

August 5, 2010

Catherine Cortez Masto, Attorney General
Nevada Attorney General's Office
100 North Carson Street
Carson City, NV 89701-4717

RE: Alliance for Non Profits for Insurance – Risk Retention Group; Cause No. 10.0354

Dear General Masto:

The Captive Insurance Companies Association (CICA) is the domicile neutral trade association for the captive insurance industry, which includes many risk retention groups. CICA was formed in 1972 to foster and support the development of captive insurance companies as a major part of the alternative risk insurance industry. CICA has members from a wide range of industries, from most states in the United States, and from many countries throughout the world. CICA provides education and advocacy for alternative risk professionals, including risk retention groups.

CICA recently learned of the Nevada Division of Insurance's position that Alliance of Nonprofits for Insurance, a RRG (ALI-RRG), is not eligible to issue statutory minimum automobile liability insurance in Nevada even though it has operated in accordance with both federal law (the Liability Risk Retention Act) and Nevada law since 2001. Although the inclination to act in a provincial manner may be natural, it is clearly in contravention of established case law¹ and the intent of the US Congress as established by the Liability Risk Retention Act, which preempts the state regulation of properly established risk retentions groups like ALI-RRG.

By way of background, the Liability Risk Retention Act (LRRRA) is a federal law that was passed by Congress in 1986 to help U.S. businesses, professionals, and municipalities obtain liability insurance, which had become either unaffordable or unavailable due to the "liability crisis" in the United States. ALI-RRG, a provider of insurance for nonprofit organizations, is precisely the kind of organization envisioned by Congress when it passed this legislation.

CICA has reviewed the letter from the National Risk Retention Association dated June 24, 2010 addressed to Mr. Brett J. Barratt, Acting Commissioner of the Nevada Division of Insurance, and agrees with its legal and policy conclusions. Simply put, a non-domiciliary state like Nevada has legal recourse if it can show that a particular RRG is financially unsound or otherwise dangerous to those who rely on insurance purchased from it, but a non-domiciliary state like Nevada does not have the right to overrule Congress and unlawfully discriminate against properly established risk retention groups.

For these reasons, CICA strongly urges you to reverse the decision contained in the Order dated July 13, 2010 in Division of Insurance Cause 10.0354.

Respectfully submitted,



Dennis P. Harwick
PRESIDENT

¹ *National Warranty Insurance Company RRG v. Greenfield*, 214 F3d 1073 (9th Cir.2000), cert denied 531 U.S. 1104 (2001).

cc: Lt. Governor Brian Krolicki, State of Nevada
Brett J. Barrett, Acting Commissioner – Nevada Division of Insurance
Robert H. Myers, Jr., General Counsel – National Risk Retention Association
James Wadhams, President/Chairman – Nevada Captive Insurance Association