

# North Dakota Real Estate Errors and Omissions Program

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

## **NOTICE**

Each real estate salesperson, broker associate, or broker who is actively licensed in North Dakota 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 Coverage" signed by an authorized agent or employee of the insurance carrier (which shall be filed with the Commission in compliance with North Dakota Century Code Chapter 43-23). If you currently have coverage with the Commission's group policy, your coverage will expire on January 1, 2010. If coverage under the policy is not timely renewed or the licensee has not obtained the required coverage from another qualified insurance provider, the Commission will place the license on inactive status on the date of termination of insurance coverage.

**Enrollment Form for Errors and Omissions Insurance:** In order to maintain a superior program for the North Dakota 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 the North Dakota 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 North Dakota licensees. **If you wish to participate in the group program, the one-year premium payment of \$152 per licensee is now due.** Licensees joining the group program after January may pay a prorated premium. Please contact RISC for the proper premium amount. Late insurance payments may cause a break in coverage and/or noncompliance with the mandatory insurance requirement.

The group program provides the required limits of \$100,000/\$500,000 per licensee with \$1,000 deductible for Damages and \$1,000 deductible for Claim Expenses. **ACTIVE** licensees (salespersons, broker associates and brokers) are **REQUIRED** to carry E&O insurance. A firm is not required to carry E&O insurance. **INACTIVE** licensees are not required to have E&O insurance. However, licensees with expiring policies who 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 being sent to your principal broker. This information is also available on our website, [www.risceo.com](http://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](http://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.** Please refer to the brochure sent to brokers for information regarding the program and endorsements available or visit our website at [www.risceo.com](http://www.risceo.com).

**Higher Limits Available:** Limits of \$250,000 per Claim per Insured Licensee, with a \$500,000 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 \$93 to increase 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 \$133 to increase limits to \$250,000. In addition, we offer a firm "excess" policy with limits at levels of \$250,000, \$500,000 or \$1,000,000. Information about higher limits for the firm is being sent to your principal broker. All Licensees at a firm are not required to participate in the RISC program to qualify for coverage; however, if a firm wished to purchase a firm excess policy, at least 75% of its Licensees must purchase insurance coverage from RISC.

**Optional Extended Reporting Period (ERP) Endorsement** is available for licensees who are currently insured with the Commission's group policy who have placed their license inactive or otherwise have not renewed their coverage. If a licensee retires, places his/her license inactive or allows his/her license to expire, the current policy provides that licensee will be insured for Claims made and reported within 90 days of the expiration date provided the act, 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, upon payment of premium within 90 days after the licensee's policy has terminated, to purchase an ERP endorsement to extend the reporting period for up to three years. 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 (\$140 plus any applicable endorsement premium), for two years (\$210 plus any applicable endorsement premium) or for three years (\$280 plus any applicable endorsement premium). Please contact RISC at (800) 637-7319 (ext. 1) if you would like to obtain this endorsement.

**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. A copy of the Notice of Claim Form is located on our website [www.risceo.com](http://www.risceo.com). You may call our Claims Department at (800) 637-7319 (ext. 2) for instructions for reporting a claim. 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.** North Dakota requires that all active real estate licensees carry and maintain errors and omissions insurance. If you do not pay your premium timely, **the Commission WILL 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.**



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

Administered by Rice Insurance Services Company, LLC

**NORTH DAKOTA  
Prorated Premium Chart  
January 1, 2010 – January 1, 2011**

| Effective Date of Coverage | Year | Premium |
|----------------------------|------|---------|
| JANUARY                    | 2010 | \$152   |
| FEBRUARY                   | 2010 | \$139   |
| MARCH                      | 2010 | \$127   |
| APRIL                      | 2010 | \$114   |
| MAY                        | 2010 | \$101   |
| JUNE                       | 2010 | \$89    |
| JULY                       | 2010 | \$76    |
| AUGUST                     | 2010 | \$63    |
| SEPTEMBER                  | 2010 | \$51    |
| OCTOBER                    | 2010 | \$38    |
| NOVEMBER                   | 2010 | \$25    |
| DECEMBER                   | 2010 | \$13    |

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|---|--|
| <b>OPTIONAL COVERAGES BELOW:</b> Please note that endorsements cannot be prorated.  |  |
| <p><b>Conformity:</b> This extension does not apply if you are a non-resident of North Dakota.</p> <p>CO IA ID KY LA MS NE NM RI SD WY *</p> <p>*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.</p>   | <p>\$15<br/>(Regardless of the number of states at the time of issuance)</p> |
| <b>Appraisal Endorsement</b> (only available for active real estate licensees)  | \$200  |
| <b>Leasing and Property Management Endorsement</b>  | \$150  |
| <b>Limited Claim Expenses Coverage Environmental Endorsement</b>  | \$15   |
| <b>Limited Claim Expenses Coverage Fair Housing Endorsement</b>   | \$15   |
| <b>Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement</b>  | \$15   |
| <p><b>Higher Limits \$250,000 Per Claim /\$500,000 Aggregate</b></p> <p>(a) At least 75% residential sales* and no claims in past 5 years, or<br/>(b) Less than 75% residential sales* and/or claims in past 5 years</p> <p>*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.</p> | <p>(a) \$93<br/>or<br/>(b) \$133</p>   |

**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](http://www.risceo.com)**