

## Your E&O Policy

### **Knowing When a Claim Is Made and How to Report It**

Understanding your real estate errors and omissions (E&O) policy is extremely important. In the event you have a claim, your coverage may depend on timing and proper reporting. Your current group policy is written on a "**claims-made and reported**" basis. This means that coverage is provided only for those **claims** that are **made** against you and reported to the insurance company during the policy period.

Many people are familiar with "**occurrence**" policies. Homeowners and automobile policies are typically written on an occurrence basis. This means coverage is provided for losses which occurred during the time the policy is in force. To illustrate, assume you were involved in a car accident in September 2010 and are served with a lawsuit related to that accident in March 2011. Since your automobile coverage is written on an occurrence basis, you must report this claim to the insurance company which provided your coverage in September 2010 (the date of the occurrence). Coverage for this claim will be determined by the terms of your 2010 policy.

In a real estate E&O claim, if you were the listing agent for the sale of a home that closed in September 2010 and you were served with a lawsuit related to that sale in March 2011, since your E&O coverage is written on a **claims-made and reported** basis, you must report the claim to the insurance company which provided your coverage in March 2011, the date the claim was made. Coverage will be determined by the terms of your 2011 policy.

It is important to know **when** a claim has been made under the terms of your policy and to report it promptly. Under the group policy issued by Continental Casualty Company and administered by Rice Insurance Services Company, LLC (RISC), coverage is provided for a written claim first made against you (the insured) and reported to the insurance company during the policy period. A claim is a written demand for money or services received by you, or service of a lawsuit or institution of arbitration or mediation proceedings against you, seeking damages and alleging a negligent act, error or omission in the performance or failure to perform professional services as a real estate licensee.

If, for example, you are served with a lawsuit in March 2011, but received a letter from the buyer of the property demanding money to make repairs in September 2010, then the claim was actually "made" in September 2010. Since the claim was made on the date the initial letter was received, it should have been reported to the insurance company that provided the coverage in September 2010.

The type of policy you have, determines when and how a claim must be reported. Your current group policy requires the claim to be reported to the insurance company, in writing, during your policy period. The Insured must give written notice by submitting a completed Notice of Claim Form to the Company as soon as possible after the claim is first made but in no event more than ninety (90) days after you become aware of such claim. Such written notice shall include your name as a licensee and shall include the time, place and details of the claim. Failure to report a claim in a timely manner could jeopardize the coverage provided by the policy. RISC utilizes a simple claim reporting form that is located on its website [www.risceo.com](http://www.risceo.com), however, for assistance reporting a claim, please call (800) 637-7319.

*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.*