



Johnson & Johnson Inc. – International Marine & Recreation Internship

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Introduction

It is important to first understand the different parts that make up the global insurance industry before discussing the role I played in it. The insurance industry is deliberately setup to be confusing to keep the businesses in it as strictly professionals. However, the confusing words and structure is not hard to learn with proper training and certifications. When a customer purchases an object such as a boat or a house, they are highly encouraged to purchase an insurance coverage policy. A policy gives the owner protection or “coverage” in case perils or damages, so if these occur, they will receive financial compensation to replace or fix the damaged objects. The insurance industry consists of three major parts that allow consumers to purchase insurance coverage from different parts of the world. These different parts are Agencies, Brokerages, and Markets. These aspects work as a line of communication and different points of sale. The best way to describe these different parts of the insurance industry is through a real-life common example.

The Insurance Industry

I want to purchase insurance for a new boat that I bought in which I keep stored at a dock for part of the year in South Carolina and part of the year in Costa Rica. I then go and talk to an insurance agency that I like to see what different policies are available to me to keep my boat covered along the East Coast and through international waters to Costa Rica. I may have to buy multiple insurance policies to do this for domestic and international waters. Depending on the circumstances, I may be able to customize an insurance policy to give me coverage depending on my credit score and loss history. My insurance agent’s job is to then go to an insurance brokerage and shop the different policies that they can provide to get the best deal for the customer. In other words, the insurance agent is only in contact directly with the consumer and with the brokerage.

The insurance brokerage, which is where I worked, then uses a database which shows all the different policies available from the different carriers of insurance within the insurance markets. There are certain carriers of insurance that brokerages are partial to and try to sell their policies to receive benefits and rewards. So, the insurance brokerage then reaches out to the insurance market and their carriers to see which deal would benefit them best. The insurance markets are made up of large corporations and private investors that lend out the money to cover claims where people use their insurance policy to cover damage. The largest insurance markets are in the United States, London, and China. My company works closely with Lloyd's of London in the United Kingdom for most of their insurance needs. The brokerage then relays the information with the best policy that they receive from the insurance market back to the agency so the consumer can get the coverage that they need. There are many more complex aspects that go into this process but those are the very basics. The money is made by each line of communication in the process, so each part gets their slice of the pie. The insurance markets make money off the policies, the brokerages make money off a commission on each policy, and the agencies make a commission as well. The policies are set up in a way so that even if an individual must make a claim on their policy to pay for damage, the money that they have paid for the policy will always be higher than the money paid out to cover damages.

Insurance brokerages are extremely relationship driven business. Essentially, they make money for charging for the services they provide and relationships that they have between agencies and insurance markets. It is necessary to maintain healthy relationships with both groups on each end, so it is very common to have in person meetings between agencies and carriers on a weekly basis. Therefore, one must know how to conduct business across a variety of different cultures from countries in the Caribbean and Central America as well as Europe such as London. Doing

business within the United States along the East Coast is relatively similar. In my experience, people in the Northeast of the United States are very direct and prefer to get business done as quickly as possible. It is considered rude to waste peoples time, it is a very fast paced environment. The southern East Coast of the United States is a little different. People are more hospitable and are more focused on who they are doing business with rather than rather than what the actual business is. Florida is a state that has the most marine insurance out of all the United States. The further south down the state you go to places such as Miami, there is a great Spanish influence on the way of doing business. It is very similar to the Caribbean and Central America because you do not directly start talking about business ever when there is a meeting or call. It is more common to ask about how a person's family is doing or if they saw a popular sports competition and things like that. It is also common to have a meal first at a restraint before business is ever discussed. It is essential to create a relationship through talking about non-business things from the start. It would be rude to tell someone that you only have time to talk about business. Business in London is similar where there is a more relaxed European mindset. Business may be discussed over tea after a positive relationship has been formed from discussing topics outside of business.

Internship - First Phase

At the beginning of my internship, I received training through staff on the different insurance software that the company uses. We had a thorough on-boarding process and were expected to learn a lot of information about insurance very quickly. I then was required to obtain two online certifications to have basic knowledge of the insurance industry and how an insurance brokerage operates. I am certified through both United States Liability Insurance (USLI) and The Council

of Insurance Agents and Brokers (CIAB). I am very thankful for these resources provided by the internship as these courses can be very expensive.

I then started working on more specific topics within the Marine & Rec department. Marine & Rec stands for commercial and personal lines of high net worth boats and high value art & jewelry collections. There is also a subcategory of Marine & Rec that is known as inland marine which is heavy machinery and construction equipment. I worked on the commercial side which deals with more money and often people can purchase items under their company's domain to save on tax write-off purposes. The first segment of my time in the internship was working with renewals or retaining existing business. I would be able to process the renewals through the company's software and basically continue people's coverage into the next year. If the coverage details changed or the premium (price paid for the insurance) increased, I would then reach out to the agency to see if the consumer wanted to continue with coverage or try to find an alternative solution. Many times, people would just accept the increase in premium to continue their coverage. If they wanted to find a new coverage the process of talking to the insurance market in London would begin to see what other options existed. This renewal process required me to pay attention to the little details, so I gained a lot of experience in proofreading important business documents.

Internship - Second Phase

The next phase of the insurance internship was learning how to work with new proposals for business. These are the people that are looking to get insurance for something. In my department, this was either a boat, heavy construction equipment, an art collection, or a jewelry collection. During this process, an insurance agency would send over a portfolio with some of a person's personal history, any necessary financial documents, and of course what object they were trying

to get insured. We would then evaluate this portfolio and see if we could help them get insurance with one of our carriers. They would have to meet some certain criteria before we could continue helping them find the coverage that they needed. The next step in the process was to use our database and connections to reach out potential carriers to see what coverages they could offer and what the premium (price) of the coverages would be on an annual basis. The payments for these coverages are made monthly because there are things that could happen that would make the price change.

For example, a person with a boat that uses it recklessly and damages it on a frequent basis and makes insurance claims to pay for it, would have a higher premium than people who never file insurance claims. We always want to give the people who propose the least amount of risk to us with the best rates. Then, we would make a list of the options of available coverages that are offered to that person through the carriers and send them back to agency. It was important to “shop around” and find the best deal for our customers. Some insurance brokerages want to only give out the most expensive policy regardless of the level of coverage so they can make more money off the commission.

Our insurance brokerage wants to give you the best possible coverage at the best price to you. Simple as that, no exceptions. This method of doing business is honorable and stood the test of time. The insurance agent will then review the options of coverage and go back to his client to see if he would like to accept the deal or take his business elsewhere to try and find a better deal. If the person accepts the deal, then agent calls us back and tells us to “bind” the deal. Binding the deal makes it official and coverage will begin once payment is processed. New business deals can be tricky as people almost always want better options than is given to them. It is important to

be confident and speak professionally with the agent to build confidence that you are truly giving them the best deal that is possible.

Internship – Third Phase

The final phase of the internship was to travel to in-person meetings with insurance agencies. As a reminder, the insurance agencies are the people who work directly with the customers. They make their money off establishing a good relationship directly with their clients. In the same way, it is important to take time to visit these agencies that send us business to upkeep relations. More specifically, we meet with agencies every couple of months to make sure that we are doing the best job possible of meeting their needs. In return, they continue to send us business and hopefully will increase the amount of business that they send you. Here it is highly important to be able to communicate with a diverse group of people at a professional and business level. You need to sound and look intelligent. This comes with wearing proper business clothing such as a suit.

It is also important to remember the factors discussed earlier related to where the person is from that you are doing business. If I am meeting with a person from Central America, my approach to conversation is going to be drastically different than a person from New York. I took the approach to always create small talk about something and find the common ground that we shared. I found success and failure with this as it can only be experienced through trial and error. Some people want to talk about their family and others only want to talk about business. One of the best lessons I learned was to always do research on the background of the person that I was meeting with to know how I should plan my meeting.

Future Improvements in International Insurance

One of the biggest things that I realized about the international insurance industry was that there is a lack of good coverage at the international level. This is not due to the lack of available market. There are many people out there who need international marine insurance especially in the Eastern United States, Caribbean, and Central America. These people have extremely limited options and are forced to put many different coverages together like pieces of a puzzle. This is very complex and takes a lot of time and causes a lot of headaches. I haven't idea how to create more blanket coverages and expand the territory so that these coverages can be used across international borders. This would take a lot of investment into creating more relationships within the Bahamian and Central American communities on the coast. The resources to do it are out there, but there is a niche market, so no-one has succeeded at doing it yet. I believe that I can. I can't give away the specifics of my plan as I think it could make me a lot of money but essentially these coverages would cover boats through the Southern Eastern United States down to specific towns/cities in the Caribbean and coast of Central American countries.

Conclusion/Takeaways

Overall, the insurance industry is very complicated when first starting to learn the language and terms. At many times it seems like people are speaking another language. To review, the insurance industry is made up of three separate sectors that all work together: Agencies, Brokers, and Market (Carriers). The agencies work directly with the consumers or people who want to buy insurance. The agents then work with the brokers or middleman to find options for insurance policies (This is the part of the chain I worked in). Finally, the brokerage goes to different carriers who represent the different markets who own the insurance policies. This chain of command is set up so that each group involved can make a profit off commission.

The largest takeaways that I have from my internship experience is that relationships are the foundation of successful insurance brokerages and companies. It is often more important to sell yourself through professionalism and loyalty than whatever the policy is. It is necessary to be knowledgeable, respectful, and trustworthy. Finally, one needs to be able to engage in efficient and professional communication whether by email, phone, or in person. The other major takeaway from my internship experience is that it is always important to adapt to the customs and traditions of different places in the United States, Caribbean, Central America, and Europe where we are doing business. Doing research on a person's background or where they live before a meeting, can make or break a deal. Then we need to take the background information and apply the different business tactics for these different countries to our meetings to insure success. My mentors told me, "When in doubt or you are nervous, always begin with small talk and find something in common with people."

I really enjoyed working with the marine and recreation department at the domestic and international level. I am very happy and eager to have found an internship with such wonderful people and professionalism. I will take my newfound passion and continue my career in this field in the future.