

# Iowa Real Estate Errors and Omissions Program

Underwritten by Continental Casualty Company and Administered by Rice Insurance Services Company, LLC

## NOTICE

Each real estate agent, broker, and firm licensee that is actively licensed in Iowa shall, as a condition of licensing, carry and maintain errors and omissions (E&O) insurance to cover all licensed activities pursuant to Iowa law. Licensees may obtain E&O insurance independently, so long as the coverage complies with Iowa law. Failure of a license applicant or licensee to carry the required E&O insurance or to timely submit proof of coverage upon request of the Iowa Real Estate Commission (IREC) shall be grounds for the denial of an application for licensure, the denial of an application to renew a license, or the suspension or revocation of a license. Failure to timely obtain or renew coverage under the group policy or from another qualified insurance provider may result in violation of Iowa law, disciplinary action by the IREC, a gap in coverage, and loss of prior acts coverage (a valuable benefit of the group program).

**Enrollment Form for E&O Insurance:** Rice Insurance Services Company, LLC (RISC) has an agreement with Continental Casualty Company, a CNA insurance company, to provide the IREC's official group program. RISC's experience and excellent claims service, combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best), ensures a quality program for Iowa licensees. **The group policy's one-year premium payment is only \$153.00 per licensee.** Licensees joining the group program after January may pay a prorated premium. After January 1, please contact RISC for the proper premium amount.

The group program provides the required limits of \$100,000 per claim/\$100,000 aggregate per licensee with no deductible. **ACTIVE** licensees (brokers, salespersons, and firm licensees) are **REQUIRED** to carry E&O insurance. **INACTIVE** licensees are not required to have E&O insurance. However, licensees with expiring policies who are not renewing coverage under the group program may want to purchase an Optional Extended Reporting Period Endorsement (see below). Before activation of a license, a licensee is required to obtain insurance coverage. Please contact your broker to verify that your company participates in the group program before submitting your premium. **The premium is fully earned upon the policy's inception and no refunds are permitted after the inception date.**

All licensees are urged to read the entire policy and examine the portion of the policy entitled "**Exclusions.**" Additional information regarding the group program, including a **Brochure**, a **Sample Policy**, and information about **Free Automatic Endorsements** and **Optional Coverages**, is available on our website, [www.risceo.com](http://www.risceo.com), or by calling our administrative office at (800) 637-7319, ext. 1. Information about our **Enhanced Excess Program for Firms** is sent to each principal broker.

**Optional Coverages Available:** Individual licensees may purchase the optional endorsements listed on the enrollment form (on the back of this page). Firm licensees may only purchase the conformity endorsement for other states that require firm license coverage). You may purchase optional endorsement(s) when you enroll online at [www.risceo.com](http://www.risceo.com) or by submitting your completed enrollment form and appropriate fee to RISC. If you enroll by mail, payment must be mailed and made payable to RISC.

**Optional Extended Reporting Period (ERP) Endorsement** is available for licensees currently insured with the IREC's group policy who are not renewing their coverage for any reason, including retirement or inactivating their license. If a licensee retires, places his/her license inactive, or allows his/her license to expire, the current policy provides that it will automatically apply to claims made and reported within ninety (90) days of the current policy's expiration date, provided the error or omission that is the basis of the claim took place after the "Retroactive Date" and before the policy expired. In case of cancellation or non-renewal for any reason, the licensee may purchase a one (1), two (2), or three (3) year ERP endorsement within ninety (90) days after the expiration of the licensee's policy. An ERP endorsement is important because many professional liability claims are not made until years after the underlying transaction occurred. The fee for a one-year ERP endorsement is \$145 (plus any applicable endorsement premium), a two-year ERP endorsement is \$217.50 (plus any applicable endorsement premium), and a three-year ERP endorsement is \$290 (plus any applicable endorsement premium). Please contact RISC at (800) 637-7319, ext. 1, for more information or if you would like to obtain an ERP endorsement.

**Claims Made Policy Form:** The policy is written on a claims made policy form. Failure to timely report claims may violate the conditions of the policy and jeopardize coverage. This policy does not provide coverage for claims first made before the beginning or after the end of your individual policy period. Nor does it provide coverage if, prior to the inception date of the policy, any insured had a basis to believe that any negligent act, error, or omission might reasonably be expected to be the basis of a claim. If you have notice of a claim or potential claim, report it immediately to your current carrier or risk not having coverage for the claim.

**Timely Renewal:** If you do not pay your premium timely, the IREC may place your license on inactive status. In addition, failure to timely renew your coverage may cause you to lose a valuable feature of the group program - **prior acts coverage**. Prior acts coverage is determined by your retroactive date. Your retroactive date is the date you first obtained E&O coverage and since which have maintained continuous coverage. A claim involving your past acts may be considered for coverage so long as the act, error, or omission took place after your retroactive date. It is very important that you maintain continuous coverage in order to preserve your retroactive date. Licensees who do not renew coverage timely may lose any previously established retroactive date and their new retroactive date will be the actual date RISC receives and accepts the premium and the licensee re-establishes coverage. If you missed timely renewal, call RISC immediately and see if you qualify for reinstatement of your coverage back to the inception of the group policy period. This may avoid a break in coverage and loss of your retroactive date. However, this procedure does not impact the licensee's failure to comply with Iowa's mandatory insurance requirements and the licensee may still be subject to penalties and fines. **Always pay your premium on time to avoid a break in coverage, protect yourself from uncovered claims, and avoid penalties and fines.**

CNA is a service mark and trade name registered with the US Patent and Trademark Office. The Program reference herein is underwritten by Continental Casualty Company, one of the CNA insurance companies. This information is for illustrative purposes and is not a contract. It is intended to provide a general overview of the products and services offered. Only the policy can provide the actual terms, coverages, amounts, conditions and exclusions. ©2010

**IOWA: 2012 INDIVIDUAL LICENSEE ENROLLMENT FORM**

To enroll by mail, return this form with your payment by **NOVEMBER 20, 2011** to ensure adequate time to process your enrollment and provide evidence of coverage prior to policy inception. Please allow at least 10 business days for processing. PLEASE PRINT OR TYPE. Incomplete information may cause a delay in the issuance of your coverage. It is faster and easier to ENROLL ONLINE at [www.risceo.com](http://www.risceo.com) and download your Certificate of Coverage immediately. There is a \$5 convenience fee for online enrollment. We will verify coverage with the IREC, but it is your responsibility to provide verification to other commissions and entities. All premiums are fully earned at the inception date and no refunds are permitted after that date. If you have any questions or would like additional information, please visit our website, [www.risceo.com](http://www.risceo.com), or call us at (800) 637-7319 ext 1.

Name: _____	License: Type: _____	#: _____	pending <input type="checkbox"/>
Firm: _____	Email: _____		
Address: _____	Telephone #: ( ) - (w)		
_____	Telephone #: ( ) - (h)		
City, State, Zip: _____	Fax #: ( ) -		
_____	SS #: _____ (optional)		

Premium (Coverage expires 1/1/2013)	Unit Price See Prorated Premium Chart	Amount Due
<b>OPTIONAL COVERAGES BELOW:</b> Please note that the optional coverages (other than conformity for other states that require firm coverage) are not available for firm licenses.		\$
<b>Conformity Endorsement:</b> If you are a resident of Iowa, circle all other states where you are licensed and need proof of E&O coverage. You must be a resident of Iowa to be eligible for this endorsement. <b>CO ID KY LA MS NE* ND NM RI SD TN** WY</b> <i>*NE licensees must submit enrollment by November 10, 2010 to ensure adequate time to process and provide evidence of coverage. **TN conformity is no longer available to some licensees due to TN regulations. Please contact RISC for details about obtaining coverage for your TN license.</i>	<b>\$15</b>  (Regardless of number of states at the time of issuance.)	
<b>Appraisal Endorsement:</b> You must be an active real estate licensee to be eligible for this endorsement.	<b>\$200</b>	
<b>Environmental Coverage:</b> \$2,500 per claim/\$5,000 aggregate for damages & claim expenses	<b>Automatic</b>	<b>\$0</b>
<b>Environmental Endorsement:</b> \$10,000 per claim/\$10,000 aggregate for damages & claim expenses	<b>\$15</b>	
<b>Fair Housing Coverage:</b> \$2,500 per claim/\$5,000 aggregate for damages & claim expenses	<b>Automatic</b>	<b>\$0</b>
<b>Fair Housing Endorsement:</b> \$10,000 per claim/\$10,000 aggregate for damages & claim expenses	<b>\$15</b>	
<b>Limited Claim Expenses Regulatory Complaints Endorsement:</b> \$2,500 per complaint/\$5,000 aggregate for claim expenses	<b>\$15</b>	
<b>Primary Residence Endorsement</b>	<b>\$6</b>	
<b>Increased Limits \$250,000 Per Claim / \$500,000 Aggregate:</b> See below for instructions on selecting Premium (a) or Premium (b).  <b>Premium (a)</b> 75% or more* of your real estate activity income is earned from Residential Sales** and you have had no claims*** in the past 5 years or <b>Premium (b)</b> Less than 75%* of your real estate activity income is earned from Residential Sales** or you have had one or more claims*** in the past 5 years  * To determine the percentage of your real estate activity income derived from Residential Sales, divide your income derived from Residential Sales by the amount of your total real estate activity income.  **Residential Sales means sales of properties zoned for and occupied exclusively as residences for four families or less. Residential Sales also includes: (1) sales of vacant land, provided the land is zoned for residential use and is not a development project of four or more residences and (2) sales of farm property that will be a buyer's principal residence and where a buyer will derive no more than 25% of total income from farming. Commercial sales and renting, leasing, managing, or appraising residential or commercial property are not Residential Sales.  ***If you are a qualifying broker, a claim made against you, your firm for your acts, or your firm for the firm's acts is considered a claim against you for purposes of calculating the endorsement premium. If you are not a qualifying broker, a claim made against you or your firm for your acts is considered a claim against you for purposes of calculating the endorsement premium.	(a) <b>\$65</b> or (b) <b>\$85</b>	
<b>Total Amount Due (Premium for Policy + Premium for Selected Optional Coverages)</b>		<b>\$</b>

**Premium payments (make check or money order payable to RISC) must be mailed to the address below unless you enroll online.**

**Mailing Address: PO Box 6709, Louisville, KY 40206-0709**

**Overnight Deliveries: 4211 Norbourne Boulevard, Louisville, KY 40207-4048**

**\*\*\*PLEASE SIGN BELOW\*\*\***

If you have any knowledge of any act, error, omission, fact, or situation that might give rise to a claim against you, it must be reported in writing immediately to your insurance carrier before your current policy period expires.

Applicant declares that the above statements are true and that Applicant has not suppressed or misstated any material facts. Applicant understands that it is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits. Applicant agrees that this application shall be the basis of the contract with the Company and that coverage, if written, will be provided on a claims-made basis. Applicant understands and agrees that the completion of this application does not bind the Company to issue a policy. Coverage will be effective no sooner than the day after the postmarked date of the *completed application* (if you have no current coverage) or the expiration date of your current coverage. Please indicate below if another coverage date is requested.

**Applicant understands that all premiums are fully earned at policy inception.** The deductible will be due in accordance with the Policy. **Applicant agrees to reimburse the Company for any and all costs and expenses the Company incurs by employing a collection agency to collect any overdue deductible.**

Requested Effective Date, if different than the day after the postmarked date of the *completed application* (if you have no current coverage) or the expiration date of your current coverage (if applicable, please leave blank): \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

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## Prorated Premium Chart

January 1, 2012 to January 1, 2013

Effective Date of Coverage	Premium
JANUARY 2012	\$153
FEBRUARY 2012	\$140
MARCH 2012	\$128
APRIL 2012	\$115
MAY 2012	\$102
JUNE 2012	\$ 89
JULY 2012	\$ 77
AUGUST 2012	\$ 64
SEPTEMBER 2012	\$ 51
OCTOBER 2012	\$ 38
NOVEMBER 2012	\$ 26
DECEMBER 2012	\$ 13

	Unit Price
<b>Premium</b> (Coverage expires 1/1/2013)	<b>See Prorated Premium Chart</b>
<b>OPTIONAL COVERAGES BELOW:</b> Please note that the optional coverages (other than conformity for other states that require firm coverage) are not available for firm licenses.	
<b>Conformity Endorsement:</b> If you are a resident of Iowa, circle all other states where you are licensed and need proof of E&O coverage. You must be a resident of Iowa to be eligible for this endorsement. <b>CO ID KY LA MS NE* ND NM RI SD TN** WY</b> <i>*NE licensees must submit enrollment by November 10, 2010 to ensure adequate time to process and provide evidence of coverage.</i> <i>**TN conformity is no longer available to some licensees due to TN regulations. Please contact RISC for details about obtaining coverage for your TN license.</i>	<b>\$15</b>  (Regardless of number of states at the time of issuance.)
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<b>Increased Limits \$250,000 Per Claim / \$500,000 Aggregate:</b> See below for instructions on selecting <b>Premium (a)</b> or <b>Premium (b)</b> .	(a) <b>\$65</b> or (b) <b>\$85</b>
<b>Premium (a)</b> 75% or more* of your real estate activity income is earned from Residential Sales** and you have had no claims*** in the past 5 years or <b>Premium (b)</b> Less than 75%* of your real estate activity income is earned from Residential Sales** or you have had one or more claims*** in the past 5 years  *To determine the percentage of your real estate activity income derived from Residential Sales, divide your income derived from Residential Sales by the amount of your total real estate activity income.  **Residential Sales means sales of properties zoned for and occupied exclusively as residences for four families or less. Residential Sales also includes: (1) sales of vacant land, provided the land is zoned for residential use and is not a development project of four or more residences and (2) sales of farm property that will be a buyer's principal residence and where a buyer will derive no more than 25% of total income from farming. Commercial sales and renting, leasing, managing, or appraising residential or commercial property are not Residential Sales.  ***If you are a qualifying broker, a claim made against you, your firm for your acts, or your firm for the firm's acts is considered a claim against you for purposes of calculating the endorsement premium. If you are not a qualifying broker, a claim made against you or your firm for your acts is considered a claim against you for purposes of calculating the endorsement premium.	

**You may Enroll Online with a Visa or MasterCard on our secure website [www.risceo.com](http://www.risceo.com).**

*\* There will be a \$5.00 online convenience fee added to the premium for online enrollment \**

**Please note that we are unable to accept any payments over the telephone**

**If you wish to enroll by mail, please make your check or money order payable to: RISC**

Mailing Address: P.O. Box 6709, Louisville, KY 40206-0709

Overnight Deliveries: 4211 Norbourne Blvd, Louisville, KY 40207-4048

Toll-free: (800) 637-7319 Local: (502) 897-1876 Fax: (502) 897-7174 Website: [www.risceo.com](http://www.risceo.com)