

WHAT IS STATES SELF-INSURERS RISK RETENTION GROUP?

States is a member-owned company providing excess liability insurance coverages to cities, counties, school districts and other public entities across the country. States can be accessed by Agents/Brokers or by direct contact.

States Self-Insurers RRG, Inc.
222 South Ninth Street, Suite 2700
Minneapolis, MN 55402-3332

- States is **domiciled in Vermont**, which is the largest and most experienced domestic domicile for captive insurance companies, including risk retention groups. Vermont applies strict regulatory controls over the insurers domiciled there. The Vermont Department of Insurance, Captive Division, has long been referred to as the "*Gold Standard*" for the way it provides regulation, audit and oversight on captive and RRG operations domiciled there while still allowing creative and innovative operational models.
- The State of Vermont is fully accredited by the NAIC (National Association of Insurance Commissioners).
- The State of Vermont has structured its insurance department so that the head of the regulatory section for captives and risk retention groups is in the position of Deputy Commissioner. This reflects Vermont's commitment to high quality regulation of this important segment of the industry.

States is registered to do business in 44 states. It files both quarterly and annual financial statements with each of these states, which are subject to review and comment by each state. *States undergoes an intense examination of not only its financial records*, but its underwriting and claims records are regularly examined by the State of Vermont.

- States' Board of Trustees is committed to building surplus in order to ensure the financial viability of States for the long-term. As of year-end 2011, total capital and surplus was approximately \$8.5 million and gross premium over \$10 million. A Board resolution directs, for the present, that net revenues not needed for operating expenses be used to increase surplus and grow the Company.
- States has a long-term, fiscally conservative focus. It is owned by the public entities that are insured with the program and it has their best interests in mind. Through its **mature and highly-efficient structure**, it is able to keep its expenses down – substantially lower than expense ratios exhibited by the commercial, for-profit insurance industry. This is a further savings that benefits its member-insureds and strengthens States financially.
- States is a stock insurance company, owned by the States Self-Insurers Trust and directed entirely by its members. Its insured members **are not assessable** and never have been.
- States operates as a group captive, and in many respects, as a well-administered public entity pool, rather than as a commercial insurance company. Unlike a for-profit, commercial insurance company, **States exists only to respond to the unique needs of its public entity owner-insureds** and therefore exercises strict underwriting standards when selecting risks to be allowed into its membership.

- **States retains only the first \$1.0M** above each member-insured's self-insured retention, and then reinsures losses above that amount through a long-standing treaty reinsurance arrangement with major, highly-rated reinsurers who understand and are committed to the public entity sector.
- **States Board of Trustees:**
 - Eric Lagstrom, Town of Ocean City, MD
 - Scott Burford, Dauphin County, PA
 - Jeff Rodarmel, City of Virginia Beach, VA
 - Dan Hurley, City of Chesapeake, VA
 - Darren Wells, City of Odessa, TX
 - Sara Perry, City of Columbia, MO
 - Jeff Downs, City of Vestavia Hills, AL

Audit Committee includes Doug Stone, City of Springfield, MO

BENEFITS/HISTORY

States' insured member entities actually own the insurance company.

As owners, States' insured member entities have a real voice in the Company's operations through the election of the Board of Trustees, the ability to volunteer to serve on States' boards and committees, and attendance at an annual Meeting of the Members.

States' broad form policy language was developed by public entity risk managers, attorneys and insurance professionals which allows for the broadest coverage due to limited exclusions and favorable policyholder interpretations.

States is one of the only, if not the only, excess liability insurer that provides members with hands on, on-site loss control and claims management services.

Because insured members are the owners of the insurance company, States acts as their insurance "partner" and not a dictatorial insurance company, which is particularly important when claims arise.

focus on providing broad form excess liability insurance to public entities that generally self-insured their primary level of risk at a minimum of \$250,000.

With the passage of the federal Liability Risk Retention Act of 1986, the organizers determined that, to take advantage of the economies provided under this law, a stock insurance company would be established and operate as a Risk Retention Group (RRG). The company was named States Self-Insurers Risk Retention Group, Inc. (States) and began operations by issuing its first policy effective July 1, 1988.

Because States writes only excess liability insurance, its focus is primarily on mid-tier public entities. States' members' populations generally range from about 50,000 to about 750,000.

States has engaged Berkley Risk to provide the day-to-day management of the insurance company, including marketing, financial administration, underwriting, claims management services, loss control assistance, reinsurance management and other administrative services. Berkley Risk is a member company

of the W. R. Berkley Corporation and provides program management services to hundreds of public entity clients across the United States involved in alternative risk financing. States' members consistently indicate that the assistance provided by Berkley Risk personnel has been one of the most beneficial resources they have access to in preventing losses from occurring in the first place, controlling losses that do occur, mitigating claims, and seeing lawsuits to the best conclusion possible.