



COLORADO REAL ESTATE COMMISSION'S (CREC'S) GROUP ERRORS & OMISSIONS (E&O) PROGRAM

Administered by Rice Insurance Services Company, LLC (RISC)

Issued by Continental Casualty Company

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

RISC is pleased to continue to provide the CREC's group real estate E&O insurance program, tailored to exceed state requirements.

BASIC POLICY only \$239

Limits of liability of \$100,000 per claim / \$300,000 aggregate with \$1,000 damage deductible and no deductible for defense costs.

Increased Limits Available to individual (not firm) licensees for additional premium.

\$250,000 per claim / \$750,000 aggregate (\$189) -or- \$500,000 per claim / \$1,000,000 aggregate (\$309).

AUTOMATICALLY INCLUDES

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

Defense Outside Limits: There is NO LIMIT on the amount of defense costs the carrier will pay in connection with claims covered under the basic policy limits (Note, defense costs are limited under the discrimination, escrow, regulatory complaints, and subpoena coverages; however, traditional E&O policies do not provide these coverages at all).

Expanded Definition of Professional Services: In addition to services requiring a Colorado real estate broker license, insured professional services include (1) services performed or advice given (including as a notary public and as a real estate consultant or counselor) in connection with licensed activity, (2) market analyses and valuations for listing a property or guiding a buyer in making an offer, and (3) broker price opinions.

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

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

Subpoena Coverage: \$5,000 per subpoena & aggregate (attorneys' fees).

Primary Residence Coverage: Coverage for the sale or listing for sale of your primary residence, under certain conditions.

Retroactive / Prior Acts Coverage: Insures prior transactions, provided you have maintained continuous real estate E&O insurance (from any provider) from the date of the professional service to the date the claim arises. Some carriers may not insure services performed while you were with a different carrier or associated with a different real estate firm.

Discrimination / Fair Housing Claim Sublimits: \$30,000 per claim & aggregate (damages & defense costs, combined); increase with optional Endorsement Bundle.

Escrow / Earnest Money Claim Sublimits: \$10,000 per claim / \$25,000 aggregate (damages & defense costs, combined).

Lock Box Claim Sublimits: \$100,000 per claim / \$300,000 aggregate (damages) w/ no limit on defense costs and no deductible.

Regulatory Complaints Coverage: \$2,500 per regulatory complaint / \$5,000 aggregate (defense costs); increase with optional Endorsement Bundle.

OPTIONAL ENDORSEMENTS AVAILABLE TO INDIVIDUAL (NOT FIRM) LICENSEES

Appraisal: (\$140) Adds insurance for licensed appraisal activity. Eligibility requirements: (1) active Colorado real estate license and (2) active Colorado appraiser license / credential.

Appraisal Trainee: (\$140 per appraiser trainee) Insureds who purchase an appraisal endorsement may also purchase an appraisal trainee endorsement to add specific appraiser trainees listed in the endorsement as insureds.

Contingent Bodily Injury / Property Damage: (\$30) \$10,000 per claim & aggregate (damages & defense costs, combined) for bodily injury and property damage claims that arise from professional services (conditions apply).

Property Management: (\$25) The group policy insures professional services that require a real estate license, such as renting and leasing real property. This endorsement expands the definition of professional services to include additional, specified services that do not require a real estate license but are often performed by property managers, such as collecting rents and processing evictions.

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

Endorsement Bundle: (\$15) Includes the following 5 endorsements:

- J **Environmental Endorsement:** \$10,000 (damages & defense costs, combined) per claim alleging the insured's failure to detect, report, or assess the effects of or advise of the existence of pollutants, fungi, or microbes / \$20,000 aggregate.
- J **Residential Personal Interest Endorsement:** Up to policy limits for claims concerning the sale or listing for sale of residential property (defined in the endorsement) owned by you or your spouse (conditions apply).
- J **Increased Discrimination / Fair Housing Sublimits:** Increases sublimits to \$50,000 per claim & aggregate (damages & defense costs, combined);
- J **Increased Regulatory Complaints Coverage:** Increases coverage to \$5,000 per complaint / \$5,000 aggregate (defense costs).
- J **Supplemental Coverage Security Breach Notification Endorsement:** Reimbursement to the real estate firm, regardless of number of licensees involved, up to a maximum \$5,000 for costs incurred to provide required notification to clients of a security breach when information may have been disclosed or used in an unauthorized manner. This is not coverage for personal identity theft risk, which is not a professional liability risk and which is usually offered to individuals by personal insurance policy providers and credit card companies.

WHERE COVERAGE APPLIES

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

FIRM EXCESS COVERAGE (Subject to Underwriting Approval)

Firm excess policies (written by Continental Casualty Company) with \$1,000,000 limits available to firms whose licensees are all insured through the group program. For more information please contact our Excess Department at 1-800-637-7319 Option 3.

RISK REDUCTION MATERIAL

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

Visit our website, www.risceo.com, to enroll online, view sample policy and endorsement forms, and obtain additional information.

Also feel free to contact us with any questions or concerns. We are always happy to hear from Colorado licensees.



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Please Support Your State Program

Over **\$28 Million** in defense costs and damages have been incurred as of September 1, 2018 since RISC began administering the Colorado state group program in 2004. RISC and the carrier share a commitment to their insureds and providing valuable coverage to Colorado licensees. When shopping for insurance coverage, it's important to ask about the company's experience and paid claims in Colorado. If a company is charging a very low amount, you may find the carrier doesn't provide much coverage or pay many claims.

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

Rely on the Most Experienced Provider in the Business

The Rice family and their colleagues have specialized in mandated real estate E&O programs since 1989. We provide group policies in the vast majority of states that have group programs and require licensees to maintain insurance. CNA has more than 50 years of experience in E&O programs, including over 30 years in real estate E&O. CNA is the top provider of real estate liability insurance, delivering more than 100 years of experience, industry knowledge, and financial strength to manage even the most complex risks. You can be confident we will be here for you even after you purchase coverage.

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

Some people assume insurance companies look for reasons to deny coverage. Our duty to find coverage where the policy supports it is our utmost concern. Most insurance providers use one entity to sell the policy and another to handle claims. Because we do both, the information we provide about the policy reflects how it will actually apply in the event of a claim. Providers who don't administer claims may not know how the carrier actually applies the policy when a claim is made.

We Stand by You Even if there is a Claim

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

Our Revamped Website Makes Everything Easier

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

Questions?

Visit our website, www.risceo.com or contact us at 1-800-637-7319
We are always happy to hear from Colorado licensees.

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

Always Review the Actual Policy Provisions!

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

Does the policy provide first dollar defense? Yes. 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 under the discrimination, escrow, regulatory complaints, and subpoena coverages; however, traditional E&O policies do not provide these coverages at all).

Does the policy insure transactions you do for relatives? Yes. The RISC policy applies to claims involving services performed for you or your spouse's relatives. This is important, since buyers and sellers often turn to a trusted relative who is a real estate licensee.

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

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

Does the policy allow you a voice in choosing an attorney? Yes. The group policy provides that defense counsel must be mutually agreeable to the insured and the carrier, so the carrier cannot assign an attorney you do not agree to represent you in a covered claim.

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

Thank you for all of the hard work and effort you put in.... [We] were both so appreciative of everything you & RISC did to help us – we felt like you were truly in our corner. You never know how good a company is until you really need them – RISC was a shining star. A.G.

I've never seen better service than what you provide for us each year. I ask for something and it's always answered by the end of the day. I wish all companies had your work ethic. I know I'm not the only one asking many questions and you're always there.... Thank you. B.F.

My sincere thanks to [the RISC adjuster] for her professional, timely, and compassionate handling of my situation. I have never gone through this...but at this point, I feel that I am in excellent hands with [local defense counsel] and his firm. G.R.

[T]hank you for going the extra mile. M.C.

WOW!!!! I am completely blown away by how quickly and efficiently you [provide service]. You and your team are truly the best! T.J.



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NOTICE: If you are insured under the CREC's 2018 group program, your insurance expires January 1, 2019. **Colorado law requires that all active individual real estate licensees carry and maintain E&O insurance to cover all licensed activities. Failure to timely obtain or renew coverage may lead the CREC to inactive your license and assess fines and penalties.** Prospective licensees must obtain insurance before license activation. Licensees may obtain insurance outside of the group program, provided coverage complies with state law and proof of coverage is provided to the CREC as required by state law.

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

IMPORTANT INFORMATION REGARDING FIRM LICENSEES: Active licensed real estate companies that (1) employ licensees in addition to the responsible broker and (2) are organized as corporations, limited liability companies, or partnerships also must carry E&O insurance. Licensed real estate firms that do not employ licensees other than the responsible broker are not required to carry E&O insurance but may opt to do so (the responsible broker must maintain individual E&O coverage).

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

REVIEW THE FOLLOWING IMPORTANT INFORMATION AND SIGN BELOW:

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

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

Prior Acts and Importance of Timely Renewal: 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 will result in loss of coverage for ALL professional services performed before the new policy's effective date, even if you had E&O insurance when the services were provided and again when the claim arises. If you fail to enroll timely, call RISC immediately to see if you qualify to backdate your individual policy period to January 1, 2019. This procedure will not remedy noncompliance with mandatory insurance laws, which will result in penalties and fines.

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

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

Effective Date: Licensees who enroll before 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.

SIGNATURE: _____ **DATE:** _____

CNA is a service mark and trade name registered with the US Patent and Trademark Office. The program referenced herein is underwritten by Continental Casualty Company, a CNA insurance company. The information included on both pages of this document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the products and services offered. Only the policy can provide the actual terms, coverages, amounts, conditions, and exclusions. This program is only available in Colorado. © 2018



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INDIVIDUAL ENROLLMENT FORM

NOTICE

Colorado law requires that all active individual real estate licensees carry and maintain E&O insurance to cover all licensed activities. Failure to maintain continuous E&O coverage may lead the CREC to inactive your license and assess fines and penalties.

HOW TO ENROLL

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

MAIL: Send completed form (both pages) with a 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 CREC.

Mailing Address

RISC, PO Box 6709, Louisville, KY 40206-0709

Overnight Delivery

RISC, 4211 Norbourne Blvd, Louisville, KY 40207-4048

LICENSEE INFORMATION: Correct any incorrect information and fill in any blanks. Failure to do so may delay issuance of your coverage and confirmation to the CREC. *This form is for individual licensees only. Firm licensees should use the firm enrollment form.*

| | | |
|-------------------|---------------------------|---|
| 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.

SELECT DESIRED COVERAGES BELOW

| | | |
|--|---|-------------------------------------|
| Premium: January 1, 2019 to January 1, 2020 Limits of Liability: \$100,000 per claim / \$300,000 aggregate Deductible: \$1,000 (damages) | \$239 | <input checked="" type="checkbox"/> |
| Appraisal Endorsement: MUST have an active real estate license and an active appraisal license to be eligible Appraisal License #: _____ | \$140 | |
| Appraisal Trainee Endorsement: Changes the definition of insured to include specific appraiser trainees listed in the endorsement. Eligibility requirements: (1) an active real estate license; (2) an active appraisal license; and (3) also purchase an appraisal endorsement (above). <i>You <u>must</u> attach a list of appraisal trainees that you would like listed in the endorsement. A separate premium applies to each appraisal trainee listed.</i> | \$140 per appraisal trainee | |
| Conformity Endorsement: Conforms your CO policy to comply with E&O requirements in other states where you have an active real estate license. To be eligible for this endorsement, you must be actually domiciled in CO or treated as domiciled in CO by the policy terms. Please circle applicable state(s): AK 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) | \$20 (Regardless of number of states at issuance) | |
| <small>* Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.</small> | | |
| Contingent Bodily Injury / Property Damage Endorsement: \$10,000 per claim / \$10,000 aggregate (damages and claim expenses, combined) for bodily injury and property damage claims that arise from professional services under certain conditions. | \$30 | |
| Property Management Endorsement | \$25 | |
| Endorsement Bundle – Includes the Following Five Endorsements: <input type="checkbox"/> Environmental Endorsement: \$10,000 (damages and claim expenses, combined) per covered environmental claim, up to an aggregate of \$20,000. <input type="checkbox"/> Residential Personal Interest Endorsement: Provides coverage for claims relating to the sale or listing for sale of residential property owned by the insured licensee under certain conditions. <input type="checkbox"/> Supplemental Coverage Security Breach Notification Endorsement: Reimbursement up to \$5,000 for costs incurred by the insured licensee's real estate firm to provide required notification to clients of a security breach when confidential commercial information or nonpublic personal information may have been disclosed or used in an unauthorized manner (up to a maximum of \$5,000 per real estate firm, regardless of the number of licensees or incidents involved). This is not coverage for personal identity theft risk, which is not a professional liability risk and which is usually offered to individuals by personal insurance policy providers and credit card companies. <input type="checkbox"/> Increased Sublimits for Fair Housing / Discrimination Claims Endorsement: Increases sublimits to \$50,000 per covered fair housing / discrimination claim, up to a \$50,000 aggregate (the basic policy automatically includes sublimits of liability of \$30,000 per claim, up to a \$30,000 aggregate, for fair housing and discrimination claims). <input type="checkbox"/> Increased Claim Expenses Coverage for Regulatory Complaints (Disciplinary Proceedings): Increases defense cost coverage to \$5,000 per covered regulatory complaint, up to a maximum of \$5,000 (the basic policy automatically includes defense costs of \$2,500 per covered regulatory complaint, up to a maximum of \$5,000). | \$15 | |
| Increased Limits Endorsements – You may purchase ONLY ONE of the following: | | |
| Increased Limits of \$250,000 per claim / \$750,000 aggregate | \$189 | |
| Increased Limits of \$500,000 per claim / \$1,000,000 aggregate | \$309 | |
| | BASIC POLICY PREMIUM | \$ 239 |
| | + ANY OPTIONAL ENDORSEMENT PREMIUM | \$ _____ |
| | TOTAL DUE | \$ _____ |