TESTIMONY

Statement of

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Mr. Chairman, Ranking Member, and Members of the Subcommittee, thank you for the opportunity to testify before you today. My name is Baird Webel, specialist in Financial Economics at the Congressional Research Service (CRS). CRS's role is to provide objective, nonpartisan research and analysis to Congress. CRS takes no position on the desirability of any specific policy. Any arguments presented in my written and oral testimony are for the purposes of informing Congress, not to advocate for a particular policy outcome.

The subject of today's hearing is insurance for nonprofit organizations. As the most recent legislative proposal on the issue (H.R. 3794 in the 114th Congress) focused on risk retention groups (RRGs), my testimony today does so as well. It begins with general background on insurance regulation and markets, followed by specific details on RRG regulation, the RRG market experience and possible RRG-related policy considerations. Finally, an appendix presents a brief legislative history of the RRG statutes.

Background on Insurance Regulation and Markets

Regulation of insurance markets was left to the states in the 1945 McCarran-Ferguson Act.[1] This was a specific policy choice made by Congress, and Congress has continued to use its underlying authority to regulate insurance in various ways since 1945. This has occurred both in broad financial regulatory laws, such as the Gramm-Leach-Bliley Act (GLBA)[2] and the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank),[3] and in narrower laws aimed specifically at insurance, such as the Terrorism Risk Insurance Act (TRIA).[4] Both GLBA and Dodd-Frank generally confirmed the state regulatory system while nonetheless introducing new federal authority over insurers.[5] A more recent example of a law narrowly preempting some aspect of state insurance regulation was the National Association of Registered Agents and Brokers Reform Act enacted in 2015.[6]

The insurance industry, particularly property/casualty insurance, is known for alternating periods of "hard" and "soft" markets. Turns in this cycle are typically traced to unexpected changes in the investment climate, or unexpected changes in insurance payouts, or both. During a typical hard market, the supply of insurance goes down, insurance prices go up, and underwriting standards become more stringent. This often leads to consumers encountering difficulty in finding and affording insurance. During a soft market, prices are typically flat, and insurers are more willing to underwrite greater risks, so consumers typically do not face such difficulties in obtaining insurance. In general, insurance markets have been soft for the last decade or so with large amounts of capital available worldwide. However, although the capital sources for insurance may be worldwide, the insurance policies themselves are very particular and specific products. Thus, specific lines of insurance or certain states may face market conditions that are quite different than the general market conditions seen by most market participants.

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[1] P.L. 79-15, 15 U.S.C. §§1011 *et seq*. This act did not differentiate between different types of insurance, such as health, life, and property/casualty. While health insurance and life insurance are relatively straightforward as they are named, property/casualty is a more diverse group, including auto, homeowners, professional liability, and many others. Property/casualty essentially refers to everything that is not life or health insurance. Because the jurisdiction of this committee covers primarily life insurance and property/casualty insurance, this testimony focuses on these types of insurance as well.

[2] P.L. 106-102.

[3] P.L. 111-203; see also CRS Report R41372, *The Dodd-Frank Wall Street Reform and Consumer Protection Act: Insurance Provisions*, by Baird Webel.

[4] P.L. 107-297, §105 which preempted any state approvals of insurance policy language excluding coverage of a terrorist attack.

[5] For example, GLBA implemented federal oversight of financial holding companies including insurers if the holding company included a bank or a savings and loan. Dodd-Frank created a Federal Insurance Office which has the power to preempt state laws regulating insurance under certain circumstances.

[6] P.L. 114-1, Title II. For more information, see CRS Report R43095, *Insurance Agent Licensing: Overview and Background on Federal NARAB Legislation*, by Baird Webel.

Legislative attention often tends to focus on insurance matters during hard markets as constituents relate complaints about finding or affording insurance to their legislators, although the legislature in question is most often a state legislature. Among the solutions offered at the state level has been the creation of, or allowance for, "alternative" market entities to increase the amount of insurance available to consumers. The alternative market is made up of entities or arrangements that spread and finance risk similar to an insurance company, but that operate outside the normal regulations governing the world of "regular" insurance companies. Such alternatives include nonadmitted or "surplus lines" insurers[7] and captive insurance companies.[8]

In the 1970s and 1980s, liability insurance became difficult to find for a wide variety of entities. In response, Congress authorized the creation of alternative market entities known as risk retention groups (RRGs) in an attempt to expand insurance supply by simplifying insurance regulation. In the 1981 Product Liability Risk Retention Act, subsequently amended in 1986 and known now as the Liability Risk Retention Act (LRRA), [9] Congress crafted a narrow exception to the usual state insurance regulations for these groups, largely exempting the groups from regulation except by the RRG's home state.[10]

Risk Retention Groups: Structure and Regulation

By current federal law,[11] risk retention groups are required to be state-chartered insurance companies; RRGs are allowed to insure commercial liability risks, such as the risk that a physician will be found liable for medical malpractice, but not property risks, such as the risk that a physician's office might burn down. All policies issued by a risk retention group must bear a federally mandated warning that the policy is not regulated or guaranteed in the same way as other insurance. These insurance companies also must be owned by the members of the group. Group members are required to be businesses, including individual professionals such as physicians and attorneys, or government entities, such as public universities, school districts, and town or city administrations, that are engaged in a similar business or face similar risks. The exact corporate structure of an RRG can vary. Many are licensed as captive insurers, which may have lower capital requirements, but some are licensed as regular insurers.

If risk retention groups must be licensed as an insurer under the existing laws of an individual state, two questions arise: (1) what advantages do they possess? and (2) why go to the trouble and expense of creating such a group? The answers are in the different regulatory treatment of these groups as they operate outside of the state in which they are chartered (or "domiciled"). Under normal circumstances, an insurer that wishes to operate outside of its domiciliary state must receive a license and submit to regulation from every state in which it wishes to do business. This means complying with up to 51 different sets of state or district laws and regulations in order to do business across the country. The impact of this multiplicity of regulation is particularly high in insurance, as compared with other businesses, because both the prices and the content of insurance policies are highly regulated in most states.

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[7] Nonadmitted or surplus lines insurers are not licensed by the state in which they are selling insurance, but are permitted to do so under a narrow range of conditions, particularly when a specific type of insurance is not available from a licensed insurer in that state.

[8] Captive insurers are: "Insurers that are created and wholly owned by one or more non-insurers, to provide owners with coverage. A form of self-insurance." From the Insurance Information Institute's online glossary available at https://www.iii.org/services/glossary/c. See also http://www.captive.com.

[9] 15 U.S.C. §§3901-3906, created by P.L. 97-45 and P.L. 99-563; for more detail on these laws, please see the Appendix.

[10] The LRRA also provided for risk purchasing groups which allow for group purchasing of liability insurance.

[11] 15 U.S.C. §§3901 *et seq.*

Risk retention groups are exempted by federal law from the requirement to be licensed in all states in which they operate as well as from some other state laws regulating the business of insurance. RRGs must register and file documentation with a state's insurance regulator, but after this filing, they are essentially free to do business in that state. Although this exemption from state law extends to most laws on the business of insurance, laws such as those on fraudulent trade practices, nondiscrimination, and unfair claim settlement practices still apply. RRGs must also pay state premium taxes as regular insurers do. In addition, a non-domiciliary state's insurance regulator is empowered to monitor the financial solvency of a group, including requiring that a group submit to a financial condition examination if the chartering state regulator refuses to do such an exam, and seeking an injunction to force it to cease doing business if the group is in hazardous financial condition. This regulatory oversight is less than that accorded regular insurance companies, however, and some observers fear that this might lead to an increased danger of such groups becoming insolvent.

The treatment of RRG policyholders in the unlikely event of an insolvency is one of the major differences that an RRG policyholder might experience compared with a policyholder of an insurer specifically licensed to operate in a state. In the case of most insurer insolvencies, the state-run guaranty funds step in to pay outstanding claims up to a certain limit even when the failed insurer's assets are insufficient to pay these claims.[12] Financial assessments are then made on the remaining insurers in order to provide the funding necessary to do this.[13] RRGs by federal statute, however, are prohibited from participating in the guaranty fund system. Thus, RRG policyholders would only be able to collect on claims to the extent that company assets existed to pay these claims and may face a more lengthy court process in order to receive payments.

Role of the National Association of Insurance Commissioners

Although the regulation of insurance is left up to each state, the states act in common through the National Association of Insurance Commissioners (NAIC) to set standards and develop model laws and regulations. While the states may in many cases choose which NAIC models to adopt, and sometimes change them in the process, there is a core *accreditation* program to promote financial solvency standards. Maintaining accreditation allows for recognition of one state's solvency oversight by other states, and states generally adopt the standards necessary to maintain accreditation. Thus, to the extent that RRG-related standards are included in the accreditation process, it is possible for non-domiciliary states to influence the regulation of RRGs even though by statute this regulation is solely up to the domicile state.

The NAIC accreditation standards have specific standards for RRGs including the application of a variety of NAIC models to RRGs that are organized as captives and operate in multiple states.[14] These standards were supplemented at the beginning of 2017 with the requirement that the NAIC Model Risk Retention Act[15] be applied, particularly relatively new language relating to corporate governance. The question of

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[12] Limits vary by state, typically $300,000, but can be higher depending on state law. For more information see National Conference of Insurance Guaranty Funds, *Frequently Asked Questions About Guaranty Funds*, at http://ncigf.org/media_faqs.

[13] This is similar in concept to the deposit insurance provided to bank depositors by the Federal Deposit Insurance Corporation (FDIC). The FDIC is, however, largely pre-funded partly because of the speed at which bank failures can occur. In contrast, the liabilities in insurer failures typically occur over a longer period of time, thus allowing the post-event funding model of insurance guaranty funds to operate.

[14] For more information on of the standards, see National Association of Insurance Commissioners (NAIC), *Financial Regulation Standards and Accreditation Program*, August 2017, pp. 11-12, at http://www.naic.org/documents/cmte_f_frsa_pamphlet.pdf. Also, the U.S. Government Accountability Office (GAO), summarized the new NAIC standards in *Risk Retention Groups: Clarifications Could Facilitate States' Implementation of the Liability Risk Retention Act*, GAO-12-16, December 2011, pp. 34-40, at http://www.gao.gov/assets/590/587531.pdf.

[15] NAIC, *Model Risk Retention Act*, #705, January 2012, at http://www.naic.org/store/free/MDL-705.pdf.

corporate governance standards was specifically identified by the Government Accountability Office (GAO) in 2005[16] and also was the subject of previous legislation in Congress.[17]

Growth in the Risk Retention Market[18]

Market reaction to the expansion of the LRRA in 1986 was relatively swift. By 1988, 52 risk retention groups had been created with more than 24,000 insureds and a total premium amount of $250 million. The number climbed to 79 in 1991 and then largely plateaued for the next 10 years, declining to 72 by 2001. The number of insureds and the total premium amount, however, continued to increase, reaching more than 172,000 insureds and $944 million in premiums in 2001. Within the aggregate statistics, there was significant churning, as individual groups were formed and retired based on the business decisions made by those seeking insurance. In the period from 1987 to 2001, a total of 142 RRGs were formed and 73 retired. Reasons for a group retirement vary greatly. Some became insolvent, some changed status to become a regular insurer or were absorbed by a regular insurer, and some simply ceased operation when insurance on the regular market became more affordable.[19]

The relative calm in the marketplace that prevailed through the 1990s ended quickly with the hardening of the insurance market in 2001. This hard market has been ascribed to the downturn in both interest rates and the stock market as well as to unexpected losses, particularly the approximately $35 billion in insured losses due to the terrorist attacks on September 11, 2001. Interest in RRGs increased along with the prices of insurance and reinsurance. The number of RRGs and premiums increased fairly steadily from 72 groups and $994 million in premiums in 2001 to 245 groups and $2.6 billion in premiums in 2006. The number of RRG insureds, however, did not follow the same pattern. The insureds numbered 172,713 in 2001, declined to 139,837 in 2002, before increasing to nearly 218,000 in 2006.

Risk retention group growth during the hard market of the early 2000s occurred particularly in the health care arena. In a 2004 *Risk Retention Reporter* survey, for example, 28 of the 41 new groups were insuring some form of health care liability. In a 2007 *Risk Retention Reporter* study, the comparable number was 34 of 52 new RRGs. Within health care, nursing homes showed the largest growth, going from zero nursing home RRGs in 2002 to 20 at the end of 2005.[20] The growth in health care RRGs seemed largely due to widely reported difficulties that health care providers were encountering in obtaining medical malpractice insurance.

The liability insurance market generally has softened since 2005 or so and the years since the financial crisis of 2007-2009 have been marked by low interest rates and a relatively large supply of capital for most types of insurers. Medical malpractice insurance, which was the source of much RRG growth, has also seen a significant change in financial results, with relative claim amounts dropping and significantly improved profitability. As might be expected in softer market conditions, RRGs have not grown in the past decade as they had before. According to the 2008 *Risk Retention Reporter* survey, the total number of RRGs peaked in 2008 at 272. By 2016, however, there was a net drop of nearly 40 RRGs. Most of this drop occurred in 2013-2014 among relatively new or small RRGs. Of the 40 RRGs that retired from January 2013 to November 2014, "five never became operational, 18 voluntarily dissolved and entered

[16] See GAO, *Risk Retention Groups: Common Regulatory Standards and Greater Member Protections Are Needed*, GAO-05-536, August 2005.

[17] For example, H.R. 2126 in the 112th Congress.

[18] Except where noted, statistics in this section are taken from successive annual surveys done by the *Risk Retention Reporter* (Pasadena, CA; http://rrr.com/).

[19] See "Soft Market Fueled Risk Retention Group Retirements During 1990s," *Risk Retention Reporter*, February 2002.

[20] "Premium Generated By Healthcare RRGs More Than Triples Since 2001," *Risk Retention Reporter*, December 2002.

run-off, six merged into another captive or insurer, three merged into another RRG, one converted into a traditional insurer, and seven became insolvent."[21] Although the reported number of RRGs has dropped, the premium volumes and numbers of insureds have continued to increase somewhat over time, suggesting that larger RRGs have been more successful through the soft market. For 2016 total premium volume for 236 operating RRGs is estimated to be slightly over $3 billion, with more than 500,000 insureds.

Some Difficulties Have Come Along with Growth

The growth of risk retention groups has not been without problems. Perhaps the most notable RGG failure was that of the National Warranty Insurance Risk Retention Group (hereinafter "National Warranty"). Although physically headquartered in Lincoln, Nebraska, National Warranty was incorporated in the Cayman Islands. It was one of a handful of RRGs that were incorporated outside of the United States before 1985 and was thus grandfathered out of regulation by any of the individual states in the 1986 amendment. Prior to its being declared insolvent in August 2003, it acted as an insurer of the obligations taken on by its members, mainly marketing companies and auto dealerships that sold vehicle service contracts. Although the actual group was made up of only approximately 580 members, the effect of the insolvency was more widespread, as these members sold contracts to or through more than 5,000 auto dealerships in 49 states.[22]

The LRRA requires insureds to be members and part owners of an RRG; however, this line was apparently somewhat blurred in the National Warranty case. National Warranty acted both as an administrator, adjusting claims on behalf of its members, and as the insurer of these members.[23] This dual role apparently gave the impression that the final consumers were purchasing service contracts directly from National Warranty rather than from the individual group members.

In the aggregate, the total number of RRG failures is not particularly large, but the recent trend may provide reason for concern. The insurance rating service A.M. Best identified 33 RRG "impairments" from 2000 to 2015.[24] The number of RRG impairments increased over this time period, with 6 in 2000-2005, 9 in 2006-2010, and 18 in 2011-2015. This contrasts to the experience in other types of insurers, whose impairments peaked at a total of 156 in 2000-2005, fell to 68 in 2006-2010, and rose to 80 in 2011-2015. The increasing popularity of RRGs is cited as a possible reason for the growth in impairments, but A.M. Best also identifies "unrealistic loss, operating expense, and pricing assumptions" as a significant factor.[25]

Policy Issues and Considerations

The fundamental questions surrounding potential LRRA expansion are essentially the same as those addressed by Congress when the first act was passed in 1981, and when it was expanded in 1986. Stripping away jargon, this question can be phrased as an issue of availability versus reliability.

[21] "2014 Risk Retention Reporter Survey of Risk Retention Group Premium, Policyholders, and Insureds," *Risk Retention Reporter*, vol. 28, no. 11, November 2014.

[22] Figures from John Taylor, "Irate Consumers File Class-Action Suit against Lincoln, Neb., Firm," *Omaha World-Herald*, September 23, 2003.

[23] Caroline McDonald, "Lessons from National Warranty," *National Underwriter, Property & Casualty/Risk & Benefits Management Edition*, October 24, 2003.

[24] An impairment is defined as "situations in which a company has been placed, via court order, into conservation, rehabilitation, and/or insolvent liquidation." See A.M. Best, *2015 Property/Casualty Impairments Update*, October 13, 2016, p. 1.

[25] A.M. Best, *2015 Property/Casualty Impairments Update*, October 13, 2016, p. 3.

Arguments in support of expansion often focus on a failure of the insurance market, and the regulatory system, to make a sufficient supply of insurance available so that consumers who need insurance can find it at a reasonable price. The question posed is essentially: "What happens to a community when a business, a school, or a doctor cannot find or afford insurance?" A change in regulatory structure may not be the only way to answer this question; however, this is the path Congress chose in passing the LRRA.

Arguments opposing expansion often focus on the dangers in allowing insurance to be sold that is not subject to the same regulatory standards as "normal" insurance. The question posed is essentially: "What happens to a community if the insurer from which this business, school, or doctor purchases insurance ends up bankrupt or if the policy does not cover what needs to be covered?" The requirements of the LRRA that RRG policyholders also be owners of the RRG provides somewhat of an answer to this as, presumably, the RRG policyholders/owners would not desire to purchase unreliable insurance. The same statute, however, prohibits RRG guaranty fund participation, thus ensuring that RRG policyholders will not have the same benefits in an insolvency compared with an insurer licensed in that state.

Assessing the arguments on either side may be a challenge for Congress. The broad question of availability versus reliability can be framed by some as a basic philosophical question about the degree of regulation needed by insurance markets and may not have an absolute empirical answer. Some see insurance philosophically as a public good, akin to a basic utility, and one that must be highly regulated in price and content to protect consumers. Others do not share this philosophy and feel insurance should be lightly regulated, with the market determining prices and content. In general, the states, which have faced such basic insurance regulatory questions for many years, have attempted to suit the amount of regulation to the perceived sophistication of the consumer. Thus, the market for commercial insurance is usually left relatively less regulated on the theory that the businesses purchasing in the commercial market have the knowledge and experience to discern the intricacies of insurance policies and companies, or at least hire professionals to make these "reliability" judgments for them. Individual consumers are often presumed to be less well placed to make these judgments; thus, the market for such insurance, particularly homeowners and auto, tends to be more regulated.

Risk retention groups occupy a small part of the insurance market. The approximately $560 billion[26] of direct premium written in the property/casualty market in 2016 far exceeded the approximately $3 billion in RRG premium. Economic theory suggests, however, that it is not necessary for a competitor to have a large market share in order to have an impact on prices or availability. Anecdotal cases also suggest that the LRRA is expanding the availability of insurance, especially in local situations with severe supply difficulties. The Department of Commerce came to the conclusion in 1989 that the 1986 act had been successful in addressing supply problems,[27] and the GAO reported similar findings in the previously mentioned 2005 report[28] and a 2011 report.[29]

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[26] A.M. Best, *4Qtr 2016 U.S. Property Casualty Financial Results*, March 15, 2017, p. 3.

[27] See U.S. Department of Commerce, *Liability Risk Retention Act of 1986: Operations Report 1989*, NTIS PB 90-123134.

[28] "RRGs have had a small but important effect in increasing the availability and affordability of commercial liability insurance for certain groups." GAO, *Risk Retention Groups: Common Regulatory Standards and Greater Member Protections Are Needed*, GAO-05-536, August 2005, p. 5, at http://www.gao.gov/new.items/d05536.pdf.

[29] "RRG representatives opined that RRGs have expanded the availability of commercial liability insurance—particularly in niche market —but differed in their opinions of whether RRGs have improved its affordability," GAO, *Risk Retention Groups: Clarifications Could Facilitate States' Implementation of the Liability Risk Retention Act*, GAO-12-16, December 2011, in "What GAO Found," at http://www.gao.gov/assets/590/587531.pdf.

Appendix. Risk Retention Act Legislative History

The 1981 Product Liability Risk Retention Act

The first "Product Liability Risk Retention Act" was introduced in 1979, and an amended version became P.L. 97-45 in 1981. Its origin can be traced to an interagency task force created by the White House in 1975[30] to examine difficulties in the availability of product liability insurance. Among the proposals discussed by the task force's report was the possible creation of alternatives to the traditional insurance market. The 1981 act was relatively narrow, limiting risk retention groups and risk purchasing groups to insurance covering product liability[31] as well as completed operations liability.[32] The 1981 act also limited members of these groups to "product manufacturers, wholesalers, distributors and retailers."[33] Risk retention groups had to be chartered, and thus regulated, as an insurer in one of the United States or U.S. jurisdictions, or in Bermuda or the Cayman Islands.[34] The act specifically exempted risk retention groups from most regulation by any state in which they operate, aside from the chartering state. This federal exemption, however, did not cover laws that were not specific to the business of insurance, such as fraud or deceptive practice laws. The act also preempted any state laws preventing risk purchasing groups from purchasing the same narrow range of insurance as that allowed to be offered by risk retention groups.

By the time the act became law in September 1981, the liability market difficulties that prompted so much attention had largely passed. With regular commercial insurance available and relatively inexpensive, there was little incentive for companies to undertake the expense of forming risk retention or purchasing groups, and only three of the former and four of the latter were formed in the first four years of the act's operation.

Despite the lack of market action, congressional interest in the issue continued. In 1983, a Clarification of the Risk Retention Act (S. 1046, eventually P.L. 98-193) was passed by voice votes of both the House and the Senate. This act was a response to a model state law promulgated by the NAIC. This model law referenced the various state tort laws in its definition of "product liability" rather than following the definition passed by Congress in the 1981 act. The state tort laws tended to have a more narrow definition than that desired by Congress. P.L. 98-193 specified clearly that the definitions in the federal statute would be the controlling definitions for purposes of the Risk Retention Act.[35]

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[30] Interagency Task Force on Product Liability. Its final report was published by the Department of Commerce in 1977 (NTIS PB-273-320).

[31] "Products liability refers to the liability of a manufacturer or seller for injury caused by his product to the person or property of a buyer or third party." See CRS Report R40148, *Products Liability: A Legal Overview*, by Vivian S. Chu for additional discussion.

[32] Completed operations liability insurance generally covers claims arising after the completion of a project (for example, if a contractor finished a house, but a defect was found some time later).

[33] U.S. Congress, Senate Committee on Commerce, Science, and Transportation, *Product Liability Risk Retention Act of 1981*, report to accompany S. 1096, 97th Cong., 1st sess., S.Rept. 97-102 (Washington, GPO, 1981), p. 1; and U.S. Congress, House Committee on Energy and Commerce, *Product Liability Risk Retention Act of 1981*, report to accompany H.R. 2120, 97th Cong., 1st sess., H.Rept. 97-190 (Washington, GPO, 1981), p. 7.

[34] The authority to form risk retention groups outside of the United States was limited in time, expiring on January 1, 1985.

[35] For more discussion, see U.S. Congress, Senate Committee on Commerce, Science, and Technology, *Clarification of the Risk Retention Act*, report to accompany S. 1046, 98th Cong., 1st sess., S.Rept. 98-172 (Washington, GPO, 1983).

The 1986 Liability Risk Retention Act

In the mid-1980s, insurance markets began to harden again and Congress heard of many problems faced by businesses and individuals in finding and affording insurance. One of the congressional responses was to reconsider the 1981 act. Numerous bills were introduced to expand the provisions so that more consumers might avail themselves of the additional insurance supply mechanism that Congress had created.

Congress ultimately passed S. 2129 (eventually P.L. 99-563), which renamed the 1981 act the "Liability Risk Retention Act" and brought the law to its present form. P.L. 99-563 expanded the scope of the insurance to include most types of commercial liability insurance and expanded the organizations that could form such groups to include any business as well as state or local governments or governmental entities as long as all the members of a single group were engaged in similar business activities or were exposed to similar risks. This expansion, however, did not retroactively include the small number of foreign-based risk retention groups. These groups, formed under the temporary authority described above, were allowed to continue in the area of product liability insurance but were not permitted to expand into other kinds of commercial liability insurance. P.L. 99-563 also included changes designed to allow some increased oversight of risk retention and purchasing groups, including the requirement to file documentation in non-chartering states, and the right of non-chartering commissioners to conduct examinations if the chartering state fails to do so and to seek injunctions against groups in a hazardous financial situation. In general, however, the perceived intent of Congress remained to allow these groups to operate throughout the country while being regulated largely, if not solely, by a single state regulator, rather than facing 51 jurisdictions with different laws and regulatory styles.