



## TENNESSEE REAL ESTATE COMMISSION'S GROUP ERRORS AND OMISSIONS (E&O) PROGRAM

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

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

We put the Experience and Options in E&O programs

### Benefits of a Group Program with the Individualized Attention You Deserve

The Tennessee Real Estate Commission awarded Rice Insurance Services Company, LLC the contract to provide the upcoming state group errors and omissions (E&O) insurance program, so we will continue our decades-long tradition of exceptional service to Tennessee licensees. We updated our website, [www.risceo.com](http://www.risceo.com), with your needs in mind – easy online enrollment, additional risk reduction information, and easier navigation.

#### BASIC POLICY only \$221 for a 2-year policy!

**Limits of Liability** of \$100,000 per claim / \$300,000 annual aggregate w/ \$1,000 damage deductible

#### AUTOMATICALLY INCLUDES

**First Dollar Defense / Unlimited Defense Costs:** First dollar defense available with NO CONDITIONS for all covered claims and NO CAP on defense costs for claims covered under the basic policy limits (limited defense costs apply to subpoenas and regulatory complaints and the contingent bodily injury / property damage endorsement, which were not covered at all under traditional E&O policies).

**Expanded Definition of Professional Services:** In addition to licensed activity, insured services include opinions on recommended listing or purchase prices under certain conditions and services performed or advice given (including as a notary public and as a real estate consultant or counselor) in connection with licensed activity.

**Environmental Claim Sublimits:** \$100,000 per claim / \$300,000 annual aggregate (damages) with no limit on defense costs

**Escrow / Earnest Money Claim Sublimits:** \$5,000 per claim / \$10,000 annual aggregate (damages) with no limit on defense costs

**Fair Housing / Discrimination Claim Sublimits:** \$5,000 per claim / \$10,000 annual aggregate (damages) with no limit on defense costs

**Primary Residence Coverage:** Coverage for the sale or listing for sale of the licensee's primary residence (conditions apply)

**Regulatory Complaint Coverage:** \$2,500 per regulatory complaint / \$5,000 annual aggregate (defense costs)

**Subpoena Coverage:** \$2,500 for attorneys' fees to represent the insured in connection with a covered subpoena (maximum annual aggregate of \$2,500 for all subpoenas).

**Lock Box Claim Sublimits:** \$5,000 per claim / \$10,000 annual aggregate (damages) with no limit on defense costs, reduced damage deductible of \$250

**Team Coverage:** More licensees are choosing to work in real estate teams. The group policy includes real estate team in the definition of insured for vicarious liability for covered claims in the event a claim is made against the team for acts of an insured team member

**Spousal Coverage:** Your spouse or domestic partner is 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.

**Firm / Franchise Coverage:** Real estate firm and franchisor insured for vicarious liability for covered claims.

#### OPTIONAL ENDORSEMENTS AVAILABLE TO INDIVIDUAL (NOT FIRM) LICENSEES

**Increased Limits of Liability:** \$250,000 per claim / \$750,000 annual aggregate (\$134) or \$500,000 per claim / \$1,000,000 annual aggregate (\$249)

**Appraisal Coverage:** (\$175) Adds licensed appraisal services to the activity insured by the group policy. Must have active Tennessee real estate and appraiser licensees to be eligible.

**Appraisal Trainee:** (\$175 per trainee) Adds specific appraiser trainees listed as insureds. Must have an appraisal endorsement to be eligible.

**Contingent Bodily Injury / Property Damage:** (\$50) \$10,000 per claim & aggregate (damages and defense costs, combined) for bodily injury and property damage claims that arise from professional services (conditions apply).

**Residential Personal Interest Coverage:** (\$50) Adds insurance for the sale or listing of residential property in which the licensee has an ownership interest (conditions apply)

**Property Management Activities:** (\$100) Adds specific property management services to the policy's definition of professional services.

**New Five Endorsement Bundle:** (\$30)

*Security Breach Notification Endorsement:* \$5,000 per real estate firm for cost incurred to notify clients of a security breach (\$5,000 maximum per real estate firm, regardless of number of insureds or incidents involved).

*Increased Fair Housing / Discrimination Claim Sublimits:* \$50,000 per claim & in the aggregate (damages) with no limit on defense costs

*Increased Lock Box Claim Sublimits:* \$50,000 per claim & in the aggregate (damages) with no limit on defense costs

*Increased Subpoena Coverage:* Increases subpoena coverage to \$5,000 for attorneys' fees per subpoena & in the annual aggregate to represent the insured in connection with a covered subpoena

*Increased Regulatory Complaint Coverage:* \$5,000 per regulatory complaint & in the aggregate (defense costs)

#### OPTIONAL ENDORSEMENT AVAILABLE TO INDIVIDUAL AND FIRM LICENSEES

**Conformity:** (\$20) Conforms your coverage under the Tennessee group policy to comply with another mandated state's E&O requirements. To be eligible, you must be actually domiciled, or treated as domiciled, in Tennessee under the policy.

#### WHERE COVERAGE APPLIES

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

#### FIRM EXCESS COVERAGE (Subject to Underwriting Approval)

Firm excess policies (written by Continental Casualty Company) with \$1,000,000 limits. To qualify, all of the firm's licensees must participate in the group program. The firm's broker or officer must complete an application to obtain a quote for a firm excess policy.

#### 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](http://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 Tennessee licensees.



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### Please Support Your State Program

Nearly **\$24 Million** in defense costs and damages have been incurred as of September 1, 2018 since RISC began administering the Tennessee state group program in 2001. RISC and the carrier share a commitment to their insureds and to providing valuable coverage to Tennessee licensees. When shopping for insurance coverage, it's important to ask about the company's experience and paid claims in Tennessee. 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. The carrier is Continental Casualty Company, a CNA company. CNA 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 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, which may not be the case with providers that don't administer claims.

**Did you know minor details often lead to major claims?** Leaving one blank initial line, assuming a home in a new subdivision has city sewer and failing to urge a buyer to follow up with the lender have all resulted in claims against real estate agents.

**Did you know real estate agents sometimes have little or no control of the root cause of a claim?** For example, many real estate agents have represented buyers who had a friend or relative (instead of a licensed inspector) look at the property to save money. When problems arise after closing, the buyers may go after the real estate agents involved, rather than blaming the friend or relative who did them a "favor."

**Don't wait until you're faced with a claim to discover whether your E&O provider is knowledgeable and responsive (like RISC) or inexperienced and difficult reach.** Many claims are frivolous, but they can still create headaches. RISC's in-house adjusters work with you through the entire process with experience and understanding.

### 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.

### 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. You should review any policy you are considering and ask these questions:

**Does the policy provide first dollar defense? Yes.** There is no deductible for 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.** There is no limit on the amount of defense costs under the basic policy (defense costs are limited for subpoenas and regulatory complaints and under the contingent bodily injury / property damage endorsement; however, traditional E&O policies offered no coverage at all for these risks).

**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 your spouse's parents, grandparents, siblings, or 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. The RISC policy applies to covered claims alleging the firm's vicarious liability for negligence in the insured licensee's professional services. Some policies issued to individuals 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 from TN insureds:

*I very much appreciate your support. Every experience I've ever had with Rice has been positive. You all are great to work with. J.S.*

*I just didn't realize, especially these days, how many [people] are out there who can AND WILL bring suit against us even when we have done everything right, legal and proper. It is frightening, so I thank God for E&O insurance, RISC, and for the [attorney you retained to represent me]. N.G.*

*I can't thank you enough for your support and backing during this 4 ½ year ordeal. Mostly I can't tell you how grateful I am that you provided me such an able, dynamic young attorney... [W]e've prevailed in this major portion of the lawsuit. [I]t's not only because you had an innocent insured but that [defense counsel] was able to convince the jury of our innocence. C.V.*

### Our Revamped Website Makes Everything Easier

We are dedicated to providing exceptional customer service, which is why we updated our website making everything easier and more convenient. Take a look at our new website to learn how RISC puts the Experience & Options in E&O programs.

### Questions?

Call us at 1-800-637-7319 or visit our website at [www.risceo.com](http://www.risceo.com).  
We look forward to hearing from you.



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**NOTICE:** Tennessee law requires that all active individual real estate licensees carry and maintain uninterrupted E&O insurance to cover all licensed activities. **Firm licensees are not required to purchase coverage but may choose to do so. If your firm is currently enrolled in the Tennessee Real Estate Commission's group policy, its coverage expires January 1, 2019.** Real estate firms that purchase insurance through the group program will be insured for the firm's professional services as a licensed real estate firm. In the event a covered claim is made against the firm for the firm's acts, the firm's insurance may provide limits of liability for the claim.

**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 Tennessee licensees. Continental Casualty Company (Continental), a CNA company, is the insurance carrier. RISC's experience and excellent claims service, combined with Continental's strong financial performance and ratings (rated "A" by A.M. Best), ensures a quality program.

**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](http://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 firm's individual policy period. If you or your firm has 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 firm, it must be reported in writing immediately to your and your firm's insurance carrier before the 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](http://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 firm's "retroactive date" determines whether its insurance applies to claims involving services performed before the policy's effective date. The retroactive date is the date from which your firm has 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 your firm had E&O insurance when the services were provided and again when the claim arises. If your firm fails to enroll timely, call RISC immediately to see if your firm qualifies to backdate its individual policy period to January 1, 2019.

**If Your Firm is Not Renewing:** There is no coverage for claims that arise after the end of your firm's individual policy period unless an extending reporting period (ERP) is in place. Claims often arise years after the subject transaction occurred. If your firm is not renewing coverage for any reason, (i.e. inactivating/retiring its license or switching to a firm policy), your firm should consider purchasing an ERP endorsement. We offer 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 firm's individual policy period.

**Territory:** Licensees domiciled in Tennessee 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 Tennessee. Licensees not domiciled in Tennessee are insured for Tennessee transactions only. Out-of-state licensees may be considered domiciled in Tennessee if their principal real estate license is affiliated with a real estate office in Tennessee and they reside within 50 miles of the Tennessee state line.

**Effective Date:** Licensees who enroll prior to January 1, 2019 will have a January 1, 2019 inception date. 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 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 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.

**FIRM NAME:** \_\_\_\_\_

**SIGNATURE OF PERSON WITH AUTHORITY FOR FIRM:** \_\_\_\_\_

**PRINT NAME:** \_\_\_\_\_ **DATE:** \_\_\_\_\_



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**FIRM ENROLLMENT FORM**

Tennessee law requires that all active individual real estate licensees carry and maintain E&O insurance to cover all licensed activities.  
**Real estate firms are not required to carry E&O insurance but may choose to do so.**

**HOW TO ENROLL**

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

**BY MAIL:** Select desired coverages below. Send completed form (both pages) with a check or money order payable to RISC. Please allow 7 – 10 business days for us 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

**FIRM LICENSEE INFORMATION:** Please correct any incorrect information and fill in any blanks. Failure to do so may delay issuance of your firm's coverage.

Real Estate Firm:	Firm License No. (if applicable):
D/B/A:	Designated Broker:

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 firm's current email address and add our email domain (@risceo.com) to your firm's address book.*

**SELECT DESIRED COVERAGES BELOW**

<b>Basic Policy Premium</b> for effective dates January 1, 2019 to January 1, 2021 Limits of Liability: \$100,000 per claim / \$300,000 aggregate Deductible: \$1,000 (Damages)	<b>\$221</b>	<input checked="" type="checkbox"/>
<b>Conformity Endorsement:</b> Conforms your firm's TN policy to comply with E&O requirements other states that require firm E&O coverage and where your firm holds an active real estate license. To be eligible for this endorsement, your firm must be actually domiciled in TN or treated as domiciled in TN by the policy terms. Please circle applicable state(s): <p style="text-align: center;"><b>CO ID IA LA</b></p> Other State License #: _____ (if more than one conformity state, also identify state)	<b>\$20</b> (Regardless of number of states at issuance)	
<b>Basic Policy Premium</b>	<b>\$ 221</b>	
<b>+ Any Optional Endorsement Premium</b>	<b>\$ _____</b>	
<b>TOTAL</b>	<b>\$ _____</b>	

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