[**Week 3: Question 1**](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105030_1&mode=view)

The television network CNBC and other television networks have been working to develop policies for their business correspondents and guests on their business shows because of conduct known as

*pump-and-dump*,

the practice of a Wall Street professional or network correspondent appearing on television to tout a particular stock as being a good buy.

Often, unbeknown to the viewing audience,

the guest or correspondent promoting the stock has a large holding in it

and, after the television show runs and the stock price creeps up,

sells his or her interest at a higher price than would have been possible before the show on which the person raved about the stock appeared.

What category of ethical issues exists here?

If you were a network executive, what would you do to remedy the problem?

Should the government regulate such practices?

In the case of a pump-and pump scheme I would say that there is multiple ethical issues here. First of all I would say that there is a conflict of interest here with the Wall Street professional who has in interest in talking about a certain correspondence in order to get the stock to rise in his favor. Another ethical issue that might not be so obvious is giving false hope, by talking about a certain stock here he is pumping the stock full of empty hope by the viewers of the show. Giving them false hope on a stock that might not have gone up if he had not had not pump it up. Here he also is basically hiding information to the network about why he is really there and at the same time taking advantage of the viewers.

If I was the network executive, there is a couple of strategies I would use to remedy this problem. I would use the front-page test in order to screen the professional and the topic that he is covering. What effect will this have the next morning or in general, what ties does the professional have to the topic and so on. Another approach to this would be using the Wall street journal Model, which consists of compliance, contribution, and consequences. In which such questions and screening is brought up regarding the topic. If there is no conflicting issue, then the professional can go ahead with the correspondence. I also, would probably ask them to sign something that stats that they do not intend to do any unethical behavior and they acknowledge the consequences.

The government should watch big business for unethical un right enrichment where people are actually harmed finical or in other ways. There should be some governance but only on issue that are critical, such as stock market manipulation or fraud.

[**Week 3: Question 2**](https://learn.dcollege.net/webapps/blackboard/content/launchLink.jsp?course_id=_168015_1&content_id=_5105031_1&mode=view)

A new trend is emerging in health insurance: premium increases based on claims.

It is common practice in the auto insurance industry,

for example, for insurers to revisit your premium each year and adjust it based on factors such as your driving record or number of accidents.

However, health insurers have generally evaluated their insured’s health only once, at the outset, when issuing a policy.

The reevaluation of health and premiums was a practice that ended in the 1950s because the insurers feared regulators would impose limitations on premiums.

At least one health insurer, however, has begun to evaluate the health of its insureds annually and to adjust policy premiums accordingly.

Even without examination of insureds, some insurers have increased the insureds’ premiums based simply on the nature of their claims for the year and the possibility that more claims will arise.

Those who are healthy are in favor of this annual review.

Perceiving themselves as the equivalent of good drivers, they want to pay less when they stay healthy.

The health discount is, in their minds, the equivalent of the safe driver discount.

However, those who are less healthy argue that people buy insurance so that it will be there when they need it, and the coverage should apply without regard to claims.

Consider the ethical issues in this type of pricing for health insurance.

Health insurance and premiums, seems to be a hot topic in not just legislation but also the ethical standings of the healthcare and insurance industry. Depending on where you stand on this situation the ethical issues here is very vague, so the issue is probably in the grey area. But I believe that this might be taking unfair advantage of certain individuals. The argument that you pay for insurance just in case something happens is very valid reason and even if you are on the healthy side of things anything can happen. So, the insurance rate that you pay should reflect what type of coverage you have regardless of your situation.