



## ETHICAL BEHAVIOUR

# Juggling priorities

How a hard market can turn conflicting priorities into an ethical issue

BY THE CIP SOCIETY, THE INSURANCE INSTITUTE OF CANADA

**D**ue to price sensitivity and a firming market, an experienced broker may feel increased time pressure when attempting to accommodate the conflicting demands of internal staff, carriers and consumers alike. On the one hand, brokers need to take more time to educate themselves and their consumers about carriers' product changes, provide justifications to clients about rate increases, and find and place new coverage; etc. At the same time, carriers in a firming market require brokers to seek premium growth. To generate more sales, brokers need to talk to more sales prospects and clients. As the old saying goes, something has to give.

During a hard market cycle, a business process and operational issue could easily evolve into an ethical issue. Stretched in different directions, brokers may find themselves spending less quality time

with individual clients, and their advice and guidance might suffer as a result.

Who is the top priority in this challenging time? If something falls through the cracks, the broker is putting both clients and reputation at risk.

## ANALYSIS

### Maurice Audet

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Brokers can become overwhelmed in many circumstances, including the pressures of working in a hardening market. In this type of market, the scope of coverage that clients have come to expect, as well as the amount of time it takes to turn around a request for coverage and pricing expectations, create a great deal of stress.

The stress arises from at least two

sources. First, there simply aren't enough hours in the day. Second, clients often become disenchanted when the expectations developed through many years of a softer market are not met. How brokers respond to these pressures can lead to ethical dilemmas.

As the saying goes, "No one is an island." If we try to do everything on our own, we put ourselves and our clients at risk. Working with the assistance of management, brokers can work within the strengths and limits of their organizations – or they can work until they drop.

In previous, very-hard markets, I witnessed co-workers unable to cope with the stresses; some suffered a breakdown. Brokers who become stressed need to ask for help, and managers need to be trained to recognize problems and provide assistance.

The ethical issue is not to be measured strictly by whether individual brokers are spending less time on any particular challenge. Also important is how brokers are responding more broadly to the new reality of a changing market. One important factor is how management responds. If the corporate culture looks upon a request for help as a sign of weakness and a blot on the broker's record, then the issue becomes more about a company's failure to act in the best interest of both the client and the broker.

**Arthur Kosikowski, CIP**

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"Who do I work for?" Although brokers may have mixed feelings in response to this question, the answer should always be the same — the clients.

Making clients' needs a priority does not detract from the broker's obligation to provide all known underwriting information to the underwriter. Working for the client means ensuring the risk is known to the insurer – and that the risk is properly underwritten – so that no problems arise at claim time.

Taking the time to explain the different options available, asking the right questions, reviewing policy wordings, visiting the risk locations, etc., all take time away from selling the next policy and making

a commission. However, brokers should not use time constraints as an excuse for providing inadequate quality of service.

How do brokers balance their obligation to their clients with other obligations? By looking at the bigger picture. Spending an appropriate amount of time with clients, explaining coverages, and asking the right questions are all integral parts of the broker's duties. Brokers will not only fulfill their obligation as professionals, but will reap the financial rewards of retaining current clients and attracting new ones based on the care provided.

A broker's obligation to the client is highlighted in a hard market more so than during any other market cycle. All actions taken (or not taken) by the broker can be linked to the ethical dilemma the broker is experiencing: spending more time with one client means spending less time with the next client and possibly losing a sale and the commission. Brokers should be focused on taking care of all their clients properly and providing the best recommendations for each.

It is absolutely true that time is money, but the time invested in client care should not be thought of as time lost, but rather as time invested. **CU**

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**Appointment**

**Enna Kaplun, BA, CHRM**

Director, Digital Solutions

The Boiler Inspection and Insurance Company of Canada (BI&I) is pleased to announce the appointment of Enna Kaplun to Director, Digital Solutions. In this newly created role Enna will develop and implement the vision to optimize BI&I's digital environment and infrastructure across all business lines.

With a career spanning over 25 years in strategic business development, Enna was previously Director, Reinsurance Assumed for BI&I since 2016. She is a graduate of York University with a Bachelors of Arts and a post graduate certificate in Human Resource Management (CHRM).

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**105% increase**  
IN THE NUMBER OF  
RANSOMWARE ATTACKS



**RANSOM DEMANDS**

**93% increase**  
INCREASE IN THE AVERAGE  
RANSOM DEMANDS



Source: Beazley Breach Insights, May 2019 report

