

Are You REALLY Protected by the State Group E&O Policy? YES!

The numbers speak for themselves: Continental Casualty Company, a CNA company, (CNA) has paid over **\$16 Million** in damages and defense costs on behalf of **Colorado** real estate licensees since January 1, 2004, when Rice Insurance Services Company, LLC (RISC) and CNA first began providing the Colorado Real Estate Commission's group errors and omissions (E&O) program.

Group Policy Features

Each licensee has unique insurance needs. We have tailored the Colorado group policy (adding new automatic endorsements at no additional cost) to provide coverage that exceeds state requirements for an affordable premium of \$243. We also offer additional optional endorsements at reasonable rates, so you can choose the coverages you want.

*****NEW Regulatory Complaints (Disciplinary Proceedings):** Coverage for defense costs of \$2,500 per complaint, up to a maximum of \$5,000, for covered regulatory complaints will be included **automatically** by endorsement at **no additional cost** effective January 1, 2012 pursuant to a new filing with the Colorado Division of Insurance.

*****NEW Subpoena Coverage:** The group policy will **automatically** include **unlimited** coverage for attorneys' fees in connection with responding to covered subpoenas arising out of professional services. Unlike other programs that offer limited subpoena coverage, there will be **no cap on attorneys' fees paid in connection with covered subpoenas** under the group policy. This coverage will be included at **no additional cost** effective January 1, 2012 pursuant to a new filing with the Colorado Division of Insurance.

*****NEW Environmental Claims Coverage:** Individual licensees may purchase a \$20 endorsement that provides coverage for claim expenses for covered claims alleging failure to detect, report, or assess the effects of or advise of the existence of pollutants, fungi, or microbes. The endorsement's limits will **automatically be increased to \$10,000 per claim with a \$20,000 aggregate**, effective January 1, 2012 pursuant to a new filing with the Colorado Division of Insurance.

Deductible: Unlike some policies that charge a deductible for each wrongful act, under the group policy there is **only one \$1,000 damage deductible per claim, regardless of the number of wrongful acts alleged**. There is no deductible for claim expenses. Further, **if a claim involves more than one licensee associated with the same real estate firm, only one damage deductible applies**, which is shared among the licensees involved in the claim.

Lock Box Coverage: The group policy **automatically** includes sublimits of liability of \$100,000 per claim, up to \$300,000 in the aggregate, for property damage and loss of use of property arising from covered lock box claims. There is no deductible and no limit on the amount of claim expenses paid for lock box claims.

Fair Housing/Discrimination Coverage: The group policy includes **automatic** sublimits of liability of \$30,000 per claim, \$30,000 aggregate for damages and claim expenses on covered fair housing or discrimination claims.

Escrow/Earnest Money Coverage: The group policy **automatically** includes sublimits of liability of \$10,000 per claim, \$25,000 aggregate, for damages and claim expenses relating to covered escrow/earnest money claims.

Primary Residence Coverage: The group policy provides coverage for the sale or listing of an insured licensee's primary residence, if the sale or listing is performed under the licensee's real estate license and supervised by the licensee's employing broker or firm.

Conformity Coverage: A conformity endorsement is only needed if you are actively licensed in another state that requires E&O coverage. In that event, you may purchase a \$20 endorsement to conform your group policy to comply with the other state's requirements. You must be domiciled in Colorado to be eligible for the conformity endorsement. **If you are domiciled in Colorado, the group policy automatically applies to services performed anywhere you have an active real estate license, provided the services would require a license in Colorado.**

Property Management Coverage: The group policy insures your professional services that require a real estate license (such as renting or leasing real property). For only \$25, individual licensees may purchase an endorsement to expand the definition of professional services to include additional, specified acts, which don't require a real estate license and are often performed by property managers (such as oversight of physical maintenance of property). The total premium for the basic policy and property management endorsement premium is only \$268.

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Things to Consider When Comparing Policies:

- ❖ **How much has the insurance carrier paid out for Colorado real estate E&O claims in recent years?**

CNA, the current carrier for the state group policy has paid over \$16 Million in damages and defense costs on behalf of Colorado real estate licensees since January 1, 2004.

- ❖ **How much real estate E&O insurance experience do the insurance provider and insurance carrier have?**

RISC, the insurance provider, was founded by the Rice family in 2000. The Rice family and their colleagues have specialized in mandated real estate E&O programs since 1989. RISC provides group policies in 11 of the 13 states that have a group program and require all active real estate licensees to maintain insurance. Real estate E&O is all we do, so we have developed specialized knowledge in this field. Our staff members collectively have more than 150 years of experience in this business, providing a valuable resource to our insureds. We administer all aspects of the program, including policy issuance, policy administration, customer service, and claims handling. We support you through the entire process, from purchasing a policy to resolving claims.

CNA, the insurance carrier, has more than 50 years of experience in E&O programs, including over 20 years in real estate E&O. CNA is the top provider of real estate liability insurance, delivering more than 100 years of experience, industry knowledge, and the financial strength to manage even the most complex risks.

- ❖ **How long has the insurance provider worked with their current insurance carrier?**

We have partnered with CNA to provide real estate E&O programs for more than 10 years. RISC and CNA take pride in providing consistent coverage and highly-praised claims handling for real estate licensees at reasonable prices. Some people assume insurance companies look for reasons to deny coverage. Our duty to protect you by finding coverage where the policy supports it is our utmost concern.

- ❖ **What does the policy cover?**

The most accurate representation of what a policy covers is the policy itself. Accordingly, we recommend you review a sample of any insurance policy that you are considering purchasing. A sample copy of our policy is available on our website, www.risceo.com, along with information about specific policy features. If you prefer, you may call us to request a sample policy and additional information about policy features. If a carrier cannot provide you with a copy of its policy, then the policy may not be approved by the Colorado Division of Insurance.

In addition to having our sample policy available to all licensees, we are happy to answer your questions. Most insurance providers use one entity to sell the policy and another to handle claims. Because we do both, the information we provide about the policy reflects how it will actually apply in the event of a claim. Providers who do not administer claims may not know how the carrier actually applies the policy when a claim is made.

- ❖ **Why should I support the state group insurance program?**

The state group program offers affordable real estate E&O insurance to each and every licensee by spreading the risk over a large number of insureds. Without the group program's low premium, other carriers have no incentive to offer real estate E&O policies at affordable prices. In states without a group program, real estate E&O insurance premiums may cost thousands of dollars and some licensees report being unable to obtain insurance at any price.