

# **Society of** \_\_\_\_\_ **RISK MANAGEMENT** **CONSULTANTS**

## **CODE OF ETHICS**

### **PURPOSE**

To assure the public that members possess the ethical standards, professional competence and independence required for Society membership and are, therefore, qualified to practice as Risk Management Consultants.

### **DEFINITIONS**

#### **BOARD**

The Board of Directors of the Society of Risk Management Consultants.

#### **CLIENT**

The Corporation, person(s) or other entity which retains a member or his or her firm, engaged in the practice of Risk Management, for the performance of services.

#### **ETHICS COMMITTEE**

That committee appointed in accordance with the Bylaws.

#### **FIRM**

A proprietorship, partnership, corporation or association engaged in the practice of Risk Management Consulting.

#### **MEMBER**

A member, associate member, lifetime member or other classification, as designated by the Board of the Society of Risk Management Consultants.

#### **PRACTICE**

Representing one's self or one's firm as a Risk Management Consultant or performing for a client one or more types of services rendered by Risk Management Consultants.

#### **SERVICES**

Services performed in the practice of Risk Management, including but not limit to, identification and analysis of a client's risks, development or implementation of risk funding and risk transfer programs, analysis of insurance protection, and assessment of risk administrative procedures.

#### **SOCIETY**

Society of Risk Management Consultants

## **APPLICATION OF CODE**

The Society's Code of Ethics derives its authority from the Bylaws of the Society, which provide that the Board may, after a hearing, admonish, suspend, or expel a member who is found guilty of infringing any of the Bylaws or any provisions of the Code of Ethics.

A member shall not condone or approve violations of the Code of Ethics by persons associated with the member in the practice of Risk Management Consulting.

## **INTEGRITY & OBJECTIVITY**

A member or a firm by which he or she is employed or of which he or she is a partner or shareholder shall not have:

Any direct or indirect material or influential interests in any insurance company, agency, brokerage house or other entity engaged in the direct sale of insurance to the public at large.

An interest in equipment, supplies or services recommended to a client or shall disclose such interest to the client as set forth in the following section, Conflicts of Interest.

## **CONFLICTS OF INTEREST**

When a potential conflict of interest exists between a client and potential client, both shall be advised of said potential conflict before proceeding with the assignment.

A member shall not knowingly misrepresent or conceal material facts and shall make certain that advice to clients is based on impartial consideration of all pertinent facts and responsible opinions.

No member of the Society shall undertake any business relationship with any insurance agent, broker, insurer or provider of risk management services which shall in any way impair the objectivity of that member, the member's associates, or his or her firm in providing counsel to his or her clients, or impair the reputation of the Society or its members. Factual situations, which may appear to border on violation of this provision shall be referred to the Board of any appropriate Committee of the Society for conditional approval before engagement in the relationship, or for either approval or disapproval with appropriate disciplinary action if the relationship already exists.

## **COMPETENCE AND TECHNICAL STANDARDS**

A member shall undertake only those engagements, which the member or the member's firm can expect to compete with professional competence. Where a member finds it necessary to engage a subcontractor to complete an assignment, or to associate in a joint venture, it shall satisfy itself of the integrity, objectivity, and competence of its subcontractor or joint venturer, shall disclose the existence of the subcontractor or joint venturer to the client, and shall exercise the same responsibility to the client as though the assignment were that of the member or his firm alone.

## **RESPONSIBILITIES TO CLIENTS**

### **CONFIDENTIAL CLIENT INFORMATION**

A member shall not disclose to anyone outside the member's organization any confidential information obtained in the course of any engagement except with the consent of the client. This rule shall not be construed to:

Affect in any way compliance with a validly issued subpoena or summons enforceable by order of a court.

Prohibit a review of a member's practices as a part of a voluntary quality review under Society authorization.

Preclude a member from responding to any inquiry made by the Ethics committee or other duly constituted investigative or disciplinary body of the Society, or under state statutes.

Members of the Ethics Committee shall not disclose any confidential client information which comes to their attention from members in disciplinary proceedings or otherwise in carrying out their responsibilities.

## **OTHER RESPONSIBILITIES & PRACTICES**

### **ADVERTISING AND OTHER FORMS OF COMMUNICATION**

A member shall not seek to obtain clients by advertising or other forms of solicitation in a manner that is false, misleading or deceptive.

Examples of such activities are:

Create false or unjustified expectations of favorable results.

Consist of self-laudatory statements that are not based on verifiable facts.

Make misleading or false comparisons with other members.

Contain any other representations that would likely cause a reasonable person to misunderstand or to be deceived.

Use of the Society name or initials as a designation.

## **FEES & COMMISSIONS**

### **COMMISSIONS**

A member shall not accept a commission or fee for a referral of products or services of others.

### **CONTINGENT FEES**

Contingent fees shall not be accepted for professional services associated with assisting a client in the negotiation, competitive solicitation or purchase of insurance coverage or for risk management audits or feasibility studies of alternatives for risk financing.

Permissible contingent fee compensation arrangements are to be documented, with appropriate client authorization.