

RULE 8

Risk Purchasing Groups Master Policy Registration and S.L. Tax Procedures

The "Liability Risk Retention Act of 1986" (LRRRA) is a Federal Act which provided the enabling legislation for the formation of Risk Purchasing Groups as buyers of insurance, regulated by and subject to the insurance laws of the state of domicile. The Act specified that a Risk Purchasing Group (RPG) which purchases non-admitted insurance must do so only through a licensed Surplus Line Broker. Per the LRRRA:

A Risk Purchasing Group purchases liability on a group basis as one of its purposes; purchases liability insurance only for its group members; is composed of members having similar or related liability exposures through common business, activities, trade product, services, premises or operations; is domiciled in any State.

The LRRRA states, "A purchasing group may not purchase from a risk retention group that is not chartered in a State or from an insurer not admitted in the State in which the purchasing group is located, unless the purchase is effected through a licensed agent or broker acting pursuant to the surplus lines law and regulations of such State."

Under LRRRA §3903(a)(2) RPG coverage is exempt from any state law or regulation to the extent such law or regulation makes it unlawful to offer or provide to RPG insurance on a basis providing advantages of member loss and expense experience with respect to rates, forms, coverages or other matters. Accordingly the certificate form contains an underlined exception to SL diligent effort requirements and SL price shopping prohibitions that might otherwise prevent use of a non admitted insurer to obtain such advantages.

The vast majority RPG insurance is provided by master policies which provide for issuance of certificates documenting coverage for specific insureds.

This Rule 8 will apply only as respects the liability insurance for Washington certificate holder members of a Risk Purchasing Group under a master policy as governed by the Liability Risk Retention Act of 1986. Any insurance coverage other than RPG master policy insurance purchased by an insured in the non-admitted market is not subject to this Rule 8, and must be registered according to the normal Surplus Line registration procedures as stated in Rules 4 through 7.

PROCEDURE FOR REGISTERING RPG MASTER POLICIES INSURANCE:

- (1) The non-admitted carrier must comply with Surplus Line financial standards of the State of Washington. (RCW 48.15.090 and WAC 284-15-090)
- (2) Complete the Risk Purchasing Group Master Policy Registration Certification form in its entirety.

- (3) Apply correct State Tax per Rule 7, and correct Surplus Line Stamping fee per Rule 6.
- (4) Submit the Master Policy documentation with the Certification form. Include the Service of Suit clause identifying the Insurance Commissioner to receive notice.
- (5) If submitting a certificate of insurance relating to a master policy, the master policy itself must first be registered regardless of premium.
- (6) Individual certificates or lists of Washington certificate holders should be filed as an endorsement referencing to Master Policy previously filed. Certification forms are not required for such endorsement filings.

FORMS

This Manual Rule 8 includes the following forms:

The Surplus Line Association of Washington Risk Purchasing Group Master Policy Registration Certification