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***Business Insurance* Editorial Scolds States' Moves vs. RRGs**

**Burlington, VT**— The chorus disapproving of nondomiciliary states' meddling with the federal rights of risk retention groups grew larger this week and more prominent when *Business Insurance* slammed this practice as "pointless, costly" in its August 1 editorial headline.

We couldn't agree more, having made the same arguments relentlessly since The Towner Management Group established its U.S. headquarters more than three years ago.

*Business Insurance*, part of Crain Communications Inc., is a leading insurance and employee benefits weekly print magazine and web site. It asked in its opening editorial paragraph: "How many times will state insurance regulators waste their own and risk retention groups' time and money by taking actions that clearly violate the federal law . . . ?"

In July, a United States district court ruled in favor of the Alliance of Nonprofits for Insurance Risk Retention Group (ANI), a Vermont-domiciled risk retention group against which Nevada regulators had issued an order to stop writing first-dollar auto liability insurance in its state. This drawn-out battle was only the latest in states' attempts to circumvent the federal Liability Risk Retention Act (LRRRA) of 1986.

"Cost and lost time are two reasons why we haven't seen more court cases where RRGs defend their right to conduct business according to the LRRRA," says Len Crouse, TMG partner, a member of the Government Affairs Committee of the National Risk Retention Association and a former, long-time captive insurance regulator for Vermont. "RRGs typically don't have the resources to fight long, costly court battles, so the number of LRRRA violations is likely much higher than the number of legal battles we've seen over the past decade."

Recent introduction in the U.S. House of Representatives of a bill that would modernize LRRRA, in addition to endorsements from most major risk management and insurance organizations, bodes well for RRGs. Crouse, however, believes that signing LRRRA modernization into law is needed to provide the ultimate solution. That law would include a dispute resolution mechanism when regulators stop RRGs in good standing with their home domiciles from writing business in their states.

To learn more about how risk retention groups or other risk financing vehicles might help your risk management efforts, contact the independent professionals at Towner Management.