

Insurance Operations © 2013
Chapter 15: Ethics and Social Responsibility—Glossary

ethics. Conduct that is right, good, and proper.

kickback. An improper payment to someone in authority to direct business toward the person making the payment.

The Institutes. An educational, nonprofit organization with a focus on property and casualty underwriters.

seven canons of ethics. Guidelines from ethical behavior by insurance professionals.

civil penalty. A fine the government imposes to enforce regulations.

Interstate Insurance Product Regulation Commission (IIPRC). An organization that provides uniform standards for insurance products to its member states.

fraud. Unethical or unlawful behavior where deception is used for personal or financial gain.

hard fraud. In the case of insurance, fabricating an incident to cause loss an insurance policy covers.

soft fraud. In the case of insurance exaggerating a legitimate claim or making untrue statements on an application for insurance.

opportunity fraud. See *soft fraud*.

external fraud. Fraud that occurs when somebody not involved in the insurance industry engages in insurance fraud.

internal fraud. Fraud that occurs when somebody within the insurance industry engages in insurance fraud.

fidelity. The principle that promises should be kept.

impaired insurer. An insurance agency or company that is having significant financial problems and its ability to pay claims is in question.