
The Risk Retention Reporter

Updated Version of 2015 Bill Amending LRRRA Introduced in Congress

A bill amending the *Liability Risk Retention Act*—*H.R. 6292* or the *Nonprofit Property Protection Act*—was introduced in the **U.S. House of Representatives** on June 28, 2018. The bill was introduced by Congressman Dennis Ross (R) of Florida and was cosponsored by Congressman Bill Posey (R) of Florida, Congressman Tom MacArthur (R) of New Jersey, Congresswomen Mia Love (R) of Utah, and Congressman Lee Zeldin (R) of New York.

H.R. 6292 is an updated version of a prior bill—*H.R. 3794*—that was introduced in 2015 and would allow a small subset of risk retention groups to write other forms of commercial insurance, including property coverage. The bill describes commercial insurance as “all forms of insurance, except that such term does not include health, life, or disability insurance or workers compensation insurance.”

As with the 2015 bill, *H.R. 6292* severely restricts eligibility for the expanded coverage options. In order to write additional coverages under *H.R. 6292*, an RRG must provide coverage to 501(c)(3) nonprofits. In addition to serving 501(c)(3) nonprofits, an RRG eligible to write coverage under the bill must have been active for 10 years and have surplus of at least \$10M. Furthermore, the total insured value of the risks covered for any one member of an RRG writing expanded coverages under the bill may not exceed \$50M.

The 2015 bill divided the risk retention group industry. It was opposed by the **National Risk Retention Association** (NRRRA) but supported by other prominent members of the RRG community such as **United Educators Insurance, A Reciprocal RRG** President and CEO Janice Abraham. A major sticking point for NRRRA in the 2015 bill was language involving contractual liability that was described by Skip Meyers, a partner at **Morris, Manning, & Martin** and NRRRA board member, as a “poison bill.” That language has been excised from *H.R. 6292*.

The driving force behind *H.R. 6292* is Pamela Davis, president of **Alliance of Nonprofits for Insurance, RRG** (ANI). All of ANI’s members are 501(c)(3) nonprofits and most have annual budgets of less than \$1M, namely small to mid-sized organizations. Traditionally, such companies have purchased their liability and property coverage in a package product called a business owners policy or BOP.

As an RRG, ANI provides the liability portion of the coverage to its members. However, according to Davis, ANI’s members have been unable to obtain adequate standalone property coverage. ANI’s members currently

obtain that coverage through a front, but Davis doesn’t consider the front to be a long-term solution.

“The problem is clear cut. Small and mid-sized nonprofits can’t get adequate standalone property except through the front we use, nor can any of our members get standalone auto physical damage. Because the premiums are so small it is not efficient for the front to continue to offer these coverages, even in the states in which they are presently filed and operating,” said Davis. “If the front cancels the program, our members will have no other option for property, and it will be devastating for them and for us. Against all odds, these small nonprofits have worked hard to develop an RRG solution to their insurance problems and that solution is now in jeopardy. That is why we are desperate to get this bill passed.”

In addition, there are seventeen states where ANI’s front is not filed, and in those states ANI writes no business. “We have tried, and it never works because of the inability of brokers to find appropriate standalone property and auto physical damage,” said Davis.

Although ANI and its membership have experienced firsthand the lack of availability of the property portion of a BOP policy, *H.R. 6292* includes a new provision that prevents an RRG from writing the coverage in a state if there are three or more licensed admitted carriers in a state providing “monoline property coverage written on the property portion of a business owners policy and monoline automobile physical damage coverage.”

H.R. 6292 which has been referred to the **House Committee on Financial Services** faces a long road to become law. Despite the hurdles in D.C., Davis remains confident.

“As for Washington, recall that we need to get through committees who regularly work with the insurance industry. These are longstanding relationships. We came from out of nowhere with very few resources, and nonprofits can’t contribute to political campaigns,” said Davis. “We have to rely on those Members of Congress who are willing to act on their conscience without regard to threats that contributions from the industry may be withheld. Despite these odds, I still believe that enough good people will stand up for nonprofits to get this done. There are 8,000+ little nonprofits counting on us, and we can’t let them down.”

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