

# Colorado Real Estate Errors and Omissions Program

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

As a condition of licensing, each real estate broker who is actively licensed in Colorado must carry and maintain errors and omissions (E&O) insurance to cover all licensed activities. Licensees may obtain E&O insurance through the Colorado Real Estate Commission's (CREC's) group program. Licensees may also obtain coverage independently, if the coverage complies with the state's minimum requirements and proof of coverage is filed with the CREC. If coverage under the group program or an independent policy is not timely obtained or renewed, the CREC will place the license on inactive status and may assess fines and penalties.

**Enrollment in the CREC's Group Program:** Rice Insurance Services Company, LLC (RISC) was selected to provide the CREC's official group program. RISC has an agreement with Continental Casualty Company, a CNA insurance company, to offer Continental Casualty Company's policy to Colorado 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 result in a quality program for Colorado licensees. **The one-year premium is \$243.00 per licensee. The premium is fully earned upon the policy's inception and cannot be refunded after that date.** 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 noncompliance with the mandatory insurance requirement. All premiums must be mailed and made payable to RISC, unless you enroll online.

The group program provides the required limits of \$100,000 per claim and \$300,000 in the aggregate per licensee with a \$1,000 damages deductible. There is no deductible for claim expenses. **ACTIVE** licensees (including brokers and licensed real estate firms) are **REQUIRED** to carry E&O insurance. Before activation of a license, a prospective licensee must obtain insurance coverage. **INACTIVE** licensees are not required to have E&O insurance. However, licensees whose coverage under the group program is expiring 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 **Sample Policy, Brochure**, and information about **Free Automatic Endorsements** and **Optional Coverages** are available on our website, [www.risceo.com](http://www.risceo.com), or you may call us at (800) 637-7319 (ext 1).

**Automatic Coverages:** The policy automatically includes the following coverages at no additional cost: **(1) Primary Residence.** Coverage for the sale or listing of the licensee's primary residence up to policy limits; **(2) Fair Housing/Discrimination.** Sublimits of \$30,000 per claim, up to a \$30,000 aggregate, for damages and claim expenses for fair housing discrimination claims; **(3) Earnest/Escrow Money Disputes.** Sublimits of \$10,000 per claim for damages and claim expenses, up to a \$25,000 aggregate, for earnest/escrow money claims under certain conditions; **(4) Lock Box.** Sublimits of \$100,000 per claim for damages, up to a \$300,000 aggregate, for lock box property damage claims; **(5) Regulatory Complaints Endorsement.** Sublimits of \$2,500 for claims expenses, up to \$5,000 aggregate for regulatory complaints; **(6) Subpoena Assistance Endorsement.**

**Other Automatic Features: Circumstance Reporting.** Licensees may report a potential claim prior to receipt of written demand for money or services. **Franchise.** The policy includes a real estate franchisor in the definition of insured. We also offer franchise endorsements upon request, for no additional cost, if you need specific language to satisfy franchisor requirements.

**Optional Coverages Available:** You can purchase optional coverages when you enroll in the group program online at [www.risceo.com](http://www.risceo.com). If you prefer to purchase optional coverages by mail, please indicate your selection(s) on the enrollment form (on back), enclose the appropriate fee, and mail your check made payable to RISC to the address on the enrollment form.

**New, Reduced Premium for Property Management Endorsement:** We are pleased to offer the Property Management Endorsement at the new, reduced premium of \$25 and hope that many licensees will take advantage of this valuable coverage at such an affordable price. As always, the policy includes coverage for activity that requires a real estate broker's license, including renting or leasing real property. However, many activities performed by property managers do not require a license and are, therefore, outside of the basic policy's coverage. The property management endorsement broadens the services to which the policy applies to include specific services that are incident to property management but do not require a real estate license (such as oversight of physical maintenance of property).

**Increased Limits Available:** Individual licensees may purchase higher limits of \$250,000 per claim with a \$750,000 aggregate or \$500,000 per claim with a \$1,000,000 aggregate when they enroll online or by mail. No separate application is required. Licensees whose real estate activity is at least 75% residential sales and who have had no claims in the past 5 years may purchase the \$250,000/\$750,000 option for an additional premium of \$170 or the \$500,000/\$1,000,000 option for \$279. Licensees whose real estate activity is less than 75% residential sales or who have had a claim in the past 5 years may purchase the \$250,000/\$750,000 option for \$203 or the \$500,000/\$1,000,000 option for \$321.

Additionally, we offer firm excess policies with limits of \$250,000, \$500,000, \$1,000,000, or \$2,000,000. Rates for the firm excess program will be provided following submission of an excess application by the firm's principal broker or officer and underwriting approval by the carrier. Information about our **Enhanced Excess Program for Firms** is sent to each principal broker. If you are interested in excess coverage for your firm, please contact us at (800) 637-7319 (ext. 3).

**Extended Reporting Period (ERP): Automatic Extended Reporting Period.** If a licensee retires, places his/her license on inactive status, or allows his/her license to expire, the 2011 group policy provides the licensee will be insured for claims made and reported within 90 days of the expiration date, if the error or omission upon which the claim is based occurred after the policy's "retroactive date" and before the expiration date. **Optional Extended Reporting Period Endorsement.** An endorsement is available for licensees who are currently insured through the CREC's 2011 group program but are not renewing coverage under the 2012 group program. In case of non-renewal for any reason, an insured may purchase an ERP endorsement within 90 days after the termination of the licensee's policy. An ERP Endorsement is important because many professional liability claims are not made until years after the underlying transaction occurred. Licensees with coverage expiring under the 2011 group program on January 1, 2012 may obtain an ERP endorsement for 1 year (\$243 plus any applicable endorsement premium), for 2 years (\$364.50 plus any applicable endorsement premium), or 3 years (\$486 plus any applicable endorsement premium). If you are interested in an ERP Endorsement, please contact us at (800) 637-7319 (ext. 3) or visit our website at [www.risceo.com](http://www.risceo.com).

**Claims Made Policy Form:** The policy is written on a claims made policy form. The policy does not provide coverage for claims first made before the beginning or after the end of your individual policy period. Nor does the policy 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. All claims must be reported timely in accordance with the policy's requirements. Failure to report a claim timely may jeopardize coverage under the policy. 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 on reporting a claim. 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:** If you do not pay your premium timely, the CREC will inactivate your license and may assess penalties or fines. Additionally, you will lose a valuable feature of the group program, **prior acts coverage**. The "retroactive date" of your policy determines whether or not you have coverage for acts that occurred prior to the date you purchase coverage. Your "retroactive date" is the date you first obtained E&O coverage and since which have continuously maintained such coverage, with no gaps. If you failed to purchase coverage timely, call RISC immediately to see if you qualify for reinstatement of your coverage back to the inception of the group policy period. This may avoid a gap in coverage and loss of your retroactive date. However, curing a gap in coverage will not correct any failure to comply with Colorado's mandatory insurance laws. **Always pay your premium on time to protect yourself from uncovered claims and to avoid a gap in coverage, 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 Colorado. ©2011

**2012 COLORADO REAL ESTATE COMMISSION GROUP ERRORS AND OMISSIONS POLICY  
INDIVIDUAL LICENSEE ENROLLMENT FORM**

You may enroll by mail using this form or online at [www.risceo.com](http://www.risceo.com). If you enroll online, you may download your Certificate of Coverage immediately. Note there is a nonrefundable \$5 fee for online enrollment. To enroll by mail, complete this form (including the bottom portion) and send it with your premium payment to Rice Insurance Services Company, LLC. Please do not submit your premium to the Colorado Real Estate Commission (CREC). Premium is fully earned on the inception date and no refunds are permitted after that time. We will verify coverage with the CREC, but it is your responsibility to provide verification to other commissions and entities. Allow at least 10 business days for processing. If you have any questions or would like additional information, please visit our website or call us at (800) 637-7319 (ext. 1).

Name:	License: Prefix:	#:	pending	<input type="checkbox"/>
Firm:	Email:			
Address:	Telephone #: (     )	-	(w)	
	Telephone #: (     )	-	(h)	
City, State, Zip:	Fax #: (     )	-		
	SS #:	-	-	(optional)

Payment Type	Unit Price	Amount Due
<b>Premium ( Coverage Expires January 1, 2013)</b>	<b>Please refer to Prorated Premium Chart</b>	<b>\$ _____</b>
<i>OPTIONAL COVERAGES BELOW:</i> Please note that optional coverages (except conformity for other mandated states) are not available to firm licensees.		
<b>Conformity:</b> If you are a resident of CO, circle all other states where you are licensed and need proof of E&O coverage. You must be a resident of CO to qualify for this endorsement. <b>IA ID KY LA MS NE NM ND RI SD TN* WY</b> <i>*Not all licensees will qualify for TN conformity due to TN regulations. Please contact RISC for details about obtaining coverage for your TN license.</i>	<b>\$20</b> (Regardless of # of states at the time of issuance.)	
<b>Appraisal Endorsement:</b> Only applies to active real estate licensees who also have active appraisal licenses.	<b>\$140</b>	
<b>Leasing and Property Management Endorsement – New Reduced Price!</b>	<b>\$25</b>	
<b>Limited Claim Expenses Coverage Regulatory Complaints Endorsement:</b> \$2,500 per claim / \$5,000 aggregate (claim expenses only). <b>NEW FILING – Endorsement will be attached automatically for 2012.</b>	<b>Automatic will be FREE for 2012</b>	<b>Automatic will be FREE for 2012</b>
<b>Subpoena Assistance Endorsement: NEW FILING –</b> Provides representation by legal counsel if the insured receives a covered subpoena in a lawsuit related to a transaction in which the insured provided professional services, even if no claim has been made.	<b>Automatic will be FREE for 2012</b>	<b>Automatic will be FREE for 2012</b>
<b>Limited Claim Expenses Coverage Environmental Endorsement:</b> \$2,500 per claim / \$5,000 aggregate (claim expenses only). <b>NEW FILING – Limits will be increased to \$10,000 per claim / \$20,000 aggregate (claim expenses only) effective January 1, 2012.</b>	<b>\$20</b>	
<b>Increased Limits Endorsement: \$250,000 Per Claim / \$750,000 Aggregate</b> See below for instructions on selecting Premium (a) or Premium (b)	<b>(a) \$170 or (b) \$203</b>	
<b>Increased Limits Endorsement: \$500,000 Per Claim / \$1,000,000 Aggregate</b> See below for instructions on selecting Premium (a) or Premium (b)	<b>(a) \$279 or (b) \$321</b>	
Premium (a) 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 Premium (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>Total (add prorated premium + optional coverages)</b>		<b>\$ _____</b>

If you have any knowledge of any act, error, omission, fact, or situation that might give rise to a claim, 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. 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 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.

The undersigned understands that all premiums are fully earned at policy inception. The deductible shall be due in accordance with the policy provisions. The undersigned agrees to reimburse the Company for any and all costs and expenses it may incur by employing a collection agency to collect any overdue deductible.

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. Requested effective date, if different 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 (if applicable, please leave blank): \_\_\_\_\_.

**SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**2012 COLORADO REAL ESTATE COMMISSION GROUP ERRORS AND OMISSIONS POLICY**  
**Administered by Rice Insurance Services Company, LLC and Issued by Continental Casualty Company**

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

Effective Date of Coverage	Premium
JANUARY 2012	\$243
FEBRUARY 2012	\$223
MARCH 2012	\$203
APRIL 2012	\$182
MAY 2012	\$162
JUNE 2012	\$142
JULY 2012	\$122
AUGUST 2012	\$101
SEPTEMBER 2012	\$81
OCTOBER 2012	\$61
NOVEMBER 2012	\$41
DECEMBER 2012	\$20

<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>Conformity:</b> If you are a resident of CO, circle all other states where you are licensed and need proof of E&O coverage. You must be a resident of CO to qualify for this endorsement. <b>IA ID KY LA MS NE NM ND RI SD TN* WY</b> <i>*Not all licensees will qualify for TN conformity due to TN regulations. Please contact RISC for details about obtaining coverage for your TN license.</i>	<b>\$20</b> (Regardless of the number of states at the time of issuance)
<b>Appraisal Endorsement</b> (only applies for active real estate licensees)	<b>\$140</b>
<b>Leasing and Property Management Endorsement</b>	<b>\$25</b>
<b>Limited Claim Expenses Coverage Environmental Endorsement</b>	<b>\$ 20</b>
<b>Increased Limits Endorsement: \$250,000 Per Claim / \$750,000 Aggregate</b> See below for instructions on selecting Premium (a) or Premium (b)	<b>(a) \$170 or (b) \$203</b>
<b>Increased Limits Endorsement: \$500,000 Per Claim / \$1,000,000 Aggregate</b> See below for instructions on selecting Premium (a) or Premium (b)	<b>(a) \$279 or (b) \$321</b>
Premium (a) 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 Premium (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.	

**It is fast and easy 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 \$5 convenience fee for online enrollments.**  
 Please note that we are unable to accept any payments over the telephone.  
**Please send enrollment form with check or money order payable to: RISC**  
**Mailing Address: P.O. Box 6709, Louisville, KY 40206-0709**  
**Physical Address: 4211 Nourbourne Blvd, Louisville, KY 40207-4048**  
 Toll-free: (800) 637-7319 (Enrollment and Payment Information, Ext. 1; Claims Department, Ext. 2; Firm Excess, Ext. 3)  
 Fax: (502) 897-7174 Website: [www.risceo.com](http://www.risceo.com) Email: [info@risceo.com](mailto:info@risceo.com)