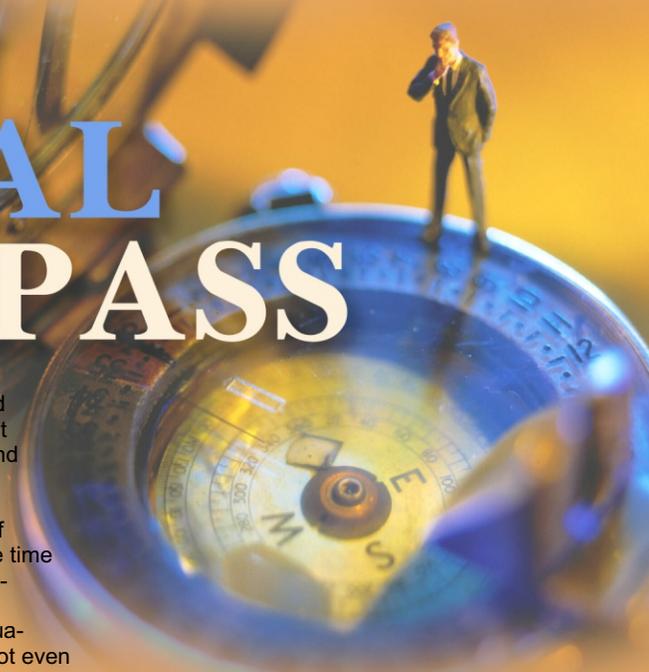


Calibrating Your **MORAL** COMPASS



Building trust. Gaining respect. Boosting your self-esteem. Ethical behavior offers many rewards. It can even help you grow your business. Without it, you may not only suffer costly legal consequences, you could do irreparable damage to your client relationships, your company and possibly your career.

Often defined as honesty, integrity, character and high moral values, ethics may not always come easy, despite good intentions. Yet, ethical conduct is a worthy and realistic goal, and as a licensed professional in a fiduciary role, it is also an obligation.

With ethics in the limelight more than ever due to recent events like fraudulent corporate accounting and corrupt Olympic judging, using extra care and diligence in your business dealings is all the more important.

A Lapse in Character Can Cost You

Acting unethically may occasionally offer short-term benefits, but in the long run, your business will undoubtedly suffer. Your self-respect may suffer as well.

Can you think of a time when you weren't completely honest with a client because you were afraid of losing the sale? Have you ever made an inappropriate sale because you didn't take the time to research the alternatives? If you have been in one of these positions, looking back may cause you discomfort.

Unethical conduct, even minor omissions or negligence can lead to feelings of guilt, remorse or even fear, depending on the severity of the situation. These feelings may not leave you for a long time to come.

Worse yet, if your dishonesty is revealed, whether intentional or not, the ramifications can be severe: censure, fines, loss of

license or other legal action. Add to that feelings of embarrassment and shame, and a loss of trust and respect from all involved.

Though occasionally, a breach of ethics can be blatant, most of the time it is subtle, or completely unintentional. Even good people can act badly, particularly in stressful situations. In these cases, one may not even realize what they have done, except in hindsight.

Regardless of the circumstances, unethical conduct will typically lead to trouble. Some of the most common situations to avoid include:

1. **Conflicts of interest.** Having a personal interest in a transaction that impedes your ability to provide unbiased and appropriate service in the best interest of the client or company can be dangerous. If you find yourself in such a transaction, put a stop to it before you get in deeper. Turn the deal over to an associate if you can, and explain to the client that you can't assist them due to a conflict of interest. You may lose a deal, but the trust and respect you will gain will be invaluable.
2. **Negligence.** Providing inaccurate information, or failing to gather adequate information about a client, product or alternative product prior to a transaction, can result in a sale that is inappropriate for the client or outside your underwriting authority. This will inevitably come back to haunt you. Knowing your facts, and being thorough and detail oriented will help you avoid negligent behavior.
3. **Non-disclosure.** Failure to provide complete information or pertinent details about a transaction that may impact your client's or company's decision can be a big problem. Be straightforward. Think long-

term. Explore all of the implications, and keep your client apprised of all the details.

Avoiding these types of situations and behaving ethically can bring you unlimited rewards. If you listen to your moral compass, and are always mindful of your clients' needs and your company guidelines, you will undoubtedly reap the benefits such as:

- the confidence of your clients
- a reputation as honest and trustworthy
- personal gratification
- a clear conscience
- leader within your company

All of this will lead to repeat business and more referrals, along with greater respect and high esteem things that will help you reach the next level of success in your business.

So Why Not Be Ethical

With the benefits so great and the consequences so severe, why would anyone take the risk of unethical conduct?

Those who get into trouble are not always greedy, evil people. A misunderstanding, a lapse in judgment, a short-term perspective, or simply not thinking through the implications of a sale or decision, can cause harm to a client or company and be perceived as unethical conduct. ▶

Whether it be out of convenience, laziness, or ignorance, not taking the time and care to do all of your homework or not being completely straightforward when dealing with a client or binding your company to a risk, can get you into hot water.

Distinguishing the Shades of Gray

Unfortunately, the rules for ethics are not black and white. It is up to you to closely scrutinize the gray area in order to determine what's right. To do this, ask yourself several questions whenever you are uncertain about a business dealing:

- Am I acting in my client's or company's best interest? What about in the long term?
- Do I have anything personal to gain from this?
- Am I providing my client with the best possible service?
- Is there something else I should be doing for my client that I am avoiding due to financial rewards or a lack thereof?
- Is there anything about this situation that makes me feel uncomfortable?
- Do I have all the facts?
- Have I communicated everything I know to my client or company?
- Will this transaction make me feel good about myself?
- Is it fair to all parties?
- Is it legal beyond the shadow of a doubt?
- Could I disclose the details of this transaction to my family, my boss, a board of directors, or the public without qualms?

If you discover that some aspect of your situation falls into that borderline ethical area, take a step back and try to find a way to make it right.

It could mean giving up a deal, or sacrificing a financial reward. Or it may just be a matter of providing some additional information. But thinking past the short term is key. The rewards of your ethical behavior will always outweigh the disadvantages in the long run.

Beyond your Duty to Clients

The impact of your actions can make a difference in a client's life, and thus clients are at the core of your professional existence. They expect you to know your products, understand and evaluate their needs and make unbiased recommendations. They rely on you to be

knowledgeable and to educate them, to provide service beyond the initial sale, and to maintain confidentiality.

However, you also have a responsibility to the state, your company or affiliates, and to yourself.

The State - as a licensed professional, the state regulates various aspects of your industry such as acceptable business practices, licensing, and appropriate conduct. You are responsible for upholding these regulations and representing your industry in an appropriate manner.

Your Company/Affiliates - Any actions you take will ultimately impact your employer, employees, partner, broker, suppliers or other parties you may be affiliated with. These parties may instill their own set of guidelines or regulations, depending on your circumstances. Improper conduct could negatively affect your relationship with each and every one of these entities.

You - You are the most important entity of all. Why? Because you have the power to make the ultimate decisions. Clients can voice opinions. The state can write regulations. A company can provide guidelines. But doing the right thing with your prospects and clients ultimately depends on you, and you alone.

Weave a Strong Moral Fiber to Protect Your Business

Being mindful of each of these entities mentioned above when conducting business may be challenging, but it is necessary. Formulating your own personal code of ethics may help. Here are some points that you may want to incorporate:

1. Conduct yourself at all times with honor and dignity.
2. Avoid practices that could bring dishonor upon your profession.
3. Publicize your achievement in ways that enhance the integrity of your profession.
4. Maintain a high level of professional competence through continuing education.
5. Do your utmost to attain a distinguished record of professional service.
6. Support the established institutions and organizations concerned with the integrity of your profession.
7. Participate in building your profession by mentoring others in your field.
8. Comply with all laws and regulations particularly as they relate to professional and business activities.

For additional guidance in developing your personal code of ethics, refer to the Six Pillars of Character by Michael Josephson, President of The Josephson Institute for the Advancement of Ethics. Though fundamental, these points serve as a good reminder of how we should conduct ourselves, not just in business, but throughout every segment of our lives.

Putting the Principles into Practice

Although formulating your code of conduct is imperative, it is only half the battle. Actually utilizing your code to help you recognize the moral context of a situation is the next step. Then comes the most difficult part of the process - actually acting upon your beliefs.

Why is this so difficult? Because, so often, there are short-term ramifications you must endure, despite the benefits in the long term.

Consider this example. Just when you are about to close an important deal with a client you've been working with for several months, you discover a minor, but potentially significant detail you hadn't noticed before. It is something that could cause your client problems down the road. The chances of this are slim, but still possible.

Disclosing this oversight may result in a lost sale if you are unable to find an appropriate alternative for the client. Surely it will cause disappointment to your client who, up until this point thinks the world of you.

Do you disclose your new finding, risking short-term embarrassment and loss of a deal, or do you move forward with the deal, knowing that, some day, your client could suffer due to your apparent oversight?

The answer is hopefully clear. Yet, having the moral courage to do what's right despite any short-term consequences is what ethical conduct is all about. Long term, your reputation and your career will benefit immensely when you do the right thing.

Listen to your inner voice. If it tells you something is wrong, it probably is. Calibrate your moral compass from time to time by reviewing your personal code of ethics. And remember to practice ethical conduct in your every day business, in every interaction. Your future success, and your personal well-being depend on it.

The Six Pillars of Character

By Michael Josephson

I. TRUSTWORTHINESS

Be honest. Don't deceive, cheat or steal. Be reliable; do what you say you'll do. Have the courage to do the right thing. Build a good reputation. Be loyal; stand by your family, friends and country.

II. RESPECT

Treat others with respect; follow the Golden Rule. Be tolerant of differences. Use good manners, not bad language. Be considerate of the feelings of others. Don't threaten, hit or hurt anyone. Deal peacefully with anger, insults and disagreements.

III. RESPONSIBILITY

Do what you are supposed to do. Persevere: keep on trying! Always do your best. Use self-control. Be self-disciplined. Think before you act; consider the consequences. Be accountable for your choices.

IV. FAIRNESS

Play by the rules. Take turns and share. Be open-minded; listen to others. Don't take advantage of others. Don't blame others carelessly.

V. CARING

Be kind. Be compassionate and show you care. Express gratitude. Forgive others. Help people in need.

VI. CITIZENSHIP

Do your share to make your school and community better. Cooperate. Stay informed; vote. Be a good neighbor. Obey laws and rules. Respect authority. Protect the environment.

Michael Josephson is the President of The Josephson Institute for the Advancement of Ethics. The Six Pillars of Character is taken from his website www.charactercounts.org

"Be more concerned with your character than your reputation, because your character is what you really are, while your reputation is merely what others think you are." John Wooden



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