§ 5909. Restrictions on insurance obtained by purchasing groups. (a) A purchasing group located in this state shall not purchase liability insurance from a risk retention group not chartered in a state or from an insurer not authorized in this state, unless the purchase is effected pursuant to section two thousand one hundred eighteen of this chapter through an excess line broker licensed pursuant to section two thousand one hundred five of this chapter, except where otherwise permitted pursuant to section two thousand one hundred seventeen of this chapter.

(b) The terms of any liability insurance policy issued or issued for delivery in this state to a purchasing group or any of its members shall not provide, or be construed to provide, insurance coverage prohibited generally by state statute or declared unlawful by the highest court of the state whose law applies to such policy. If the law of this state applies to an insurance policy obtained by a purchasing group, the terms of that policy shall not provide or be construed to provide insurance coverage prohibited generally by state statute or declared unlawful by the highest court of this state which has construed such coverage.

(c) A purchasing group which obtains liability insurance from an insurer not authorized in this state or a risk retention group shall inform each of the members of such group which have a risk resident or located in this state that such risk is not protected by an insurance insolvency security fund in this state, and that such risk retention group or such insurer may not be subject to all insurance laws and regulations of this state.

(d) No liability insurance policy issued or issued for delivery in this state to a purchasing group or a member of such group with a risk resident or located within this state shall provide for a deductible or self-insured retention shared among purchasing group members or applicable to the group itself.