

## **The Unscrupulous Insurance Broker**

Your insurance company's business with Joe's Insurance Brokerage has declined steadily over the past year. Previously, you had been Joe's #1 insurance provider, offering the highest quality insurance policy at the lowest price on the market. Joe's new #1 insurance provider is "Nasty Competitor," which sells an inferior insurance product at a higher price.

You are also a member of your company's leadership team. At the weekly leadership meeting, a colleague informs everyone that Nasty Competitor has been sending Joe to all-expenses paid conferences in Bermuda, the lightly regulated island that is becoming the world's premier insurance center, and giving him free tickets to Green Bay Packers games. Joe also receives higher profit sharing percentages from Nasty Competitor for meeting Loss Ratio and Production targets. Your colleague tried to persuade Joe to sell his clients your insurance products, based on their better price and quality, but Joe just shrugged and noted that other competitors were offering similar contingent commission incentives.

In response to Joe's very cozy relationship with Nasty Competitor, which strategy(ies) would you recommend?

- 1) Match Nasty Competitor's Loss Ratio and Production incentives, which would be better than those you currently offer other insurance brokers.
- 2) Pay for Joe to attend a special conference in Hawaii and give him tickets for even better seats at Green Bay Packers games.
- 3) Inform the State of Wisconsin Office of the Commissioner of Insurance that Joe is not steering his clients to the best insurance available.
- 4) Give up on Joe and focus your efforts on more scrupulous agent.

Please do not provide the "socially acceptable" response. Instead, what would you really, really do in this situation? Circle your decision choice and explain why below.