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STRONG GETS STRONGER: CROSSFIT RISK RETENTION GROUP

Undefeated in litigation, CF-RRG continues to defend the CrossFit community and improve service to policyholders.

BY ERIC REINGEN





Since 2009, CrossFit Risk Retention Group (CF-RRG) has stood behind affiliates and trainers.

A community-owned insurance company, CF-RRG provides all insurance requirements in affiliate licensing agreements and fulfills CrossFit Kids requirements. CF-RRG also provides personal-trainer policies for independent Level 1 CrossFit Certificate holders.

Last year was very strong, and 2016 has already brought notable successes, making the future very promising for CF-RRG and its policyholders.

Premium and Capital

CF-RRG continues to be the insurance leader for CrossFit affiliates in the U.S. Over 36 percent of U.S. affiliates use CF-RRG for insurance, up from 30 percent in 2013. In addition, all U.S. military affiliates are insured by CF-RRG.

In 2015, its largest year ever, CF-RRG wrote US\$3,319,075 of premium, up 7.5 percent from \$3,075,457 in 2014. CF-RRG collected \$474,100 in capital contributions in 2015 vs. \$620,800 a year prior, down 24 percent.

Capital contributions, also called membership contributions, are \$1,000 for affiliate owners (payable in two installments) and \$200 for trainers. These contributions make policyholders stockholders as well. CF-RRG expects capital contributions to continue to decrease as the insurance company matures. Once members have made their full contributions, they no longer need to make additional capital payments. As the renewal membership population continues to increase, CF-RRG will collect less capital. This is normal and expected.

CF-RRG has continued to mature and stabilize in 2015. Years ago, general fitness-industry data was relied upon to manage critical components of the insurance process. Rate establishment, claims expectations and expenses were all based on analysis outside the community. After six years, CF-RRG now uses its own data based on claims submitted by CrossFit policyholders. It's a paramount shift in maturity. Pricing now more accurately represents risk, claims can be predicted with greater accuracy, and forecasts are made well into the future. This allows for a healthier, safer insurance company.

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As of press time, 2,525 affiliates and trainers are covered by CF-RRG. On average, CF-RRG welcomes 50 new members per month and renews the insurance policies of existing members at a success rate of 90 percent. Relatively unchanged for years, these numbers are great indicators of stability for CF-RRG and its community.

Understanding growth is only one component of managing CF-RRG. Claims are becoming increasingly important as periodic allegations threaten to hurt CrossFit's training programs and the CrossFit community as a whole.

Claims

At inception, CF-RRG was created to protect against potentially devastating allegations regarding CrossFit training, specifically rhabdomyolysis (rhabdo). Almost immediately, in 2011, CF-RRG found itself defending against a rhabdo claim. After many years, CF-RRG, CrossFit Inc. and P3 CrossFit recently prevailed on all counts.

The case has been well documented by Russell Berger ("[CrossFit Inc. Victorious in Texas](#)") and Dale Saran ("[Rhabdo Redemption and RRG Proof of Concept](#)"). Our purpose is not to detail the victory but to understand how CF-RRG's claim decisions have affected the company in 2015 and why they will pay dividends in the future.

CF-RRG spent \$232,153.26 defending P3 CrossFit and CrossFit Inc., though we had good reason to believe CF-RRG could settle the case for \$15,000 in 2015. This was not a case CF-RRG wanted to settle, so we chose the more costly but more valuable route to defeat the claim. The defense cost of the case has impacted losses in the short term but stabilized legal expenses and claims moving forward. CF-RRG is identifying this in decreasing loss ratios. A loss ratio is determined by dividing the claims payments by the premium written in the same period. It's an important factor when

Tip: Boxes should be inspected regularly for wear and tear that could cause accidents.



establishing the health of an insurance company. In 2015 the loss ratio of CF-RRG was 38 percent, while in 2014 the loss ratio was 43 percent.

CF-RRG expects defense costs to decrease (on a per claim basis) as legal victories are publicized in the community of personal-injury attorneys and these attorneys become less likely to pursue frivolous claims against CrossFit affiliates and trainers. In addition to the recent win with P3 CrossFit, CF-RRG has won cases via summary judgment on multiple occasions, leading to an undefeated record in litigation since inception in 2009. The significance of this achievement cannot be overstated because it forms the backbone of personal-injury litigation strategy for U.S. CrossFit affiliates.

CF-RRG has an undefeated record in litigation since inception in 2009.

CF-RRG strategically appoints counsel to defend its members, with all coordination through the CrossFit Inc. legal team. Counsel appointees know CrossFit, understand the CrossFit methodology and are very familiar with the local jurisdiction from which they are chosen. Local counsel also hires medical experts in a similar fashion. These elements and strategic protocols can be expensive, but the long-term positive effects are worth it. Defending cases vigorously now creates a reputation of community protection for the future.

Contrary to previous notions, rhabdo claims have not been as frequent as we expected. This could be because of the efforts against plaintiff Adam Gottlieb in the P3 CrossFit suit or simply because of the existence of CF-RRG.

The most frequent claims have been associated with property damage—vibrations and damage to flooring, subflooring or walls, for example. We've even seen claims involving vehicles rammed by errant tires.

With regard to CrossFit programming, CF-RRG has seen claim frequency with back injuries. Attorneys are creative in their assertions of malpractice, usually because their understanding of CrossFit is limited. This makes the importance of a CrossFit-educated insurance company even more valuable. As with rhabdo claims, the CF-RRG defense is robust and vigorous for these cases. Allegations concerning a universal movement such

as the deadlift highlight the propensity of attorneys to sue quickly and without understanding.

Media

Recognition of claim origin is an important aspect of CF-RRG management, and intelligent analysis and execution of risk-management goals help the community. CF-RRG has increased its media output to raise awareness of simple ways our community can make gyms safer. “The Soap Box Series” takes on issues such as spatial awareness, waiver preservation, on-boarding new members and so on.

In 2015, CF-RRG hosted webinars in each region to help the community understand the regulatory requirements of automated external defibrillators (AEDs). We currently send six emails to our members throughout the year that illustrate other exposures a CrossFit affiliate might not be aware of, including workers compensation, network security issues and employment practices. Sometimes a claim can be diverted if one suggestion is implemented at an affiliate.

In January 2016, we introduced an added benefit to CF-RRG membership: the WellCard. The WellCard provides a significant discount on prescriptions, doctor visits and other health-care services—reductions that are very welcome as health insurance becomes increasingly expensive.

Technology

To better serve the community, CF-RRG successfully integrated into CrossFit ID and went paperless in 2014. Payments are now taken online and quotes no longer need to be manually signed.

CF-RRG is the most advanced insurance company providing coverage to CrossFit affiliates—but that's not good enough. Continually improving member experience and process is vital, which is why we are making changes.

Later in 2016, CF-RRG will have a new look. A new website will replace the current scheme that is a replica of the CrossFit Games page. My Account, which currently serves as the place to sign quotes and make payments, will be completely reworked. New features will allow members to change their address from the website with zero wait time. Additionally, members will be able to change their name or add an additional insured from My Account effortlessly. Members will not need to sign their quote, and coverage choices will be easy to choose online.

Tip: Frayed ropes, straps and bands should be removed from use immediately.

A qualitative research project was conducted in the CrossFit community to guide CF-RRG in this process. Through research, CF-RRG learned new things about our community and how its members view insurance, and the knowledge will be used to create a better user experience.

Behind the scenes, we're working to increase efficiency from CF-RRG staff, resulting in quicker response times, even more accuracy and more time devoted to each member. One of the best things we learned from our research is that CF-RRG provides the highest customer-service satisfaction. In 2017, the bar will be raised even higher.

2016 and Ahead

In 2016 and for the first time, CF-RRG will partner with a company beyond CrossFit Inc. and its affiliates. Infant Swimming Resource (ISR) provides swimming lessons to infants and children by empowering its 450 instructors across the world, and it's been part of the CrossFit community for a long time.

CF-RRG will provide insurance for ISR instructors in the U.S. because ISR instruction is unique and can create challenges when trying to fit into traditional insurance policies—much like CrossFit. Most policies restrict swimming instruction and don't adequately provide coverage for professionals with expertise in the water. We've worked together with ISR to provide a comprehensive insurance policy that is specifically designed for ISR Instructors and their businesses. Find more about this new partnership [here](#).

The page for ISR Instructors also provides a glimpse of the experience CrossFit affiliate owners and trainers will enjoy following our website redesign.

CF-RRG expects premium growth of 10 percent or more in 2016, but, as stated earlier, we expect capital contributions collected to grow at a slower rate. Nevertheless, CF-RRG's total assets will be over \$8 million by year's end, and we'll begin the process of returning over \$500,000 of contributions from our capital-raising efforts in 2008 (this does not include active policyholders). This process will start in late 2016, upon approval of the Montana Insurance Department.

In 2013, we believed insurance markets could harden and create higher prices in the short term; however, capital has continued to flood reinsurance markets, extending the soft insurance market into 2016. Indicators show the soft market and CF-RRG's increased maturity are leading to better terms from reinsurers and other insurance partners. Better reinsurance terms coupled with low claims are probable, and we expect this to play a large role in growing capital reserves.

As capital grows, CF-RRG is in a better position to defend its members from attacks on the CrossFit community and its methodology.

The growth and increasing strength of CF-RRG will allow us to take aggressive action in defense of our affiliates and trainers. ■

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Tip: Worn skipping ropes often have exposed wires that can cause injuries.

