



Leading Industry Associations Welcome Legislation to Modernize Federal Regulation of Risk Retention Groups

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WASHINGTON, DC – The Self-Insurance Institute of America, Inc. (SIIA), the National Risk Retention Association (NRRA) and the Risk & Insurance Management Society (RIMS) today collectively welcomed the introduction in Congress of HR 2126, “The Risk Retention Modernization Act,” which would allow risk retention groups (RRGs) to write commercial property coverage, would establish a new federal dispute resolution process, and would provide for a standardization of corporate governance standards for RRGs.

“We are pleased that this legislation is moving forward as it promises to strengthen and expand the alternative risk transfer marketplace” said SIIA Chief Operating Officer Mike Ferguson.

"NRRA is hopeful that this legislation will facilitate dispute resolution between RRGs and some of the states that choose not to adhere to the limitations imposed on them by federal law," said Brian Braley, Chair of the NRRA board.

“The Risk and Insurance Management Society, Inc. (RIMS) is pleased to support H. R. 2126 as a means to provide an alternative way to manage risks for our members. We urge members of the House Financial Services Committee to advance this legislation this Congress,” according to a RIMS spokesperson.

HR 2126 is sponsored by Rep. John Campbell (R-CA) and joined by Rep. Peter Welch (D-VT). This bipartisan legislation is said by its sponsors to be aimed at bringing down insurance costs and increasing coverage availability, particularly in higher-risk areas prone to hurricanes or other natural disasters. It would provide a new insurance option for corporate assets such as buildings, automobiles, machinery and other high-value items.

RRGs will also welcome the federal dispute resolution mechanism provided for in the legislation an alternative to litigation where they have disputes with non-domiciliary regulators.

The bill would update the 1981 and 1986 versions of the Liability Risk Retention Act (LRRA) that enabled groups comprised of businesses or professionals to organize risk retention groups (RRG) across state lines. Once licensed by their state of domicile, RRGs may operate in other states under federal protection.

SIIA is a national trade association that represents companies involved in the self-insurance/alternative risk transfer industry. Additional information about the association can be accessed on-line at www.siaa.org, or by calling 800/851-7789.

The National Risk Retention Association is the trade association that represents the interests of Risk Retention Groups – insurance companies authorized by the federal Liability Risk Retention Act of 1986 to operate nationally without additional regulation when licensed in a single state. The 251 RRGs active today generate more than \$2.5 billion in premiums.

The Risk and Insurance Management Society, Inc. (RIMS) is the world's preeminent organization dedicated to advancing the practice of risk management. RIMS is a not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities globally.