

New Mexico Real Estate Errors and Omissions Program

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

NOTICE

Each real estate broker and salesperson who is actively licensed in New Mexico shall, as a condition of licensing, carry and maintain errors and omissions insurance to cover all licensed activities. Each licensee has the option of obtaining errors and omissions insurance independently, so long as the coverage complies with the minimum requirements established by the Commission and the licensee obtains a "Certificate of Equivalent Coverage" signed by an authorized agent or employee of the insurance carrier (which shall be filed with the Commission in compliance with New Mexico Real Estate License Law). If coverage under the group policy is not timely obtained or renewed, or the licensee has not obtained the required coverage from another qualified insurance provider, the Commission will place the license on inactive status.

Enrollment Form for Errors and Omissions Insurance: In order to maintain a superior program for the New Mexico Real Estate Commission's (the "Commission") official group program, Rice Insurance Services Company, LLC (RISC) has an agreement with Continental Casualty Company, one of the CNA insurance companies, to provide its policy for New Mexico licensees. RISC's experience and excellent claims service (specializing in real estate E&O) combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best) will provide a quality program for New Mexico licensees. **If you wish to participate in the group program, the one-year premium payment is \$249.00 per Licensee.** Licensees joining the group program after January may pay a prorated premium. Late insurance payment may cause a break in coverage. Please contact RISC for the proper premium amount.

The group program provides the required limits of \$100,000/\$500,000 per Licensee with \$1,000 Damages deductible. There is no deductible for Claim Expenses. **ACTIVE** licensees (brokers and salespersons) are **REQUIRED** to carry E&O insurance. **Individuals with multiple licenses are only required to pay one premium. Please list all license numbers for the individual on the enrollment form.** A firm license is not required to purchase separate E&O insurance coverage. **INACTIVE** licensees are not required to have E&O insurance. However, licensees with expiring policies that are placing their licenses inactive may want to purchase an Optional Extended Reporting Period Endorsement (see below). Before activation of license, a licensee is required to obtain insurance coverage. Please contact your broker to verify that your company participates in the group plan before sending in your premium. **The premium is fully earned and the policy does not permit refunds after the policy's inception date.** A packet containing a brochure and information about higher limits for the firm is sent to each qualifying broker. This information is also available on our website, www.risceo.com.

Exclusions: All policyholders are urged to read the entire policy and examine the portion of the policy entitled "Exclusions" for a listing of excluded claims. A copy is available on our website, www.risceo.com, or you may call our administrative office at (800) 637-7319 (ext 1).

Optional Coverages Available: Conformity Endorsement, Appraisal Endorsement, Leasing and Property Management Endorsement, Limited Claim Expenses Coverage Environmental Endorsement, Limited Claim Expenses Coverage Fair Housing Endorsement and Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement. To obtain optional endorsement(s), please indicate your selection(s) on the enrollment form (on back) and enclose the appropriate fee. Note all payments for coverage must be mailed and made payable to RISC, unless you enroll online. Please note that there is a non-refundable \$5 convenience fee for online enrollment. Please refer to the brochure on our website for information regarding the program and endorsements available.

Limits of \$250,000 per Claim per Insured Licensee with a \$750,000 annual aggregate limit are available to individual licensees. Licensees whose real estate activity is at least 75% residential sales and who have had no claims in the past five years may pay an additional premium of \$110 for the annual period to increase per Claim limits to \$250,000. Licensees whose real estate activity is less than 75% residential sales and/or who have had claims in the past five years may pay an additional \$165 for the annual period to increase per Claim limits to \$250,000. In addition, we offer a firm "excess" policy with limits at levels of \$500,000 or \$1,000,000. Information about higher limits for the brokerage is being sent to your principal broker.

Optional Extended Reporting Period (ERP) Endorsement is available for licensees who are currently insured with the Commission's group policy through RISC and who have placed their license inactive or otherwise have not renewed their coverage. If a licensee retires, places his or her license inactive or allows his or her license to expire, the 2009 group policy provides the licensee will be insured for claims made and reported within 90 days of the expiration date provided the error or omission upon which the claim is based took place after the "Retroactive Date" and before the policy expired. In case of cancellation or non-renewal for any reason, the Insured has the option to purchase an ERP endorsement within 90 days after the licensee's policy has terminated. An ERP Endorsement is important because many professional liability claims are not made until months after the underlying transaction occurred. Policyholders with coverage expiring January 1, 2010 may obtain an ERP endorsement for one year (\$225.00 plus any applicable endorsement premium), for two years (\$337.50 plus any applicable endorsement premium) or for three years (\$450.00 plus any applicable endorsement premium). Please contact us at (800) 637-7319 (ext. 1) if you would like to obtain this coverage, or visit our website at www.risceo.com.

Claims Made Policy Form: The policy is written on a Claims Made Policy Form. All claims must be reported timely or you may violate the conditions of the policy and jeopardize coverage. This policy does not provide coverage for a claim first made against you before the beginning or after the end of your Individual Policy Period. It also does not provide 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 against you. If you have notice of a potential claim, report it immediately to your current carrier or risk not having coverage for the claim.

Timely Renewal. New Mexico requires that all active real estate licensees carry and maintain errors and omissions insurance. If you do not pay your premium timely, the Commission may place your license on inactive status. In addition, you may lose a valuable feature of the group program - **prior acts coverage** - if you do not renew your coverage promptly. Prior acts coverage is determined by your retroactive date. A claim involving your past acts may be considered for coverage so long as the error, omission or negligent act took place after your retroactive date. Your retroactive date is the date you first obtained errors and omission coverage and have maintained continuous coverage. It is very important that you maintain continuous coverage in order to preserve your retroactive date. Licensees who do not renew their coverage timely may lose any previously established retroactive date. Those licensees will have as an effective date the actual date RISC receives and accepts the premium. If you discover that you have missed timely renewal, call RISC immediately and see if you qualify for reinstatement of your coverage back to the inception of the policy period. This will avoid a break in coverage and loss of your retroactive date. However, this procedure does not impact the licensee's failure to comply with the mandatory insurance guidelines established by the Commission and you 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.**

***Risk Reduction*:** Please note that Risk Reduction Information will be available on our website, www.risceo.com, as part of our 2010 program. Please watch our website for helpful information regarding Risk Reduction in the near future.

NEW MEXICO: 2010 LICENSEE ENROLLMENT FORM

It is faster and easier to **ENROLL ONLINE** at www.risceo.com and download your Certificate of Coverage immediately.

*NOTE: Individuals with multiple licenses are only required to pay one premium. Please list all license numbers for the individual below.
A brokerage license is not required to purchase separate E&O insurance coverage.

Please complete the information below. PLEASE PRINT OR TYPE. Incomplete information may cause a delay in the issuance of your coverage.
If you have any questions or would like additional information on optional coverages, please visit our website at www.risceo.com or call us at (800) 637-7319 ext 1.

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

Payment Type	Unit Price	Amount Due
Premium (Coverage expires 1/1/2011)	Please refer to Prorated Premium Chart	\$ _____
OPTIONAL COVERAGES BELOW:		
Conformity: Circle all other mandated states where you are licensed and need proof of E&O coverage. This extension does not apply if you are a non-resident of New Mexico. Please circle applicable state(s) below: CO IA ID KY LA MS ND NE RI SD WY ** <small>**TN conformity is no longer available to some licensees due to recent changes in TN regulations. Please contact RISC for details about obtaining coverage for a TN license.</small>	\$15 (Regardless of the number of states at the time of issuance)	
Appraisal Endorsement (only available for active real estate licensees)	\$200	
Leasing and Property Management Endorsement	\$100	
Limited Claim Expenses Coverage Environmental Endorsement	\$15	
Limited Claim Expenses Coverage Fair Housing Endorsement	\$15	
Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement	\$15	
Higher Limits \$250,000 Per Claim / \$750,000 Aggregate (a) At least 75% residential sales* and no claims in past 5 years (b) Less than 75% residential sales* and/or claims in past 5 years <small>*Residential Sales means sales of properties of four families or less zoned for and occupied exclusively as residences. Vacant land sales shall be considered residential sales, provided the land is zoned for residential use and is not a development project of four or more homes. Sales that involve farm property where a buyer would derive no more than 25% of total income from farming and where it is a buyer's principal residence are considered residential sales. Residential sales does not include rental, leasing, appraisal or other non-sales activity involving residential property.</small>	(a) \$110; or (b) \$165	
Total (add prorated premium + any optional coverages)		\$ _____

We will verify coverage with the New Mexico Real Estate Commission. However, it is your responsibility to provide verification to other commissions and entities. Note all premiums are fully earned at the inception date. After the effective date, no refunds are permitted. Do not submit your E&O premium to the Commission. All premium payments must be mailed to the address below unless you enroll online. Please allow at least 10 business days for processing unless you enroll online. Late payment may cause a break in coverage.

You may ENROLL ONLINE at www.risceo.com and download your Certificate of Coverage immediately. There is a non-refundable \$5 convenience fee for online enrollment.

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

Mail this Enrollment Form with Payment to: **PO Box 6709, Louisville, KY 40206-0709**

Overnight Deliveries to: **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 and particulars are true and that Applicant has not suppressed or misstated any material facts, and 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 issuance of 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. Applicant hereby agrees to reimburse the Company for any and all costs and expenses the Company may incur by employing a collection agency to collect any overdue deductible. The deductible will be billed to you at the time the expense is incurred by the Company.

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.

SIGNATURE: _____ **DATE:** _____

**Continental Casualty Company
Real Estate Errors and Omissions Insurance**

Administered by Rice Insurance Services Company, LLC

**NEW MEXICO
Prorated Premium Chart
January 1, 2010 – January 1, 2011**

Effective Date of Coverage	Year	Premium
JANUARY	2010	\$249
FEBRUARY	2010	\$228
MARCH	2010	\$208
APRIL	2010	\$187
MAY	2010	\$166
JUNE	2010	\$145
JULY	2010	\$125
AUGUST	2010	\$104
SEPTEMBER	2010	\$ 83
OCTOBER	2010	\$ 62
NOVEMBER	2010	\$ 42
DECEMBER	2010	\$ 21

OPTIONAL COVERAGES BELOW: Please note that endorsements cannot be prorated.	
Conformity: This extension does not apply if you are a non-resident of New Mexico. CO IA ID KY LA MS ND NE RI SD WY * *TN conformity is no longer available to some licensees due to recent changes in TN regulations. Please contact RISC for details about obtaining coverage for a TN license.	\$15 (Regardless of the number of states at the time of issuance)
Appraisal Endorsement (only available for active real estate licensees)	\$200
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Limited Claim Expenses Coverage Environmental Endorsement	\$15
Limited Claim Expenses Coverage Fair Housing Endorsement	\$15
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Higher Limits \$250,000 Per Claim /\$750,000 Aggregate (a) At least 75% residential sales* and no claims in past 5 years, or (b) Less than 75% residential sales* and/or claims in past 5 years *Residential Sales means sales of properties of four families or less zoned for and occupied exclusively as residences. Vacant land sales shall be considered residential sales, provided the land is zoned for residential use and is not a development project of four or more homes. Sales that involve farm property where a buyer would derive no more than 25% of total income from farming and where it is a buyer's principal residence are considered residential sales. Residential sales does not include rental, leasing, appraisal or other non-sales activity involving residential property.	(a) \$110 or (b) \$165

*It is faster and easier to Enroll Online at www.risceo.com.
 We can accept credit card payments with a Visa or MasterCard on our secure website.
 There is a non-refundable \$5 convenience fee for online enrollment.
Please note that we are unable to accept any payments over the telephone.*

**Please include enrollment form with payment to RISC:
 Mailing Address: P.O. Box 6709, Louisville, KY 40206-0709
 Physical Address: 4211 Norbourne Blvd, Louisville, KY 40207-4048
 Toll-free: (800) 637-7319 Local: (502) 897-1876 Fax: (502) 897-7174 Website: www.risceo.com**