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The Risk Retention Reporter

Skip Myers Receives Karen Cutts Award

The **National Risk Retention Association** (NRRA) has presented Skip Myers, partner at Morris Manning & **Martin** and **NRRA general counsel, with the Karen Cutts Award**—NRRA's highest honor. The award is named in honor of late *Risk Retention Reporter* Founder and Managing Editor Karen Cutts.

Myers, who has been involved in the industry since the beginning, was described by NRRA Executive Director Joe Deems as "a living and breathing example of what this industry is about."

The *Risk Retention Reporter* caught up with Myers at the 2019 NRRA Conference to discuss the award, his history in the RRG industry, and what's next.

Risk Retention Reporter: In your acceptance speech, you described the growth of the RRG industry from youthful years running from the passage of the *Liability Risk Retention Act* through the end of the 1990s, to the adolescent years of the 2000s, on through the mature stage that emerged in the 2010s. How has your role as counsel for the NRRA and the industry changed as the industry has matured?

Skip Myers: In the beginning, people didn't understand [the *LRRA*] at all. So, in the first 10 years we were educating people about what the act said and that there is a federal law that preempts state law.

At the time, there were a lot of state legislators and regulators that either didn't believe it or didn't want to believe it. So, we worked with those states, and it was easier in a sense. We could cite to them the statute, and they could actually change the way they interacted with risk retention groups.

So, in the beginning my representation was more educational. Since then, thanks to NRRA, we have much more case law that supports our position. As a result, my representation has evolved, and I now act more as an advocate for the industry.

RRR: How did you get started in the industry, and what made you decide to make risk retention groups such a large part of your career?

Myers: In the 1980s, I was representing the **National Association of Insurance Commissioners** as their Washington counsel along with Terry McAuliffe, who later went into politics and became the governor of Virginia. We were representing the NAIC, and that's where I got my real introduction to insurance regulation and in particular to risk retention groups. During those years the act was passed, and I was very active in its passage.

I thought this is great—I know more about this act than almost anybody. I wrote some articles, one of which was quite lengthy, and published it. I thought I was going to be able to sit by the phone and wait for calls.

Well that didn't happen, because there weren't that many groups that formed in the early years of the act. I started to wonder if it was going to be a waste of time. It didn't turn out to be that way, though it took years to pick up.

I did work with **National Home Insurance Company (A RRG)**, which had been formed in 1986. They had issues that I was fortunate enough to be picked to work on, and that kept me involved in the RRG industry. As time went on, I got more into captives and more into risk retention groups and it just grew from there. So it's serendipitous to an extent, and like a lot of big decisions in life it's a matter of chance.

RRR: Now that the risk retention group industry has entered its adult phase, what's next for the industry? Is there room for growth, and how can NRRA continue to advocate for the industry?

Myers: I'd like to see larger groups take advantage of the *Liability Risk Retention Act*.

There are a lot of larger associations out there that have liability insurance needs and could benefit from the RRG vehicle. There are as many opportunities as there are niches.

However, the [*LRRA*] isn't going to change the economics of the insurance market. In difficult sectors like trucking, RRGs can have the same problems as traditional carriers. RRGs can be successful in those difficult areas if they do what RRGs are supposed to do: underwrite for the benefit of all the members of the group, underwrite good risks, and capitalize sufficiently enough to take a bad hit.

RRR: Any other comments on the RRG industry?

Myers: The extended soft market has been a problem for the industry. The industry has shrunk as have the number of people involved. A lot of RRGs have joined together or have gone into run off, but that's because of the market not because RRGs aren't adequate.

As the market shifts I think there'll be more need for RRGs, and I hope it's handled well. In other words, I hope that the people that can benefit from RRGs do so and those that just want to come in and make money don't.

There are salesmen that come in and overdo it. That's bad for the industry. I've seen it. The industry has to be vigilant about that and so do regulators. There are a lot of guys that can tell a good story, but later fool around with loss reserves.

RRR: As recipient of the Karen Cutts award, do you have any comments on Karen and her work in the RRG industry?

Myers: I had tremendous respect for Karen. She was dedicated to putting out the best information. I feel great about winning this award because it has her name on it.

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