



What are Risk Purchasing Groups?

Risk Purchasing Groups were authorized by the Federal Risk Retention Act of 1986. They provided an alternative to the traditional liability insurance approach of one insured one policy at a time when liability insurance was becoming increasingly expensive and difficult to secure. Risk Purchasing Groups provided a means for insureds with common characteristics to form groups for the purchasing of insurance. These groups were often able to secure liability programs that met both the coverage and the pricing needs of the individual group members. Real Estate and Hospitality are particularly well suited to taking advantage of the benefits of Risk Purchasing Groups.

By definition a Purchasing Group means any group which-

- a) Has as one of its purposes the purchase of liability insurance on a group basis.
- b) Purchases such insurance only for its group members and only 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 the 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 or the District of Columbia.

Simply Purchasing Groups are groups of members (i.e. property owners) with similar liability exposures. The group purchases liability insurance on behalf of their members.

Risk Purchasing Groups only “purchase” liability insurance on behalf of their members generally from an insurance company.

Risk Purchasing Groups offer members an additional method of purchasing insurance. Risk Purchasing Groups continue to offer an economical option for insurance buyers.