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FOR IMMEDIATE RELEASE:

Government Accountability Office to Conduct Study of RRG Regulation

Washington, DC – July 23, 2010 –Representatives Dennis Moore, Suzanne Kosmas, and John Campbell requested in a letter dated July 22, 2010, that the Government Accountability Office (GAO) conduct a study of the regulation of risk retention groups (RRGs) with a focus on the actions of states other than the state in which the RRG is chartered. The study will examine the actions of these non-domiciliary states, which may exceed their authority under the Liability Risk Retention Act (LRRRA).

"The National Risk Retention Association (NRRA) appreciates the interest Reps. Moore, Kosmas and Campbell have expressed in the implementation of the LRRRA by the states," said Kim Wynkoop, chair of the board of NRRA. "Our experience has been that some states are not attentive to the limitations of the federal law and impose obligations on RRGs that are unreasonable."

Reps. Moore, Kosmas and Campbell are sponsors of "The Risk Retention Modernization Act" (H.R. 4802), which includes provisions that would allow the Treasury to resolve disputes relating to the terms of the LRRRA.

"The imposition of filing fees, filing requirements, information requests, waiting periods and other duties not authorized by the LRRRA are a continuing problem for the RRG industry," said Robert Myers, NRRA general counsel and a partner in Morris, Manning and Martin, LLP. "The LRRRA was designed to eliminate excessive state regulatory requirements, and Congress's intent is being thwarted. The GAO study will be a great step toward quantifying the problem and, hopefully, providing the basis for needed Congressional oversight."

NRRA has worked closely with the Self-Insurance Institute of America, the Risk Insurance Management Society, and others to inform Congress of the status of RRG regulation and the need for greater Congressional involvement. NRRA participated in the 2005 GAO study and will coordinate and gather information for the new GAO study.

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The National Risk Retention Association (NRRA) is the voice of risk retention group and purchasing group liability insurance programs. NRRA is dedicated to the successful development, education and promotion of U.S. domiciled alternatives to traditional liability insurance and provides a forum for the country's most knowledgeable individuals in risk retention insurance to exchange valuable and timely information. NRRA fulfills its mission through education, communication, government relations, and judicial advocacy. For more information about NRRA, visit www.riskretention.org

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Congress of the United States
Washington, DC 20515

July 22, 2010

Mr. Gene Dodaro
Acting Comptroller, Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Acting Comptroller General Dodaro:

The purpose of this letter is to request that your office conduct a study of the state regulation of risk retention groups ("RRGs") operating on a multi-state basis under the provisions of the Liability Risk Retention Act ("LRRR"), 15 U.S.C. § 3901 et seq. In August 2005, the Government Accountability Office ("GAO") issued a report entitled Risk Retention Groups: Common Regulatory Standards and Greater Member Protections are Needed (GAO - 05-0536). That study prompted action by the insurance regulators of various states in conjunction with the National Association of Insurance Commissioners ("NAIC"). The States and the NAIC have developed standards for regulation as part of the NAIC Accreditation program, which have now addressed many of the issues set forth in 2005 in the GAO Study.

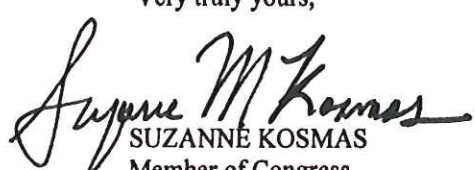
Your previous study did not address the potentially inconsistent regulatory treatment that RRGs may face in the states in which they are entitled under federal law to do business but are not chartered (non-domiciliary states). The issues that we are requesting that you examine are the following:

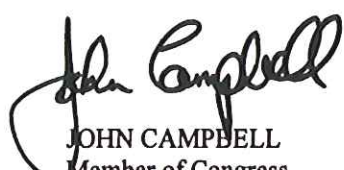
1. How has the regulation of risk retention groups changed since our 2005 report?
2. To what extent does state regulation of RRGs differ depending on whether or not the RRG is licensed in that state? For example, are there instances where non-domiciliary states attempt to regulate, directly or indirectly, the operation of RRGs through "cease and desist" orders, filing requirements, imposition of fees, waiting periods, information requests, compliance with federally preempted state laws, or other means.
3. Based on available information, what are the costs to RRGs associated with state actions referred to above, including but not limited to legal fees and cessation of business operations and the ability of RRGs to pay for costs associated with challenging non-domiciliary States that violate the LRRR by applying their laws in an extra-territorial manner?
4. Are there possible legislative solutions that would reinforce and underscore the foundation of the LRRR, which exempts RRGs and purchasing groups from laws of a state other than their chartering state, except as specifically provided in the LRRR as well as ways to reduce or eliminate costs if a particular RRG prevails in a State or federal court of competent jurisdiction?

We ask that you please commence this work at the earliest opportunity, and please submit the findings to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

Very truly yours,


DENNIS MOORE
Chairman, House Financial Services
Oversight & Investigations Subcommittee


SUZANNE KOSMAS
Member of Congress


JOHN CAMPBELL
Member of Congress