

Independent Insurance Agents of New Mexico Guide to Internships

Why Hire an Intern?

Whenever you talk to agency principals about the most important long term issue facing their agency, they almost always bring up the problem of bringing in new young talent into the Independent Agency system. The direct writers face the same problem, but they also have one big advantage over independent agencies. They have active programs of recruiting young college people. Whenever I attend a Career Fair at a university such as New Mexico State University, I always find companies like New York Life, Northwestern Mutual, State Farm, Farm Bureau and even Geico. I seldom see any sign of the Independent Agency system and never see independent agencies.

Why are the direct writers more successful than independent agencies? They follow the number one rule of sales. You have to ask the prospect to try your product.

This is really odd when you consider the value systems of young people. They value diversity, flexibility in careers, adaptability, and the ability to offer clients choices. These are all advantages of independent agencies. Yet they seldom get the chance to observe these characteristics. One method of recruiting new people into your agency and showing them the value that you add to the insurance transaction is to hire interns.

The Advantages of Hiring Interns.

The biggest advantage of hiring an intern is that it gives both sides a low risk opportunity to work with each other and see if there is a good long term fit. I frequently tell students that if at the end of the internship they do not want to work in that type of company or position, that they have been very successful. It is much better to learn this in a 10 week internship than it is to find this out six months after you have accepted a full time position upon graduation.

You can gain some useful insights into how this generation views our business. If properly encouraged to give their ideas you may gain some fresh perspective into how to market to this generation. That alone will be worth the cost.

You should expect the interns to do some “real work” for your company. Having a specific project that other employees may not have the time to do is a great idea. If you are using an internship as a recruiting tool it makes sense to give them

some challenge, otherwise how will you be able to judge them? They can also provide a source to cover vacation time for regular employees.

The Disadvantages of Hiring Interns

First, you do have the direct costs of having an employee. Expect to pay \$5,000 to \$6,000 in salary, taxes and workers compensation for a summer internship. Since these are temporary employees you usually do not have to provide any other benefits. Costs include the time to mentor a new employee.

The indirect costs include the time to mentor a new employee. These will be somewhat greater if you are hiring students without any background in insurance. If you are selecting from a college or university that has one or more insurance classes you can reduce your costs.

You can expect that many of your interns will not prove to be a good fit despite your best efforts to screen them. In that case you both have avoided a very expensive hiring and firing experience. In the worst case scenario you have just added an informed insurance buyer to the consuming public.

STEPS IN HIRING AN INTERN

What are your needs?

Before you begin looking for an intern you should write down what you hope to accomplish. Do you want a steady flow of potential permanent candidates? Do you need some summer help? Do you want an in-house sales person for small commercial or personal lines, commercial lines account manager or an outside sales producer? If your sole goal is to find an outside sale producer you should be very upfront about the personal qualities that you are seeking. For sales prospect you should consider the use of Omnia or Caliper testing early in the interview process. Starting young people in personal lines or small commercial accounts is an excellent way to learn sales skills.

For most mid or large size agencies that have growing long term needs it is best to use a more general approach and look for good people that will be a good fit in your agency. This may be the first time that you have really considered your long term personnel needs.

Where do you find internship prospects?

The best source of interns is New Mexico's colleges and universities. They have placement and career departments that will post your internship opportunity for you at now charge. Many disciplines are good fit with agency needs including

accounting, finance, marketing, communications, management, and general business. Large agencies may also want to consider computer science majors. Since these are not specific to insurance they make good choice if you have a specific project in mind.

Exhibit one is a sample internship listing form that you can take to the Career and Placement department. They may have an agreement that they wish for you to sign outlining the terms of the internship. Exhibit Two includes sample job descriptions.

New Mexico State University has the only insurance program in the Rocky Mountain area. They typically have 15 interns each summer. These students frequently will have some insurance experience and have taken one or more classes in insurance.

Some have passed the licensing exam. This experience will make it much easier to make them productive. For information on NMSU students contact Al Berryman at alberry@nmsu.edu .

How do I select an intern?

If possible interview two or three students who fit the profile that you are looking for. If distance is a problem, consider a phone interview. Exhibit three is an interview form that you can use.

When interviewing students for interns follow the same rules you would have if you were hiring a permanent employee. Consider the job description that you have completed and determine if the prospect will be able to do that job. Look for a good personality fit with your current organization. Exhibit Three is an interview form that you can use in the interview process so that you use the same questions for each candidate. Exhibit Four provides a way to score each candidate.

Do discuss pay. Most employers in New Mexico pay \$10 to \$13 per hour, depending on location and experience. Some pay for sales made by licensed students. Most students are pretty resourceful about finding a place to stay for the summer, but they may need some assistance in this area.

Do discuss the type of work that you expect the intern to perform. You may wish to have a sample weekly schedule to show the intern.

Be sure and let the prospect know when they will hear from you. It is a good idea to make an offer as soon as you make a decision. The best prospects go early. If the student wants to take some additional time to make a decision set a date that is mutually acceptable for a decision. Exhibit Five is a sample offer letter.

I hired an intern now what do I do?

The most important step to a successful internship is to appoint one person to serve as the mentor for the intern. This may be the person who will be directly supervising the intern, but it does not have to be. It should be someone who likes to teach and is familiar with your organization. The intern needs someone they can go to for help. The mentor is also responsible for being the liaison to the educational institution and for completing the evaluation at the end of the semester.

An intern's orientation should be treated the same as any other new employee. Exhibit six is an orientation form that you can use if your agency does not already have one. Exhibit five includes some examples of work assignments that you can adapt to your use.

Things we have learned about interns.

During the last few summers we have had the pleasure of working with a number of interns at a wide variety of organizations from small independent agencies to large national organizations. As a result we have learned a lot on how to make this successful for both parties. This includes:

- 1) The number one item is that students want real work. They hate idle time. It is ok to give them low level work like answering phones, inputting information etc. In fact some of that type of work helps them gain a better understanding about how work flows through the organization. Having a project or goal with a measurable accomplishment is good. One example is to study for the licensing exam. This also gives them something to study if there is any down time.
- 2) Make sure there is a mentor.
- 3) Provide constructive feedback. Students like to know how they are doing. Remember that they are students and may lack the background that we expect from regular employees. If they make a mistake just pull them aside and let them know. When they do a good job praise them in front of another employee. Mentors should schedule regular times to meet with interns, especially during the first few weeks.
- 4) When you assign work make sure that you give detailed instructions, especially at the beginning. What seems obvious to us is not too obvious to a young person with limited experience.
- 5) Include students in as many activities as possible, including sales calls and, regular agency or company meetings... One of the best intern learning experiences I have ever seen is following a very heated discussion within a company over some important issues. After the meeting the intern remarked about how heated the meeting was, but that after it was over. everyone was friendly. He had no idea that business issues could generate some large disagreements, but that business

people had to learn to disagree and not be disagreeable. If you are an agency introduce them to company marketing representatives, loss control, audit, and claims people

- 6) Make sure your employees are aware that the intern is coming and what the goals of the internship are. Get employee buy in on making this a success.
- 7) Remember that the intern will need a desk, chair, phone and computer to work on. Make sure these are ready to go the first day.

EXHIBIT ONE

SAMPLE INTERN INTERNSHIP OPPORTUNITY

Company/Employer Name _____

Date _____

Address _____

Company

Contact _____

Email

Address _____

—

Phone _____

Website _____

Frequency of Opportunity (check all that apply)

Spring Semester _____ Fall Semester _____ Summer _____

Job

Title _____

—

Location _____

Hourly Rate or Stipend _____ Deadline to

Apply _____

Number of Hours per week, if less than full time. _____

Academic Preferences (Check all that apply)

Accounting ___ Computer Systems ___ Economics ___ General Business ___

Finance ___

Management ___ Marketing ___

Other _____

Sophomore _____ Junior _____ Senior _____

Desired Experience (if any)

Job Description/ Learning Opportunities (may be attached as a separate page)

EXHIBIT TWO

SAMPLE JOB DESCRIPTIONS

PERSONAL LINES

The student will serve as a personal lines customer service representative. This includes answering phone calls, assisting customers with billing issues and claims. The student will assist agents with new business sales. The student will have the opportunity to complete there property and casualty license.

COMMERCIAL LINES

The student will work as a commercial lines customer service representative. This includes answering phone calls, assisting customers with billing issues, claims and processing certificates of insurance. The student will assist insurance sales producers in completing applications of insurance.

BOND DEPARTMENT

The student will work as a customer service person in our bond department. This includes reviewing financial statements and preparing bond applications submissions to bonding companies. The student will accompany sales produces on sales calls to existing and new clients. An Accounting major is preferred.

GENERAL CSR

The student will serve as a customer service representative. This includes answering phone calls, assisting customers with billing issues and claims. They will rotate through all departments in the agency.

MARKETING

The student will assist the marketing department in developing new marketing plans including analyzing the market potential of an industry, putting together prospect lists and accompanying sales producers on sales calls.

ACCOUNTING

The student will assist the accounting department with a variety of accounting tasks, including bank account reconciliations, account receivables, account payables, financial statement preparation.

EXHIBIT THREE

SAMPLE INTERN INTERVIEW FORM

Name _____

Date _____

When is your anticipated graduation date?

What is your professional goal upon graduation?

Is there a particular part of the state or country that you want to live after graduation?

Is there an area where you do not want to live?

Why did you pick your current major?

What motivated you to apply for this position?

What was the most interesting part of any job or volunteer work that you have had in the past?

What was the most boring part of any job that you have had?

What do you consider your strengths and weaknesses?

Would you consider sales as a profession?

What do you know about our company?

This internship is a temporary position; however ideally, we are looking to develop a long-term relationship with an intern. We plan on providing some education and training to you in the hope that you will consider a career position with us after graduation. Is that something that interests you?

What questions do you have about us?

EXHIBIT FOUR

SAMPLE INTERN INTERVIEW EVALUATION SHEET.

Note: If possible it is better if this is completed independently by two or more people.

Rate 1-10 (with 10 being the highest)

Overall dress and demeanor _____

Ability to communicate _____

Organization of thought _____

Friendliness _____

Interest in sales _____

Suitability to our company _____

Comments:

Action to take:

Make an offer.

Do a second interview or phone call.

Send letter thanking them for their time and wishing them well.

Other:

EXHIBIT FIVE

SAMPLE OFFER LETTER

We are excited about your joining our team this summer. Both you and our agency have a responsibility to make this a fun and rewarding experience for both of us.

The dates of the internship are from _____ to _____. The pay will be \$x.xx per hour. You will be working in our (blank) department doing (blank). There will be a final project/presentation during the last week of the internship.

(Optional Paragraph for students without any prior classes or experience in insurance.)

We will be sending you a short book on “How Insurance Works”. You should read this book prior to starting the internship. This will help you understand the basics of our business and insurance terminology.

We strongly encourage you to:

- Ask questions. There is no such thing as a dumb question. It is much more efficient to ask questions rather than make mistakes.
- Your mentor for this summer will be (blank). Take an active role in establishing communication with him/her.
- Be outgoing. Meet and greet people with warmth, enthusiasm, and sincerity.
- Share your ideas and suggestions. We expect to learn as much from you as you expect to learn from us.
- Don't be disappointed if we are not able to implement all of your ideas.

The entire agency is committed to making this a rewarding experience for both of us.

Sincerely,

EXHIBIT FIVE



**NMSU Department of Finance
Internship Evaluation Form**

Student: _____ Banner ID: _____

Company Name: _____ Dates of Internship: _____

Duties and Responsibilities During Internship: *(Be specific on areas of responsibility, duties performed, special projects assigned and completed, and any strengths or weaknesses the student may have.)*

Circle best answer!!

| | Outstanding | | Commendable | | Satisfactory | | Needs Improvement | | Unsatisfactory | |
|---|-------------|---|-------------|---|--------------|---|-------------------|---|----------------|---|
| | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Quality of Work: | | | | | | | | | | |
| Ability of student to produce work that | | | | | | | | | | |

| | | | | | | | | | | |
|---|----|---|---|---|---|---|---|---|---|---|
| meets high standards of quality with accuracy and neatness | | | | | | | | | | |
| Time and Task Management: Ability of student to plan and utilize working time to complete tasks | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Dependability: Is student reliable to complete assigned tasks satisfactorily and on schedule | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Attendance and Punctuality: Does student display responsibility regarding absences and/or tardiness? | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Work Relations: Student's willingness to work cooperatively with and for others | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Judgment: Student's ability to obtain facts before making decisions. Does student know when to seek advice? | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Adaptability: How student adjusts to new situations, changes in technology, tasks or unexpected situations | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |
| Hire: Would you recommend this student for a full or part time position? | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 |

EVALUATOR: I certify this evaluation represents my best judgment and has been discussed with the student

employee:

Name: _____ Title: _____

Signature: _____ Date: _____

Additional Comments: (If desired)

Student Employee: I certify this evaluation has been discussed with me.

Name: _____ Date: _____

Signature: _____

Additional Comments: (If desired)

NOTE: This evaluation will be used, in part, as a grade determinant for this student=s co-op if taken for class credit.

You may send this evaluation back with the student upon his/her completion of the internship
or you may mail it to:

Department of Finance - MSC 3FIN
New Mexico State University
Box 30001
Las Cruces, NM 88003



EXHIBIT SIX

ORIENTATION CHECKLIST

Tour the office and meet agency personnel. (In a large agency you may limit this to key people)

Meet with Human Resource person:
Complete employee paperwork, keys etc

Review telephone operation, including voice mail. (Be sure and listen to your own voicemail.)

Review computer programs available, including agency management system.
Provide password.

Agency Operations including:

- Agency history
- Agency mission, values
- Review Agency Manual
- Describe agency management and ownership
- Provide overview of the organization structure, organization chart
- Explain company relationships
- Describe community involvement
- Describe client base, target markets
- Review agency privacy policy
- Review mail workflow (opening and sorting the mail helps to understand the organization.

Review schedule for the internship period

Discuss intern project (if any)

EXHIBIT SEVEN

SAMPLE INTERN PROJECTS

It is not necessary to have a particular project or presentation, but we have found that this is very helpful. It provides the intern with a sense of accomplishment and gives them something to add to their resume. It gives the agency a chance to complete those tasks that have been just waiting for someone to have some time to do. The project will usually be a supplement to their other agency assignments.

- Review the agencies website from a consumer's point of view and provide a list of recommendations. (They could compare it to some competitors such as Progressive GEICO, or State Farm)
- Create or redo the agency brochure.
- Develop a marketing plan for a specific segment or product.
- Develop and/or participate in a community involvement project.
- Develop a matrix of the agencies major carriers guidelines and programs available.
- Develop a list of binding authority by carrier and type of business.
- Design a customer survey for the agency. (This could be part of an E&O prevention plan)
- Update or write all or part of an agency procedures manual
- Do all or some of the agency E&O self audits. (See the "A Practical Guide to Agency E&O Risk Management" from Swiss Re.
- Conduct market research on a market segment that you wish to expand. Update or develop a prospect list.
- Assist in the development of client contact system.
- Design a marketing program for "lost" accounts.
- Assist the accounting department in developing new reports, such as comparing the agency to industry benchmarks.

- Provide users with technical support for your IT system. Provide ideas to management on emerging technology and how they might relate to the agency.

EXHIBIT EIGHT

SAMPLE WEEKLY INTERN ASSIGNMENTS

(This should be considered as a rough guide and you should adapt it to fit your agency. Interns can use any “down time” to study and it is probably a good idea to allow for some time to study the licensing materials. In addition to getting ready to take the exam they serve as a good basic review of insurance. For students who do not have any background in insurance we recommend “How Insurance Works” available from the IIA.)

WEEK ONE

Agency Orientation (See Exhibit Six)

Observe Personal Lines CSR handle customer requests.

Review agency standards of customer service. (If you do not have a formal written set of standards this may be a good project for the intern.

Sit with the receptionist to observe how incoming calls and visits are handled

WEEK TWO

Observe and learn how to handle customer requests including”

Auto Endorsement Requests

Homeowner Endorsement Requests

Loss payees

Mortgagee

Cancellation requests

Claims

Read a summary of the activity for an agency account for the last three years from the agency management system. Be able to explain this in plain English.

WEEK THREE

Continue to work on handling customer requests as in week two.

Observe how the agency handles Excess and Surplus lines, including:

Need for using.

Process and how it is different from “standard” agency business

Legal Requirements in New Mexico

WEEK FOUR

Observe how a Personal Lines Producer handles requests for quotes.

Note:

How did the producer gather the necessary information?

How is the proposal created and presented to the prospect? (Phone only, email, regular mail)

What kind of follow up was made to the prospect?

WEEK FIVE

Attend IIANM pre-licensing class. (Note the IIANM is providing this class at no charge to interns.

Take licensing exam

Do a home inspection, photo and diagram. (If the agency uses an outside source for this, consider having the intern accompany the inspector to some property prospects.)

Meet with the agency mentor and do a mid- term evaluation. Set goals for the second half of the internship.

WEEK SIX

Assist the producer in doing quotes and proposals for all companies and all types of personal lines Coverages.

Review requirements for binding with all companies.

Identify the Personal Lines target market for the agency.

Make a chart of standard companies represented including products and their target markets.

Obtain the current Best's ratings for www.ambest.com for all companies represented by the agency including excess and surplus lines markets that are frequently used.

WEEK SEVEN

Assuming the intern passed the licensing exam they can begin to transition into personal lines sales under close supervision.

(Note: Many people do not pass the exam on the first attempt. If this is the case encourage the intern to retake the test as soon as possible.)

If the intern is not licensed they should continue to work with Personal Lines CSR's on handling customer service requests and with Personal Lines Producers

WEEKS EIGHT

Take incoming quote request and handle to completion.

WEEK NINE

Take incoming quote request and handle to completion.

WEEK TEN

Take incoming quote request and handle to completion

Have intern present (if any) their project to several agency employees.
Complete the Final Evaluation and review with the intern, before sending it to the school.

Ask the intern to evaluate their internship and give suggestions on how to improve the process.

Ask the intern for their suggestions on how the agency could better market their personal lines products, with particular attention on marketing to the 20's market.