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Strategic Risk Solutions

Risk Retention Groups Practice Groups

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Delivering Outstanding Service

A Risk Retention Group (RRG) is a member-owned and member-operated insurance company that pools the risks of its members, which typically share common interests or belong to the same industry or profession. The primary purpose of an RRG is to provide liability coverage for its policyholder/shareholder members.

RRGs offer members the flexibility to design insurance policies that specifically address their risks and needs. This customization allows the RRG to provide more comprehensive coverage and better protection.

Unlike traditional insurance companies, RRGs are formed under the federal Liability Risk Retention Act of 1986, allowing them to operate across state lines with greater regulatory flexibility. RRGs can provide access to risk-sharing arrangements, customized policies, and regulatory advantages, all while maintaining control over their insurance programs. They offer a unique and collaborative approach to risk management as U.S. corporations face more challenges in obtaining traditional insurance coverage.

Risk Pooling and Coverages

RRG members pool their risk, with each member contributing premiums, and these funds are collectively used to cover the group's liabilities and losses. By pooling risks, RRG members can spread the financial burden of claims across the group. This can lead to more stable premium costs and reduced exposure to catastrophic losses.

RRGs are often formed by businesses or professionals with similar risk profiles and insurance needs, such as healthcare providers, contractors, or product manufacturers. RRGs create insurance policies tailored to the unique risks and requirements of their members. This customization ensures that coverage aligns closely with the group's needs.

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RRG Practice Group

FAQ

What is a Risk Retention Group (RRG)?

An RRG is a member-owned and member-operated insurance company that pools the risks of its members to provide liability coverage for its policyholder/shareholder members.

Who can create or be in an RRG?

RRGs are comprised of commercial businesses and a few government entities that require liability protection. RRGs are owned by their insureds who must be a homogenous industry group.

What are some lines of coverage an RRG cannot write?

An RRG cannot write workers compensation, property insurance, or personal lines of coverage.

Does an RRG need a license in all states in which they operate?

No! An RRG is not treated as a traditional insurance company. It is exempted from needing to obtain a state license in every state in which they operate and also exempt from state laws that regulate insurance.

Why would someone want to form an RRG? What are some of the benefits?

Insurance can be expensive. The number of RRGs formed goes up with insurance is either unavailable or unaffordable. Benefits of an RRG include control over your program, long-term rate stability, customized loss control and risk management practices, and a stable source of liability coverage at affordable rates.