
The

Risk Retention Reporter

Who Manages Risk Retention Groups Formed in 2005?

In this month's *Special Report*, the *RRR* looks at the captive management firms that assisted in the formation of the 33 risk retention groups formed in 2005 and which provide ongoing services to these RRGs. As insurance companies, RRGs require similar services to those of traditional insurers, some of which are provided by an RRG's captive manager, a role not found in the operation of traditional companies but required by most states that license RRGs under their captive laws.

Services provided by captive managers typically include basic accounting, regulatory filings, underwriting, policy management, claims, reinsurance placement, loss control and cash management. In addition to these services, the captive manager also serves as the liaison between the RRG it manages and the captive regulator in the RRG's state of domicile. In almost all states that regulate RRGs as captives, the captive management firm is approved by the insurance department or captive regulator. In addition, Vermont requires that the individual captive manager also be approved.

In 2005 four firms participated in providing services for more than half of the RRGs formed (see following chart).

**Captive Managers for RRGs
*Formed in 2004 and 2005**

Captive Manager	Rank 2005 (2004)	RRGs Formed in 2005	RRGs Formed in 2004
Risk Services Companies	1 (1)	6	10
USA Risk Group	1 (3)	6	5
Pro Group Captive Mgt. Services	3 (●)	4	0
Marsh Management Services Inc.	4 (2)	2	8
Aon Insurance Managers (USA) Inc.	5 (4)	1	4
Beecher Carlson	5 (6)	1	2
Other Captive Managers	n/a	13	25
Total		33	54
* RRGs added to <i>RRR</i> listings from January to December 2005; ● Not ranked			

Two firms tied for first place in 2005 — **Risk Services Companies** and **USA Risk Group** — each participating in the formation of six RRGs. Risk Services has placed first as the captive management firm accounting for the largest number of RRG formations for the several years, with seven formations in 2003, 10 formations in 2004, and six in 2005. USA Risk, which tied for first place in 2005 formations, placed third in 2004 with five formations.

Pro Group Captive Management Services, a Nevada-based captive management firm which had not previously participated in RRG captive management, came in third, participating in the formation of four RRGs formed in 2005. The firm, based in Carson City, Nevada was established in 2002 by **Pro Group Management**, a company founded in 1994 to address Nevada's ailing workers compensation system.

Marsh Management Services, Inc., which came in second in 2004 RRG formations with eight, placed fourth in 2005 with only two formations. Several captive management firms that accounted for formation of two of more RRGs in 2004, accounted for fewer RRGs in 2005.

Looking at the four leading captive management firms for 2005 formations, a clear pattern emerges relating to domicile selection. Of the six RRGs for which Risk Services serves as the captive manager, four are domiciled in the District of Columbia; of the six RRGs for which USA Risk Group serves as the captive manager, four are domiciled in Arizona; of the four RRGs for which Pro Group Captive Management serves as the captive manager, all are domiciled in Nevada; and of the two RRGs for which Marsh serves as the captive manager, both are domiciled in Vermont.

Captive management firms that participated in 2005 RRG formations but had not previously served as RRG captive managers include: **Automobile Consumer Services Corporation**, based in Huntsville, Alabama; **Clarity Group, Inc.**, based in Chicago, Illinois; and **Midlands Management Co.**, based in Oklahoma City, Oklahoma.

As for which captive managers are leading for the 12 RRG formations in the first quarter of 2006, Aon is in the lead with four RRGs, followed by USA Risk Group with two, and Risk Services, Marsh, and AIG all tied for one. A list of captive management firms that manage RRGs formed in 2005 begins on page 2.

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SPECIAL REPORT

Captive Managers for Risk Retention Groups Formed* in 2005

Captive Manager	Risk Retention Group	Domicile	Business Area
Risk Services Companies	Atlas RRG, Inc.	DC	Manufacturing & Commerce
	Mississippi Builders & Contractors Ins. Co., A RRG, Inc.	NV	Property Development
	New York Healthcare Ins. Co., Inc., A RRG	DC	Healthcare
	Restoration RRG	AZ	Property Development
	Specialized Local Delivery RRG	DC	Transportation
	Spirit Mountain Ins. Co. RRG, Inc.	DC	Government & Institutions
USA Risk Group	Astraea RRG, Inc.	AZ	Transportation
	Cimarron Ins. Exchange, RRG	VT	
	Clinical Trials Reciprocal Ins. Co., A RRG	AZ	Healthcare
	Elite Transportation RRG	AZ	Transportation
	National Transportation RRG, Inc.	AZ	Transportation
	Northeast Physicians RRG, Inc.	SC	Healthcare
Pro Group Captive Management Services	Bridgetown RRG Ins. Co.	NV	Property Development
	Paddington Liability RRG	NV	Property Development
	Physician's Compliance Liability Insurance Co. RRG	NV	Healthcare
	Synergy Ins. Co., Inc., A RRG	NV	Professional Services
Marsh Management Services Inc.,	ACBG RRG, LLC	VT	Healthcare
	Healthcare Underwriting Co., A RRG (The)	VT	Healthcare
AIG Insurance Management Services	United Medical Liability Ins. Co., Inc., A Reciprocal RRG	HI	Healthcare
Aon Insurance Managers (USA), Inc.	Innovative Physician Solutions, A RRG, Inc.	AZ	Healthcare
Automobile Consumer Services Corp.	Vehicular Service Insurance Co. RRG	OK	Manufacturing & Commerce
Beecher Carlson	Health Facilities of California Mutual Ins. Co., Inc., A RRG	HI	Healthcare
Camelback Captive Management	CLTIC RRG, Inc.	DC	Healthcare
Clarity Group Inc.	Health Care Casualty RRG	DC	Healthcare
Gallagher Captive Services	AssureCare, A RRG	DC	Healthcare
HSBC Insurance Management	Novus Ins. Co. (RRG)	SC	Healthcare
Midlands Management Corp.	Quadriga Builders Ins., A RRG	OK	Property Development
Northern States Management	Diapason Casualty RRG, Inc.	DC	Healthcare
Physician Captives	Chattahoochee RRG Captive Insurance Co	GA	Healthcare
Potomac Captive Managers	National Contractors Insurance Co., Inc., A RRG	DC	Property Development
Strategic Risk Solutions	Pine Tree Ins., A Reciprocal RRG	VT	Healthcare
The Taft Cos.	Ocean RRG	DC	Transportation
Willis	Clinic Mutual Insurance Co. RRG	HI	Healthcare
*RRGs added to RRR listings from January to December 2005			