Risk Retention Groups

Risk Retention Groups (RRGs) are liability insurance companies owned by its members. RRGs allow businesses with similar insurance needs to pool their risks and form an insurance company that they operate under state regulated guidelines. RRGs are formed using a combination of state and federal laws under the auspices of the Federal Liability Risk Retention Act (LRRA). All insureds of an RRG must be owners of the RRG, and all owners of the RRG must be insured. RRGs may be formed under a state's captive or traditional insurance laws. The RRG is domiciled in one state but may do business in any other state by completing a registration process and designating the state's commissioner as agent for service of process.

Unlike other captives, RRGs may write directly in states where they are registered without obtaining a license. Because of this feature, RRGs are treated as multi-state insurance companies and are subject to NAIC accreditation standards, albeit modified to suit the unique nature of RRGs.

RRGs provide their members with the following benefits:

- Program control
- Long-term rate stability
- Customized Loss control and risk management practices
- Dividends for good loss experience
- Access to reinsurance markets
- Stable source of liability coverage at affordable rates
- Multi-state operations

Click Here For Additional Information:
https://content.naic.org/cipr_topics/topic_risk_retention_groups.htm