



Prolink Insurance Group's Joe McCabe

Through select marketing to niche professional associations, Prolink Insurance Group is going straight to the top.

By Rebecca Maxwell

For Joe McCabe, marketing insurance products is an effort that entails one of two sales models — the hunter or the trapper. The hunter constantly seeks the next sales opportunity, though often unsure of where or when it may appear. Conversely, the trapper builds custom "product traps," designed to attract the most desirable consumers.

The latter defines the model adopted by Prolink Insurance Group, one of Canada's largest privately owned insurance brokers that has made niche marketing its mantra. As co-founder, McCabe believes it is a stance that separates his organization from the competition.

"My sense is that most (insurance) companies and brokers are

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hunters," he says. "They are mostly working on referred leads. The relationships are naturally occurring relationships . . . and they spend their advertising dollars broadly. Ours are proactive relationships in targeted markets. We are more focused and specific."

Formed in 1995, Prolink Insurance Group was established on the principle of serving niche markets, mainly smaller professional associations. It was born out of Toronto-based brokerage LMS Prolink Ltd., where McCabe, as president, was intent on growing his business through a unique model.

"The whole notion of vertical marketing was considered right from the beginning — it was one of the driving forces," McCabe says. "The problem was that many of the brokerage's niche products "required knee to knee contact with customers. Therefore, it was imperative that we had local representatives through a bigger (national) force. We wanted to fit specialty needs with specialty products and match them nationally. We maintained that was probably the best way for us to grow."

Uninterested in following the well-trod path of the broker consolidators, McCabe and co-founder John Boyton, president of Curtis Insurance Ltd., established a "brokerage alliance," hoping to provide a unified marketing image as a national brokerage to potential and existing clients. Five years later, Prolink Insurance Group has six "partner" brokerages — Howard Douglas & Farnell Ltd. in Edmonton, Belmont Financial in the Maritimes (with four branches), Curtis Insurance Ltd. in Toronto, Vince Jones DesLauriers Insurance Brokers Ltd. in Toronto, LMS Prolink Ltd. in Toronto and, most recently, Ducharme & Fortier Inc. in Montreal.

The group has combined p&c premium volume of approximately \$50 million with a 60/40 split between personal and commercial lines. And although all member groups are considered partners and shareholders of the Prolink Insurance Group legal entity, each retains autonomy in their respective operation, notes McCabe.

What brings them together is a strategic focus on niche markets. So how exactly does this brokerage alliance use the "trapper" mentality to market products effectively in today's insurance marketplace? In a

word — associations. The broker alliance tailors programs and products to the small but distinctive association marketplace. By targeting associations, Prolink also gains access to professionals, exactly the type of customers most firms find desirable.

"We are interested in dealing with professional people, for all the good reasons," says McCabe. "They've got higher than average disposable income, typically are more conservative, have potential for a lower claims ratio and appreciate the service a broker can provide.

"We simply see the association in our marketing theory as a ramp to get us to those clients."

Prolink targets what McCabe calls "smaller" associations, typically those with less than 10,000 members. In fact, most of the roughly 200 associations Prolink currently does business with have an average membership of approximately 2,000.

"From a marketing point of view it only seems to make sense. . . we are a very small voice and the only way to be heard with any sort of amplitude is in smaller halls," he says.

To gain entry, Prolink goes straight to the top, utilizing a program for directors and officers liability — a product largely overlooked in the industry, according to McCabe. "A lot of brokers would pass on this product because it doesn't generate much commission. But we say this is a great stepping stone into the association marketplace."

With the ear of the association's directors, Prolink is able to introduce other products, tailored to the association through specialty needs or volume discounts. It then fans more insurance products out to the membership level. "[The association] is seeking to provide value added benefits to their members, and we've got a plug-in program for them."

The group also capitalizes on the interests or "passion" of its own producers to help target associations. For example, McCabe is the leader of the "information technology group," which services approximately 10 IT-related associations, such as the Canadian Information Processing Society.

Not only does McCabe work in an area of his own interest, the 10 IT associations gain from scale produced by combining all the associations. While smaller, niche associations are unable to provide the population support needed to reduce insurance costs, Prolink can negotiate with insurers on the basis of one large group with significant commonality from an insurance perspective, McCabe explains.


In fact, Prolink has many specialized product packages based on the interest of its producers. Among these are programs designed for sports

clubs, aviation associations and cottagers. McCabe likens the latter to a neighborhood watch program, and calls it unique because it partners Prolink Insurance brokers with Royal and SunAlliance Insurance Company, the Ontario Provincial Police and the Federation of Ontario Cottage Associations. FOCA serves 50,000 cottagers — most of whom are likely to be professionals, he adds.

Having leaders who are passionate about their vertical segment is vital to Prolink's success, McCabe says. Each producer makes a point of attending association functions, often contributing articles to their respective newsletters, which helps establish a rapport with members and builds what he calls "the trust factor."

What results has the brokerage alliance seen? McCabe says the group has achieved a "progressive" growth rate of just under 10 per cent "even through the last few years, which have been very difficult for most of our peers."

The application of vertical marketing in an industry dominated by generalists may sound like a paradox, McCabe says. But it's a theory that works, based on involved leaders interested in the company's niche markets.

While McCabe doesn't disregard the standard referral business, which represents some 45 per cent of all leads entering Prolink, he says the brokerage is focused on areas where the potential for sales is much higher and the products are more likely to help the group land their target clients. There is greater profitability for the wise trapper in a competitive p&c market, he concludes. 



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