



INCUBATOR APPROACH

*Association aims to drive
continued growth in
program administration arena*

By Dave Willis, CPIA

For the better part of two decades, the Target Markets Program Administrators Association (TMPAA) has worked side by side with program administrators and their business partners to make available resources designed to help members run highly successful program operations. Along with an array of standard association offerings, TMPAA provides an industry-specific tool to help program administrators measure their business against best practice benchmarks; a dozen focused educational

offerings from the association's Target University that deliver program business knowledge and expertise; a web-based carrier search portal that brings efficiency to the market-finding process; and a group of more than 100 service providers that make available a broad range of solutions for TMPAA members.

Through its offerings the association has helped members develop profitable business and has helped build the program business into a thriving and formidable market. How formidable? The TMPAA *State of Program Business Study 2019* pegs program business revenue at

\$40.5 billion; moreover, it indicates that the segment's growth rate continues to outpace that of the broader commercial insurance marketplace.

"Most of this business is written by TMPAA members," says Ray Scotto, Target Markets Program Administrators Association executive director. "The total number of program administrators nationwide has remained relatively steady, at approximately 1,000 firms, despite the brisk pace of merger and acquisition activity." He points out that membership in the association also is growing at a healthy pace.

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National Director
One80 Intermediaries



But something was missing. “Even in an environment of growth,” explains Chris Pesce, national director of One80 Intermediaries, parent company of Maritime Program Group (MPG), “we lacked a formal way to harness the expertise and resources of the association and its community to drive new program development.” TMPAA leaders set out to create a facility that would help drive involvement and innovation going forward. Their focus would be on delivering capacity in support of:

- Smaller program operations that did not yet meet the financial requirement threshold for membership
- Brokers with sizable books of business that have the potential to become programs
- Insurtech firms that need carrier partners to move forward with niche-focused program business platforms

“We felt it was important to provide opportunities for new program administrators and others in the arena, so we opened the front door a bit wider to create what we call ‘Program Incubator Membership,’” explains Pesce, who also serves as TMPAA board president. “This new membership sub-category provides more firms the opportunity to use the resources of the association, including the collective expertise of its members, for two years as they develop their program offering.”

Early success

The official unveiling of this new membership opportunity took place early last year and, according to Scotto, was well received by the association’s service providers and carriers, which would be the primary targets for these new entrants. Just over a year later,

there are over 20 program incubator members, and more are expected to join in 2020.

One of the first incubators accepted has already achieved regular member status as a result of contacts made at a TMPAA event. “And two entities have secured markets and started writing business,” Scotto adds.

He cites other important benefits the association and its members have realized in the time since the incubator approach was launched. “Looking at the big picture,” he explains, “we have positioned ourselves to adapt to a changing marketplace and welcome next-generation program providers. In addition, we have created new

position to encourage this trend and look at new technology-based entities that will be an important part of the program business growth story in the coming years.”

“The TMPAA is looking to identify and support individuals who are interested in developing an insurance program in their particular area of expertise,” says Scotto. “No other industry group has the focus or can offer the kind of expertise that this association can in developing a program. Program incubator members will have access to the markets, education, service providers, consultants and expertise that exist in the group while they build their operation.”

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“This is an important strategic move on the part of the TMPAA to bring in new members and expand our thinking about the program space and the impact of technology,” Pesce says. “All of our recent studies indicate that the program space will continue to grow. The TMPAA needs to be in a

position of keen interest to the association is the community of insurtech startups looking for carrier partnership to support their business plans. “This represents a new and unique method of program development,” Pesce notes. “The TMPAA Advisory Board wants to support this development and be in a position to help these new program administrators while also promoting association resources and value.” ■