITH INSURANCE COMPANIES

The fiduciary nature of the relationship between professional who work directly with clients always results in ethical issues and dilemmas. This relationship is based on the superior knowledge that the agents has and the role of client consent in decision making. The ethical problem arises because the client always assumes that the professional have provided him with informed options in the best interest of the client. Because of this situation the insurance professional have a duty and obligation to ensure that this trust is justified.

As the insurance professional by definition requires superior knowledge to be able appraise a situation and formulate appropriate recommendation for the client. WAICA has this role to ensure that professional are trained, ranked assessed both technically and ethical. Professionalism is important to ensure that agents do not undertake tasks for which they lack competence. The Ethics framework should also ensure that insurance

professionals are loyal to the clients interest, this is important considering that the insurance company profit objective is not always alignment to the customer interest conflict arise. The heart of the Medical ethical framework discussed is “Patient centered professionalism”. People pay for their premium when they a happy and well and expect to receive the service when they are unhappy and weak. The under-delivery of an over-promise at this stage is not only devastating it engenders a mistrust and brand and industry avoidance.

A bigger problem where there is lack of innovation and increased competition, the insurance companies resort to outright tactics to dupe the customer, selling bogus products with fine prints as defense, refusal to pay doctors and claimants. The ethical issues are beyond just the desire to cheat but it is directly linked to professionalism:

- a. Failure to identify customer needs properly and recommending products and services
- b. The lack of knowledge and skill to perform one’ s duty
- c. The pursuit of one’s financial gain at the expense of customer, the notion of brokerage must be further investigated and aligned
- d. Conflict of interest we have seen as companies are not by managers not shareholders there is great temptation for the insurer and the insured companies to use brokers as proxy for payments
- e. Misrepresenting competitor offers
- f. Making disparaging remarks about competitors

Word of wisdom: Identify the Adaptive Challenge:

When a leopard threatens a band of chimpanzees, the leopard rarely succeeds in picking off a stray. Chimps know how to respond to this kind of threat. But when a man with an automatic rifle comes near, the routine responses fail. Chimps risk extinction in a world of poachers unless they figure out how to disarm the new threat. Similarly, when businesses cannot learn quickly to adapt to new challenges, they are likely to face their own form of extinction...**ETHICS IS YOUR ADAPTIVE CHALLENGE.**

Disclaimer: In this speech I have quoted many works and mostly without quotation, I will seek beyond this presentation to properly reference the work and accredit all sources properly before publication.