

Federal Legislative & Regulatory Activities In the ART Marketplace



Introduction

- Overview of the LRRRA
- Needs for Expansion
- SIIA's Lobbying Efforts
- Current Legislative Efforts to Modernize the LRRRA
- Healthcare Reform & Captives



Overview of the LRRRA

- Congress Enacts the Products Liability Risk Retention Act of 1981
 - Similar businesses can join together to self-insure risk
 - Improved competition, reduced costs, and increased capacity
- PLRA Amendments of 1986
 - Expands to all Forms of Liability Insurance
 - Became the Liability Risk Retention Act
 - Single-State regulation
 - Allows all businesses to form groups



Why Expansion of the LRRA is Necessary

- Limited to Writing Only Liability Lines
- Commercial Coverage Unaffordable
- Non-Domiciliary Regulation
- Corporate Governance Standards



SIIA's Lobbying Efforts

- Working with Industry Reps to Identify Reasons for Expansion and Modernization
- Participate in a Coalition of Industry Associations
- Developer of Legislative Language
- Active Lobbying Efforts to Solidify Hill Support



Risk Retention Modernization Act

- Legislation Introduced in Congress
- Bicameral, Bipartisan
- Process for Movement



Risk Retention Modernization Act – Commercial Property

- Commercial Property Coverage
 - Allows RRGs to Insure Commercial Property
 - Allows RRGs to Form Commercial Property Specific Groups
 - Definition of Property
 - Insurable Entities
 - Allowable Coverage Areas



Risk Retention Modernization Act – Regulation Oversight

- Survey of Compliance
- Federal Dispute Settlement
- Standard of Preemption Violations
- Judicial Review



Risk Retention Modernization Act – Corporate Governance

- Corporate Governance Standards to Include:
 - Majority of Independent Directors
 - Proper Relationships with Service Providers
 - Audit Committee
 - Adoption of Standards Upon Request
 - Code of Business and Ethical Conduct
 - Reporting of Any Non-Compliance



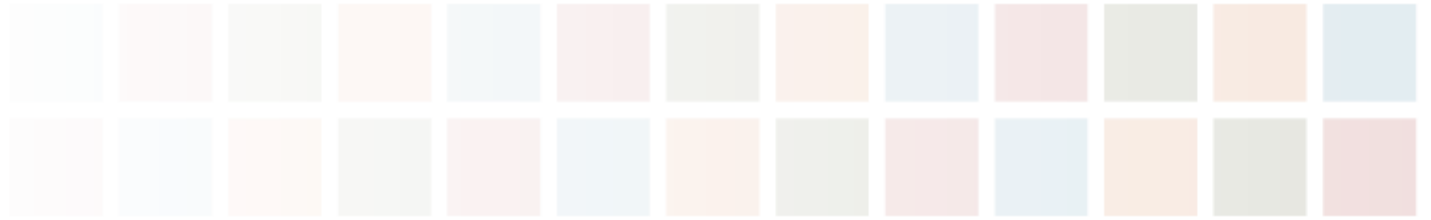
Risk Retention Modernization Act – Disclosure & Fiduciary Duty

- Disclosure Requirements:
 - Inform all members that they are part owners of group
 - State of domicile for regulation purposes
 - Not protected by State guaranty fund
- Fiduciary Duty:
 - Board of Directors to act in best interest of the group



Healthcare Reform & Captives

- **ACOs**
 - ACOs Defined
 - Private Providers Moving to Hospital Group?
 - Need for Increased Risk Management Strategy
 - Simplification of Claims Disputes
- **Change in Level of Employer Coverage**
 - Impact on stop-loss Captives
- **COOPs**
 - Captives as Reinsurers



Questions?

*Jay Fahrer
Director of Government Relations
Self-Insurance Institute of America
202-463-8161
jfahrer@siaa.org*