

Spec Sheet

Risk Purchasing Group (RPG or PG)

Regulations 36 OS 6451 - 6470.35

Link for Statutes <https://www.oscn.net/applications/oscn/index.asp?ftdb=STOKST&level=1>

Risk Purchasing Group (RPG) or Purchasing Group (PG) is a group of insureds engaged in similar businesses or activities that form a group to purchase liability insurance coverage from a commercial insurer. Risk Retention Group (RRG) assumes all or any portion of the liability exposure of its group members. Contact the OID Financial Division for assistance with RRGs.

36 § 6453 Definitions:

“**Purchasing group**” means any group which

- a. has as one of its purposes the purchase of liability insurance on a group basis,
- b. has as one of its purposes the purchase of liability insurance on a group basis for its members to cover their similar or related liability exposure,
- c. is composed of members whose businesses or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations, and
- d. is domiciled in any state.

“**Completed operations liability**” means liability arising out of the installation, maintenance, or repair of any product at a site which is not owned or controlled by any person who performs that work, or any person who hires an independent contractor to perform that work and shall include liability for activities which are completed or abandoned before the date of the occurrence giving rise to the liability.

“**Domicile**”, identifies the state in which a purchasing group is domiciled. The state in which the purchasing group is incorporated or for a non-business entity it is the state of its principal place of business.

“Insurance” means primary insurance, excess insurance, reinsurance, surplus lines insurance, and any other arrangement for shifting and distributing risk which is determined to be insurance under the laws of this state.

“Liability” means legal liability for damages, including but not limited to, costs of defense, legal costs and fees, and other claims expenses, because of injuries to other persons, damage to their property, or other damage or loss to such other persons resulting from or arising out of 1) any for-profit or non-profit business, trade, product, services, premises, or operations, or (2) any activity of any state or local government, or any agency or political subdivision thereof, and does not include personal risk liability and the liability of an employer to employees, other than legal liability under the Federal Employers’ Liability Act, 45 U.S.C. 51 et seq.;

“Personal risk liability” means liability for damages because of injury to any person, damage to property, or other loss or damage resulting from any personal, familial, or household responsibilities or activities rather than from responsibilities or activities.

“Product liability” means liability for damages because of any personal injury, death, emotional harm, consequential economic damage, or property damage, including but not limited to damages resulting from the loss of use of property, arising out of the manufacture, design, importation, distribution, packaging, labeling, lease, or sale of a product, but does not include the liability of any person for those damages if the product involved was in the possession of such a person when the incident giving rise to the claim occurred.

“Qualified actuary” means an individual who is a member of the American Academy of Actuaries and who has met the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinions in the United States promulgated by the American Academy of Actuaries.

“State” means any state of the United States or the District of Columbia.

36 § 1100.1 Unauthorized Insurers Definitions:

“Nonadmitted insurance” means any property and casualty insurance permitted in a state to be placed directly through a surplus lines licensee or broker with a nonadmitted insurer eligible to accept such insurance. For purposes of the Unauthorized Insurers and Surplus Lines Insurance Act, nonadmitted insurance includes independently procured insurance and surplus lines insurance.

“Nonadmitted insurer” means, with respect to a state, an insurer not licensed to engage in the business of insurance in such state but shall not include a risk retention group as that term is defined under applicable federal law.

36 § 1435.15 An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer.

36 § 606 No person shall act as an insurer and no insurer shall transact insurance in Oklahoma except as authorized by a subsisting authority granted to it by the Insurance Commissioner, except as to such transactions as are expressly otherwise provided for in this Code.

Registration fees:

\$400 annual fee

Cycle – license expires annually on the last day of the issue month

36 § 6458 Requirements

- Identify the state in which the group is domiciled
- Identify all other states in which the group intends to do business
- Specify the lines and classifications of liability insurance which the purchasing group intends to purchase
- Identify the insurance company or companies from which the group intends to purchase its insurance and the domicile of the company or companies
- Identify the principal place of business of the group
- Specify the method by which the person or persons, if any, through whom insurance will be offered to its members whose risks are resident or located in this state; and
- Provide such other information as may be required by the Commissioner of this state to verify that the purchasing group is qualified to do business in this state as a purchasing group
- A purchasing group shall notify the Insurance Commissioner of any changes in any of the information prescribed in subsection A of this section within ten (10) days of such change
- Verify that the entity qualifies as a purchasing group
- Determine where the purchasing group is located
- Determine appropriate tax treatment

The purchasing group shall register with and designate the Commissioner of this state as its agent solely for the purpose of receiving service of legal documents or process, for which a filing fee shall be assessed in an amount determined by the Commissioner, except that such requirements shall not apply in the case of a purchasing group which only purchases insurance that was authorized under the federal Products Liability Risk Retention Act of 1981 and:

- was domiciled before April 1, 1986, and is domiciled on and after October 27, 1986, in any state
- before October 27, 1986, purchased insurance from an insurance carrier licensed in any state
- since October 27, 1986, purchased its insurance from an insurance carrier licensed in any state; or was a purchasing group pursuant to the requirements of the federal Product Liability Risk Retention Act of 1981 before October 27, 1986.

36 § 6459 Purchasing Guidelines

- Purchasing group shall not purchase insurance from a risk retention group that is not chartered in a state or from an insurer not licensed to transact insurance in this state, unless the purchase is affected through a licensed agent or broker acting pursuant to the surplus lines laws and regulations of this state.
- A purchasing group which obtains liability insurance from an insurer not admitted in this state or a risk retention group shall inform each of the members of the group which has a risk resident or located in this state that the risk is not protected by an insurance insolvency guaranty fund in this state and that the risk retention group or the insurer may not be subject to all insurance laws and regulations of this state.
- No purchasing group may purchase insurance providing for a deductible or self-insured retention applicable to the group as a whole. However, coverage may provide for a deductible or self-insured retention applicable to individual members.
- Purchases of insurance by purchasing groups are subject to the same standards regarding aggregate limits which are applicable to all purchases of group insurance.