

# Tennessee Real Estate Licensees Errors and Omissions Program

Underwritten by Continental Casualty Company and Administered by Rice Insurance Services Company, LLC  
Please See Policy Forms and Program Information on our Website: [www.risceo.com](http://www.risceo.com)

## NOTICE

According to TCA 62-13-112, each real estate broker, affiliate broker and timeshare salesperson who is actively licensed in Tennessee 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 produced for inspection upon request of the Commission). Upon application for issuance or renewal of an active license, you must certify that you are in compliance with the insurance requirements of this chapter. If you currently have coverage with the Commission's group policy, your coverage will expire on January 1, 2011. Tenn. Code Ann. § 62-13-312(b) (15) requires principal brokers to adequately supervise all affiliate brokers at their firm. All principal brokers who fail to ensure their affiliate brokers maintain errors and omissions insurance are in violation of this section and will be disciplined by agreed citation with a civil penalty in the amount of one thousand dollars (\$1,000.00) per uninsured affiliate broker. If coverage under the policy is not purchased by December 31, 2010 or the Commission has not received proof that the licensee has obtained the required coverage from another qualified insurance provider, the Commission will NOT RENEW the license on active status. The licensee must file a TREC Form 1 to change their license status to inactive/retired prior to expiration of the license on December 31, 2010.

**Enrollment for Errors and Omissions Insurance:** In order to maintain a superior program for the Tennessee Real Estate Commission's official group program, Rice Insurance Services Company, LLC (RISC) has an agreement with Continental Casualty Company (CCC), one of the CNA insurance companies, to provide its policy for the Tennessee 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 Tennessee licensees. **The two-year premium payment of \$230 per licensee is now due, if you wish to participate in the group program.** Licensees joining the group program after January may pay a prorated premium. Please contact RISC for the proper premium amount. Paying your premium late may cause a break in coverage and/or noncompliance with the mandatory insurance requirement. The Commission requires that you purchase coverage by December 31, 2010 for January enrollment.

The group program provides the required limits of \$100,000/\$300,000 per licensee with a \$1,000 deductible for damages. **ACTIVE** licensees (brokers and salespersons) 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 but 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 inception date. Note all payments for coverage must be mailed and made payable to RISC, or you may enroll online at [www.risceo.com](http://www.risceo.com).** A brochure is enclosed for your review. A sample policy and additional information is also available on our website [www.risceo.com](http://www.risceo.com).

All Insured Licensees 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. Additional information regarding the group program, including a **Brochure**, a copy of the **Sample Policy** and **Optional Coverages**, is available on our website, [www.risceo.com](http://www.risceo.com). Information about our **New Enhanced Excess Program for Firms** is sent to each principal broker.

**Optional Coverages Available:** To obtain optional endorsement(s), please indicate your selection(s) on the enrollment form (on back) and enclose the appropriate fee. Endorsements are not available for firm license coverage (except resident firm licensees may purchase the conformity endorsement for another mandated state requiring firm license coverage). Note all payments for coverage must be mailed and made payable to RISC or you may enroll online at [www.risceo.com](http://www.risceo.com).

**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 license inactive or allows license to expire, the January 1, 2009—January 1, 2011 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. Insured Licensees with coverage expiring January 1, 2011 may obtain an ERP endorsement for one year (\$115 plus any applicable endorsement premium), for two years (\$172.50 plus any applicable endorsement premium) or three years (\$230 plus any applicable endorsement premium). Please contact us at (800) 637-7319, ext 1, to obtain an ERP Enrollment Form and determine the appropriate premium due if you would like to obtain this coverage.

**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:** Tennessee 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.**

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, one of the CNA insurance companies. 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 Tennessee. ©2010

## 2011 TENNESSEE LICENSEE ENROLLMENT FORM

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 [www.risceo.com](http://www.risceo.com) or call us at (800) 637-7319, ext 1.

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

Payment Type	Unit Price	Amount Due
<b>Premium</b> (Coverage expires 1/1/2013)	Refer to Prorated Premium Chart	\$ _____
<i><b>OPTIONAL COVERAGES BELOW:</b> Please note that the optional coverages (other than conformity for other mandated states) are not available for firm licenses.</i>		
<b>Conformity:</b> Circle all <b>other mandated states</b> where you are licensed and need proof of E&O coverage. This extension does not apply if you are a non-resident of Tennessee. (2 year: 1/1/11–1/1/13) <b>Please circle applicable state(s) below:</b> <b>CO IA ID LA KY ND NE NM RI SD WY</b>	<b>\$40</b> (Regardless of the number of states at time of issuance)	
<b>*MREC</b> accepts conformity only if your current MS license was issued on or before July 1, 2007. <b>Only if you meet the requirement are you eligible will you be eligible for the endorsement.</b> Please contact us at 800-637-7319 ext 1 if you have any questions.	<b>\$40</b> (If meet the requirement)	
<b>Appraisal Endorsement</b> (2 year: 1/1/11–1/1/13) ( <i>only applies for active real estate licensees</i> )	<b>\$200</b>	
<b>Property Management Endorsement</b> (2 year: 1/1/11–1/1/13)	<b>\$300</b>	
<b>Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement</b> (2 year: 1/1/11 – 1/1/13) (\$2,500 per claim/\$5,000 aggregate for claims expenses)	<b>\$40</b>	
<b>Fair Housing Endorsement</b> (2 year: 1/1/11–1/1/13) (\$10,000 per claim/\$10,000 aggregate for damages & claims expenses)	<b>\$50</b>	
<b>Environmental Endorsement</b> (2 year: 1/1/11 – 1/1/13) (\$10,000 per claim /\$10,000 aggregate for damages & claims expenses)	<b>\$50</b>	
<b>Limited Claim Expenses Coverage Earnest Money Dispute Endorsement</b> (2 year: 1/1/11–1/1/13) (\$2,500 per claim/\$5,000 aggregate for claims expenses)	<b>\$40</b>	
<b>Higher Limits \$250,000 Per Claim / \$750,000 Aggregate</b> (2 year: 1/1/11–1/1/13) (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 <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>	<b>\$120; or \$170</b>	
<b>Total (add \$230 premium + any optional coverages)</b>		\$ _____

We will verify coverage with the Tennessee 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.** All premium payments must be mailed to the address below. Please allow at least ten (10) business days for processing.

You may **ENROLL ONLINE** at [www.risceo.com](http://www.risceo.com) and download your Certificate of Coverage immediately. Please note that there is a non-refundable \$5 convenience fee for online enrollments.

If you wish to enroll by mail, please make your check or money order payable to: RISC  
Include check and this Enrollment Form and Mail 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 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

**TENNESSEE**  
**Prorated Premium Chart**  
 January 1, 2011– January 1, 2013

Effective Date	Premium	Effective Date	Premium
JANUARY 2011	\$230	JANUARY 2012	\$115
FEBRUARY 2011	\$220	FEBRUARY 2012	\$105
MARCH 2011	\$211	MARCH 2012	\$ 96
APRIL 2011	\$201	APRIL 2012	\$ 86
MAY 2011	\$192	MAY 2012	\$ 77
JUNE 2011	\$182	JUNE 2012	\$ 67
JULY 2011	\$173	JULY 2012	\$ 58
AUGUST 2011	\$163	AUGUST 2012	\$ 48
SEPTEMBER 2011	\$153	SEPTEMBER 2012	\$ 38
OCTOBER 2011	\$144	OCTOBER 2012	\$ 29
NOVEMBER 2011	\$134	NOVEMBER 2012	\$ 19
DECEMBER 2011	\$125	DECEMBER 2012	\$ 10

<b>OPTIONAL COVERAGES BELOW:</b> Please note that the optional coverages (other than conformity for other mandated states) are not available for firm licenses. Optional Coverages cannot be prorated.	<b>2011</b>	<b>2013</b>
Conformity: This extension does not apply if you are a non-resident of Tennessee. CO IA ID LA KY ND NE NM RI SD WY <i>*MS conformity is no longer available to some licensees due to recent changes in MS requirements. Please contact RISC for details about obtaining coverage for your MS license.</i>	\$40 (Regardless of the number of states at time of issuance)	\$20 (Regardless of the number of states at time of issuance)
Appraisal Endorsement (only applies for active real estate licensees)	\$200	\$100
Property Management Endorsement	\$300	\$150
Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement \$2,500 per claim / \$5,000 aggregate	\$40	\$20
Fair Housing Endorsement \$10,000 per claim / \$10,000 aggregate	\$50	\$25
Environmental Endorsement \$10,000 per claim / \$10,000 aggregate	\$50	\$25
Limited Claims Expenses Coverage Earnest Money Disputes Endorsement \$2,500 per claim / \$5,000 aggregate	\$40	\$20
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 <i>*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.</i>	\$120; or \$170	\$60; or \$85

**It is faster and easier to Enroll Online at [www.risceo.com](http://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 enrollments.  
**Please note that we are unable to accept any payments over the telephone.**

Please send 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)**