

The Association for Diplomatic Studies and Training  
Foreign Affairs Oral History Project

**JON CLEMENTS**

*Interviewed by: Charles Stuart Kennedy  
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**INTERVIEW**

*Q: Today is June 7, 2018 with Jon Clements and will be done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stewart Kennedy. And you go by Jon, I take it.*

CLEMENTS: Yes.

*Q: Okay Jon, let's start at the beginning. When and where were you born?*

CLEMENTS: I was born in Arlington Virginia in 1959.

*Q: Let's take your father's side of the family first. What do you know about them, going back wherever it goes back to.*

CLEMENTS: Well my father was a Washington DC native; grew up in Cheverly, Maryland, attended college originally at MIT and then decided engineering wasn't his thing and got into law school at Harvard and then finished up here at Georgetown. I think that put him back where he was born, and he was here until he passed on. So always a DC native.

*Q: All right, on your mother's side.*

CLEMENTS: Mother's side was a completely different story. My mother was born in Mississippi, one of five children.

*Q: Where in Mississippi?*

CLEMENTS: She will tell you, I believe, that she was born in Rome, Mississippi. She would tell you that she lived in probably close to one house a year, moving around. Extraordinarily poor family. And suffered through home fires and just really, really living on the edge most of her life. The interesting part about that group of the five children is that when they graduated from high school, they all scattered across the country and went to the far ends of the earth. One went to Alaska. One went to Nebraska. One went to New York. One went to Texas. And my mother ended up in Washington, DC. So, apparently,

they didn't like the Mississippi life anymore and they were getting out. So, that's what they did and they all ended up doing very different things. My mother ended up at the State Department in an administrative position.

*Q: In a way her job at the State Department is a starting point of why we're talking here, isn't it.*

CLEMENTS: It is because it initiated a meeting which was one of the most important meetings of my father and mother's life. They had a meeting with an individual who was administering the Claims Act at the State Department which is a benefit employees have when they are posted overseas. The Claims Act was failing and the backlog was getting beyond repair and a discussion which was supposed to be about something entirely different in life insurance ended up turning into a discussion about Auto and Household Effects coverage abroad.

*Q: Now before we get to that, first, how did your mother and father meet?*

CLEMENTS: My mother and father met in Washington. I believe that they met at a social event.

*Q: What was your father doing in Washington?*

CLEMENTS: My father, almost immediately did not follow his law degree and he got himself into the insurance business, but in a very traditional way in selling life insurance.

*Q: How did he get attracted to his own insurance business?*

CLEMENTS: Well, he really did not have his own insurance business during this initial meeting with State Department. He was independent. Independent in the sense that he was selling insurance products from another insurance company. But very much just getting started in that when things took a dramatic turn.

*Q: Well, all right, then there was this meeting of the State Department this was back in the 1940s?*

CLEMENTS: This is, it's a little sketchy. It's between 1947 and 1953. So, it's in that window. My guess would be the very late 40s and then things progressed. It took a number of years to get things moving.

*Q: Well, was your father involved in any insurance ventures outside just being an insurance agent for a big company?*

CLEMENTS: No.

*Q: But he was the man who liked to march to his own drum I take it.*

CLEMENTS: Yes, that's an understatement. His life stories are endless as to his personal accomplishments in wanting to do things his way.

*Q: Before we get to that bit, did you have brothers and sisters?*

CLEMENTS: I did. I had one brother and one sister. My brother passed away when I was 14 and he was 20. My sister, who still has an interest in my company and sits on the board of directors for the company, is actually quite an accomplished musician and took a totally different path in life.

*Q: What instrument does she play?*

CLEMENTS: I think her major claim to fame is she's a studio keyboardist. She is also a writer and has done a lot of work in Nashville for some pretty prominent people. It's very interesting. She had no interest in the insurance business and no interest in doing anything but what she wanted to do which was to be on the professional side of the music industry.

*Q: Oh. After talking at the State Department what did your father and mother see was the problem that the State Department wasn't getting, that maybe they or somebody else could supply?*

CLEMENTS: Well as the story goes, the issue was that there were no insurance products available for people on tours of duty or long-term stays overseas. They just hadn't been built or invented yet. So that was the missing component. Now we have people going overseas, that are used to being able to buy normal insurance products here in the United States, but there was not an outlet for insurance products when they were overseas. So they needed to be built.

*Q: Well when we're talking about insurance, I mean, it breaks down into several factors. There's life insurance, accident insurance, fire insurance you know. I mean what are we talking about?*

CLEMENTS: The two major buckets that we're talking about, number one is automobile insurance. So the Foreign Service is a little bit different in that they take their automobiles from the United States, a lot of them involving transportation to post, and then driving their vehicle at post, sometimes returning with it. So those products for transportation, and in-country coverage for automobiles, were not available and certainly customization to include things like transportation had never been designed or discussed. So that was something that was immediately crafted. Then the second area is Household Effects insurance, the property of Foreign Service members going overseas. It has the same basic components, of transportation needs and coverage while at post.

*Q: We're talking about the overseas environment, it is somewhat hostile.*

CLEMENTS: Correct.

*Q: Including the populace, demonstrations and wars, and earthquakes, natural disasters of one kind or another, so, I mean could you come up with a calculus?*

CLEMENTS: That's an outstanding question. The answer is, not really. It hadn't been done, so you have to roll it out, see what happens. We took some guesses. There were some other insurance products not specific to the Foreign Service and not specific to automobile or household effects, but there were some general thoughts on pricing and risk. It's interesting that some of the pricing techniques that were used in the late 1940s are still being used today. It's not a big actuarial study. It's pretty simple.

*Q: I would think that an insurance company in the States has probably the most detailed actuarial estimate of everyone. It's like looking at somebody in the eye and figuring out, "Well, they'll probably die about so-and-so, and they'll do this and they'll do that, and have one or two accidents"... anyway, the overseas thing. Your mother was right with your father on this?*

CLEMENTS: Always. Side by side.

*Q: When they were looking at this, where did they go? I mean, it sounds interesting.*

CLEMENTS: Well, they rolled it out and one of the initial relationships that we had with an insurance company, a very small insurance company, was that we were going to roll it out and everybody was going to participate in the risk and the loss. All hands were on deck to make sure that things were well taken care of. As the programs evolved over the years, things were certainly fine-tuned on price. Some things went up, some things went down.

But you know, an interesting point about the Foreign Service is that there are hotspot countries, but it's our contention that the hotspot countries are more closely guarded, not formally guarded but the protocol is tighter. We find that from a risk assessment that the worst countries in the world, the ones that are newsworthy on risk can end up being, actuarially, the best risk countries for us. That's because they are very closely maintained by security, regional security officer protocol, rules, and those things.

*Q: Also, compared to many other areas, Foreign Service are pretty straight-arrow people, I would imagine, with cars and all that. You know usually teenage kids are not going to be given carte blanche to use the family car in the foreign country, because the father's job is at risk.*

CLEMENTS: Right. I think it was shedding the stereotypical thinking that was important. As I teach and educate over at the Foreign Service Institute, I ask the question, "What's a riskier car to own in West Africa? Is it a red Corvette or a green Ford Explorer?" Everybody and their brother would pick the Corvette if they were here in Bethesda, Maryland, but the Ford Explorer is far more risky to have there, because the Corvette is never going to be driven. It's never going to be stolen, because there's no place for it in

West Africa, so the Ford Explorer becomes much more risky a proposition for an insurance company, and that's very different thinking. So it's the idea of shedding the stereotypical side of the insurance industry, and starting to think independently about what's really going on here? What's the security here? What's the lifestyle? Rather than just thinking, "It's going to Nigeria? It's a disaster, we're out."

*Q: I know, I've been in seven different countries, and driving is normally not a major problem, because you're under fairly tight, I won't say supervision, but tight standards at a post. And you're not drunk and driving there.*

CLEMENTS: Correct.

*Q: Now, insurance means if something happens, you've got to pay for whatever you have to pay for. A small insurance company I wouldn't think would have the pool of money out of which to pay? How do you get that?*

CLEMENTS: Well, at the beginning it wasn't that big. The company we started with was not tiny, but they certainly were more open to out-of-the-box thinking products. There were U.S. products that they were doing before us. But they were of such that the decision makers, to entertain the thought of supporting a product like this, those decision makers were a smaller pool of people in one location, where you could sit down and have a meaningful meeting with them.

*Q: When you started, was USAA, which is the United States insurance for military people, serving the Foreign Service at the time?*

CLEMENTS: No. Not at all. My understanding.

*Q: Well, what happened with a Foreign Service officer back in the fifties or the forties? Back in the forties, if he takes his car is he on his own?*

CLEMENTS: On his own; buying locally, for the most part.

*Q: As you did this, was your company looking towards spreading this out? Because an embassy, and even consular posts, consist of people from FBI, USAID, DOD, etc. USIA was a separate organization. Were they part of the mix?*

CLEMENTS: They were part of the mix. I think our original thought process -- and this has expanded over the years -- but our original thought process was, if you're in the embassy you're in. Your employment is not necessarily of interest. So we would call it the embassy efforts overseas. Or you would talk about Foreign Service Officers and administrative staff, and then all the satellite activity around the embassy -- and these are our internal terms, they probably aren't accurate in your world. But if you're in the embassy, we consider that lifestyle, that profession -- there's not a whole lot of difference, just because your job is this and that job is that.

*Q: Before you mentioned there was a real problem that you couldn't advertise the fact that you have this insurance to young people coming into the Foreign Service and the State Department wouldn't know about this, and how would they know?*

CLEMENTS: In the beginning it was very simple. There was the first iteration of the insurance products for auto and household goods, and it was built and -- I hate to use the term "brought to market" but that's what it was. It was there for everybody. But then, how to get the word out? And we're spoiled today with the ability to look anything up online we want or type in a word and you're going to get whatever you want. Back then it was a total mystery. So there was an interest in modifying the protocol to try to get private literature into the State Department so people would know that this is available. And they were very thankful and appreciative of the fact that we were following through and actually doing it, and I think that there was then some reaction that, "Well, if they did it, the least we can do is let people know about it." So the brochures were allowed in the State Department.

*Q: Well you mentioned letting people know about it, but when this was started, I gather that there was a prohibition against letting people know about anything in a government building. Could you tell what that was?*

CLEMENTS: The one thing the government doesn't want to do is endorse. So it's about being helpful, and there wasn't anybody else doing it, so I think that that actually became a little awkward. But getting the material in there, they knew it was necessary to disseminate the information.

*Q: What did your parents do, did they insure their insurance with another company? Is that the way you spread the risk?*

CLEMENTS: Yes, it started out being placed through one company, and that went on for quite a while. Then, as we enlarged and the program enlarged, we had to find more; we had to find more insurance companies to support it. And we also wanted to go off and do different things. So they took the idea -- it was before my time -- and spread it... I know when I arrived in 1981, there were three companies backing the program, but I do want to say that a normal insurance set-up is that you have an agent which sells the products that are developed by an insurance company. Built, developed, priced, and they make it available to people to sell -- that's what the agent does. We're very different -- we build, we price, we design. Then we go to insurance companies and we talk to them about interest in having them back it. But we design it, build it, and we handle our own claims in-house, which is very unusual.

*Q: Well you seem to imply that the payout does not seem to come from just one company, but from several.*

CLEMENTS: Correct.

*Q: Well, why are you unique?*

CLEMENTS: Well the unique part is not so much the multiple companies, or the spreading out. I mean, that's done quite a bit now. The unique part is that we're not selling something that an insurer built -- they are supporting something that we built, and it's our product. You buy from Clements, you know Clements, your claim is handled by Clements. Behind the scenes it's a little more traditional in whose money it is that's being played with here. But it's very important because -- and this was one of my father's philosophies -- the success of an organization like Clements is solely based around having customers feel the love when it comes to customer service, and feel that the company is going to be there for them, that we're an advocate for the customer. That feel doesn't necessarily come out of a financial institution like a big insurance company.

*Q: From your parents did you get any stories about early on, starting up? Because that's always the most difficult part.*

CLEMENTS: There are a lot of stories. The company started basically in 1947, I arrived in 1981, so that's 35 years later. There were a lot of things done in that 35 year period. I was informed about some of it, but there was not a lot of history provided, other than getting a long story on how the program started, which we've talked about -- and the Claims Act, and building these products, and all of those things. I wish I could be better on a few more stories other than that. I can tell you philosophically a fun story, which actually was the philosophy of the company when it started and through its early years. I call it the airplane story, which is, when I was first starting with the company -- very early on, I had been trained -- and I got a call from an FSO going to Central America, and he wanted to take an airplane. We didn't have anything for airplanes. Nothing. But I could see my father's face, and our philosophy is, and his was, that we don't say no. We say yes, and then we figure out how to do things. So I said, "I'll call you back," to the FSO. And I go into my father's office, and I'm young, I'm shaking my head a little bit and I said, "You can't believe it Dad, there's an FSO, he's taking an airplane, and first of all we have no policies for airplanes, no pricing for airplanes, we don't know anything about airplanes. What do I do?"

And he said, "Eh, write it. Take the auto policy, literally take a pen out, wherever it says 'automobile,' write 'airplane,' and charge the guy a surcharge because we have no idea what we're doing." And it was written. That's an absolute true story. Our one and only airplane. But that was the idea -- there was a cavaliness in wanting to do that, and not be drawn into the staunch, rule-burdened environment of the insurance industry.

*Q: Well it's so easy to get bureaucratic, rather than can-do. The normal bureaucratic response is "can't."*

CLEMENTS: It's a philosophy that carries out, because in our claims handling, the policies are built to say "yes." So if somebody has something happen, unless it's something where somebody had done something they're not supposed to, it is surely covered. So the philosophy in the claims department, even today is, if you're going to

come in with a reason not to pay a claim, you better have a damn good reason. It's an inverted philosophy, and we just love it. We absolutely love it.

*Q: Well it makes good sense. In other words, you're in a complicated world, and if you're a voice of reason and reliability within this complicated world, you'll attract people.*

CLEMENTS: And really the key term with us is “simplicity.” Other programs that we've seen are just horribly complicated. We just wanted to say, “Here it is. It's simple. It takes care of everything, covers everything, reasonably-priced, done.” And if you're in Zimbabwe, you're in. You're in China, you're in. It makes no difference to us. We are in all the countries, so we insure a profession, not a specific country abroad.

*Q: This might be a good place to stop, and we'll pick this up the next time. We'll be talking about you, and growing up.*

CLEMENTS: Growing up, and then we'll talk about the company growing up.

*Q: Yeah and talking about, particularly, something that most companies here in the States have to worry about, and that is revolutions, wars, mob action, and all that. So we'll pick that up the next time.*

CLEMENTS: Sounds great.

*Q: Today is the 9th of July, 2018 with Jon Clements, and Jon, I was remiss the last time we went around, I got you going on that insurance business, because I found this fascinating. We didn't spend enough time on your growing up and part of these oral histories is family and growing up and all that, so what would you like to say that maybe we didn't cover?*

CLEMENTS: What I'm learning as I'm getting older is that when my father spoke at the dining room table when I was 10 and 15 years old, I rolled my eyes at him and didn't really understand why he was saying what he was saying, and what his beliefs were. And as I get older, I'm finding out that I am exactly like him, repeating the same things to my son now, and I just I find that fascinating. A lot of people say that the apple doesn't fall too far from the tree.

*Q: I think it was Mark Twain who said as he gets older he becomes more and more amazed at how wise his father was.*

CLEMENTS: Exactly. My mother and father both started the company, but my father had a passion about him, and a will, and a little bit of an ego about him, where he is not the least bit interested in doing things that other people do. He wants to do things that are different; he wants to do them in different ways. When it came time for him to build his secondary beach house, which was very fashionable to do in the 1940s, 50s, and 60s, he decided to build it on Assateague Island, which was told to him by many to be no less

than impossible, for infrastructure reasons -- transportation, building supplies, finding help to actually build a home down there. And he just said, "To hell with it," bought himself 35 acres -- which is also unheard of -- and built a pretty significant beach house in the 40s. He remodeled it in the 60s, and eventually it turned into a national park, and we had to vacate it as a family in the late 90s. But it's an interesting process. He's a guy that just said "yes," and took on massive challenges.

*Q: Well, for somebody who is not familiar with it, Assateague is an island off Chincoteague Island, which is on the Eastern Shore of Maryland and Virginia, and it's a place my wife and I used to go to every summer. We'd go to a motel on Chincoteague and then go to the beach at Assateague. Also, for those that are brought up on an American childhood, they read the story of Misty of Chincoteague by Marguerite Henry.*

CLEMENTS: Right. That book was on our coffee table growing up, and those ponies resided on Assateague Island before they swam them over every Fourth of July. And I used to go watch that as a kid.

But you know, there were challenges and he loved a good project. And it wasn't just building a beach house -- he was talking about doing some significant things. And to edge back on the insurance side just for a second, when the opportunity came to develop and build insurance products for tours of duty for the American Foreign Service -- it had never been done. In fact, there weren't even policies to take care of general expatriates, let alone government employees doing work overseas, let alone the concept of doing it in over 170 countries. And that would be the requirement of such a program -- to be that wide, across the planet. It was deemed an impossibility, as was his beach house, and he accomplished them both.

*Q: Well, as a kid growing up, how are you involved in these projects?*

CLEMENTS: It was not optional. There was always work to do, whether it be something as horrible as working on the septic system, to changing the location of the well, or putting up sand fence -- which is, if you're not familiar with that, those are the wood slats of fences that are specifically designed to collect sand in the wind and build sand dunes. And that protected the home, so I learned how to put the sand fence up. And, you know, I was also operating a powerboat -- it was a 12-foot boat, I think purchased from Sears -- but I was operating that boat when I was probably six or seven years old, that was just the expectation. Driving when I was 12 on the beach because that's what we did as a family.

Anyway, it's interesting to see that, and now as my son grows up I'm getting him to look at challenges and saying, "Well, look if it's easy, then why would you want to do it? What's the point?"

*Q: Well, going back to your father -- how did your mother react to this very project? Was she an eye roller or did she say, "Great, let's do it"?*

CLEMENTS: She was a great “Let’s do it” mom, and I’m sure there were sacrifices, but she was in there moving things, and helping him with building projects before we were old enough to help, or taking care of us as we’re running around, and doing those things, but very supportive. And as I said before, she grew up with nothing, and so the opportunity to have a beach house and, with that particular project, to do something like that -- I think she cherished it.

*Q: Yes, well I mean the coastal islands of Maryland and Virginia are a joy to behold and at that time -- and still today -- they haven't been overtaken by commercialization.*

CLEMENTS: They turned it into a national park.

*Q: Because farther up, there’s Dewey Beach, Rehoboth and all that, and these places have gotten pretty crowded, and they've got a raucous crowd coming down there.*

CLEMENTS: Yeah. I used to spend summers down on Assateague where you would not see a single person for two weeks. Not a car, nothing. And I didn't think anything of it when I was a kid, that’s just the way it was, and now I look at that now recognizing that's a once-in-a-lifetime opportunity.

*Q: Well then where'd you go to elementary school?*

CLEMENTS: I grew up in Arlington, Virginia, I went to Madison Elementary, I went to Williamsburg Junior High School, and I went to Yorktown High School.

*Q: My grandchildren went to Yorktown.*

CLEMENTS: Nice.

*Q: Did you have any idea what you wanted to do when you were a kid?*

CLEMENTS: Well, as a kid, no, but I grew up in a family of musicians, so my sister was a very, very, talented keyboardist, commercial studio musician, and she did things that are very high-level. My brother, who passed away when he was 20, was quite the accomplished violinist, and so when it came time for me to get into that environment in junior high school, I picked up the trumpet. And I immediately took a great liking to it, and I think because of my background or blood, I progressed pretty quickly. So I figured probably by tenth grade that I was going to be a studio trumpet player, or play in a big band in Vegas, or do whatever I needed to do, and that's what happened to me. I progressed through high school doing that, and also went to Interlochen Arts Academy, it's like a high school Juilliard. It is the number one music high school in the nation.

*Q: Where is it located?*

CLEMENTS: It's in Traverse City, Michigan. So I would go there for summers, for two months -- my entire summer, every summer -- and what that afforded me was one full

year of progress every summer. So by the time I was a senior in high school, I was a third-year college student just in experience, and I left Yorktown and went to Berklee College of Music in Boston. I was accepted there and I played jazz up there, played a little bit of rock and roll. And I'm still practicing the trumpet from time to time.

*Q: How was the scene at that time regarding marijuana and drugs and things like this? Because this seems to be closely intertwined with so much of the music of that era?*

CLEMENTS: Oh, I mean the drinking age was 18, which means you started when you were 16. And I don't think there was any difference between the music scene and the rest of it. And I was not really exposed -- I mean, maybe I wasn't hanging around the right people, or the wrong people -- but I wasn't really exposed to hard drugs. There was always a lot of marijuana going around you know, as there is today, but I don't think that really influenced the music side.

*Q: You mention the different genres of music -- what were you...*

CLEMENTS: I thought where I was going to end up was either like, get in a sectional -- like let's say a band like Chicago, a rock-and-roll band, had a horn section -- I was hoping to be able to build a section like that and be a part of that, or be in big bands, like the old Tonight Show big band with Doc Severinsen. I started to burn out on it in my 20s. I think I went too fast, I had a lot of success, and one day I just I looked at it and I said, "I have to stop". I'm not enjoying it anymore, to play the level I was playing at; I was missing my youth, so to speak. I know that sounds a little wimpy.

*Q: No, you know, bands end up entertaining youth, and if you're entertaining, you're not enjoying.*

CLEMENTS: Yes. I'm not being a youth. But I don't dismiss it, I played a lot of basketball growing up too, so there was a lot of teamwork in both high school sports, and as I got into music we were a team. I had a lot of passion for my teammates.

*Q: Well the big band era was over by the time you came of age, wasn't it?*

CLEMENTS: Uh... not yet, but it certainly has fizzled out. I know it's not gone, because there are still Vegas show bands, and still those things exist, but certainly not like it was. I went to another school, which was North Texas State University, which is the number one big band school in the nation. They actually have nine or ten school big bands, and if you're in one of the top two or three bands, you will not last more than about a month because you will be recruited out of the school so it was a place to go. And that was the place that kind of burned me out, because I think I saw my future and I didn't really like it.

*Q: Looking at it, how did you see your future if you stuck to that?*

CLEMENTS: I just saw it being a workhorse and a grind. My father said years ago, "Know your work and know your hobbies," and I started to think, you know what, I think I'm going to have a lot more fun with this by doing something else for a living and doing this for pleasure.

*Q: You had all this training -- were you getting trained to do something else?*

CLEMENTS: No, that's where the insurance part comes in. I, between the age of 19 and 21, immersed myself in the bicycle business. I also came from a family of bicycle store owners back a couple of generations in DC, and I always had a liking for bicycles. I got involved in bike shops in Northern Virginia and in DC, even worked for Schwinn for a while, and loved it. Ran stores, I was running a company called Colonial Bicycles in Northern Virginia, which was a staple bike operation, when I was not even 20 years old. So I enjoyed the leadership part, the organizational part. I like to sell, and there were a lot of sales involved in that activity. But it was a big operation, you know five, ten employees -- it's not just two people in a bike shop.

*Q: You're in good bike country. Fairly flat, and the people are coming basically from the upper reaches in government and all that, and they were much more amenable to bikes than maybe a lower economic level.*

CLEMENTS: Right, it's true, and I loved it, but it's tough to make a living in the bike business. It's a very low margin business, and you see bike shops come and go all the time, there's a reason for that.

*Q: Well once you buy a bike, that's kind of it. It has to be maintained, but...*

CLEMENTS: Well, the thing that was interesting about the first bike shop I got involved in is that it was a full family bike shop, so you started with a small little pixie bike for a three or four year old, and then moved into the next range up. And you could progress up, and by the time you became a teenager you probably went through three or four bikes, and so this bike shop catered to the whole lineup, which was good. Because here comes the same girl you sold a smaller bike to 3 years earlier, and she's pushing it in, hopeful you'll take it in on trade. But it was a fun business, I learned a ton. I had a great mentor in that business, I learned a lot about business -- inventory and sales.

*Q: I always like to examine businesses -- what causes a bike business not to be a very profitable one?*

CLEMENTS: Well, another good question and I'll give you some ideas of the margins in it. So when I was working in it, you could get a lot of bicycle for a hundred dollars -- that was actually you were spending some money. And you could get some of the very best bicycles on the planet for three to five hundred dollars. But if my store sold a bike for a hundred dollars, the store made seven dollars, and the only way the store survived is to sell accessories. You know, if you buy some oil from us, or a back rack, or a bike pump or whatever, we're going to sell you another thirty dollars' worth of stuff, and the markup

on that's fifty percent. So on the thirty dollars' worth of stuff we made fifteen dollars, seven dollars on the bike, and then you hopefully made some money on maintenance and service. But I think it's not far from car dealerships -- they don't make any money on new car sales either. But we call it a skinny business -- there's not a lot of money in it, and you see some of the best intended shops just go under in a second. It's unfortunate, but that's business, right? But anyway, that kind of fueled me for the next step.

Well, the next layer was probably coming off a bad day in the bike business, and my mother after dinner -- I was living with her, that'll tell you how well the bike business is going -- cornered me in the kitchen, and said, "I was talking to a couple people at the company, and we'd like to offer you an opportunity to come in." And I said, "Really?"

Now I had been working there as a file clerk doing some summer jobs, but nothing full-time. I guess it's important to say that my parents divorced when I was 14, and my mother became the owner of the company. So, I was talking to the boss when she offered me the job. And I thought about it, and I don't know why, but I thought about it for about five minutes, and I said yes. And again, I just knew deep down I had to go to the next level, and it wasn't going to be a professional musician, and it wasn't going to be running bicycle stores, and I needed to find something to do with my life. And even though I was just a kid -- I wasn't even 21 yet -- she laid down the law. She said you need to go get licensed in the insurance industry, you could do a handful of things here, and we'll see you on June 1st, 1981. And that's how it all started.

*Q: Licensing. What does one do? So you become an agent?*

CLEMENTS: Yes, you become an insurance agent, technically by license. So you have to take a course, and it's somewhat involved, and you have to pass a fairly lengthy test it's not a gimme, but it's passable. And so I did that. It was a 40 hour course, and I had about four weeks to do it. And then I realized that you know, with my family's name on the door of the company and me coming in, that failing that test was not an option. So it's the first time in my life when I was being tested beyond a high school algebra examination, where if you got a C instead of a B, the world's not changing. But I did well and passed and came in, and this is the part of the story where I got to know my mother. And she became, as I've spoken about my father's will and courage and his differences in philosophies, my mother was something to be reckoned with. She taught me, not so much technically the business, but the life's lessons around business and around family and business. She was a genius. You take a look at her and you'd probably say, no she probably really isn't, but she was. She taught me things... the stories are endless.

I'll tell you this story. I arrived on June 1st; I think we opened at 9:00. I was there at a quarter of, she got there at 9:00. I figured I'd done something right by at least being there early, and she called me down to her office, and I said great, sounds good, she's going to give me the first day's chores and we'll get on with it. She called me down her office and looked me square in the eye -- this is the absolute truth -- and she says, "I'm getting really concerned." I said, "About what?" "Well I'm getting concerned about you." Now, mind you I have done nothing wrong, in fact I've done nothing other than to be early for work,

so I don't know what she's talking about. And I said, "What are you talking about?" And she goes, "Well, your name is the same as the name on the front door. And I'm telling you right now that if you ever overuse that name, or exploit that name for gain, it'll be your last day here." She said it just like that to me -- "Your last day. Don't ever let me catch you using it, because you will earn your right to be in this company as an individual, and you have a big disadvantage -- not an advantage, a disadvantage -- and all eyes are on you. And good luck."

And she said it that dry, and that harshly. And then five minutes later, she met me in the hall and put her arm around me. Said, "We'll get this done. Don't worry." So she knew when to lay the hammer down. And what happens to family businesses most of the time is the abuse of the name.

*Q: Well how would the name be abused?*

CLEMENTS: So I'm the new guy coming in. We had nine employees back then, so I'm the new person coming in, and if I said, "Well, you know I'm Jon Clements, get it? The name on the door. There's a new sheriff in town, we're going to do it my way." And she just said, "You don't get any of that. In fact, you get less than that, and you're going to need to build yourself up, get your reputation and people trusting you through earning it, not because of anything else." And so I was reviewed like every employee, with my annual review, and got a raise hopefully if I did a good job, and went through the system. And I very, very much minded my P's and Q's along the name-line. And she watched -- she watched. And frankly I'll pat myself on the back; I did a pretty good job of staying out of trouble. It wasn't so much with her, it was with other employees, by earning their trust that I wasn't going to be a jerk about it, coming up, and I didn't feel entitled. That's the key word.

*Q: Initially, what were they having you doing?*

CLEMENTS: Right off the bat, believe it or not, taking inbound Foreign Service calls, automobile and household effects products. I mean I got a week's worth of training, I had a pretty good knack for it, I was interested in it, and I was a decent salesperson. I always have been reasonably persuasive and I have a good way of partnering with people. Back then almost a hundred percent of the work was done on the telephone or by letter -- you know the days. So I started right away in selling and some customer service and in doing some things, but dealing with people, not just dealing with process.

*Q: Did you have a problem getting enthusiastic and, you might say, over-selling?*

CLEMENTS: It's never been my style to do that. I think we say that if you're a good salesperson, it sound like you're just reporting the news. We talk about that in sales training. It doesn't have to be over-persuasive. You're explaining a system and how it works, why it's built the way it's built, and explaining the components of the coverages, and pricing of it and those kinds of things. It was always, to me, more of a conversation.

*Q: Was your insurance business completely on the Foreign Service, or are there other elements as well?*

CLEMENTS: When I started in 1981, 95 percent of the company was the American Foreign Service. And now it remains a very important part of the business. So it is working with Peace Corps, United Nations, USAID, working with relief organizations, working with the American and international school community. My company is the largest insurer of international schools worldwide. So we do health insurance for the teachers in the schools, and we have a proprietary product that we built for it. So we take care of that community. We take care of you guys. We go to DEA, DOD, agriculture -- all the ancillary entities which make up the profile of an embassy. But we also insure corporate expatriates. So if Exxon is sending people to Madagascar, they're our customer and we have a little bit different product for them. You have some unique parts, the American Foreign Service has some unique components in your coverage. But same premise, same idea of insuring cars and personal items overseas.

So you can see as it branches out. And then we got into school medical insurance, and now we're doing corporate medical insurance overseas. But still, the company right now is about 90 percent international. We're launching a new program, though, so I've got to be careful about insuring expatriates' domestic needs, U.S. needs. So we're going to treat the United States as one more country in the world, and have the ability to write coverages here.

*Q: Once you have the Foreign Services, your base building block, that establishes the procedures for others? Or not?*

CLEMENTS: You're hitting the nail on the head. The normal thing that happens with insurance overseas is that a company will go from here to someplace in the EU, or they'll go to Japan or whatever, and not get into tougher parts of the world. They're going to places to make money. So they'll send employees over, and they'll have a facility and they will have commercial cars, whatever they're doing. And you would find an insurance company either locally, within the country in which that takes place, or a big broker that is licensed to do business and knows how to do business, let's say in Belgium. It might be a U.S. provider that does business in Belgium. If you read the M.O. and the makeup of that company, their business model, they insure in only a certain number of countries. You'll find that 75% of the countries they do overseas are in the EU, and then they might do a few others, some flagship countries like Japan or China.

We don't do any of that. We had to learn immediately, like we had on-the-job training, that the Foreign Service doesn't go to a few countries. They go to all of them. So, if you're going to offer a program for household goods for the Foreign Service, it needs to be eligible for all the countries. You need to be able to do business in all the countries. So our business model is, whatever we're doing, we're typically doing everywhere. Let's say the international school business that we are in, that's a very similar business model. There are a thousand schools out there -- I think there are literally a thousand, maybe a few more, maybe 1,200 schools to insure -- and they're all over the world. We had to

figure out, if we're going to be in the school business, we have to be in the school business worldwide. Not just in Belgium. That's the difference. We were forced to learn that because of you, and thank you for that. It almost killed us, but it's an interesting model.

*Q: What about, say, the German Foreign Service? Could you do anything for them?*

CLEMENTS: Absolutely. And so we insure the Canadians -- we've been covering Canadians forever, 40 years -- so, the Canadian Foreign Service and then we also have automobile insurance programs for foreign nationals coming this direction and residing in the United States.

Let's take the French Foreign Service community. They have French embassies -- not like the U.S. in spread, but they would have a number of embassies -- so yes, they are eligible. But I will tell you that the interest, and the size of the program itself... we noticed this with the Canadians. I mean, you'll go to the Canadian embassy in Morocco and it's six people. The American operation has three hundred. So it's hard to get traction with those kinds of numbers. So the Canadian Foreign Service has a pretty good spread, but most of the other nationalities and other countries simply don't. There's just not a lot there. So their interest has been there, but limited.

*Q: Well, okay, if something happens and all of a sudden some embassies start getting blown up, how do you figure out what effect this will have on insurance? I mean is there risk analysis?*

CLEMENTS: Well that's another interesting topic. If you go buy life insurance from the Prudential life insurance company, they can cite a hundred years of statistics for you -- this age group in this town or this city, in this country, smoker or nonsmoker, drinker or non-drinker. They've got it dialed in, it's an actuarial study. When you talk about insuring the American Foreign Service overseas, it had never been done before. There were no expatriate policies on anybody. There was nothing, and so we came up with some very general concepts on how things should be priced, and then we rode the wave to see how it worked out. We still do that -- that philosophy may sound reckless, but it really isn't. There's more science to it than you would think, but there is some guesswork involved.

We've provided life insurance programs and workers compensation insurance programs for mine removal companies, removing the mines out of Kuwait. How many employees are going to die doing that? How many policies are going to be paid? Nobody knows. It's serious business, and it's an expensive business, and we have to come up with solutions. We are very much so a solution-based organization. I may have told you about the Peace Corps program. Those guys gave us a laundry list of things that were impossible, and we did it anyway. I sound like I'm boasting, but when I told the director of Peace Corps the answer was "yes," I had to do it. I actually scared myself on that one.

*Q: Are there any countries where we just say we can't handle it there? In other words, I mean there's so much corruption or over-regulation and all?*

CLEMENTS: The general answer is no, believe it or not. We have countries we're not allowed to be in, for example North Korea, and of course we're not in those countries. But, really, no. The Foreign Service presents an interesting side, and you'll like this part, because here's the real business of it, the secret sauce of the business. Some of the underdeveloped countries and the rougher countries, we'll call them, can be, can be statistically the best countries to write insurance in. Where a country like Italy can be your worst. And there is a reason for that, and we feel that the security environment produced by the regional security officer in a tough country... let's say Venezuela. That's not a good country most of the time. In Venezuela, that guy runs a tight ship, because if you're going to be an FSO in Venezuela, in Caracas, you're going to follow the rules. And he's got a lot of them.

But if you go to another country, say you're in France, well, not so much. You're going to drive your car more, you're going to go on vacation more, you may not lock your house every day -- it's those kinds of things. I mean, I know Lagos is not where it's at now, but back in the day, in Lagos, I mean, you held onto your briefcase pretty tight.

*Q: Now, what would happen if somebody goes to a place with a very high crime rate? I mean, it's the difference between being in Japan and going to Nigeria, for example.*

CLEMENTS: Which one are you saying is worse? (Laughs)

*Q: Well I'm saying Nigeria.*

CLEMENTS: I don't know. That's what I'm saying. I think the lifestyle in Nigeria is tight. The losses are simply less, and that's why when we do rating, most of our rating structure is just worldwide. If you're in the Foreign Service, this is what it costs. Well, "I'm going to Iraq." Good, we like people in Iraq -- it's great. It's low risk, it's great. "Well, next time I'm going to Belgium." Well, not so good in Belgium. It's just an organism that moves around. Yes, countries get hotter and the ones that are a concern are war-risk countries, because we could have a catastrophic loss. And you know, that's something we have to be mindful of.

*Q: Well are there, say, Lloyd's of London or something like that, doing the same thing?*

CLEMENTS: No, what Lloyd's of London is doing is backing us up. We're the face of the business. All the insurance programs now -- I don't want to say all -- most of the insurance programs now are with Lloyds. We have our own slip, so we're heavily involved in Lloyds. We've been with them since 2003 now. It just had to be, I mean, it was going to end up there.

*Q: Now does having a backup like Lloyd's require you to change your method of operation?*

CLEMENTS: Not really. We were pretty tight already. But, that's when you said is the UK, is that a difficult place? Yes, because they have different operational requirements. So Lloyd's of London, they might have their own list of things that they expect, so we have to listen to them, we have to listen to the UK, we have to listen to DC. We have a lot of people to listen to, but that's what we do. We've had a couple people try this business. And I actually don't mind the competition -- it keeps us sharp. But it's a tough business. I'm not looking for a pat on the back, but I am telling you, it's tough.

*Q: Would you say you're the front-runner in international insurance?*

CLEMENTS: Not in international insurance. There are mega outfits which do things commercially. I think our claim to fame is, if you wanted to label us, that we are the largest insurer of expatriates in the world. Somebody always asks me -- we used to work with this company, and I asked this guy, Eve O'Day. I said "Eve," -- he passed on now -- "Eve, people always ask me what an expatriate is. What's an expatriate?" And he says, "Somebody that's in a country where they don't have a passport." (Laughs) Okay, yeah, there you go. Some of them are living there, some of them are working there, some of them are on a government assignment there, but they're all expats. Now, we focus on -- just FYI -- the professional and government community.

*Q: Well, in a way, there is a certain amount of surety there. These people have to be good in order to stay. Obey the rules, or they're going to lose it.*

CLEMENTS: Yes. And it's funny, by the time the State Department is done with an employee that's going to be shipped overseas, done with checking them out, I don't have much to do. They have a good credit rating; they have a good criminal background. You see, where I'm going with this? They're smart, so they've already hit my top three.

*Q: And they're also part of an apparatus that knows what it's doing. Administrative people in a country, an American in the State Department, administrator or what-have-you, I mean, these are people who are concerned about the same things you're concerned about. Keeping them good, and staying out of trouble.*

CLEMENTS: Exactly. You guys put on a big show overseas, the Americans do, it's a big operation, you know that. But it's a big operation, and they're just getting bigger. First time I went to Mexico City, that place scared me. I mean, I walked into that embassy, I think it had, I want to say 400 Americans, and maybe 800 foreign nationals in it. I said, "You guys have over a thousand employees in Mexico City?" And they went, "Yep." Then I went over to the Canadian embassy, like I said, and they have six people.

So it's been quite a journey. But this all comes down to, for me -- it's interesting that you're asking these questions, because it's forcing recollection and insight on how the journey has been. The journey has been slow, and the systematic adding of similar types of products, insuring similar types of people and providing the products to fulfill their wishes, and the solutions for their needs. That's what it's all about.

*Q: Yeah -- what's the difference between State Department people and school people?*

CLEMENTS: Well we provide health insurance for the schools. Health insurance for government employees is supplied by the government, so it's just that simple. If you're a teacher in a school, though, you don't have coverage, so they have the same group health plans that Clements has for its employees. And that's what we do, and we are a trusted name. We have a pretty good brand. We spend a lot of time protecting that reputation.

*Q: I imagine you would.*

CLEMENTS: The chat lines don't help -- you get one disgruntled person and it's a fireball. (Laughs)

*Q: I would think that this would be true of business all over. Business reputation is a major part of any business, and you've got one disgruntled person who gets on the internet and starts bitching.*

CLEMENTS: We had one person that complained about the delivery of a policy in Europe. One auto policy, where apparently it was mishandled -- I wasn't even convinced it was, but apparently it was mishandled -- and the person complained about it. He complained about it on Google. And depending on what angle you go into Google, our dissatisfaction rate is a hundred percent, because we had one review, and it wasn't good. That gave us a one star. With hundreds and hundreds of comments being made about us, and ninety-eight percent of them are great. And a few aren't, and that's fine. We go to work on those few and we make ourselves better.

*Q: Do you have somebody who specifically monitors this stuff?*

CLEMENTS: They keep an eye on it. I also keep an eye on it because you know... I work very closely with the State Department, with the training center here. I don't know if you know that I teach here, I teach a course here, for outbound government employees. So yeah, we keep an eye on it. I take every one of them very personally, and I've been told I need to stop taking them personally, because people, I think, even more so today -- maybe I'm just getting grumpy in my old age -- it seems people nowadays like to complain. They have a forum to do it now.

*Q: Well this is another thing -- the ability to sit down and go on the internet and bitch. I mean, most people like to bitch, and they write something and then they forget it, but it's there for eternity.*

CLEMENTS: Yes, exactly. To the point where I don't even follow reviews anymore, you know. I don't know how many people are actually looking at them anymore. I wouldn't say we watch it like a hawk, but we are particularly interested in any trending that goes on and particularly interested in where we haven't fulfilled our -- sounds a little sappy but -- we haven't fulfilled our promise. We just didn't do a good job. And it doesn't happen

often, it almost never happens in claims. Claims are very closely watched for customer satisfaction. Everybody's got to be happy, or we really didn't do our job.

*Q: Is it a problem for you to develop agents, or a flexible understanding of the world out there?*

CLEMENTS: The people that are involved in the specific products I was just describing go through a ton of training. They went through it personally with me for 25 years, and it was taught in a very, very different way when I did it, and a lot of it is still followed. I'll answer that question in this way: some of our most successful people are people that were not in the insurance industry before they came to us. Because the insurance industry is -- it's not a bad thing here in the States, it actually works pretty well. But it's mechanized and it's done this way.

*Q: Well they understand reports and all of this and when we're abroad, it's a completely different game.*

CLEMENTS: It's a different game. And you know, it takes some love and attention, and some time, to genuinely look at a client not just look at the numbers, and go, look, this guy got into an auto accident in the middle of nowhere. He tried to remove the automobile for safety purposes, and get to some place. And while he was doing that, he burned up the engine, or hit a pothole, did something to the car. And you could ask, "Well, why did he do that?" But if you step back a little bit, he did it for safety, and it made sense in that particular country, at that particular moment. And we're on it, all of it. It's our responsibility. He did what he was supposed to do, or did what was prudent. And I would say to my claims, "You would do the same thing if you were him. And that's why he did it."

I know household goods claims are very difficult to determine where the damage happened -- did it happen on the boat, did it happen on the truck, did it happen at the house, did it happen in packing, what happened here? Nobody knows. So there's not a lot of examination here -- the items are damaged, we pay the client. I'm not going to send people through hoops to take on what is a very simple matter -- we have damage, and it needs to be paid. So it's innocent until proven guilty; not the other way around. (Laughs)

*Q: Does a Foreign Service person pay more, being in the Foreign Service, on household effects than they would pay in Arlington?*

CLEMENTS: Yes.

*Q: I would think so.*

CLEMENTS: Transportation alone.

*Q: I mean there are all sorts of things that are happening, you don't find civil unrest in Arlington, particularly.*

CLEMENTS: I'm more worried about packers (laughs), and lost containers. We have story after story on containers -- gone, they're just gone.

*Q: Well also these ships, stacked high with containers, in a storm all of a sudden a bunch of them fall off.*

CLEMENTS: Sometimes they push them off! When you get up into your higher degrees of insurance understanding, you learn about something called general average. Okay, for example, let's say there are a thousand cars on a big transportation ship that gets in a storm, and the ship is in trouble, and they need to throw half of them overboard to save the ship. So half these cars are in the drink and destroyed. The other half are on. The insurance companies, for the five hundred that stayed, have to pay for the other five hundred, under general average. So there is some method to the madness when those things happen.

I was talking to Susan Johnson before you stepped in--

*Q: Susan Johnson is the president of our organization.*

CLEMENTS: We were just talking about how we're just family -- we consider you all family. And we give an award out, for my mother, called the M. Juanita Guess Award which is given out to an outstanding CLO (community liaison officer) every year. And my mother was very fond of CLOs, and we thought it'd be a pretty good idea to go into the American Foreign Service Association (AFSA) and get an award sponsored after her. She just always had a feeling that we needed to be family, so when we traveled and went to the embassies, it was more about having dinner with people in the evening and getting to know people. We were asked to come to dinners and sometimes we sponsored some things.

*Q: Have you seen any particular trends in Foreign Service insurance? Either claims, or openings, or unusual things?*

CLEMENTS: Storage is getting a little bit easier to deal with -- it's not as risky as it used to be. But I have to tell you, there are many more similarities of risk than there are differences over the decades. The auto insurance is essentially priced very similar to the way it was per hundred dollars of values so it's all proportional, and cars are more expensive, so premiums are higher. But factors are very similar to what they were in 1970. And they're still holding up. We have some better years than others, based on losses, but it's still kind of the same. So the answer to your question is, unfortunately, I'd love to give you some trends, but not so much.

*Q: I'm interviewing a woman who was an officer in Beirut in the eighties, during very difficult times there. And they were on a very tight rein of where they could go, and when they left there they took a helicopter and went to Cyprus.*

CLEMENTS: It's protocol, this is how this works. Even when I would visit the embassies in West Africa, I was picked up by an expeditor at the airport, taken there in a bulletproof suburban, and I was looking around going, "Whoa, this is interesting."

So anyway, if I wanted to recap today in the interview, I think it's really important to understand the entrepreneurship of my father, because without that we wouldn't be around. My mother was a very sweet person, but she was tough, and without that toughness -- you know, the company had to go through some difficult times, some transitional times, some family times. And she stayed tough, and we made it. And those are really the important points of history. Because this isn't just about a meeting where somebody decided to build some insurance products, or seeing a gap or whatever -- this stuff was impossible to do, and anybody in their right mind wouldn't have done it. Like with my father, anybody in their right mind wouldn't have built that beach house. He could have built a house in South Bethany. It was fairly rural back then, and it had all the infrastructure in the world, but he didn't want to. He wanted to do it his way.

And so I'm instilled with some of that. For example, we're releasing a product here in the next few weeks, and our automation team's not quite caught up, so I said "Well we're doing it anyway." "Oh what do you mean we're doing it? How are we going to do that?" I said, "We're going to do it like the old days. You're going to write it down on a piece of paper, and when IT is finished with their project, you're going to input it in the system. But that has nothing to do with taking care of customers. IT is a luxury. I could see my father saying something like that. I actually see my mother saying something like that -- like, "Why wouldn't we start it on time? Just because it's not automated?"

So that was the important part, and I think I walked away with some tools that were very, very helpful to me. And now I have a lot of people that not only have listened to me, and did things over the years, but now they're teaching people, passing it down. We've been around a long time, so those generations of leadership have gone through a system.

It has been a real pleasure, and you know what, it's an honor. I wish my mother and father were alive, because there are some things that are happening now, and the recognition, that they're really solely responsible for, and they're not here to see it.

*End of interview*