



• We put the *Experience and Options* in E&O programs •
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ALASKA REAL ESTATE COMMISSION'S (AREC's) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM

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

Alaska law allows the AREC to contract for a group E&O policy as an option for real estate licensees to obtain E&O insurance. RISC was awarded the first contract and the initial group program will expire January 1, 2019. After a successful year, we are looking forward to continuing to serve Alaska licensees with the January 1, 2019 to January 1, 2020 group program. While this program is fairly new to Alaska, RISC has been providing group policies for the vast majority of states with similar programs for more than a decade. RISC's management team has worked with these programs even longer – longer than any other group in the business. The insurance carrier is Continental Casualty Company, a CNA insurance company (rated "A" by A.M. Best).

Why have real estate E&O insurance?

-)] It's required by state law. When a group program is in place, all active Alaska real estate licensees must carry E&O insurance. We hope you choose the group program, which has been specially tailored for Alaska licensees. You may also obtain insurance from other providers, as long as coverage meets state requirements and proof of insurance is provided to the AREC in accordance with state law.
-)] It benefits licensees – Many real estate licensees face a claim at some point in their careers. Some are frivolous but may still lead to thousands of dollars of defense costs, which would be paid by the insurance carrier if covered under an E&O policy. Others are the result of a licensee's honest mistake. If E&O coverage is available, then the insurance carrier would pay covered damages to the claimant on the insured's behalf.
-)] It benefits the public – The public relies on licensees for guidance through real estate transactions, including the purchase and sale of homes, which may be their largest investment. If an insured licensee has liability for an honest mistake that leads to a claim, damages may be covered under an E&O policy.

ALASKA GROUP REAL ESTATE E & O POLICY

PREMIUM: Residential Sales Only Coverage Option – \$450 • **OR** • Expanded Professional Services Coverage Option – \$642

DEDUCTIBLE: \$2,500 Damage Deductible per Claim • No Claim Expense Deductible

LIMITS OF LIABILITY PER INSURED LICENSEE: \$100,000 per Claim (Damages) / \$300,000 Aggregate w/ No Limit on Claim Expenses

DISCRIMINATION CLAIM SUBLIMITS OF LIABILITY: \$5,000 per Claim (Damages & Claim Expenses, Combined) / \$10,000 Aggregate

ENVIRONMENTAL CLAIM SUBLIMITS OF LIABILITY: \$5,000 per Claim (Damages & Claim Expenses, Combined) / \$10,000 Aggregate

ESCROW CLAIM SUBLIMITS OF LIABILITY: \$5,000 per Claim (Damages & Claim Expenses, Combined) / \$10,000 Aggregate

REGULATORY COMPLAINT COVERAGE: \$2,500 per Complaint to a Real Estate Regulatory Board or Commission (Claim Expenses) / \$5,000 Aggregate

SUBPOENA COVERAGE: \$2,500 per Subpoena & Aggregate (Attorneys' Fees)

OPTIONAL ENDORSEMENTS

LIMITED COVERAGE LOCKBOX CLAIM ENDORSEMENT (\$20): \$5,000 per Lock Box Claim (Damages & Claim Expenses, Combined) / \$10,000 Aggregate

RESIDENTIAL PERSONAL INTEREST ENDORSEMENT (\$50): Adds insurance for claims relating to the sale or listing for sale of residential property, as defined in the endorsement, owned by the insured licensee, insured licensee's spouse or domestic partner, or an entity owned or controlled by the licensee or licensee's spouse or domestic partner, under certain conditions.

CONFORMITY ENDORSEMENT (\$20): Conforms your insurance under the Alaska group policy to meet E&O requirements in another state with mandatory insurance requirements where you have an active real estate license. You must be domiciled in Alaska and purchase the expanded services coverage option to qualify for this endorsement.

Coverage Options

To help keep costs down for licensees who have not had a claim and only do residential sales, as defined in the policy, we offer a policy option that only insures professional services for residential sales. The options impact the coverage provided, not just the premium, so it's important to consider the differences:

-)] Basic policy coverage is limited to claims involving the licensee's professional services in connection with residential sales, as defined in the policy.
-)] Expanded services option includes the basic policy coverage (residential sales) and an expanded definition of professional services endorsement, which adds insurance for professional services that require a real estate license in addition to residential sales.

How to Choose:

-)] Licensees who fall within the following **must** purchase the expanded services option: (a) have had a "paid claim" in the past 5 years; (b) have ever done any activity other than residential sales, as defined in the policy, or (c) plan to do any activity other than residential sales, as defined in the policy, during the individual policy period.
-)] Licensees who only do residential sales but would like the expanded services coverage **may** also pay the higher premium for that coverage.

Paid Claim: Whether or not reported to your insurer, a written demand (even if by email) for money or services received by you or a real estate firm or service of a lawsuit or institution of arbitration or mediation proceedings against you or a real estate firm that seeks damages and alleges a negligent act, error, or omission in your professional services as a real estate licensee, in which payment was made for damages (compensatory award or settlement) or defense costs by you, a real estate firm, or on your or a real estate firm's behalf. Complaints to or disputes before a real estate regulatory board or commission are not claims.

Residential Sales: Residential sales are sales or listings for sale of real property whose primary purpose is to provide 1 or 2 single-family dwellings in one building. Residential Sales do not include commercial sales; commercial listings; or renting, leasing, managing, or appraising any type of property.

Licensees who do Mostly Residential Sales or Have Not Done Other Activity for a Long Time:

-)] You should still purchase the expanded services option. As a claims-made-and-reported policy, the policy that applies to a claim is the one in effect when the claim is first made, not the one in effect when the transaction occurred.
-)] Claims are often made years after the transaction. For example, in his 10 years as a real estate licensee, Sam Sells has only handled one commercial sale, which closed in 2014. If he chooses the residential sales option for the January 1, 2019 to January 1, 2020 policy period, and a claim involving the 2014 commercial sale is made against Sam on June 1, 2019, it would not be covered, because the insurance in effect at the time of the claim only applies to claims involving residential sales. Note that coverage for any claim would be determined based on all of the policy's terms, conditions, and exclusions.

SEE BACK FOR ANSWERS TO FREQUENTLY ASKED QUESTIONS.

FOR MORE INFORMATION, VISIT WWW.RISCEO.COM OR CALL US AT 1-800-637-7319, EXT. 1 (OFFICE HOURS 8:30 AM – 5:00 PM EASTERN TIME).

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**WE ARE ALWAYS HAPPY TO HELP!
FREQUENTLY ASKED QUESTIONS**

Policy Information

What is the policy period? The group policy period runs on an annual basis from January 1 to January 1. Active Alaska licensees may purchase insurance at any time within the group policy period (it is important to maintain continuous coverage and prevent gaps between policy periods). Each licensee's insurance expires concurrently with the group policy's January 1 expiration date.

When must a claim be made for the group program to apply?

-)] As a claims-made-and-reported policy, the group policy applies to claims that are both first made against the insured and first reported to RISC during the individual policy period or any applicable extended reporting period (ERP). It does not apply to claims made before the beginning of the individual policy period. Nor does it apply to claims made after the end of the individual policy period, unless an ERP (commonly known as "tail coverage") is in place.
-)] Automatic ERP: For licensees who do not renew coverage through the group policy because their license is retired, inactivated, or allowed to expire, the policy provides a 90-day ERP.
-)] Optional ERP Endorsement: Licensees who do not renew coverage through the group policy for any reason may purchase a 1, 2, 3, or 5 year ERP endorsement for 100%, 150%, 200%, or 300%, respectively, of the expiring premium, including any endorsement premium. Optional ERP endorsements can only be purchased within 90 days after the licensee's policy ends.

Does the group policy insure professional services performed before the policy's effective date? For a claim to be covered under the group policy, the professional services must have occurred after the insured licensee's retroactive date. The retroactive date is the date from which the licensee has maintained continuous, uninterrupted real estate E&O insurance on a claims-made basis. If there is even a one-day gap in coverage between the date of the professional services and the claim, the policy will not apply, even if insurance was in effect at the time of professional services and when the claim is made.

Who is insured under the group policy? (1) The licensee who pays the required premium; (2) the insured licensee's unlicensed employees, as defined in the policy; (3) the insured licensee's heirs, executors, administrators, or assigns in the event of the licensee's death, incapacity, or bankruptcy but only to the extent coverage would be available to the licensee; (4) the insured licensee's spouse or domestic partner in certain situations; and (5) any real estate firm or real estate franchisor for its vicarious liability for covered claims involving the licensee's professional services.

Where does coverage apply? For insured licensees domiciled in Alaska, the group policy applies to professional services performed anywhere they have an active real estate license, provided the services would otherwise be covered under had they been performed in Alaska. For insureds not domiciled in Alaska, the group policy only applies to professional services performed in Alaska. To be covered, a claim must be brought within the USA, its territories or possessions.

Does the group policy provide coverage for claims involving the insured's own property?

-)] No, there is an exclusion for claims involving professional services relating to property (a) purchased by the following, (b) attempted to be purchased by the following, or (c) in which the following had more than a 10% ownership interest: the insured; the insured's spouse or domestic partner; or an entity, partnership, or trust in which the insured or insured's spouse or domestic partner owned or controlled more than 10% ownership or financial interest.
-)] One of the most commonly reported claims is failure to disclose a hidden defect. There is more inherent risk exposure when the licensee had an ownership interest in the property, because of the licensee's increased knowledge of the property's history and the (real or perceived) financial motivation to downplay defects or needed repairs.
-)] An optional residential personal interest coverage endorsement is available for an additional premium to add insurance for claims relating to the sale or listing for sale of residential property, as defined in the endorsement, owned by the insured licensee, insured licensee's spouse or domestic partner, or an entity owned or controlled by the licensee or licensee's spouse or domestic partner, under certain conditions.

Does the group policy provide coverage for claims involving property developed or constructed by the insured? No, there is an exclusion for claims involving professional services developed or constructed by the following: an insured; insured's spouse or domestic partner; or an entity, partnership, or trust in which an insured or insured's spouse or domestic partner owned or controlled more than 10% ownership or financial interest.

Claims

What is a claim under the group policy?

-)] A written demand for money or services received by the insured or service of a lawsuit or institution of arbitration or mediation proceedings against the insured seeking damages and alleging a negligent act, error, or omission in the performance or failure to perform professional services, as defined in the policy (note the definition of professional services is different under the residential coverage option and the expanded services coverage option). Some licensees think only lawsuits are claims. That is not necessarily the case. We often see emails meeting the definition of a claim.
-)] Not all claims will be covered by the group policy. It's important to review the entire policy, including the exclusions, to understand the coverage provided.

What do I do if a claim is made against me?

-)] Immediately provide written notice of the claim to your E&O provider. This is critical, because most E&O policies only apply to claims that are both first made against the insured and reported to the insurance company during the individual policy period. Additionally, most E&O policies require the insured to report a claim within a certain time period. Failure to provide timely notice of the claim could jeopardize any coverage that may otherwise be available.
-)] Cooperate with the insurance company and any defense counsel retained on your behalf.
-)] Don't admit liability, make a settlement offer, pay damages, or assume any duty or obligation for any claim without your insurer's consent or risk jeopardizing any coverage that may otherwise be available.

What happens after a claim is reported to RISC in writing? It is assigned to one of RISC's in-house adjusters, who will request any additional information needed and review the claim for coverage and send the insured a written coverage determination (either no coverage available, covered under the policy terms, or covered subject to reservations of rights for issues that may limit or preclude coverage). Our adjusters focus exclusively on real estate E&O claims. If a covered claim involves a lawsuit, the adjuster will retain local counsel to defend the insured. If a covered claim is not in litigation, the adjuster may work with the insured to respond to the claim without retaining local counsel. Regardless of whether local counsel is retained, the adjuster will continue to be involved with covered claims through final resolution.

RISC and Continental

What is the difference between the insurance program provider and the insurance carrier? RISC is the provider for the group insurance program. We are the point of contact for the AREC and licensees. We handle all aspects of the program, including mailings, enrollment and renewals, reporting, and answering any questions you may have. Continental is the insurance carrier. Its underwriters determine the appropriate premium and it issues the policy. Any damage or defense cost payments are made by Continental.

Do RISC and Continental have real estate E&O experience? Absolutely. The Rice family formed RISC in 2002 exclusively to administer state-mandated real estate E&O programs. The Rice family and their colleagues have been operating as a business unit specializing in these types of programs since 1989. The vast majority of states with mandatory real estate E&O group programs have selected RISC as their program provider. We have a wealth of knowledge that helps us identify trends impacting real estate licenses. Continental, a CNA company, is rated "A (Excellent)" by A. M. Best. CNA provides insurance protection to more than 1,000,000 businesses and professionals in the United States and internationally, including more real estate agents in the nation than any other insurance carrier. CNA has over 50 years experience writing professional liability coverage, including over 30 years in real estate E&O.



ENROLLMENT FORM

NOTICE: Failure to have insurance in place by January 1, 2019 may lead the AREC to inactive your license and assess fines and penalties. Alaska law requires that all active real estate licensees carry and maintain E&O insurance to cover all licensed activities. Before activation of a license, a prospective licensee must obtain insurance coverage. Licensees may purchase insurance outside of the group program, provided it complies with state law and proof of coverage is provided to the AREC as required by state law.

HOW TO ENROLL

ONLINE: At www.risceo.com with a Visa or MasterCard and download a certificate of coverage immediately.
MAIL: Select desired coverages below and send completed form (both pages) with payment by check or money order payable to RISC. Allow 7-10 business days to allow us time to process your enrollment and provide proof of coverage to the AREC.

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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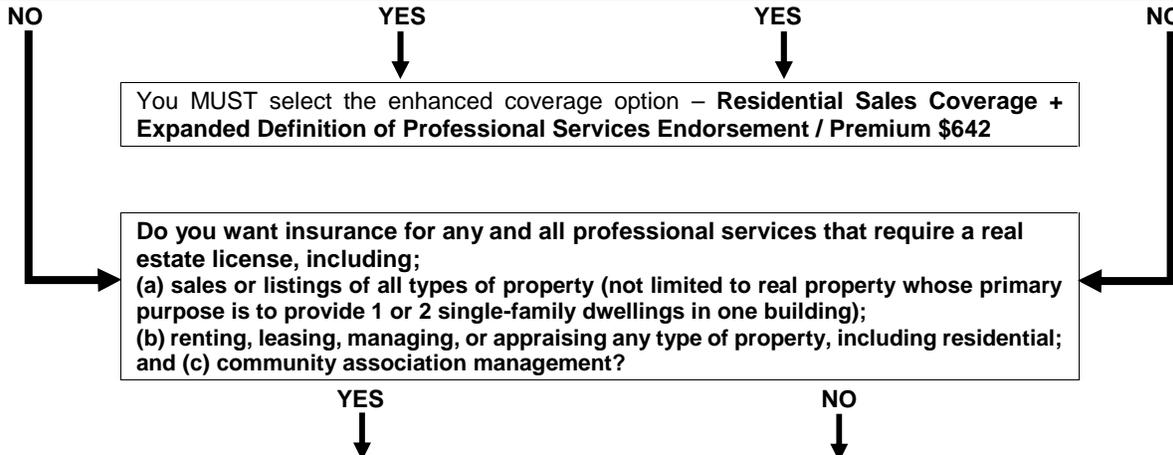
STEP I. LICENSEE INFORMATION – Please correct any incorrect information and fill in any blanks. Failure to provide correct information may delay issuance of your coverage and confirmation to the AREC.

Licensee Name:	License Type:	License No.:
Real Estate Firm:	SSN (Last 4 digits only):	
Address:		
City:	State:	Zip Code:
Work Phone:	Home Phone:	Cell Phone: <input type="checkbox"/> I want text reminders if/when that option is available.
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.

STEP II. DETERMINE SCOPE OF COVERAGE – Circle Yes or No as applicable. The AREC will be notified of false reporting of your real estate activity or claims history on this form.

<p>Question 1. Have you had any Paid Claims in the past 5 years? Paid Claim is (1) a written demand for money or services or (2) service of a lawsuit or institution of arbitration or mediation proceedings that seeks Damages and alleges a negligent act, error, or omission in your Professional Services as a real estate licensee, in which payment was made for Damages (compensatory award or settlement) or Claim Expenses (legal fees/defense costs) by you or on your behalf.</p>	<p>Question 2. Do you currently, have you ever, or do you plan to do ANY real estate activity other than Residential Sales? Residential sales are sales or listings for sale of real property whose primary purpose is to provide 1 or 2 single-family dwellings in one building. Residential Sales do not include commercial sales; commercial listings; or renting, leasing, managing, or appraising any type of property.</p>
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<p>Select the enhanced coverage option – PREMIUM A: Residential Sales Coverage + Expanded Definition of Professional Services Endorsement / Premium \$642.</p>	<p>Select the Residential Sales Coverage Only option / PREMIUM B: \$450. If you select this option, your insurance will be limited to claims involving your professional services in connection with residential sales, as defined in the policy.</p>
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ALASKA REAL ESTATE COMMISSION'S (AREC'S) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM ENROLLMENT FORM (cont.)

STEP III. DETERMINE TOTAL PREMIUM	PRICE	✓
Select ONE of the Following Basic Policy Options – January 1, 2019 to January 1, 2020 Limits of Liability: \$100,000 per claim / \$300,000 aggregate Deductible: \$2,500 (damages)		
OPTION A: Residential Sales Coverage + Expanded Definition of Professional Services Endorsement	\$642	
OPTION B: Residential Sales Coverage Only WARNING: If you select this option, your insurance will be limited to claims involving your professional services in connection with residential sales, as defined in the policy. If you have the opportunity to perform professional services other than residential sales during the policy period, we strongly suggest you consider requesting to add an Expanded Professional Services Endorsement to your insurance and that you continue purchasing that endorsement for as long as you would like that coverage to apply.	\$450	
ALASKA FRAUD STATEMENT: A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.		
Optional Endorsements		
Conformity Endorsement: Conforms your AK policy to comply with E&O requirements in other states where you have an active real estate license. Eligibility requirements: You must be domiciled in AK and purchase the Residential Sales Coverage + Expanded Definition of Professional Services Endorsement option. Please circle applicable state(s): CO ID IA KY LA MS NE NM ND RI SD TN* WY Other State License Type: _____ / Other State License #: _____ (identify state if more than one) <i>* Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.</i>	\$20 (Regardless of number of states at issuance)	
Limited Coverage Lock Box Claim Endorsement: \$5,000 per lock box claim for damages and defense costs, combined, up to a \$10,000 aggregate	\$20	
Residential Personal Interest Coverage Endorsement: Adds insurance for claims relating to the sale or listing for sale of residential property, as defined in the endorsement, owned by the insured licensee, insured licensee's spouse or domestic partner, or an entity owned or controlled by the licensee or licensee's spouse or domestic partner, under certain conditions.	\$50	
BASIC PREMIUM	\$642 or \$450	
+ Any Optional Endorsement Premium	\$ _____	
TOTAL	\$ _____	

STEP IV. 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.

Prior Acts and Importance of Continuous, Uninterrupted E&O Coverage: Your "retroactive date" determines whether there is coverage for services performed before the policy's effective date. The retroactive date is the date you first obtained, and since which have continuously maintained, E&O insurance, with no gaps. Even a one-day gap between policy periods will result in loss of coverage for ALL professional services provided before the new policy's effective, even if insurance was in place at the time of the services and again when the claim arises.

Effective Date: The group policy period is January 1, 2019 to January 1, 2020. Your individual policy period will begin the later of January 1, 2019 or the day we receive your *completed application* and premium. If you plan to enroll in the group policy and your current E&O insurance expires before January 1, 2019, you should consider enrolling in the current group program for the remainder of 2018; renewing your current E&O insurance through at least January 1, 2019; or inquiring about whether there is an extended reporting period under your current policy. If your current E&O insurance expires after January 1, 2019 and you fail to enroll prior to that policy's end date, call RISC immediately to see if you qualify to backdate your individual policy period, which may avoid a gap in coverage and loss of any previously-established retroactive date. This procedure will not remedy noncompliance with state requirements. If you would like to request an effective date different than the later of January 1, 2019 or the day we receive your *completed application* and premium, provide the requested effective date (must be between January 1, 2019 and January 1, 2020): _____

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.

There is no coverage for claims that arise after the policy expires unless an extended reporting period (ERP) is in place. However, claims often arise years after the subject transaction occurred. If you are not renewing coverage for any reason, including inactivating or retiring your license, you should consider purchasing a 1, 2, 3, or 5 year ERP Endorsement, which extends the reporting date of your policy to apply to claims that arise within the ERP. For licensees enrolled in the 2018 group program, an ERP endorsement may be purchased within 90 days after the 2018 policy expires. For licensees insured under the 2019 group program, ERP endorsements may only be purchased within 90 days of its end date.

Territory: Licensees domiciled in Alaska are insured for professional services committed anywhere they hold an active real estate license, provided the services would be covered under the group policy had they been performed in Alaska. Licensees domiciled outside of Alaska are insured for Alaska transactions only. If a claim results in or from a lawsuit, the lawsuit must be brought within the U.S., its territories or possessions.

Premium / Deductible: Applicant understands that 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 the Company 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: _____