



# CONTINENTAL CASUALTY COMPANY

(A stock insurance company, hereinafter called the "Company")  
Administrative Office: Post Office Box 6709, Louisville, Kentucky 40206-0709  
(502) 897-1876 / (800) 637-7319

## REAL ESTATE LICENSEES ERRORS AND OMISSIONS DECLARATIONS

**THIS IS A CLAIMS-MADE-AND-REPORTED POLICY. PLEASE READ THIS POLICY CAREFULLY.**

NOTICE: THIS IS A CLAIMS-MADE-AND-REPORTED POLICY. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN THIS COVERAGE IS LIMITED TO LIABILITY FOR ONLY THOSE **CLAIMS** THAT ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO THE COMPANY WHILE THE POLICY IS IN FORCE.

- Policy Number:** 24 EO 0032KY
- ITEM 1. POLICYHOLDER:** The Kentucky Real Estate Commission (KREC) on behalf of its **Licensees** who hold an active real estate license issued by the KREC under Kentucky Real Estate License Law, KRS Chapter 324 and who have paid the required premium. Mayo-Underwood Building, 500 Mero Street Second Floor, Frankfort, Kentucky 40601
  - ITEM 2. GROUP POLICY PERIOD:** From April 1, 2024 to April 1, 2026 (12:01 A.M. Standard Time at the Address stated in Item 1.)
  - ITEM 3. LIMITS OF LIABILITY:** (a) \$100,000.00 per **Licensee** per **Claim (Damages)**  
(b) \$1,000,000.00 Aggregate all **Claims** per **Licensee (Damages)**
  - ITEM 4. SUBLIMITS DISCRIMINATION CLAIM:** (a) \$25,000.00 per **Licensee** per **Discrimination Claim (Damages)**  
(b) \$25,000.00 Aggregate all **Discrimination Claims** per **Licensee (Damages)**
  - ITEM 5. SUBLIMITS ENVIRONMENTAL CLAIM:** (a) \$10,000.00 per **Licensee** per **Environmental Claim (Damages)**  
(b) \$20,000.00 Aggregate all **Environmental Claims** per **Licensee Damages)**
  - ITEM 6. SUBLIMITS ESCROW CLAIM:** (a) \$5,000.00 per **Licensee** per **Escrow Claim (Damages)**  
(b) \$10,000.00 Aggregate all **Escrow Claims** per **Licensee (Damages)**
  - ITEM 7. SUBLIMITS LOCK BOX CLAIM:** (a) \$5,000.00 per **Licensee** per **Lock Box Claim (Damages)**  
(b) \$10,000.00 Aggregate all **Lock Box Claims** per **Licensee (Damages)**
  - ITEM 8. SUBLIMITS PRIMARY RESIDENCE CLAIM:** (a) \$100,000.00 per **Licensee** per **Primary Residence Claim (Damages)**  
(b) \$1,000,000.00 Aggregate all **Primary Claims** per **Licensee (Damages)**
  - ITEM 9. DEDUCTIBLES DAMAGES:** None each **Claim**  
**CLAIM EXPENSES:** None **Claim**
  - ITEM 10. PREMIUM:** \$244.00 per two-year policy period per **Licensee**, plus taxes, surcharge, and any applicable endorsement premium.
  - ITEM 11. RETROACTIVE DATE:** As determined for each **Insured** according to the policy.

This insurance does not apply to any **Claim** made against the **Insured** based upon, arising out of, or attributable to any negligent act, error, or omission committed or alleged to have been committed prior to the **Retroactive Date** listed above.

- ITEM 12. OPTIONAL EXTENDED REPORTING ADDITIONAL PREMIUM:** One year is 100% expiring annual premium (\$122.00 plus any applicable endorsement premium); two years is 150% expiring annual premium (\$183.00 plus any applicable endorsement premium); three years is 200% expiring annual premium (\$244.00 plus any applicable endorsement premium); five years is 300% expiring annual premium (\$366.00 plus any applicable endorsement premium).

The Declarations and the forms listed and attached hereto, together with the completed and signed application shall constitute the contract between the **Insured** and the Company.

Authorized Representative

04/01/2024

Date



## REAL ESTATE LICENSEES ERRORS AND OMISSIONS POLICY

### NOTICE

THIS INSURANCE IS WRITTEN ON A CLAIMS-MADE-AND-REPORTED BASIS. EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, COVERAGE UNDER THIS MASTER POLICY IS LIMITED TO LIABILITY ONLY FOR THOSE **CLAIMS** THAT ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO THE COMPANY DURING THE **INDIVIDUAL POLICY PERIOD** OR ANY APPLICABLE EXTENDED REPORTING PERIOD. NO COVERAGE EXISTS FOR **CLAIMS** FIRST MADE AGAINST THE **INSURED** BEFORE THE BEGINNING OR AFTER THE END OF THE **INDIVIDUAL POLICY PERIOD**. PLEASE REVIEW THIS MASTER POLICY CAREFULLY AND DISCUSS THIS COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

### INSURING AGREEMENT

#### I. COVERAGE

The Company will pay on behalf of the **Insured Damages** in excess of the **Damages** Deductible that the **Insured** becomes legally obligated to pay as a result or by reason of a **Claim**, so long as the **Claim** is first made against the **Insured** during the **Individual Policy Period** and reported to the Company in writing during the **Individual Policy Period**, unless an Extended Reporting Period applies, provided that:

- A. the negligent act, error, or omission giving rise to the **Claim** was committed or alleged to have been committed after the **Retroactive Date** and
- B. prior to the inception date of the **Individual Policy Period**, no **Insured** had a basis to believe that any such negligent act, error, or omission or **Related Negligent Act, Error, or Omission** might reasonably be expected to be the basis of a **Claim** against the **Insured**.

The Company has the right and duty to defend the **Insured** against any **Claim** seeking **Damages** covered by this policy until the applicable Limits of Liability or Sublimits of Liability are exhausted. The Company has the right to select counsel; investigate the circumstances of the **Claim**; and pay judgments, settlements, and **Claim Expenses** as the Company deems necessary. In the event a **Claim** is subject to arbitration or mediation, the Company is entitled to exercise all of the **Insured's** rights in the choice of arbitrators or mediators and in the conduct of any arbitration or mediation proceeding. The Company has no duty to defend any **Claim** not covered by this policy.

The Company will not settle any **Claim** without the consent of the **Insured**, which consent shall not be unreasonably withheld. If the Company recommends a settlement to the **Insured** which is agreeable to the claimant and the **Insured** does not agree to settle, the Company's applicable Limits of Liability or Sublimits of Liability are reduced to the total amount for which the **Claim** could have been settled. The maximum amount the Company will pay in the event of any later settlement or judgment is the amount for which the **Claim** could have been settled plus the amount of **Claim Expenses** incurred up to the time the Company made the recommendation, less any applicable deductible.

#### II. LIMITS OF LIABILITY

The Declarations sets forth the Company's Limits of Liability and Sublimits of Liability for the **Licensee**. The Limits of Liability and Sublimits of Liability are in excess of the **Damages** Deductible. All other persons or organizations included under the definition of **Insured** share such Limits of Liability and Sublimits of Liability with the **Licensee**. The Limits of Liability and Sublimits of Liability apply regardless of the number of **Claims** made or the number of persons or organizations making **Claims** against the **Insured**. If **Related Claims** are subsequently made against any **Insured** and timely reported to the Company during this group policy or any renewal of this group policy, all such **Related Claims**, whenever made, shall be considered a single **Claim** first made within the **Annual Policy Term** in which the earliest of the **Related Claims** was first made. The amount paid for a **Claim** by the Company on behalf of all **Insureds** under each **Licensee's** coverage shall be prorated in relationship to the amount awarded against each such **Insured**, but in no event shall the amount paid by the Company for all **Insureds** under each **Licensee's** coverage exceed the applicable per **Licensee** Limits of Liability or Sublimits of Liability shown on the Declarations.



- A. Subject to the paragraphs below, the Company's Limits of Liability for **Damages** for each **Claim** shall not exceed the per **Claim** Limit stated in the Declarations.
- B. The Company's Limit of Liability for **Damages** for all **Claims** per **Licensee** shall not exceed the Aggregate Limit stated in the Declarations. The Aggregate Limit applies separately to each consecutive **Annual Policy Term**. Any Extended Reporting Period will be deemed part of the last preceding **Annual Policy Term** for purposes of determining the Limits of Liability.
- C. The Company's Sublimit of Liability for **Damages** for each **Discrimination Claim** per **Licensee** shall not exceed the per **Discrimination Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** for all **Discrimination Claims** per **Licensee** for each **Annual Policy Term** shall not exceed the Aggregate **Discrimination Claim** Sublimit set forth in the Declarations. **Damages** paid within the **Discrimination Claim** Sublimits of Liability are included within, and not in addition to, the per **Claim** Limit of Liability and the Aggregate Limit of Liability under Item 3 of the Declarations.
- D. The Company's Sublimit of Liability for **Damages** for each **Environmental Claim** per **Licensee** shall not exceed the per **Environmental Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** for all **Environmental Claims** per **Licensee** for each **Annual Policy Term** shall not exceed the Aggregate **Environmental Claim** Sublimit set forth in the Declarations. **Damages** paid within the **Environmental Claim** Sublimits of Liability are included within, and not in addition to, the per **Claim** Limit of Liability and the Aggregate Limit of Liability under Item 3 of the Declarations.
- E. The Company's Sublimit of Liability for **Damages** for each **Escrow Claim** per **Licensee** shall not exceed the per **Escrow Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** for all **Escrow Claims** for each **Annual Policy Term** per **Licensee** shall not exceed the Aggregate **Escrow Claim** Sublimit set forth in the Declarations. **Damages** paid within the **Escrow Claim** Sublimits of Liability are included within, and not in addition to, the per **Claim** Limit of Liability and the Aggregate Limit of Liability under Item 3 of the Declarations.
- F. The Company's Sublimit of Liability for **Damages** for each **Lock Box Claim** per **Licensee** shall not exceed the per **Lock Box Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** for all **Lock Box Claims** for each **Annual Policy Term** per **Licensee** shall not exceed the Aggregate **Lock Box Claim** Sublimit set forth in the Declarations. **Damages** paid within the **Lock Box Claim** Sublimits of Liability are included within, and not in addition to, the per **Claim** Limit of Liability and the Aggregate Limit of Liability under Item 3 of the Declarations.
- G. The Company's Sublimit of Liability for **Damages** for each **Primary Residence Claim** per **Licensee** shall not exceed the per **Primary Residence Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** for all **Primary Residence Claims** for each **Annual Policy Term** per **Licensee** shall not exceed the Aggregate **Primary Residence Claim** Sublimit set forth in the Declarations. **Damages** paid within the **Primary Residence Claim** Sublimits of Liability are included within, and not in addition to, the per **Claim** Limit of Liability and the Aggregate Limit of Liability under Item 3 of the Declarations.
- H. In addition to the applicable Limits of Liability or Sublimits of Liability, the Company will pay **Claim Expenses** in connection with covered **Claims**. **Claim Expenses** are in addition to the Limits of Liability or Sublimits of Liability and are excess of the **Claim Expenses** Deductible.. The Company's payment of the applicable Limits of Liability or Sublimits of Liability ends the Company's duties to defend, pay **Damages**, and pay **Claim Expenses**.
- I. Limits of Liability and Sublimits of Liability are not renewed or increased by virtue of the operation of the Automatic or Optional Extended Reporting Period.

### III. DEDUCTIBLES

The **Insured** shall pay the **Damages** Deductible and the **Claim Expenses** Deductible, as stated in the Declarations, for each **Claim**. However, no **Claims Expenses or Damages** Deductible applies with respect to any **Lock Box Claim**.

The **Damages** Deductible shall apply to the payment of **Damages**. The Company's obligation to pay **Damages** begins only after the **Insured** has paid the **Damages** Deductible. The **Claim Expenses** Deductible shall apply to the payment of **Claim Expenses**. The Company is obligated to pay **Claim Expenses** in excess of the **Claim Expenses** Deductible. The Company may pay any part or all of the **Damages** Deductible or **Claim Expenses** Deductible to settle, defend, or investigate a **Claim**. In such case, the **Insured** must promptly reimburse the Company any amount of the **Damages** Deductible or **Claim Expenses** Deductible paid by the Company. In the event the **Insured** does not reimburse the Company



within sixty (60) days, the Company will be entitled to recover reasonable costs and attorney fees incurred in collecting such reimbursement.

If a **Claim** involves two or more **Insureds** or **Licensees** who are affiliated with the same **Real Estate Firm** at the time of the **Professional Services** giving rise to the **Claim**, only one **Damages** Deductible and only one **Claim Expenses** Deductible applies and the Deductible amount will be shared equally by all such persons. Payment of the Deductible is the joint and several liability of all such persons, but collection of the Deductible will be the responsibility of the **Real Estate Firm's** designated broker, as defined in the Kentucky Real Estate License Law, notwithstanding any agreements that may exist between the designated broker, **Real Estate Firm**, or its employees or independent contractors.

#### IV. SUPPLEMENTARY PAYMENTS

Payments made under this section are not subject to the **Damages** Deductible or the **Claim Expenses** Deductible. In addition to the Limits of Liability and Sublimits of Liability, the Company will pay the following:

- A. Premiums on appeal bonds and bonds to release attachments. Premiums are limited to bonds no larger than the Company's remaining Limits of Liability or Sublimits of Liability applicable to the **Claim**. Obtaining the bond is not the Company's obligation.
- B. \$250 for each day the **Insured** attends a trial or hearing in a civil lawsuit covered under this policy; however, attendance must be at the Company's request. In no event shall the amount payable under this provision exceed a \$5,000 Aggregate Limit during an **Annual Policy Term**. In addition, the \$5,000 limit is the maximum the Company will pay even if such trial or hearing spans more than one **Annual Policy Term**.
- C. Post-judgment interest on that portion of any judgment to which this insurance applies and which accrues after entry of the judgment and before the Company has paid, offered to pay, or deposited, whether in court or otherwise, that part of the judgment for which the Company is responsible.
- D. If the **Insured** receives a subpoena for documents or testimony arising out of **Professional Services** and would like the Company's assistance in responding to the subpoena, the Company will retain an attorney to provide advice regarding the production of documents, to prepare the **Insured** for sworn testimony, and to represent the **Insured** at the **Insured's** deposition and while providing trial testimony pursuant to the subpoena, provided that:
  1. the **Insured** first receives the subpoena during the **Individual Policy Period** or any applicable Extended Reporting Period;
  2. the **Professional Services** occurred after the **Licensee's Retroactive Date** and before the effective date of cancellation or nonrenewal of the **Individual Policy Period**;
  3. the **Professional Services** are not the subject of a **Claim** that is not covered under this policy;
  4. the subpoena does not arise from **Professional Services** to which Exclusion J, K, N, or O would apply;
  5. the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
  6. the **Insured** has not been engaged to provide advice or testimony in connection with the lawsuit, nor has the **Insured** provided such advice or testimony in the past.

It is further provided that the **Insured** shall have the following duties under this Supplemental Payment:

1. The **Insured** shall give the Company written notice of the subpoena by any of the methods listed in Section XI. THE INSURED'S DUTIES IF THERE IS A CLAIM within the **Individual Policy Period** or any applicable Extended Reporting Period, but no more than twenty (20) days after the **Insured** first becomes aware of such subpoena.
2. The **Insured** shall cooperate with the Company and, at the Company's request, the **Insured** shall assist the Company in responding to the subpoena. The **Insured** shall attend depositions and help in securing and giving evidence at the Company's request.

Unless a circumstance, **Claim**, or **Related Claim** involving the **Professional Services** has previously been reported in writing to the Company, any written notice to the Company of a subpoena shall be deemed notification of a circumstance under Section XII. CIRCUMSTANCE REPORTING.

The amount payable under this provision shall be subject to a \$2,500 Aggregate Limit during an **Annual**



**Policy Term**, regardless of the number of subpoenas and even if the subpoena response spans more than one **Annual Policy Term**. All subpoenas involving the same **Professional Services**; the same negligent act, error, or omission; or **Related Negligent Acts, Errors, or Omissions**, whenever made, shall be considered a single subpoena first made within the **Individual Policy Period** in which the earliest of the subpoenas was first made. The Company shall not pay any **Damages** in connection with a subpoena.

- E. The Company will pay a maximum of \$2,500 with respect to fees, costs, and expenses resulting from the investigation, adjustment, defense, and appeal for each complaint to a real estate regulatory board or commission, provided that:
1. a **Claim** covered by this policy has been made involving the same negligent act, error, or omission or a **Related Negligent Act, Error, or Omission** or, alternatively, if no **Claim** has been made, the **Insured** first receives such complaint during the **Individual Policy Period** or any applicable Extended Reporting Period;
  2. the complaint involves **Professional Services** that occurred after the **Licensee's Retroactive Date** and before the effective date of cancellation or nonrenewal of the **Individual Policy Period**;
  3. the complaint would otherwise be covered under this policy if the matter arose to a **Claim**; and
  4. the complaint does not allege, arise from, or relate to a negligent act, error, or omission or **Related Negligent Act, Error, or Omission** which is the subject of a **Claim** that is not covered by this policy.

It is further provided that the **Insured** shall have the following duties under this Supplemental Payment:

1. The **Insured** shall give the Company written notice of the complaint by any of the methods listed in Section XI. THE INSURED'S DUTIES IF THERE IS A CLAIM within the **Individual Policy Period** or any applicable Extended Reporting Period, but no more than twenty (20) days after the **Insured** first becomes aware of such complaint to a real estate regulatory board or commission.
2. The **Insured** shall cooperate with the Company and, at the Company's request, the **Insured** shall assist the Company in responding to the complaint. The **Insured** shall attend hearings and help in securing and giving evidence at the Company's request.

Unless a circumstance, **Claim**, or **Related Claim** involving the **Professional Services** has previously been reported in writing to the Company, any written notice to the Company of a complaint to a real estate regulatory board or commission shall be deemed notification of a circumstance under Section XII. CIRCUMSTANCE REPORTING.

The amount payable under this provision shall be subject to a \$5,000 Aggregate Limit during an **Annual Policy Term**, regardless of the number of complaints and even if the complaint spans more than one **Annual Policy Term**. All complaints arising out of the same negligent act, error, or omission or **Related Negligent Acts, Errors, or Omissions**, whenever made, shall be considered a single complaint first made within the **Individual Policy Period** in which the earliest of the complaints was first made. The Company shall not pay any **Damages** awarded by a regulatory board or commission; return or restitution of fees, commissions, expenses, or costs; injunctive or declaratory relief; fines; penalties; punitive, exemplary, or multiplied damages; or matters deemed uninsurable under applicable law.

- F. The Company will pay a maximum of \$5,000 to the **Real Estate Firm** as reimbursement for costs incurred to provide notification to individuals or entities whose **Confidential Commercial Information** or **Non-Public Personal Information** may have been breached, used in an unauthorized manner, or disclosed, provided that:
1. the **Confidential Commercial Information** or **Non-Public Personal Information** was gathered in the course of the **Licensee's** rendering of **Professional Services**;
  2. such notification is required to effect compliance with a **Security Breach Notice Law**;
  3. the **Insured** first discovers and reports to the Company such breach, unauthorized use, or disclosure during the **Individual Policy Period**;
  4. prior to the inception date of the **Individual Policy Period**, no **Insured** had knowledge of the breach, unauthorized use, or disclosure; and
  5. the breach, unauthorized use, or disclosure occurred after the **Retroactive Date**.



The amount payable during the **Individual Policy Period** under this provision shall be subject to a \$5,000 Aggregate Limit during an **Annual Policy Term**, per **Real Estate Firm** regardless of the number of **Insureds** or **Licensees** affiliated with the **Real Estate Firm**. In addition, the \$5,000 Aggregate Limit is the maximum the Company will pay even if the security breach or the notice to individuals or entities spans more than one **Annual Policy Term, Individual Policy Period**. The Company has no duty to pay **Damages** or defend any **Insured** for the actual or potential breach, unauthorized use, or disclosure of **Confidential Commercial Information** or **Non-Public Personal Information**.

## V. TERRITORY

- A. If the **Licensee's Domicile** is in the State of Kentucky, then this policy applies to **Professional Services** performed anywhere in the world, provided that:
  - 1. the **Licensee** will be covered for **Professional Services** performed outside the State of Kentucky only if the **Licensee** is duly licensed in such jurisdiction and the services performed would require a license pursuant to the laws of Kentucky had the acts been performed in Kentucky; and
  - 2. the **Claim** arising out of the rendering of such **Professional Services** is brought within the United States of America, its territories or possessions.
- B. If the **Licensee's Domicile** is not in the State of Kentucky, then this policy and the coverage provided hereunder applies only to **Professional Services** performed in Kentucky. The **Claim** arising out of the rendering of such **Professional Services** must be brought within the United States of America, its territories or possessions.
- C. For purposes of this section, a **Licensee** whose **Domicile** is not in the State of Kentucky shall be treated as if the **Licensee's Domicile** is in the State of Kentucky if the **Licensee's Principal Real Estate License** is affiliated with a real estate office located in the State of Kentucky and the **Licensee** resides within fifty (50) miles of the Kentucky State line.

## VI. EXCLUSIONS

This insurance does not apply to any **Claim** alleging, arising from, or related to:

### A. Fraudulent, Criminal, or Dishonest Acts

fraudulent, dishonest, criminal, or malicious acts committed by the **Insured**, at the **Insured's** direction, with the **Insured's** knowledge, or by anyone for whose acts the **Insured** is legally responsible. Criminal proceedings are not covered under this Policy regardless of the allegations made against any **Insured**

### B. Insolvency

the insolvency of the **Insured**;

### C. Failure to Pay or Collect

the failure to pay, collect, or return insurance premiums, trust monies, escrow monies, earnest money deposits, security deposits, tax money, or commissions, except that this exclusion shall not apply to an **Escrow Claim** until the **Escrow Claim** Sublimit of Liability has been exhausted;

### D. Wrongful Termination

the wrongful termination of employment, breach of an employment contract, or other employment disputes;

### E. Bodily Injury

bodily injury, sickness, disease, mental anguish, pain or suffering, emotional distress, or death of any person;

### F. Property Damage



physical injury to, destruction of, or loss of use of tangible property, except that this exclusion shall not apply to a **Lock Box Claim** until the **Lock Box Claim** Sublimit of Liability has been exhausted or to an **Environmental Claim** until the **Environmental Claim** Sublimit of Liability has been exhausted;

G. Unfair Competition

unfair competition, piracy, advertising injury, or theft or wrongful taking of concepts or other intellectual property;

H. Libel or Slander

libel, slander, defamation of character, disparagement, detention, humiliation, sexual harassment, false arrest or imprisonment, wrongful entry or eviction, violation of the right to privacy, malicious prosecution, personal injury, or other invasion of rights to private occupancy;

I. Discrimination

discrimination on the basis of race, color, creed, national origin, sex, religion, age, sexual preference, marital status, any mental or physical handicap or disease, or any other unlawful discrimination category, except that this exclusion shall not apply to a **Discrimination Claim** until the **Discrimination Claim** Sublimit of Liability has been exhausted;

J. Owned or Purchased Property

1. **Professional Services** relating to property in which any of the following had more than a 25% ownership or financial interest: an **Insured**; **Insured's** spouse; **Insured's Domestic Partner**; or any entity, partnership, or trust in which the **Insured** or **Insured's** spouse or **Domestic Partner** owned or controlled more than 25% ownership or financial interest; or
2. **Professional Services** relating to property purchased or attempted to be purchased by any of the following: an **Insured**; **Insured's** spouse; **Insured's Domestic Partner**; or any entity, partnership, or trust in which the **Insured** or **Insured's** spouse or **Domestic Partner** owned or controlled more than 25% ownership or financial interest;

however, this exclusion does not apply to:

- a. any **Claim** arising from the sale of property acquired by the **Insured** pursuant to a guaranteed sale listing contract. The guaranteed sale listing contract must be a written agreement between the **Insured** and the seller of a property in which the **Insured** agrees to purchase the property if it is not sold under the listing agreement in a specified time. For coverage to apply, the **Insured** must hold title to the property for less than one (1) year and must continually offer it for sale; or
- b. a **Primary Residence Claim** until the **Primary Residence Claim** Sublimit of Liability has been exhausted.

K. Developed / Constructed Property

**Professional Services** relating to property developed or constructed by any of the following: an **Insured**; **Insured's** spouse; **Insured's Domestic Partner**; or any entity, partnership, or trust in which the **Insured** or **Insured's** spouse or **Domestic Partner** owned or controlled more than 10% financial interest;

L. Statutory Violations

violation of the Employee Retirement Income Security Act of 1974, the Securities Act of 1933, the Securities Exchange Act of 1934, any state Blue Sky or securities laws, or amendments thereto;



M. Maintenance of Insurance

failure by an **Insured** to provide or maintain insurance;

N. Specified Activities

the **Insured's** activities as:

1. a lawyer, title agent, mortgage banker, mortgage broker or correspondent, escrow agent, **Construction Manager**, property developer, or insurance agent, except that the escrow agent portion of this exclusion shall not apply to an **Escrow Claim** until the **Escrow Claim** Sublimit of Liability has been exhausted or
2. an appraiser, if the appraisal activity performed requires licensing or certification other than a real estate license;

O. Real Estate Investment Trusts

activities involving a property syndication, partnership, limited partnership, or real estate investment trust in which any **Insured** has, or had, a direct or indirect interest in the profits or losses;

P. Contractual Liability

liability assumed by any **Insured** under any contract, indemnity agreement, purchase agreement, hold harmless clause, or other similar agreement unless such liability would have attached to the **Insured** in the absence of such contract;

Q. Pollution / Mold / Fungi

whether suddenly or over a long period of time:

1. the actual, alleged, or threatened emission, discharge, dispersal, seepage, release, or escape of **Pollutants**, asbestos, radon, or lead;
2. the actual or alleged failure to detect, disclose, report, test for, monitor, clean, remove, contain, dispose of, treat, detoxify, or neutralize or in any way respond to, assess the effects of, or advise of the existence of **Pollutants**;
3. any nuclear reaction, nuclear radiation, or radioactive contamination or any act, condition, or pollution incidental to the foregoing; or
4. the actual or alleged:
  - a. or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth of, or presence of or
  - b. failure to detect, report, test for, monitor, clean, remove, contain, dispose of, treat, detoxify, or neutralize or in any way respond to, assess the effects of, or advise of the existence of any **Fungi** or **Microbes** or of any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of **Fungi** or **Microbes**.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the **Damages** claimed.

As used in this exclusion, pollution includes the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **Pollutants**.

Except that this exclusion shall not apply to an **Environmental Claim** until the **Environmental Claim** Sublimit of Liability has been exhausted;

R. Expected or Intended

injury or damage expected or intended by the **Insured**;





S. Commission or Fee Disputes

disputes over commissions or fees between real estate brokers, salespersons, and/or sales associates; property managers; or disputes over commissions or fees involving lawsuits initiated by the Insured. This exclusion does not apply to disputes over commissions or fees involving counterclaims filed with the approval of the Company;

T. Prior Acts

negligent acts, errors, or omissions committed or alleged to have been committed either (1) prior to the date the Insured received an active real estate license or (2) subsequent to the effective date of suspension, revocation, or inactive status of the Insured's real estate license;

U. Fines and Penalties

any fines, penalties, assessments, punitive damages, exemplary damages, multiplied damages, or matters deemed uninsurable under applicable law; or

V. Conversion / Third Party Deception

any conversion, misappropriation, commingling, defalcation, embezzlement, theft, disappearance, or insufficiency in amount of any monies, funds, or other assets or other property or Third Party Deception, including, but not limited to, any failure to detect, identify, disclose, or prevent such conversion, misappropriation, commingling, defalcation, embezzlement, theft, disappearance, or insufficiency in amount or Third Party Deception, regardless of the identity of the person or entity actually or allegedly engaged in or responsible for the conduct or failure(s) in question.

VII. EXTENDED REPORTING PERIODS

In case of cancellation or nonrenewal, the Licensee may be eligible for the following Extended Reporting Periods to apply, both subject to Paragraph C below:

- A. Automatic Extended Reporting Period: In case of cancellation or nonrenewal because the Licensee retires, places the Licensee's license on inactive status, or allows the Licensee's license to expire, the policy will apply to Claims first made against the Insured and reported in writing to the Company up to ninety (90) days after the effective date of cancellation or nonrenewal. Said ninety (90) day period will be hereinafter referred to as the Automatic Extended Reporting Period.
- B. Optional Extended Reporting Period: In case of cancellation or nonrenewal for any reason, the Licensee shall have the option, upon payment of an additional premium within ninety (90) days after the effective date of the cancellation or nonrenewal, to cause the policy to apply to Claims first made against the Insured and reported in writing to the Company during the Optional Extended Reporting Period. The Optional Extended Reporting Period will replace the Automatic Extended Reporting Period. The premium for the Optional Extended Reporting Period will be fully earned and is determined as shown below:

<u>Optional Extended Reporting Periods</u>	<u>Optional Extended Reporting Period Premium</u>
One Year	100% expiring premium, including any endorsement premium
Two Years	150% expiring premium, including any endorsement premium
Three Years	200% expiring premium, including any endorsement premium
Five Years	300% expiring premium, including any endorsement premium

The Optional Extended Reporting Period cannot be canceled by the Company or the Insured.

- C. Coverage afforded by the Automatic and Optional Extended Reporting Periods:
  - 1. Shall apply solely to Claims arising from a negligent act, error, or omission:
    - a. committed or alleged to have been committed after the Retroactive Date;
    - b. committed or alleged to have been committed before the effective date of cancellation or nonrenewal; and
    - c. which are otherwise insured under all the other terms, conditions, and exclusions of this policy.



2. Shall not apply to any **Claim**, which is insured by any other policy of insurance, nor as excess above such other policy of insurance.
3. Nothing in Paragraph A or B shall serve to increase the Limits of Liability or Sublimits of Liability as provided in Section **II. LIMITS OF LIABILITY** or Section **IV. SUPPLEMENTARY PAYMENTS**. The Limits of Liability and Sublimits of Liability for any Extended Reporting Period shall be a part of, and not in addition to, the Limits of Liability and Sublimits of Liability listed on the Declarations.

## VIII. DEFINITIONS

**Annual Policy Term** means each one-year period following the effective date of the **Group Policy Period**.

**Claim** means:

1. a written demand for money or services received by the **Insured** or
2. 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**. Complaints to or disputes before a real estate regulatory board or commission are not **Claims**.

**Claim Expenses** means:

1. fees, costs, and expenses resulting from the investigation, adjustment, defense, and appeal of a **Claim** if incurred by the Company or by the **Insured** with the Company's written consent and
2. fees charged by attorneys designated by the Company.

Costs, fees, or expenses of employees or officials of the Company are not **Claim Expenses**. Nor shall **Claim Expenses** include salaries, loss of earnings, or other remuneration by or to any **Insured**.

**Confidential Commercial Information** means information that has been provided to the **Insured** by another or created by the **Insured** for another, where such information is subject to the terms of a written confidentiality agreement or equivalent agreement obligating the **Insured** to protect such information on behalf of another.

**Construction Manager** means a person providing the following services in connection with the construction, reconstruction, or renovation of real property:

1. management of facility construction, reconstruction, or renovation plans;
2. development and management of construction, reconstruction, or renovation contracts or subcontracts;  
or
3. development of loss control and risk management plans in connection with the construction, reconstruction or renovation.

**Damages** means compensatory damages. **Damages** do not include return or restitution of fees, commissions, expenses, or costs; injunctive or declaratory relief; fines; penalties; punitive, exemplary, or multiplied damages; or matters deemed uninsurable under applicable law.

**Discrimination Claim** means a **Claim** alleging **Discriminatory Conduct**.

**Discriminatory Conduct** means acts, errors, or omissions in violation of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendment Act of 1988 (or any similar state or local law or ordinance) in the rendering of **Professional Services**.

**Domestic Partner** means any person qualifying as a "domestic partner" under any federal, state, or local law or under the **Real Estate Firm's** employee benefit plans.

**Domicile** means a person's permanent legal home to which he or she returns or intends to return. A person may have more than one residence but only one domicile.

**Environmental Claim** means a **Claim** alleging the **Insured's** failure to detect, report, assess the effects of, or advise of the existence of **Pollutants, Fungi, or Microbes**.



**Escrow Claim** means a **Claim** alleging the **Insured's** failure to pay, collect, or return trust, escrow monies, or earnest money deposits in connection with the **Licensee's Professional Services**, provided that (i) such **Insured** has met the requirements of Kentucky real estate license law governing client funds and (ii) such funds are held separate from the **Insured's** funds.

**Fungi** means any form of fungus, including but not limited to yeast, mold, mildew, rust, smut, or mushroom.

**Group Policy Period** means the period set forth in the Declarations. The **Group Policy Period** may be shortened by cancellation.

**Individual Policy Period** means the period set forth in the **Licensee's** Certificate of Coverage commencing with the date the **Licensee** obtained coverage under this group policy by paying the appropriate premium and ending with the cancellation or expiration of the **Licensee's** coverage under this group policy. The **Individual Policy Period** must be within the dates of the **Group Policy Period** shown on the Declarations.

**Insured** means the following:

1. the **Licensee** and any **Real Estate Firm, Real Estate Team**, or real estate franchisor the **Licensee** represents but only for its vicarious liability for negligent acts, errors, or omissions in the **Licensee's Professional Services** and only to the extent coverage would apply to the **Licensee** under this policy;
2. the **Licensee's Unlicensed Employees** but only for assisting the **Licensee** in the performance of the **Licensee's Professional Services** under such **Licensee's** supervision and control and only to the extent coverage would apply to the **Licensee** under this policy;
3. the heirs, executors, administrators, or assigns of the **Licensee** in the event of the **Licensee's** death, incapacity, or bankruptcy but only to the extent that such **Licensee** would have been provided coverage under this policy; and
4. the spouse or **Domestic Partner** of the **Licensee** but only for **Claims** arising solely out of such status; only if the **Claim** seeks **Damages** from marital community property, jointly held property, or property transferred from the **Insured** to the spouse or **Domestic Partner**; and only to the extent coverage would apply to the **Licensee** under this policy. No coverage is provided for any act, error, or omission of a spouse or **Domestic Partner**.

**Leasing and Property Management Services** means the following services provided in connection with the management of commercial or residential property:

1. development and implementation of management plans and budget;
2. oversight of physical maintenance of property;
3. solicitation, evaluation, and securing of tenants and management of tenant relations, collection of rent, and processing evictions;
4. development, implementation, and management of loss control and risk management plans for real property;
5. solicitation and negotiation of contracts for sale and leasing of real property;
6. development, implementation, and management of contracts and subcontracts, excluding property and liability insurance contracts, necessary to the daily functioning of the property;
7. personnel administration; and
8. record keeping.

**Leasing and Property Management Services** do not include **Renovation Services** or analysis of, evaluations of, or recommendations concerning environmental hazards or exposures.

**Licensee** means the person who holds an active real estate license issued by the **Policyholder** under the Kentucky Real Estate License Law and who has paid the required premium.

**Lock Box** means a device to allow authorized persons without a key to enter a locked door.

**Lock Box Claim** means a **Claim** alleging property damage or loss of use of property resulting from such property damage in the distribution, operation, or use of a **Lock Box** on property not owned, occupied by, or leased to the **Insured**.



**Microbes** mean any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease.

**Non-Public Personal Information** means personal information not available to the general public from which an individual may be identified including, without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, and account histories.

**Policyholder** means the Kentucky Real Estate Commission.

**Pollutants** means any solid, liquid, gaseous, thermal, biological, or radioactive substance, material, matter, toxin, irritant, or contaminant, including but not limited to radon, asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

**Primary Residence** means a single-family residence or multi-family residence of two (2) or fewer units which serves as the **Licensee's** principal residence.

**Primary Residence Claim** means a **Claim** arising from the sale or listing for sale of residential property that is the **Licensee's Primary Residence**.

**Principal Real Estate License** means the state license under which the majority of the **Licensee's** real estate transactions are conducted.

**Professional Services** means

1. services performed by the **Licensee** as a real estate broker or sales associate as defined in Kentucky Real Estate License Law and for which the **Licensee** is required to have a real estate license, provided all necessary licenses are held by the **Licensee** at the time of the act, error, or omission giving rise to the **Claim**;
2. **Leasing and Property Management Services** performed by the **Licensee**;
3. issuance of a broker price opinion by the **Licensee**, provided all necessary licenses are held by the **Licensee** when the broker price opinion is issued; and
4. services performed or advice given by the **Licensee**, including as a notary public, and as a real estate consultant or counselor in connection with the services as a **Licensee** in 1 or 2, above.

**Real Estate Firm** means a legal entity supervised by a principal broker with which real estate brokers or real estate sales associates as defined in Kentucky Real Estate License Law are affiliated and which **Licensee** works for or represents.

**Real Estate Team** means a team with which the **Licensee** and at least one other active Kentucky real estate licensee advertise and conduct **Professional Services** as a group. **Real Estate Team** does not include any entity which conducts other services in addition to **Professional Services**. Nor does **Real Estate Team** include licensees associated with or employees of the entity.

**Related Claims** means all **Claims** arising out of a single negligent act, error, or omission or arising out of **Related Negligent Acts, Errors, or Omissions** in the rendering of **Professional Services**.

**Related Negligent Acts, Errors, or Omissions** mean all negligent acts, errors, or omissions in the rendering of **Professional Services** that are temporally, logically, or causally connected by any common fact, circumstance, situation, transaction, event, advice, or decision.

**Renovation Services** means the following services provided in connection with the renovation and reconstruction of any type of property:

1. management of facility renovation and reconstruction plans,
2. development and management of renovation and reconstruction contracts and subcontracts, or
3. development of loss control and risk management plans in connection with the reconstruction or renovation.



**Retroactive Date** means the date when the first real estate errors and omissions coverage was effective insuring the **Licensee** on a claims-made basis and since which time the **Licensee** has been continuously insured by coverage similar to that provided by this policy. The **Retroactive Date** is established separately for each **Licensee**.

**Security Breach Notice Law** means any statute or regulation requiring an entity that maintains **Confidential Commercial Information** or **Non-Public Personal Information** to provide notice to specified individuals or entities of any actual or potential unauthorized disclosure of such information.

**Third Party Deception** means the misleading of a person or persons through the misrepresentation by another person or persons, whether or not known to the **Insured**, which results in the theft, conversion, embezzlement, or misappropriation of any monies, funds, or other assets or property.

**Unlicensed Employee** means the support staff employed by the **Licensee** and under the **Licensee's** supervision and control who is assisting the **Licensee** in the performance of the **Licensee's Professional Services**, including a personal assistant, clerk, secretary, messenger, and intern but shall not include an owner, officer, director, or any other staff member who is not under the direct supervision of the **Licensee** or assisting the **Licensee** in the performance of the **Licensee's Professional Services**. **Unlicensed Employee** does not include appraisal trainees or anyone who manages property or performs **Leasing and Property Management Services**.

## IX. PREMIUM

This coverage shall not be effective until and unless the application for coverage has been approved by the Company and the premium has been paid. Each **Insured's** premium shall be fully earned at the policy's commencement without any obligation by the Company to return any portion thereof unless the Company cancels the entire policy.

## X. AUDIT

The Company may audit the **Insured's** records to determine the accuracy of pertinent information provided by the **Insured**. The Company will give reasonable notice to the **Insured** of such an audit. The audit will take place during the **Insured's** regular business hours.

## XI. THE INSURED'S DUTIES IF THERE IS A CLAIM

A. The **Insured** shall give written notice by submitting a completed Notice of Claim Form to the Company as soon as possible after the **Claim** is first made but in no event more than ninety (90) days after the **Insured** becomes aware of such **Claim**. Such written notice shall include the name of the **Licensee** and shall include the time, place, and details of the **Claim**. Notice shall be delivered to:

**U.S. Mail Delivery**

Claims Department  
P.O. Box 6709  
Louisville, KY 40206-0709

**Overnight Delivery**

Claims Department  
4211 Norbourne Blvd.  
Louisville, KY 40207-4048

**Electronic Delivery**

Fax: (502) 896-6343  
Email: claims@risceo.com

B. The **Insured** shall not admit any liability, make any settlement, pay any **Damages**, or assume any duty or obligation for any **Claim** without the prior written consent of the Company. The **Insured** shall not incur any **Claim Expenses** for any **Claim** without the prior written consent of the Company.

C. The **Insured** shall immediately forward to the Company every demand, notice, summons, or other process about any **Claim** received by the **Insured** or the **Insured's** representative.

D. The **Insured** shall cooperate with the Company and, at the Company's request, the **Insured** shall assist the Company in responding to the **Claim** and making settlements. The **Insured** shall attend hearings and trials and help in securing and giving evidence at the Company's request.

## XII. CIRCUMSTANCE REPORTING

If during the **Individual Policy Period**, the **Insured** becomes aware of any act, error, or omission that may reasonably be expected to be the basis of a **Claim** against an **Insured** and gives written notice to the Company by any of the means listed in Section XI. **THE INSURED'S DUTIES IF THERE IS A CLAIM** of



such act, error, or omission and additional information about the potential **Claim**, including but not limited to:

1. the specific act, error, or omission;
2. the dates and persons involved;
3. the identity of the anticipated or possible claimants or complainants; and
4. the circumstances by which the **Insured** first became aware of the potential **Claim**,

then any **Claim**, subpoena, or complaint to a real estate regulatory board or commission that arises out of such reported act, error, or omission, subsequently made against the **Insured** and reported to the Company shall be deemed to have been made at the time such written notice was first given to the Company.

### **XIII. SUBROGATION**

If the Company makes any payment under this policy, the Company shall receive all of the **Insured's** rights of recovery against any persons or organizations. The **Insured** shall assist the Company in whatever way is necessary to secure such rights. When a **Claim** is made, the **Insured** shall do nothing to thwart the Company's recovery of amounts paid to other parties who might be responsible for the **Claim**.

### **XIV. CHANGES**

The terms of this policy may not be waived or changed unless the Company issues an Endorsement. All Endorsements become a part of this policy upon the Endorsement's effective date. The **Policyholder** or the **Licensee** and the Company may make changes in the terms of the policy upon mutual consent.

### **XV. ACTION AGAINST THE COMPANY**

The **Insured** may not bring a lawsuit against the Company unless the **Insured** has complied with all the terms and conditions of this policy. Nor shall an action lie against the Company until judgment or trial determines the **Insured's** responsibility to pay.

### **XVI. BANKRUPTCY**

Bankruptcy or insolvency of the **Insured** or the **Insured's** estate will not relieve the Company of its obligations under this policy.

### **XVII. CANCELLATION**

A. The **Policyholder** may cancel this policy by giving, mailing, or delivering the Company advance written notice of cancellation or surrendering the policy to the Company at least one hundred twenty (120) days before the effective date of cancellation. If the **Policyholder** cancels the policy, it is responsible for notifying each **Licensee** of the effective date of cancellation.

B. This policy may be canceled by the Company by notice in writing which shall be delivered to the **Policyholder** or mailed to the **Policyholder** at the last known address of the **Policyholder**, which shall state the effective date of the cancellation, and shall be accompanied by a written explanation of the specific reason or reasons for the cancellations, at least:

1. Fourteen (14) days from the effective date of cancellation if the Company cancels for nonpayment of premium; or
2. One Hundred Twenty (120) days prior to the effective date of cancellation if the Company cancels for any other reason.

C. If the **Policyholder** or the Company cancels, earned premium shall be computed on a pro rata basis.

### **XVIII. NONRENEWAL**

If the Company elects not to renew this policy, it will provide written notice of nonrenewal to the **Policyholder** at least one hundred twenty (120) days before the expiration date of the policy.



**XIX. CONFORMITY TO STATUTES**

If applicable law is in conflict with this policy, the policy is amended to conform to that law.

**XX. OTHER INSURANCE**

This insurance is excess over any other insurance, whether primary, excess, contingent, or on any other basis, except when purchased specifically to apply in excess of this insurance. When both this insurance and other insurance apply to any **Claim**, whether primary, excess, or contingent, the Company shall not be liable under this policy for a greater proportion of the **Damages** or **Claim Expenses** than the applicable Limits of Liability or Sublimits of Liability under this policy for such **Damages** bears to the total applicable Limits of Liability and Sublimits of Liability of all valid and collectible insurance against such **Claims**.

**XXI. LICENSE INACTIVE**

In the event a **Licensee's** license is placed on inactive status during a period in which the **Insured** has paid the applicable premium, the policy will remain in effect for the remainder of the **Individual Policy Period** as if the license had not been placed in inactive status, regardless of whether the license is re-activated, except that coverage will not be provided for acts, errors, or omissions of the **Insured**, which occur during the period when the license was in an inactive status.

**XXII. AUTHORIZATION CLAUSE**

By accepting this policy, the **Insured** agrees that the statements in the application are the **Insured's** agreements and representations. The **Insured** agrees that these statements are true and correct as of the inception of this policy. This policy has been issued relying upon those statements and representations. The **Insured** agrees that the policy and application are the total agreement between the **Insured** and the Company or its agents.

**XXIII. TRANSFER**

This policy is not transferable.

**XXIV. TRADE AND ECONOMIC SANCTIONS**

This policy does not provide coverage for **Insureds**, transactions, or that part of **Damages** or **Claim Expenses** that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

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IN WITNESS WHEREOF, we have caused this policy to be executed by our Chairperson and Secretary, but this policy shall not be binding upon us unless completed by the attachment of the Certificate of Coverage and executed by our duly authorized representative.

Chairman

Secretary