



IMPORTANT NOTICE REGARDING INACTIVE STATUS AND E&O INSURANCE COVERAGE

If you place your license on inactive status, you need to be aware of special considerations regarding your errors and omissions (E&O) insurance coverage. The policies administered by Rice Insurance Services Company, LLC (RISC) are written on a claims-made-and-reported basis. This means that coverage is provided only for those claims that are made against the insured and reported to the insurance company in writing during the policy period. If you place your license on inactive status, you may still be eligible for limited coverage after the policy period. RISC's policies vary by state, but they all contain some version of a limited ninety-day automatic extended reporting period. Review your state's policy for the applicable policy language. Below is sample language from one RISC policy:

In case of cancellation or nonrenewal because a **Licensee** retires, places license on inactive status or allows license to expire, the policy will apply to **Claims** first made against the **Insured** and reported 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.

After you place your license inactive, in most states you are not required by law to maintain your E&O insurance. However, it is prudent to maintain coverage in order to avoid personal liability for claims that may arise after the expiration of the policy period. This is important because many professional liability claims are not made until years after the subject transaction occurs. An Optional Extended Reporting Period (ERP) Endorsement, commonly known as "tail coverage" may be purchased to cause the policy to apply to claims first made against the insured and reported to the insurance company for one to five years (may vary by state) after the effective date of cancellation or nonrenewal. Tail Coverage can only be purchased within ninety days after the licensee's policy has terminated.

Again, RISC's policies vary by state. Below is sample language from one RISC policy's extended reporting period provision (review your state's policy for the applicable policy language). Below is sample language from one state group policy:

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 subsequent to the **Retroactive Date**, and
 - (b) committed or alleged to have been committed prior to 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 Paragraphs A or B shall serve to increase the Limits of Liability as provided in Insuring Agreement II or the Supplementary Payments as provided in Section IV. The Limits of Liability for any Extended Reporting Period shall be a part of, and not in addition to, the Limits of Liability listed on the Declarations.

RISC's policies require any claim be reported in writing to the insurance company during the policy period or any extended reporting period in which the claim is first made against an insured. The insured must give written notice by submitting a completed Notice of Claim Form to RISC as soon as possible after the claim is first made but in no event more than ninety days after the insured becomes aware of the claim. Such written notice shall include the licensee's name, as well as the time, place, and details of the claim. Failure to timely report a claim could jeopardize the coverage provided by the policy. A notice of claim form can be found on our website, www.risceo.com. Please feel free to contact our Claims Department at 1-800-637-7319 (extension 2) if you have any questions or concerns regarding reporting a claim.

This information is for illustrative purposes only and is not a contract. This information is intended to provide a general overview of certain products, services, and situations encountered in the course of our business. This information does not amend any E&O policy in any way. The program referenced herein is underwritten by Continental Casualty Company, a CNA insurance company. Only the applicable policy can provide the actual terms, coverages, amounts, conditions, and exclusions, which may be subject to change without notice. In the event of a claim, the nature and extent of coverage is determined based upon the claim's facts, circumstances, and allegations and application of the relevant policy's terms, conditions, and exclusions. The E&O program described herein is only available in certain states. CNA is a registered trademark of CNA Financial Corporation. Copyright © 2019 CNA. All rights reserved. Prepared by Rice Insurance Services Company, LLC © 2019