

South Dakota Real Estate Errors and Omissions Program
Underwritten by Continental Casualty Company and administered by Rice Insurance Services Company, LLC
NOTICE

Each real estate licensee who is actively licensed in South 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 coverage through the South Dakota Real Estate Commission's (SDREC's) group policy. Licensees may also obtain insurance independently, so long as the coverage complies with South Dakota's minimum requirements and the licensee obtains a certificate of coverage, which shall be filed with the SDREC pursuant to S.D.C.L. § 36-21A-122. If you currently have coverage through the SDREC's group policy, your coverage will expire on January 1, 2012. If coverage is not timely renewed or obtained under the group program or from another carrier, the SDREC will place your license on inactive status on the date your insurance coverage expires.

Enrollment: To maintain a superior program for the SDREC and its licensees, Rice Insurance Services Company, LLC (RISC) has an agreement with Continental Casualty Company, a CNA insurance company, to provide the SDREC's group program. 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 South Dakota licensees. **If you wish to participate in the group program, the one-year premium payment of \$182 per licensee is now due. You must enroll through the SDREC. You may enroll by mail by sending your completed enrollment form (on back), along with your premium made payable to the SDREC, to the SDREC. You may also enroll online by visiting the SDREC's website, www.sdrec.sd.gov, and following the appropriate link. The premium is fully earned upon the policy's inception and no refunds will be issued after that date.** Please contact your broker to verify that your company participates in the group plan before submitting your premium.

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 \$500 deductible for claim expenses. **ACTIVE** licensees (salespersons, broker associates, brokers, property managers, residential rental agents, and auctioneers) are **REQUIRED** to carry E&O insurance. Before activation of a license, a prospective licensee is required to obtain insurance coverage. Firms are not required to carry E&O insurance. **INACTIVE** licensees are not required to have E&O insurance. However, licensees with expiring policies may want to purchase an Optional Extended Reporting Period Endorsement (see below).

All licensees are urged to read the entire policy and examine the portion of the policy entitled "**Exclusions.**" A copy of the **Sample Policy**, a **Brochure**, information about **Optional Coverages**, and additional information regarding the group program are available on our website, www.risceo.com, or by calling us at (800) 637-7319 (ext. 1).

Optional Coverages: The following optional coverages are available for purchase. To obtain optional endorsement(s), please indicate your selection(s) on the enrollment form (on back) and enclose the appropriate fee when you send your enrollment to the SDREC.

- 1. Appraisal Endorsement:** Available to active real estate licensees who also have an active appraisal license to amend the policy's definition of professional services to include services performed pursuant to your appraisal license.
- 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.
- 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.
- 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.
- 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:** The policy applies to professional services performed under the licensee's South Dakota real estate license and for which the licensee is required to have a real estate license. The policy excludes activities as a property manager that do not require a real estate license. An endorsement is available to add specific property management services to the policy's definition of professional services for an additional premium (fully earned and inclusive of taxes) of \$150.

Extended Reporting Periods (ERPs): Automatic ERP. The SDREC's current group policy, which expires on January 1, 2012, provides that a licensee who has purchased coverage through that policy will be insured for claims made and reported within 90 days of the expiration date if the licensee does not renew coverage because he/she has retired, placed his/her license on inactive status, or allowed his/her license to expire, provided the act, error, or omission upon which the claim is based took place after the "retroactive date" and before the policy expired. **Optional ERP Endorsement** is available to licensees who are currently insured with the SDREC's group policy and are not renewing coverage for any reason. Such licensees may purchase an ERP Endorsement within 90 days after the termination of the licensee's policy. ERP Endorsements are available to extend the policy's reporting date one, two, or three years. An ERP Endorsement is important because many professional liability claims are not made until years after the underlying transaction occurred. The fee to obtain a one-year ERP Endorsement is \$165 (plus any applicable endorsement premium), a two-year endorsement is \$247.50 (plus any applicable endorsement premium), and a three-year endorsement is \$330 (plus any applicable endorsement premium). Please contact RISC at (800) 637-7319 (ext. 1) if you have any questions or would like to obtain this endorsement.

Enhanced Excess Program for Firms: We offer South Dakota firm "excess" policies with limits of \$250,000, \$500,000, or \$1,000,000. In addition to traditional excess coverage, our excess program automatically offers these key features at no additional cost: (1) **Environmental Hazards Claims Coverage** up to a sublimit of \$100,000 for claims seeking damages alleging failure to advise of the existence of pollutants, asbestos, radon, or lead and (2) **Discrimination Claims Coverage** up to a sublimit of \$100,000 for claims alleging discrimination in the performance or failure to perform professional services. Additionally, the program offers these optional coverages for additional premium: (1) **Residential Ownership Coverage Endorsement**, which provides coverage up to a sublimit of \$250,000 for claims related to the sale of residential properties owned or partially owned by the firm's licensees and (2) **Enhanced Lockbox Coverage Endorsement**, which provides coverage up to a sublimit of \$50,000 for lockbox claims. The principal broker or officer of the firm must complete an excess application form to obtain a quote for firm excess coverage. All licensees of the firm must participate in the group program to qualify for firm excess coverage. Please contact us for more information.

Claims Made Policy: This is a claims made policy. Failure to report claims timely may violate the policy's conditions and jeopardize coverage. The policy does not provide coverage for claims first made before the beginning or after the end of your individual policy period, unless an extended reporting period applies. Nor does it provide coverage if, prior to the policy's inception date, you had a basis to believe that any 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 SDREC may place your license on inactive status. Additionally, you may lose a valuable feature of the group program, **prior acts coverage**. Whether you have coverage for acts that occurred prior to the policy's effective date is determined by your retroactive date. Your retroactive date is the date you first obtained E&O coverage and since which you have continuously maintained such coverage, with no gaps. A claim involving prior acts may be considered for coverage so long as the negligent act, error, or omission occurred after your retroactive date. Maintaining continuous coverage is essential 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 same as their effective date, which is the actual date the SDREC receives and accepts the premium. If you missed timely renewal, call RISC immediately and see if you qualify for reinstatement of coverage back to the inception of the group 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 guidelines 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 protect yourself from uncovered claims.**

CNA is a service mark and trade name registered with the US Patent and Trademark Office. The program referenced herein is underwritten by Continental Casualty Company, a CNA insurance company. This information is for illustrative purposes only 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. This program is only available in South Dakota. ©2011

For Office Use Only	
Date Received	
Amount Received	
Receipt Number	

South Dakota Real Estate Errors and Omissions Program: 2012 LICENSEE ENROLLMENT FORM

The South Dakota Real Estate Commission (SDREC) processes all enrollments. You may enroll by mail by sending this Enrollment Form with your payment directly to the SDREC at 221 W Capitol, Suite 101, Pierre, SD 57501. You may also enroll online by visiting the SDREC's website, www.sdrec.sd.gov, where a link is available to renew or obtain E&O coverage through the group program.

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 send each insured licensee a Certificate of Coverage upon receipt of payment information from the SDREC. It is 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 time. If you have any questions or would like additional information, please visit our website, www.risceo.com, or call us at (800) 637-7319 (ext 1).

Name:	License #:
Company:	Email:
Address:	Telephone #: () - (w)
	Telephone #: () - (h)
City, State, Zip:	Fax #: () -
	SS #: (optional)

Payment Type	Unit Price	Amount Due
Premium (January 1, 2012 to January 1, 2013)	\$182	\$182
Optional Coverages Below:		
Appraisal Endorsement: You must have both an active real estate license and an active appraisal license to be eligible for this endorsement.	\$200	
Conformity: If you are a resident of South Dakota, circle all other states listed below where you are licensed and need proof of E&O coverage. You must be a resident of South Dakota to be eligible for this endorsement. CO ID IA KY LA MS NE NM ND TN* RI WY <i>*TN conformity is no longer available to some licensees due to TN regulations. Please contact RISC for details about obtaining coverage for a TN license.</i>	\$15 (Regardless of number of states at time of issuance)	
Limited Claim Expenses Coverage Environmental Endorsement: \$2,500 per claim/\$5,000 aggregate for claim expenses for covered environmental claims.	\$15	
Limited Claim Expenses Coverage Fair Housing Endorsement: \$2,500 per claim/\$5,000 aggregate for claim expenses for covered fair housing claims.	\$15	
Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement: \$2,500 per complaint/\$5,000 aggregate for claim expenses for covered regulatory complaints.	\$15	
Property Management Endorsement	\$150	
Total (premium + any optional coverages)		\$ _____

Please submit this form with your payment to the South Dakota Real Estate Commission at the address below:

**South Dakota Real Estate Commission
221 W Capitol, Suite 101, Pierre, SD 57501**

(Please make your check or money order payable to: South Dakota Real Estate Commission)

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

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 insurance carrier before your current policy period expires.

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 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 understands and agrees that the completion of this application does not bind the Company to issue a policy. 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.

Coverage will be effective no sooner than the later of January 1, 2012 or the day after the postmarked date of the *completed application and premium*. Please indicate if another coverage date is requested (leave blank if you are currently insured through the SDREC's group program or if you would like an effective date of January 1, 2012): _____.

The undersigned understands that all premiums are fully earned at policy inception. The deductibles will be due in accordance with the policy's provisions. 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: _____