

# 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, and broker who is actively licensed in North Dakota shall, as a condition of licensing, carry and maintain errors and omissions (E&O) insurance to cover all licensed activities. Licensees may obtain E&O insurance through the North Dakota Real Estate Commission's (NDREC's) group program. Licensees may also obtain such insurance independently, provided the coverage complies with the NDREC's minimum requirements and a certificate of coverage is filed with the NDREC in compliance with North Dakota Century Code § 43-23-22. If you currently have coverage with the NDREC's group policy, your coverage will expire on January 1, 2012. If you do not renew or obtain coverage through the group program or another qualified insurance provider, the NDREC may place your license on inactive status the date your coverage expires.

**Enrollment:** To maintain a superior program for the NDREC and its licensees, Rice Insurance Services Company, LLC (RISC) has an agreement with Continental Casualty Company, a CNA insurance company, to provide its group policy. 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 result in a quality program for North Dakota licensees. **If you wish to participate in the group program, the one-year premium payment of \$167 per licensee is now due. The premium is fully earned upon inception and no refunds are permitted after that date.** Licensees joining the group program after January may pay a prorated premium. Please contact RISC for the proper premium amount. Late premium payments may cause a break in coverage and noncompliance with mandatory insurance requirements.

The group program provides the required limits of liability of \$100,000 per claim and \$500,000 in the aggregate per licensee, with a \$1,000 deductible for damages and a \$1,000 deductible for claim expenses. **ACTIVE** licensees (salespersons, broker associates, and brokers) are **REQUIRED** to carry E&O insurance. Before activation of a license, prospective licensees are required to obtain E&O insurance. Please contact your broker to verify that your company participates in the group program before submitting your premium. Firms are not required to carry E&O insurance. **INACTIVE** licensees are not required to have E&O insurance. However, licensees whose coverage under the group policy is expiring and are not renewing coverage may want to purchase an Optional Extended Reporting Period Endorsement (see below).

All insured licensees are urged to read the entire policy and examine the portion of the policy entitled "**Exclusions.**" Additional information, including a brochure, a copy of the **Sample Policy**, and information about optional coverages, is available on our website, [www.risceo.com](http://www.risceo.com), or by calling us at (800) 637-7319, ext. 1. Information about our **Enhanced Excess Program for Firms** is sent to each principal broker.

**Optional Coverages:** You may purchase the following optional endorsements when you enroll by mail by indicating your selection(s) on the enrollment form (on back) and submitting the appropriate premium (fully earned and inclusive of taxes) to RISC.

- 1. Appraisal Endorsement:** Licensees with active real estate licenses and active appraisal licenses may purchase an endorsement to add services performed as a licensed real estate appraiser to the policy's definition of professional services for an additional premium of \$200.
- 2. Conformity Endorsement:** Conforms the policy to comply with the requirements of other states that mandate real estate E&O coverage where you have an active real estate license for an additional premium of \$15.
- 3. Limited Claim Expenses Coverage Environmental Endorsement:** Provides coverage for defense costs of \$2,500 per claim, up to \$5,000 in the aggregate, for covered environmental claims for an additional premium of \$15.
- 4. Limited Claim Expenses Coverage Fair Housing Endorsement:** Provides coverage for defense costs of \$2,500 per claim, up to \$5,000 in the aggregate, for covered fair housing claims for an additional premium of \$15.
- 5. Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement:** Provides coverage for defense costs of \$2,500 per complaint, up to \$5,000 in the aggregate, for covered complaints to a regulatory board or commission.
- 6. Property Management Endorsement:** Adds specific property management services to the policy's definition of professional services for an additional premium of \$150.

**Extended Reporting Periods (ERPs): Automatic ERP:** If you are insured through the group program and are not renewing coverage because you are retiring, inactivating, or allowing your license to expire, the current policy provides that it will apply to claims made and reported within 90 days of the expiration date, provided the negligent act, error, or omission giving rise to the claim took place after the retroactive date and before the policy expired. An **Optional ERP Endorsement** is available to licensees who are currently insured through the group program and are not renewing coverage for any reason. Optional ERPs to extend the policy's reporting date may be purchased within 90 days after the licensee's policy expires. An ERP endorsement is important because many professional liability claims are not made until years after the underlying transaction occurred. Insured licensees may obtain an ERP endorsement for 1 year (\$152 plus any applicable endorsement premium), for 2 years (\$228 plus any applicable endorsement premium), or for 3 years (\$304 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:** The group policy is a claims made policy. All claims must be reported timely or you may violate the policy's conditions and jeopardize coverage. You may call us at (800) 637-7319, ext. 2, for instructions for reporting a claim. A copy of the Notice of Claim Form is located on our website, [www.risceo.com](http://www.risceo.com), or by calling us. The policy does not provide coverage for a claim first made against you before the beginning or after the end of your individual policy period. Nor does it provide coverage if, prior to the policy's inception, 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 NDREC may inactivate your license.** Additionally, you may 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 continuously maintained such coverage, with no gaps. A claim involving your past acts may be considered for coverage so long as the negligent act, error, or omission took place after your retroactive date. It is very important to maintain continuous coverage to preserve your retroactive date. Licensees who do not renew their coverage timely may lose any previously established retroactive date and their effective date will be the actual date RISC receives and accepts their premium. If you missed timely renewal, call RISC immediately to see if you qualify for reinstatement of your coverage back to the inception of the policy period. This may avoid a break in coverage and loss of your retroactive date. However, reinstatement does not impact failure to comply with mandatory insurance requirements and you may still be subject to penalties and fines. **Always pay your premium on time to avoid a break in coverage, penalties, and fines and to yourself from uncovered claims.**

**NORTH DAKOTA: 2012  
INDIVIDUAL LICENSE ENROLLMENT FORM**

Please return this enrollment form by mail with your premium payment. Please complete the information below, including the bottom portion. PLEASE PRINT OR TYPE. Incomplete information may cause a delay in the issuance of your coverage.

We will provide you with a certificate of coverage so that you may provide proof of coverage to the North Dakota Real Estate Commission. Please allow at least 10 business days for processing. It is also your responsibility to provide verification to other commissions and entities. Note all premiums are fully earned at the inception date and no refunds are permitted after that date. Enrollment forms and premium payments must be mailed to RISC at the address below:

**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**

Name: _____	License # _____
Firm: _____	Email: _____
Address: _____	Telephone: _____ (h)
_____	Telephone: _____ (w)
City, State, Zip: _____	Fax: _____
_____	SSN: _____ (optional)

<u>Payment Type</u>	<u>Unit Price</u>	<u>Amount Due</u>
<b>Premium (Coverage Expires 1/1/2013)</b>	<b>Please refer to Prorated Premium Chart</b>	\$ _____
<b>OPTIONAL COVERAGES:</b>		
<b>Conformity:</b> If you are a resident of ND, circle all other states where you are licensed and need proof of E&O coverage. You must be a resident of ND to qualify for this endorsement. <b>Please circle applicable state(s) below:</b> <b>CO IA ID KY LA MS NE NM RI SD TN* WY</b> <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)	
<b>Appraisal Endorsement:</b> Must have an active real estate license and an active appraisal license to qualify for this endorsement.	<b>\$200</b>	
<b>Leasing and Property Management Endorsement</b>	<b>\$150</b>	
<b>Limited Claim Expenses Coverage Environmental Endorsement</b>	<b>\$15</b>	
<b>Limited Claim Expenses Coverage Fair Housing Endorsement</b>	<b>\$15</b>	
<b>Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement</b>	<b>\$15</b>	
<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> . <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.	<b>(a) \$93 or (b) \$133</b>	
<b>Total (add prorated premium + any optional coverages )</b>		\$ _____

**\*\*\*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 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. The undersigned declares that the above statements and particulars are true and that the undersigned has not suppressed or misstated any material facts. The undersigned 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. The undersigned 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.

The undersigned understands that all premiums are fully earned at policy inception. The deductible shall be due in accordance with the policy's provision. The undersigned 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.

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

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

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

Administered by Rice Insurance Services Company, LLC

**NORTH DAKOTA  
Prorated Premium Chart  
January 1, 2012 – January 1, 2013**

Effective Date of Coverage	Year	Premium
JANUARY	2012	\$167
FEBRUARY	2012	\$153
MARCH	2012	\$139
APRIL	2012	\$125
MAY	2012	\$111
JUNE	2012	\$97
JULY	2012	\$84
AUGUST	2012	\$70
SEPTEMBER	2012	\$56
OCTOBER	2012	\$42
NOVEMBER	2012	\$28
DECEMBER	2012	\$14

<b>OPTIONAL COVERAGES BELOW:</b> Please note that endorsements cannot be prorated.	
<b>Conformity:</b> This extension does not apply if you are a non-resident of New Mexico. CO IA ID KY LA MS NE NM 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.	<b>\$15</b> (Regardless of the number of states at the time of issuance)
<b>Appraisal Endorsement</b> (only available for active real estate licensees)	<b>\$200</b>
<b>Leasing and Property Management Endorsement</b>	<b>\$150</b>
<b>Limited Claim Expenses Coverage Environmental Endorsement</b>	<b>\$15</b>
<b>Limited Claim Expenses Coverage Fair Housing Endorsement</b>	<b>\$15</b>
<b>Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement</b>	<b>\$15</b>
<b>Higher Limits \$250,000 Per Claim /\$500,000 Aggregate</b> (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.	<b>(a) \$93 or (b) \$133</b>

**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)  
 Ext. 1 for Enrollment / Policy Administration    Ext. 2 for Claims    Ext. 3 for Excess