

Ethics Online Class

Ethics is a form of applied ethics that examines ethical principles and problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole. Applied ethics is a field of ethics that deals with ethical questions in many fields such as title insurance. When the word, ethics, comes to mind, it conjures up many scenarios. Most of us think it's black and white until we are hit with a situation in our personal or professional life that hits close to home.

In the increasingly conscience-focused marketplaces of the 21st century, the demand for more ethical business processes and actions is increasing. Simultaneously, pressure is being applied on the title insurance industry to improve business ethics through new public initiatives and laws (Revised RESPA Final Rule, Revised HUD-1). Businesses can often attain short-term gains by acting in an unethical fashion; however, those behaviors tend to undermine the industry, as well as the economy over time.

The Merriam-Webster Online Dictionary 2009 defines ethics as: The discipline of dealing with what is good and bad and with moral duty and obligation. As far as it applies to a professional, the definition goes something like this: the principles of conduct governing an individual or a group. Ethics is a bit more complicated than you or I might think. There is no clear universally accepted set of answers to all problems and it is not always as simple as a right vs. wrong decision. Situations that present ethical dilemmas are not clearly wrong except in hindsight.

Ethics are “principles that define behavior as right, good, and proper. These principles do not always dictate a single moral course of action, but provide a means of evaluating and deciding among competing options. In making difficult decisions when the best ethical response is not immediately clear, professionals apply a series of questions that test their planned actions in response to the dilemma against basic ethical principles.

A code of ethics is less about invoking legalistic principles and more about setting high standards and guidelines in order to make better decisions in the course of business. You may ask why ethics is so important. You don't have to look far to understand. Turn on the news or read the newspaper. People act unethically everyday and it is reported at an alarming rate. The unethical outweighs the ethical on our news today.

The title insurance industry is currently facing ethical dilemmas that have become big enough for RESPA to make changes to the Final Rule. The U.S. Government Accountability Office will be conducting a year long study of business in the title insurance industry. The revised HUD-1 will be mandatory for use for 2010, including disclosing the underwriter/title agent premium split to the customer. Ethics has always been an important part of our society, especially in business. Having a code of ethics clarifies a title company's playing field. Ethics is not always clear and having a code of conduct helps with that area of difference. The best codes, according to some ethicists are no less than expressions of dedication to integrity, civility, decency and the pursuit of excellence, all of which are necessary for the survival of civilized society. Developing a code of ethics for your office is worthwhile; it forces a group of people to think through in a fresh way their obligations as a group and as individuals with respect to their customers and to society as a whole.

For example, you could be legally right, but ethically wrong. Without a code of ethics to guide you, you could be going down the wrong path. Is there an Ethics checklist that could help guide you throughout your professional life? Ask yourself these questions:

If the details of a settlement were published in the local newspaper, would it look bad?

Ask your family/friends if they would agree with a business decision?

If you are embarrassed or ashamed to share your decision with your family/friends, ask yourself why?

Is this legal?

If you find yourself making excuses like telling yourself that all of your competitors take short cuts and if you don't, you could lose business. Or telling yourself that no underwriter will ever notice if you make exceptions in your practice, asking yourself ethical questions could have you second guessing those decisions. Your ethical reputation takes a lifetime to build, but only seconds to destroy.

The title insurance industry has long prided itself on being the protector and defender of land ownership in the United States. But, competing interest between underwriters and agents, questionable business models to lock down market share and the proliferation of kickbacks to buy business have thrown a critical light on the title industry. The industry does not have a code of ethics currently, but the industry has also had major blows, including title agents who have stolen from their escrow account, forcing layoffs, scandal, and eventually the loss of reputation to their customers. Ethics is essential in our society, especially in an industry that faces an uncertain future.

Ethics of accounting information

Issues regarding the moral rights and duties between a company and its shareholders: fiduciary responsibility for instance, which we will discuss later in this text.

Creative accounting, stealing from escrow account

Fraud

Kickbacks, bribery: while these may be in the (short-term) interests of the company and its shareholders, these practices may be anti-competitive or offend against the values of society.

Issues affecting the privacy of the consumer; Abiding by a specific code of ethics includes complying with privacy issues, such as the Gramm Leach Bliley Act, which the Department of Housing & Urban Development is responsible for managing. The Gramm Leach Bliley Act.

The Gramm Leach Bliley Act, which became effective July 1, 2001, requires that notice be given to a customer in a residential real estate transaction regarding the insurer's policy in the handling of information received in connection with these transactions. Customers are generally considered to be individuals insured under an owner's policy for residential property or borrowers in a residential transaction. GLBA is not applicable to commercial transactions. The Privacy Notice form should be provided to customers, in which a title insurance policy is issued, including purchase, refinance, and second mortgage or equity line transactions.

Ethics of sales and marketing

Marketing, which goes beyond the mere provision of information about (and access to) a product, may seek to manipulate our values and behavior. To some extent society regards this as acceptable, but where is the ethical line to be drawn?

- Anti-competitive practices: RESPA will not allow kickbacks of any kind, but your competitor offers to reduce his/her price in order for future business in order to get the deal.
- Redlining is the practice of arbitrarily denying or limiting financial services to specific neighborhoods, generally because its residents are people of color or are poor.