

**Public Notice**  
**11 NYCRR Part 16**  
**New York State Insurance Department**

**Introduction**

This Part implements Article 63 of the Insurance Law. Article 63 authorizes special risks that are jumbo in dimension or exotic in nature to be written in the "free trade zone". Insurance companies do not have to file the rates and forms with the Insurance Department for risks written in the "free trade zone".

However, the rates and policy forms used for the special risks still must comply with the governing standards set forth in the Insurance Law and regulations promulgated thereunder.

Pursuant to Regulation 86, 11 NYCRR Part 16, "special risks" are specifically identified and categorized into two groups; Class (1) and Class (2). Class (2) includes coverages that are:

- (i) of an unusual nature, a high loss hazard, or difficult to place; and
- (ii) identified on the list set forth in Section 16.12(e) of Regulation 86 or additions thereto made pursuant to Section 16.8(f) of Regulation 86.

Section 16.8(f) establishes procedures for adding Class 2 risks to the regulatory framework. Application may be made to the Superintendent to add a class to the list of eligible Class 2 risks enumerated in Section 16.12(e). If the Superintendent, after review of the application, determines that it should be added to the list, it is published in the State Register, pursuant to Section 16.8(f)(3).

Additions to Class 2 risks are effective on the date specified in the Public Notice that is published in the State Register. The text of Regulation 86 is periodically amended to incorporate the Class 2 risks added via publication in the State Register.

**Notice of Additions**

Pursuant to Article 63 of the Insurance Law and Section 16.8(f) (3) of Regulation 86 (11 NYCRR Part 16), the Insurance Department hereby gives notice of the following additions to Section 16.12(e), Class 2 Risks, effective July 23, 2008.

The Statistical Code designation 2-14199 has been assigned to the classification "Health Maintenance Organizations (HMO)". The classification description is as follows: Health Maintenance Organizations (HMO) - Policies providing Errors & Omissions Coverage for a healthcare system that assumes or shares both the financial risk and the delivery risk associated with providing comprehensive medical services to the voluntarily enrolled population in a particular geographic area, usually in return for a fixed, prepaid fee. This

coverage excludes 1) health care professionals 2) disciplinary proceedings against the insured by governmental entities; and 3) criminal and fraudulent actions of the insureds.

The Statistical Code designation 2-14200 has been assigned to the classification “Independent Physicians Association (IPA)”. The classification description is as follows: Independent Physicians Association (IPA) - Policies providing Errors & Omissions Coverage for an organization comprised of individual physicians or physicians in small group practices that contract with managed care organizations (MCOs) on behalf of its member physicians to provide healthcare services. This coverage excludes 1) health care professionals 2) disciplinary proceedings against the insured by governmental entities; and 3) criminal and fraudulent actions of the insureds.

The Statistical Code designation 2-14201 has been assigned to the classification “Preferred Provider Organization (PPO)”. The classification description is as follows: Preferred Provider Organization (PPO) - Policies providing Errors & Omissions Coverage for an organization which has a healthcare benefit arrangement designed to supply services at a discounted cost by providing incentives for members to use designated healthcare providers (who contract with the PPO at a discount), but which also provides coverage for services rendered by healthcare providers who are not part of the PPO network. This coverage excludes 1) health care professionals 2) disciplinary proceedings against the insured by governmental entities; and 3) criminal and fraudulent actions of the insureds.

The Statistical Code designation 2-14202 has been assigned to the classification “Third Party Administrator (TPA)”. The classification description is as follows: Third Party Administrator (TPA) - Policies providing Errors & Omissions Coverage for a company that provides administrative services to MCOs or self-funded health plans but that does not have the financial responsibility for paying benefits. This coverage excludes 1) health care professionals 2) disciplinary proceedings against the insured by governmental entities; and 3) criminal and fraudulent actions of the insureds.

The Statistical Code designation 2-14203 has been assigned to the classification “Utilization Review Organization (URO)”. The classification description is as follows: Utilization Review Organization (URO) - Error & Omissions policies for external organizations that conduct reviews to assess the medical appropriateness of suggested courses of treatment for patients thereby providing the patient and the purchaser increased assurance of the value and quality of healthcare services. This coverage excludes 1) health care professionals 2) disciplinary proceedings against the insured by governmental entities; and 3) criminal and fraudulent actions of the insureds.

The Statistical Code designation 2-14204 has been assigned to the classification “Actuarial Professional Liability Coverage”. The classification description is as follows: Actuarial Professional Liability Coverage - professional liability coverage for actuaries.

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