



IOWA REAL ESTATE COMMISSION'S (IREC's) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM

Administered by Rice Insurance Services Company, LLC (RISC)
Issued by Continental Casualty Company

502-897-1876 / 1-800-637-7319
4211 Norbourne Blvd., Louisville, KY 40207
P.O. Box 6709, Louisville, KY 40206
www.risceo.com

RISC is pleased to continue to provide the Iowa Real Estate Commission's group real estate errors and omissions (E&O) insurance program for Iowa licensees. After more than 25 years of service to real estate licensees, we hope that we have exceeded our insureds' expectations and continue to strive to do so. The insurance carrier, Continental Casualty Company, a CNA insurance company, is rated "A" Excellent by A.M. Best.

BASIC POLICY only \$148

Limits of Liability \$100,000 per claim / \$100,000 aggregate with NO deductible.

Increased Limits Available to Individual (Not Firm) Licensees:

\$250,000 per claim / \$750,000 aggregate (\$68 or \$88) or \$500,000 per claim / \$1,000,000 aggregate (\$127 or \$152).

AUTOMATICALLY INCLUDES

First Dollar Defense: Applies WITH NO CONDITIONS to all covered claims.

Defense Outside Limits: NO LIMIT on the amount of defense costs the carrier will pay in connection with claims covered under the basic policy (except under the fair housing/discrimination, environmental, escrow/earnest money, lock box, subpoena, and regulatory complaints coverages, which were traditionally not covered at all under many E&O policies).

Expanded Definition of Professional Services: The definition of professional services includes property management and services performed or advice given (including as a notary public and as a real estate consultant or counselor) in connection with licensed activity.

Firm / Franchise Coverage: Real estate firm and franchisor included in the definition of insured for vicarious liability for covered claims.

Spousal Coverage: Licensee's spouse or domestic partner considered an insured in certain situations.

Retroactive / Prior Acts Coverage: Insures prior transactions, provided you have maintained continuous real estate E&O insurance from the date of the professional services to the date the claim is first made.

Discrimination / Fair Housing Coverage: \$25,000 per claim / \$25,000 aggregate (damages & defense costs, combined).

Environmental Coverage: \$10,000 per claim / \$20,000 aggregate (damages & defense costs, combined).

Escrow / Earnest Money Coverage: \$5,000 per claim / \$10,000 aggregate (damages & defense costs, combined).

Lock Box Coverage: \$5,000 per claim / \$10,000 aggregate (damages & defense costs, combined).

Subpoena Coverage: Up to \$2,500 in attorneys' fees in connection with a covered subpoena (maximum for all subpoenas \$2,500).

Regulatory Complaints Coverage: \$2,500 per regulatory complaint / \$5,000 aggregate (defense costs).

Primary Residence Coverage: Coverage for the sale or listing for sale of the insured licensee's primary residence, under certain conditions.

Security Breach Supplementary Payment Coverage: Reimbursement to the real estate firm, regardless of the number of licensees or incidents involved, up to \$5,000 max for costs incurred to provide required notification to clients of a security breach when information may have been disclosed or used in an unauthorized manner. This is not coverage for the licensee's or licensee's family's personal identity theft risk.

OPTIONAL ENDORSEMENTS - INDIVIDUAL (NOT FIRM) LICENSEES

Appraisal: (\$200) Active Iowa real estate licensees who also have an active appraiser license may purchase an appraisal endorsement to add licensed appraisal services to the activity insured by the group policy.

Contingent Bodily Injury / Property Damage: (\$25) \$10,000 per claim / \$10,000 aggregate for damages and defense costs, combined, for bodily injury and property damage claims that arise from professional services under certain conditions.

Residential Personal Interest: (\$15) Provides coverage for claims relating to the sale or listing for sale of residential property owned by the licensee, the licensee's spouse, or a company owned by the licensee under certain conditions (a \$500 damage deductible applies to damage payments made under this endorsement).

OPTIONAL ENDORSEMENTS - INDIVIDUAL AND FIRM LICENSEES

Conformity: (\$15) Conforms your coverage under the Iowa group policy to comply with another mandated state's E&O requirements where you hold an active real estate license. To be eligible, you must be actually domiciled or treated as domiciled in Iowa under the policy.

WHERE INSURANCE APPLIES

For licensees domiciled in Iowa, the policy applies to professional services provided anywhere in the world, provided the licensee is duly licensed in the state where services were provided, and the services would require a real estate license had they been performed in Iowa. Licensees not actually domiciled in Iowa or not considered to be domiciled in Iowa under the policy terms are insured only for professional services rendered in Iowa.

FIRM EXCESS COVERAGE (Subject to Underwriting Approval)

Firm excess policies with \$1,000,000 limits available to firms whose licensees are all insured through the group program.

RISK REDUCTION MATERIAL

Available on our website. We incorporate our knowledge of the policy and extensive claims handling experience into educational articles and videos.

Visit our website, www.risceo.com, to enroll online, view sample policy and endorsement forms, and obtain additional information. Also feel free to contact us with any questions or concerns. We are always happy to hear from Iowa licensees.



We put the Experience and Options in E&O programs

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Please Support Your State Program

Over **\$8.5 Million** in defense costs and damages have been incurred as of September 1, 2018 since the current carrier began issuing the Iowa state group program in 2003. RISC and the carrier share a commitment to their insureds and providing valuable coverage to Iowa licensees. When shopping for insurance coverage it's important to ask about the company's experience and paid claims in Iowa. If a company is charging a very low amount, you may find the carrier doesn't provide much coverage or pay many claims.

The state group program offers affordable 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 premiums may cost thousands of dollars and some licensees report being unable to obtain insurance at any price.

Rely on the Most Experienced Provider in the Business

The Rice family and their colleagues have specialized in mandated real estate E&O programs since 1989. We provide group policies in the vast majority of states that have group programs and require licensees to maintain insurance. CNA has more than 50 years of experience in E&O programs, including over 30 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 financial strength to manage even the most complex risks. You can be confident we will be here for you even after you purchase coverage.

When a Claim is Made, Our Claims Adjusters Focus on You

Some people assume insurance companies look for reasons to deny coverage. Our duty to find coverage where the policy supports it is our utmost concern. 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 don't administer claims may not know how the carrier actually applies the policy when a claim is made.

We Stand by You Even if there is a Claim

You may be involved in a claim even if you did everything by the book. Some providers won't write your coverage if you have had a claim. Or if you have a claim, they may not renew your policy! There is no need to fear reporting a claim under our program. We understand that having a claim does not mean that you did anything wrong. Anyone can be involved in a transaction that goes sour. Never think that it can't happen to you. And we are here to help you if it does.

Our Revamped Website Makes Everything Easier

We are dedicated to exceptional customer service for all of our customers. Our website makes it easy and convenient to enroll in the group policy, learn more about the group program, and find risk reduction information. Take a look at our website and learn how RISC puts the Experience and Options in E&O programs.

Not All E&O Providers are the Same . . . Neither are All E&O Policies

Always Review the Actual Policy Provisions!

The most accurate representation of what a policy covers is the policy itself. We recommend that you review any policy you are considering and ask these questions:

Does the policy provide first dollar defense? Yes. Under the RISC policy, there is no deductible for damages or defense costs. Other policies may have stringent requirements that must be followed to qualify for first dollar defense.

Does the policy offer unlimited defense costs? Yes. Under the RISC policy, there is no limit on the amount of defense costs available to pay covered claims (except under the fair housing/discrimination, environmental, escrow/earnest money, lock box, subpoena, and regulatory complaint coverages, which were not traditionally covered at all under many E&O policies).

Does the policy insure transactions you do for relatives? Yes. The RISC policy applies to claims involving services performed for your parents; grandparents; siblings; aunts; uncles; cousins; children; and spouse's parents, grandparents, siblings, and children. This is important, since buyers and sellers often turn to a trusted relative who is a real estate licensee to represent them in a transaction.

Does the policy apply to claims relating to all types of real property? Yes. The RISC policy applies to any claim relating to professional services, regardless of the type of property involved. Other policies may limit coverage to a specific type of property, such as residential, or require additional premium for coverage for other kinds of property. Even if you currently handle only residential transactions, consider whether you are willing to forgo an opportunity to work with commercial property or farm land or to risk not having coverage for a claim resulting from the transaction.

Does the policy insure your firm for its vicarious liability for your professional services? Yes. Claims are often made against real estate firms as a result of their licensees' negligence. Under the group program, the insured licensee's policy applies to covered claims alleging the firm's vicarious liability for negligent acts, errors, and omissions in the licensee's professional services. Some policies issued to individual licensees may not provide coverage for the firm's vicarious liability for their actions, which may leave the firm uncovered in the event of a claim.

Are insureds satisfied with the provider's service? Yes. Below are excerpts from actual emails we have received:

Rice Insurance Services has consistently responded to our needs in a timely and professional manner. With the current atmosphere of frequent litigation, it is very important to our survival as a real estate service provider to have access to this level of quality when the need arises for insurance coverage. M.G., Iowa Broker

I have had many occasions to work with RISC, and I always have received timely professional service. I have consistently found RISC's management and staff to be friendly, cooperative and fair. J.J., general counsel for large Iowa real estate firm

Questions?

Call us at 1-800-637-7319 or visit our website at www.risceo.com.
We look forward to hearing from you.



• We put the **Experience and Options** in E&O programs •
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NOTICE: Iowa law requires that all active real estate licensees, including firms, carry and maintain E&O insurance to cover all licensed activities. New licensees must obtain insurance before their license can be activated. Licensees may purchase insurance outside of the group program, provided coverage meets state requirements and proof of coverage is provided to the IREC as required by state law. If you are currently enrolled in the IREC's group policy, your coverage expires January 1, 2019. **If enrolling by mail, send your enrollment form and payment by November 23, 2018 to allow time for processing and return of your proof of coverage by mail. However, licensees may enroll through December 31, 2018 with no administrative penalty. Licensees who do not have insurance in place for the January 1, 2019 to January 1, 2020 policy period by January 1, 2019 may be in violation of licensing law, and the IREC may issue penalties and fines.**

PROTECTION FROM THE MOST EXPERIENCED PROVIDER IN THE BUSINESS: RISC's management team has been involved in state-mandated real estate E&O insurance programs longer than any other group in the business. This program is specially tailored to meet the specific needs of Iowa licensees. The insurance carrier is Continental, a CNA insurance company. RISC's experience and excellent claims service, combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best), ensures a quality program.

OPTION FOR RENEWING E&O COVERAGE FOR MULTIPLE LICENSEES: Companies with 10+ licensees can request a Multiple Licensee Renewal Form to electronically submit enrollment information for all the firm's licensees timely and expediently.

REVIEW THE FOLLOWING IMPORTANT INFORMATION AND SIGN BELOW

What Is and Is Not Covered: We urge all licensees to review a sample policy, including the Exclusions section. A sample policy and additional information are available on our website, www.risceo.com, or by calling us toll-free at 1-800-637-7319, ext. 1.

This is a Claims-Made-and-Reported Policy: There is no coverage for claims first made before the beginning or after the end of your individual policy period. If you have any knowledge of a claim; potential claim; or any act, error, omission, fact, or situation that may give rise to a claim against you or your company, it must be reported in writing immediately to your insurance carrier before your current policy period expires. Failure to do so may jeopardize any coverage that would have otherwise been available. Any claim under the group policy must be reported to us in writing during the individual policy period in which it is first made against the insured. For further instructions and a notice of claim form, visit our website, www.risceo.com, then select the "Resources" tab and click "Forms" or call us toll-free at 1-800-637-7319, ext. 2.

Prior Acts and Importance of Timely Renewal: Your "retroactive date" determines whether your insurance applies to claims involving services performed before the new policy's effective date. The retroactive date is the date from which you have continuously maintained uninterrupted E&O insurance with no breaks between policy periods. Even a one-day gap will result in loss of coverage for ALL professional services performed before the new policy's effective date, even if you had E&O insurance when the services were provided and again when the claim arises. If you fail to enroll timely, call RISC immediately to see if you qualify to backdate your individual policy period to January 1, 2019. This procedure will not remedy noncompliance with mandatory insurance laws, which will result in penalties and fines.

If You are Not Renewing: There is no coverage for claims that arise after the end of your individual policy period unless an extending reporting period (ERP) is in place. Claims often arise years after the subject transaction occurred. If you are not renewing coverage for any reason, (i.e. inactivating/retiring your license or switching to a firm policy), you should consider purchasing an ERP endorsement. We offer optional 1, 2, and 3 year ERP endorsements to extend the policy's reporting date to apply to claims that are first made and reported within that period. An ERP endorsement may be purchased any time during or up to 90 days after the end of your individual policy period.

Territory: Licensees domiciled in Iowa are insured for real estate services performed anywhere they hold an active real estate license, provided the services would require a real estate license if performed in Iowa. Licensees not domiciled in Iowa are insured for Iowa transactions only. Out-of-state licensees may be considered domiciled in Iowa if their principal real estate license is affiliated with a real estate office in Iowa and they reside within 50 miles of the Iowa state line. Please see the Territory section of the policy for more information.

Effective Date: Licensees who enroll before January 1, 2019 will have an effective date of January 1, 2019. Licensees who enroll after January 1, 2019 will have an inception date of the day we receive the licensee's *completed application and premium*. Licensees not currently enrolled in the current group policy may request a different inception date (after January 1, 2019) for Continental's consideration: _____

Premium / Deductible: All premiums are fully earned at policy inception and no refunds are permitted after that date. If your payment is returned for nonsufficient funds, you are responsible for payment of any resulting bank fees or penalties. The deductible will be due in accordance with the policy. Applicant agrees to reimburse Continental for any and all costs and expenses it incurs by employing a collection agency to collect any overdue deductible.

Applicant has reviewed and understands the information contained herein. Applicant declares that the above statements are true and that Applicant 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. 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-and-reported basis. Applicant understands and agrees that the completion of this application does not bind the Company to issue a policy.

SIGNATURE: _____

DATE: _____

Page 1 of 2 – Both Pages Must Be Completed for Coverage to be Issued – Please Keep a Copy for Your Records.



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INDIVIDUAL ENROLLMENT FORM

NOTICE: Iowa law requires that all active real estate licensees (including firm licensees) carry and maintain E&O insurance to cover all licensed activities. Licensees may purchase insurance outside of the group program, provided coverage meets state requirements and proof of coverage is provided to the IREC as required by state law. **Licensees who do not have insurance in place for the January 1, 2019 to January 1, 2020 policy period by January 1, 2019 may be in violation of licensing law, and the IREC may issue penalties and fines.**

HOW TO ENROLL

ONLINE: At www.risceo.com with a Visa or MasterCard and download a certificate of coverage immediately (a \$5 nonrefundable convenience fee applies to online enrollment).

MAIL: Select desired coverages below. Send completed form (both pages) with a check or money order payable to RISC by **Friday, November 23, 2018** to allow us time to process your firm's enrollment.

Mailing Address: RISC, P.O. Box 6709, Louisville, KY 40206-0709	Overnight Delivery: RISC, 4211 Norbourne Blvd., Louisville, KY 40207-4048
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LICENSEE INFORMATION: Correct any incorrect information and fill in any blanks. Failure to do so may delay issuance of your coverage and confirmation to the IREC. *This form is for individual licensees only. Firm licensees should use the firm enrollment form.*

Licensee Name:		License Type:	License Number:
Company:			Last 4 of SSN:
Address:			
City:	State:	ZIP:	
Cell Phone: <small>Check to receive text reminders if/when that option is available.</small>	Work Phone:	Home Phone:	
Fax:	Email*:		

*We occasionally send important notices by email. To receive these notices, provide your current email address and add our email domain (@risceo.com) to your address book.

SELECT DESIRED COVERAGES BELOW

Basic Premium: January 1, 2019 to January 1, 2020 Limits of Liability: \$100,000 per claim / \$100,000 aggregate Deductible: \$0	\$148	<input checked="" type="checkbox"/>
Appraisal Endorsement: Eligibility requirements: (1) an active real estate license <u>and</u> (2) an active appraisal license Appraisal License #: _____	\$200	
Conformity Endorsement: Conforms your IA policy to comply with E&O requirements in other states that require E&O coverage and where you hold an active real estate license. To be eligible for this endorsement, you must be actually domiciled in IA or treated as domiciled in IA by the policy terms. Please circle applicable state(s): AK CO ID KY LA MS NE NM ND RI SD TN* WY Other State License Type: _____ / Other State License #: _____ (identify state if more than one) <small>* Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.</small>	\$15	(Regardless of number of states at issuance)
Contingent Bodily Injury/Property Damage Endorsement: \$10,000 per claim / \$10,000 aggregate for damages and defense costs, combined, for bodily injury and property damage claims that arise from professional services under certain conditions.	\$25	
Residential Personal Interest Coverage Endorsement: Provides coverage for claims relating to the sale or listing for sale of residential property owned by the licensee, the licensee's spouse, or a company owned by the licensee under certain conditions (a \$500 damage deductible applies to damage payments made under this endorsement).	\$15	
Increased Limits Endorsements – You may purchase ONLY ONE of the following		
Increased Limits \$250,000 per Claim / \$750,000 Aggregate	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	A. \$68
	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	B. \$88
Increased Limits \$500,000 per Claim / \$1,000,000 Aggregate	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	A. \$127
	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	B. \$152

*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 are (1) sales of properties zoned for and occupied exclusively as residences for 4 families or less; (2) sales of vacant land, provided the land is zoned for residential use and is not a development project of 4 or more residences; and (3) 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 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 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.

Basic Premium	\$ 148
+ Optional Endorsement Premium (If Any)	\$ _____
TOTAL	\$ _____