

BUSINESS INSURANCE

The World of RRGs

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#WorldCaptiveForum

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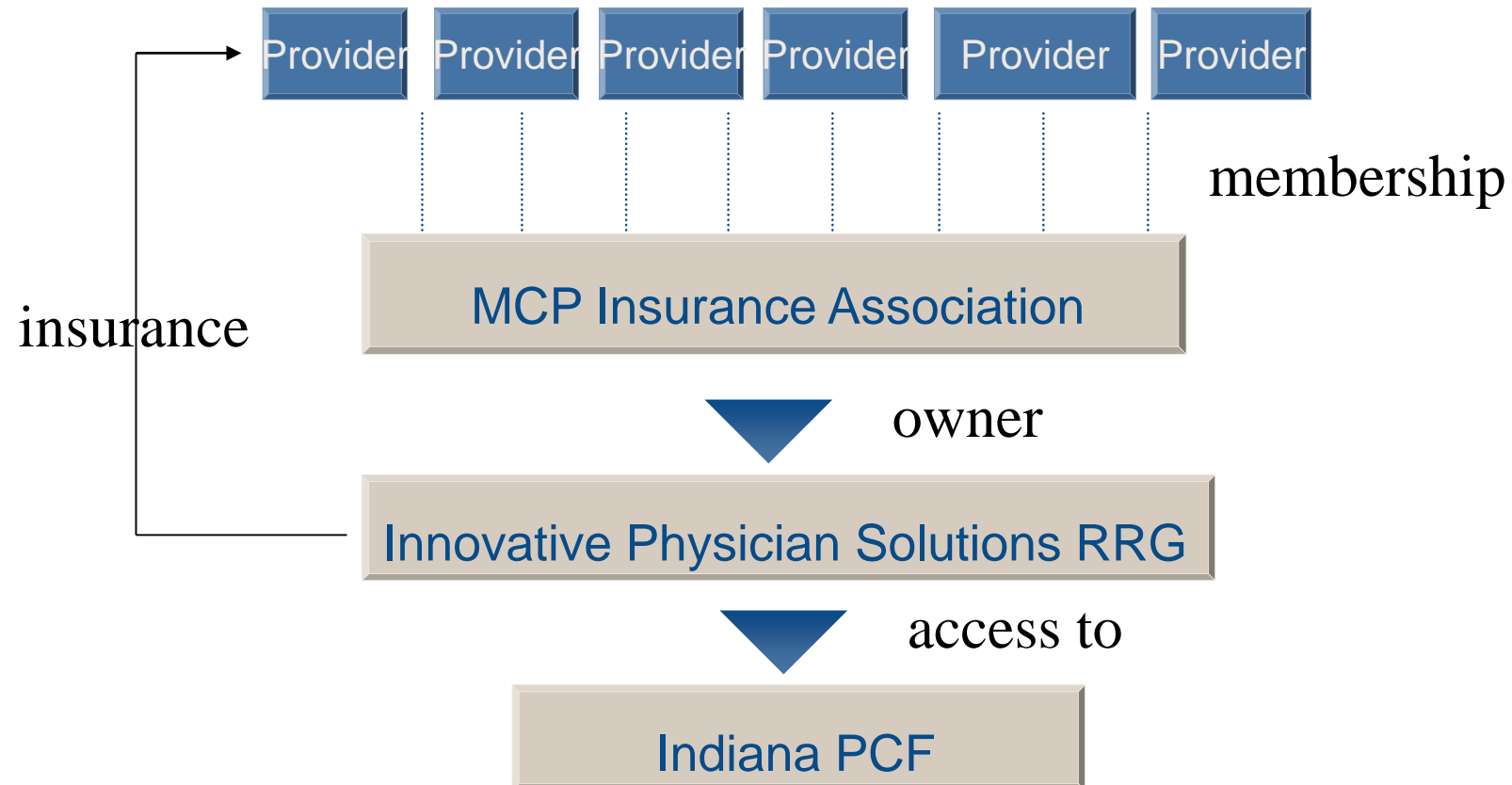
Cory Brown, PracticeProtection RRG, Panelist

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What is a Risk Retention Group (RRG)

- ✓ Authorized by the Federal Liability Risk Retention Act of 1986
- ✓ It can only write liability insurance
- ✓ There must be more than one insured/owner
- ✓ All owners must be insureds and all insureds must be owners
- ✓ Authorization under the federal statute allows the RRG to be chartered in one state, but able to engage in the business of insurance in all states on a direct basis

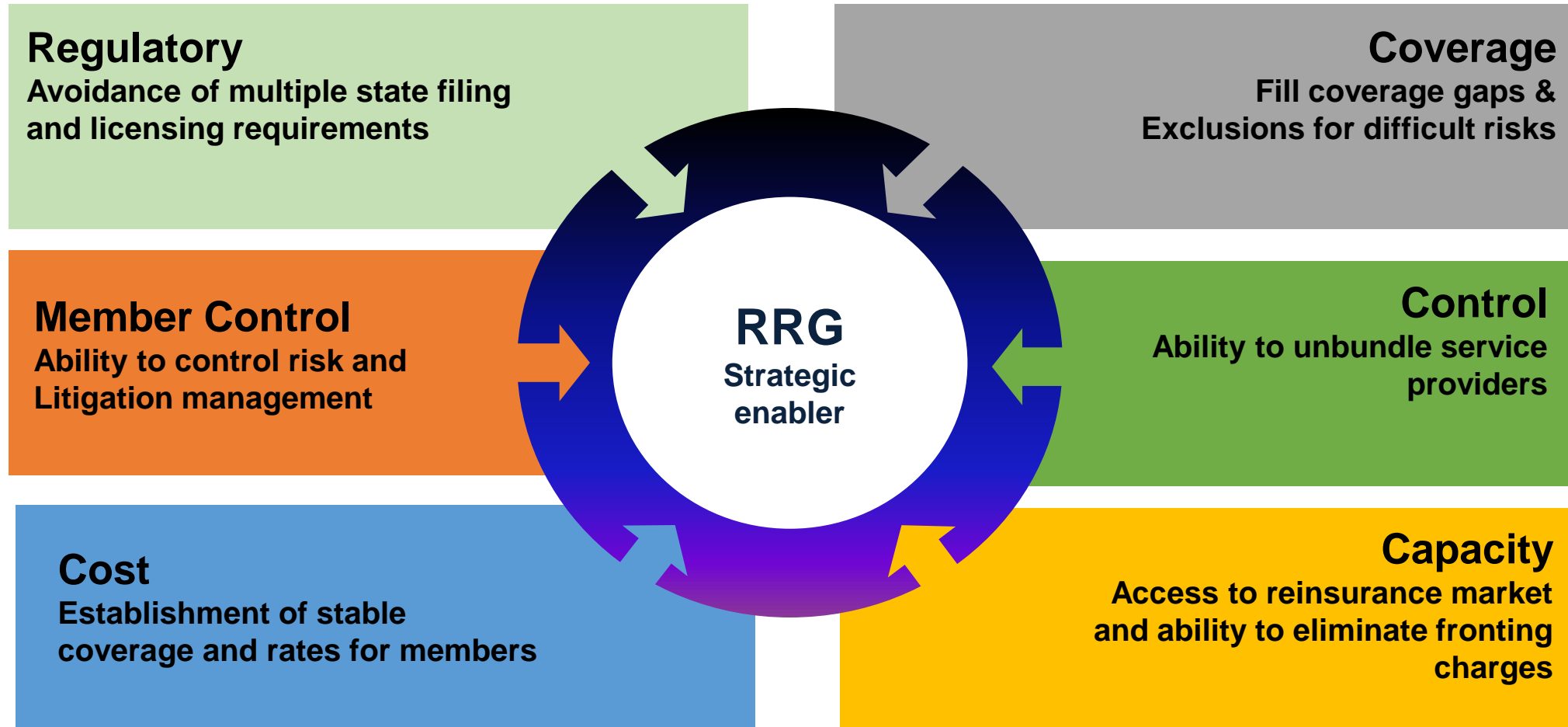
An overview of IPS RRG



A Streamlined Vehicle

- Lead state regulation
- Powerful exemption!
- Federal preemption
- Financial Responsibility— ***as long as*** do not discriminate
- Do States Over-Reach?
- What's the Tension? Pressure on Lead States
- What IS the authority of the NAIC?
- Are we Over Regulating? Why?!

Why do organizations use a RRG?



Regulatory Requirements for RRGs

- ✓ Must file a feasibility study/business plan with incorporation state
- ✓ Notification to other states where RRG agrees to write business
- ✓ File quarterly NAIC yellow book reports
- ✓ Hold annual board meeting in domicile
- ✓ Comply with Investment guidelines per the NAIC
- ✓ Follow Risk Based Capital ratios and requirements per the NAIC



Q & A



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