

RISC Rice Insurance Services Company, LLC

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Mississippi Real Estate Errors & Omissions Independent Program July 1, 2011, to July 1, 2012

Rice Insurance Services Company, LLC (RISC) is pleased to offer independent errors and omissions (E&O) coverage to Mississippi real estate licensees. Mississippi law requires all active real estate licensees to maintain E&O insurance for all licensed activities. Firm licensees are not required to carry a separate policy but may opt to purchase one. RISC's policy meets all applicable requirements and we will submit proof of coverage to the MREC once you enroll and submit payment.

Benefits of RISC's Independent Program: RISC is the most experienced provider of real estate E&O insurance in states that require such coverage. We specialize in this type of coverage and take pride in superior policy administration, claims handling, and customer service. Continental Casualty Company, a CNA insurance company, underwrites the policy. CNA is rated "A" by A.M. Best. We are confident that RISC's experience and excellent claims service, combined with CNA's strong financial performance and ratings, will result in a quality program for Mississippi licensees.

Policy and Premium Information: RISC's independent E&O program provides the required limits of liability of \$100,000 per claim and \$500,000 in the aggregate, with a deductible of \$1,000 for damages. There is no deductible for claims expenses. The one-year premium, including all taxes, is \$167 or \$209. If your real estate business consists of 75% or more of residential sales and you have not had a claim in the past 5 years, then you may pay the lower premium. If your real estate business consists of less than 75% of residential sales or you have had a claim in the past 5 years, then you must pay the higher premium. The premium is fully earned upon inception and no refunds are permitted after the effective date. Licensees purchasing coverage after July may pay a prorated premium; please contact us for the proper amount. A sample policy, additional policy information, and information about firm excess policies, which are available to provide higher limits to real estate firms, are available online or by calling us. We urge you to read the entire policy and examine the section entitled "Exclusions."

Enroll Online or by Mail: To enroll by mail, send us a completed Enrollment Form (found on the back of this page) and a check for the premium made payable to RISC. We will send you a certificate of coverage once we process your enrollment. You may also enroll at www.risceo.com and download a certificate of coverage immediately. Note there is a nonrefundable \$5.00 fee for online enrollment. Real estate firms with 10 or more licensees may use our multiple licensee renewal form to electronically renew for all licensees at one time; we currently only accept checks and money orders for this option.

New Features: RISC's 2011 independent program includes the following features, not included in the 2010 MREC group program, at no additional cost:

- 1) **Primary Residence:** Provides coverage for the sale or listing of the policyholder's primary residence under certain conditions.
- 2) **Fair Housing/Discrimination:** Provides sublimits of liability of \$30,000 per claim up to \$30,000 in the aggregate for defense costs and damages for covered fair housing/discrimination claims.
- 3) **Escrow Disputes:** Provides sublimits of liability of \$10,000 per claim up to \$25,000 in the aggregate for defense costs and damages for covered escrow money/earnest money deposit claims.
- 4) **Lock Box:** Provides sublimits of liability of \$20,000 per claim up to \$20,000 in the aggregate for damages relating to covered lock box claims. Damages are subject to the policy aggregate limit, but defense costs are outside of the aggregate limit.
- 5) **Circumstance Reporting:** Policyholders may report a circumstance prior to receipt of a written demand for money or services from a claimant.
- 6) **Franchisor Included in Definition of Insured:** The policy includes a real estate franchisor in the definition of an insured (we also offer free Franchise Endorsements, discussed further below, to insureds that need specific language to satisfy franchisor requirements).

Optional Coverages Available: The optional endorsements below are also available. Some of these endorsements require additional premiums, which are listed on the Enrollment Form. Optional coverages, except the Extended Reporting Period (ERP) Endorsement, can be purchased during enrollment. These endorsements become effective the later of July 1, 2011, or the date we receive the completed Enrollment Form and applicable payment.

- 1) **Conformity Endorsement** conforms your Mississippi policy to comply with insurance requirements of other states that require E&O coverage where you have an active real estate license. (Additional premium required.)
- 2) **Environmental Endorsement** provides coverage for damages and defense costs up to \$5,000 per claim and \$10,000 in the aggregate for covered environmental claims. (Additional premium required.)
- 3) **Regulatory Complaints Endorsement** provides coverage for defense costs up to \$2,500 per complaint and \$5,000 in the aggregate for a complaint to a real estate regulatory board or commission under certain conditions. (Additional premium required.)
- 4) **Franchise Endorsement** adds a franchise group with which you are affiliated to the definition of real estate firm, since some franchise groups require specifically tailored language. Please contact us if you need a franchise endorsement. (No additional premium required.)
- 5) **Appraisal Endorsement** is available to active real estate licensees who also are licensed appraisers. This endorsement is not available to, and the policy provides no coverage for, appraisers or appraiser trainees who do not have active real estate licenses. (Additional premium required.)
- 6) **ERP Endorsement is available to licensees with coverage under the 2010 group program who are not purchasing coverage with RISC in 2011.** In case of cancellation or non-renewal for any reason, **including inactivating your license**, you may purchase an ERP Endorsement within 90 days after termination of the 2010 group policy. An ERP Endorsement is important because many E&O claims are not made until years after the underlying transaction occurred. One, two, and three year ERP Endorsements are available. (Additional premium required. Please contact us for pricing or to purchase an ERP Endorsement.)

Claims Made Policy: This is a claims made policy. All claims must be reported timely in accordance with the policy's requirements. Failure to timely report a claim may jeopardize coverage under the policy. You may call us for instructions on reporting a claim or for a Notice of Claim form. The Notice of Claim Form is also available online. There is no coverage for claims first made against you before the beginning or after the end of your policy period. There is no coverage if, prior to the inception date of the policy, you 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 MREC may inactivate your license and assess fines and you will lose prior acts coverage, a valuable feature of the policy. The "retroactive date" of your policy determines if you have coverage for acts that occurred prior to the effective date of your policy. Your "retroactive date" is the date you first obtained and from which have continuously maintained E&O insurance, with no gaps. If you failed to purchase coverage timely, call RISC immediately to see if you qualify for reinstatement back to July 1, 2011, which may avoid a gap in coverage and loss of your retroactive date. However, curing a gap in coverage will not remedy noncompliance with mandatory insurance laws. **Always pay your premium on time to protect against uncovered claims and to avoid fines, penalties, and a gap in coverage.**

**Mississippi Real Estate Errors & Omissions Independent Program
LICENSEE ENROLLMENT FORM
July 1, 2011, to July 1, 2012**

You may enroll in the independent program online at www.risceo.com and download your certificate of coverage immediately or enroll by mail. Please note there is a non-refundable \$5.00 convenience fee for online enrollment. To enroll by mail, complete this form (please print or type), including signing the bottom portion, and send it with a check or money order payable to RISC (do not submit your premium to the MREC) to RISC. **Please return this Enrollment Form with payment by JULY 15, 2011 to receive July 1 effective date.** If enrolling by mail, please allow at least 10 business days for processing, to ensure adequate time to administer your enrollment and provide proof of coverage to the MREC. While we will verify coverage with the MREC, it is your responsibility to provide verification to other commissions and entities. Incomplete information may cause a delay in the issuance of your coverage.

Applicant's Name: _____	License #(s): _____ / License Type: _____
Firm Name: _____	Email: _____
Firm Address: _____	Telephone # (work): () - _____
City, State, Zip Code: _____	Telephone # (home): () - _____
Social Security # (optional): _____	Fax #: () - _____

	Unit Price	Amount Due
Basic Policy:		
Premium A (Coverage Expires July 1, 2012): 75% or more* of your real estate activity income is earned from Residential Sales** <u>and</u> you have had no claims*** in the past 5 years	Please refer to prorated premium chart	
Premium B (Coverage Expires July 1, 2012): Less than 75% of your real estate activity income is earned from Residential Sales* <u>or</u> you have had one or more claims** in the past 5 years	Please refer to prorated premium chart	
*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.		
***A claim made against your firm for your acts is considered a claim against you for purposes of calculating the premium.		
Optional Coverages:		
Conformity Endorsement: If you are domiciled in Mississippi, circle any of the states below where you have an active real estate license. This endorsement is only available to licensees who are domiciled in Mississippi. CO IA ID KY LA ND NE NM RI SD TN* WY <i>*TN conformity is only available to some licensees due to TN regulations. Please contact RISC for details about obtaining coverage for your TN license.</i>	\$20	
Appraisal Endorsement: Available to active real estate licensees who also are licensed appraisers. Basic coverage under the policy excludes coverage for appraisal activities. To have coverage for appraisal activities, appraisers must purchase this endorsement.	\$250	
Environmental Endorsement	\$20	
Limited Claim Expenses Regulatory Complaints Endorsement	\$20	
Add premiums for policy and any optional endorsements	Total	\$ _____

If you have any knowledge of a claim or 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 current insurance carrier before your current policy 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. Further, Applicant agrees that this application shall be the basis of the contract with Continental Casualty 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 Continental Casualty Company or RISC 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 and no refunds are permitted after that time. Applicant is responsible for paying the damages deductible as set forth in the policy. Applicant hereby agrees to reimburse Continental Casualty Company and RISC for any and all costs and expenses they may incur 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: _____

Continental Casualty Company
Real Estate Errors and Omissions Insurance
Administered by Rice Insurance Services Company, LLC

MISSISSIPPI
Prorated Premium Chart
July 1, 2011 to July 1, 2012

Effective Date of Coverage	Premium A *	Premium B *
July 2011	\$167	\$209
August 2011	\$153	\$192
September 2011	\$139	\$174
October 2011	\$125	\$157
November 2011	\$111	\$139
December 2011	\$97	\$122
January 2012	\$84	\$105
February 2012	\$70	\$87
March 2012	\$56	\$70
April 2012	\$42	\$52
May 2012	\$28	\$35
June 2012	\$14	\$17

* **Premium A** : 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.

* **Premium 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.

You may Enroll Online with a Visa or MasterCard on our secure website www.risceo.com

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

You may also enroll by mailing the enrollment form with check or money order made payable to: RISC

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

Overnight Address: 4211 Norbourne Blvd., Louisville, KY 40207-4048

Toll-free: (800) 637-7319 Local: (52) 897-1876 Fax: (502) 897-7174