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# Risk Retention Reporter

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## Who Manages Risk Retention Groups Formed in 2004?

In this month's *Special Report*, the RRR looks at the captive management firms that assisted in the formation of the 54 risk retention groups formed in 2004 and which provide ongoing services to the RRGs. As insurance companies, RRGs require similar services to those of traditional insurers. However, one aspect of RRG operations not found for traditional companies is that of the captive manager.

RRGs that are regulated in states with captive laws, such as Vermont, South Carolina, and Hawaii, are required to have captive managers that not only provide a range of management services to the RRG but also serve as a liaison between the RRG and the state regulator. In Vermont, for example, the captive manager, rather than the captive management firm, is approved by the captive division of the **Vermont Department of Banking, Insurance, Securities and Healthcare Administration**. In other jurisdictions, such as South Carolina and the Dis-

trict of Columbia the captive management firm itself is approved by the department.

In analyzing the 2004 data, we found that the pool of captive managers for RRGs has grown. This year, 25 captive management firms were selected to provide services to the 54 RRGs formed during the year, compared to 22 firms that were chosen last year for 58 RRGs formed in 2003.

Last year three firms tied for first place, managing nine RRGs a piece — **Aon Insurance Managers (USA), Inc.**, **Marsh Management Services, Inc.**, and **USA Risk Group**, with **Risk Services Companies** coming in second with management of seven RRGs. This year Risk Services jumped to the top of the list, accounting for management of 10 RRGs, with Marsh coming in second with eight, USA Risk Group with five, and Aon with four. The following table lists captive management firms that manage two or more RRGs formed in 2004, comparing this number to 2003.

**Captive Managers for RRGs  
\*Formed in 2004 and 2003**

Captive Manager	RRGs Formed in 2004	RRGs Formed in 2003
Risk Service Companies	10	7
Marsh Management Services, Inc.	8	9
USA Risk Group	5	9
Aon Insurance Managers (USA), Inc.	4	9
Meeting Street Management	3	2
Willis Management (Vermont) Ltd.	2	3
Beecher Carlson	2	1
Uni-Ter Underwriting	2	1
Other Captive Managers	17	17
Total	54	58

*\*RRGs added to RRR listings during the year*