



CONTINENTAL CASUALTY COMPANY
(A stock insurance company, hereinafter called the "Company")

Administrative Office:
P.O. 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** WHICH ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO THE COMPANY DURING THE **INDIVIDUAL POLICY PERIOD** OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

- Policy Number:** 18 EO 0027KY
- 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 656 Chamberlin Avenue, Suite B, Frankfort, KY 40601
- ITEM 2. GROUP POLICY PERIOD:** From April 1, 2018 to April 1, 2019
(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**
(b) \$1,000,000.00 Aggregate all **Claims** per **Licensee**
- ITEM 4. SUBLIMITS DISCRIMINATION CLAIM:**
(a) \$10,000.00 per **Licensee** per **Discrimination Claim (Damages & Claim Expenses)**
(b) \$10,000.00 Aggregate all **Discrimination Claims** per **Licensee**
- ITEM 5. SUBLIMITS ENVIRONMENTAL CLAIM:**
(a) \$5,000 per **Licensee** per **Environmental Claim (Damages & Claim Expenses)**
(b) \$10,000.00 Aggregate all **Environmental Claims** per **Licensee**
- ITEM 6. SUBLIMITS LOCK BOX CLAIM:**
(a) \$5,000.00 per **Licensee** per **Lock Box Claim (Damages & Claim Expenses)**
(b) \$10,000.00 Aggregate all **Lock Box Claims** per **Licensee**
- ITEM 7. DEDUCTIBLES:**
DAMAGES None each **Claim**
CLAIM EXPENSES None each **Claim**
- ITEM 8. PREMIUM** \$126.00 per **Licensee**, plus taxes, surcharge, and any applicable endorsement premium
- ITEM 9. 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, omission or **Discriminatory Conduct** committed or alleged to have been committed prior to the **Retroactive Date** listed above.

- ITEM 10. OPTIONAL EXTENDED REPORTING ADDITIONAL PREMIUM:** One Year is 100% expiring premium (\$126.00 plus any applicable endorsement premium, taxes, and surcharge); Two Years is 150% expiring premium (\$189.00 plus any applicable endorsement premium, taxes, and surcharge); Three Years is 200% expiring premium (\$252.00 plus any applicable endorsement premium, taxes, and surcharge)

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

4/01/2018

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 Deductible as a result of a **Claim** which the **Insured** becomes legally obligated to pay by reason of a negligent act, error, omission or **Discriminatory Conduct** in the performance of **Professional Services**, 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. such negligent act, error, omission or **Discriminatory Conduct** was committed or alleged to have been committed subsequent to 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; **Discriminatory Conduct**; or **Related 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. The Company has the right to select counsel, to make investigation of the circumstances of the **Claim**, and to make payments of judgments or 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 rights of the **Insured** 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 **Insured's** consent, 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 and 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.

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 excess of the 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 and reported to the Company within the **Individual Policy Period** in which the earliest of the **Related Claims** was first made and reported to the Company. The amount paid 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 that 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 **Licensee** 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 all **Claims** per **Licensee** Limit stated in the Declarations.
- C. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for each **Discrimination Claim** shall not exceed the per **Licensee** per **Discrimination Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for all **Discrimination Claims** per **Licensee** shall not exceed the Aggregate all **Discrimination Claims** per **Licensee** Sublimit stated in the Declarations. **Damages** paid within the **Discrimination Claim** Sublimits of Liability are included within, and not in addition to, the per **Licensee** per **Claim** Limit of Liability and the Aggregate all **Claims** per **Licensee** Limit of Liability under Item 3. of the Declarations.
- D. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for each **Environmental Claim** per **Licensee** shall not exceed the per **Licensee** per **Environmental Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for all **Environmental Claims** per **Licensee** shall not exceed the Aggregate all **Environmental Claims** per **Licensee** Sublimit stated in the Declarations. **Damages** paid within the **Environmental Claim** Sublimits of Liability are included within, and not in addition to, the per **Licensee** per **Claim** Limit of Liability and the Aggregate all **Claims** per **Licensee** Limit of Liability under Item 3. of the Declarations.
- E. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for each **Lock Box Claim** per **Licensee** shall not exceed the per **Licensee** per **Lock Box Claim** Sublimit stated in the Declarations. The Company's Sublimit of Liability for **Damages** and **Claim Expenses** for all **Lock Box Claims** per **Licensee** shall not exceed the Aggregate all **Lock Box Claims** per **Licensee** Sublimit stated in the Declarations. **Damages** paid within the **Lock Box Claim** Sublimits of Liability are included within, and not in addition to, the per **Licensee** per **Claim** Limit of Liability and the Aggregate all **Claims** per **Licensee** Limit of Liability under Item 3. of the Declarations.
- F. Except with respect to a **Discrimination Claim**, **Environmental Claim**, and **Lock Box Claim**, **Claim Expenses** are in addition to the Limits of Liability. The Company will not pay **Claim Expenses** in connection with covered **Discrimination Claims**, **Environmental Claims**, or **Lock Box Claims** after the applicable Sublimits of Liability have been exhausted.
- G. 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**.
- H. 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 Item 7. of the Declarations for each **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 for **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**. 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** who are affiliated with the same **Real Estate Firm**, only one **Damages** Deductible and one **Claim Expenses** Deductible will apply. The **Damages** Deductible and the

Claim Expenses Deductible are the joint and several liability of all **Insureds** who are affiliated with the same **Real Estate Firm** involved in such **Claim**, but collection and payment of the **Damages** Deductible and the **Claim Expenses** Deductible will be the responsibility of the principal broker of the **Real Estate Firm**.

IV. SUPPLEMENTARY PAYMENTS

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 applicable Limits of Liability or Sublimits of Liability. 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 the **Individual Policy Period**. In addition, the \$5,000 Aggregate Limit is the maximum the Company will pay even if such trial or hearing spans more than one **Individual Policy Period**.
- C. Postjudgment 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. 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; **Discriminatory Conduct**; or a **Related 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**;
 4. the complaint does not allege, arise from, or relate to a negligent act, error or omission; **Discriminatory Conduct**; or **Related Act, Error or Omission**, which is the subject of a **Claim** that is not covered by this policy; and
 5. the fees, costs, and expenses were incurred by the Company, by the **Insured** with the Company's written consent; or charged by attorneys designated by the Company.

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.
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.

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, regardless of the number of complaints. All complaints arising out of the same negligent act, error or omission; **Discriminatory Conduct**; or **Related 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.

V. TERRITORY

- A. Coverage applies to a **Licensee** domiciled in Kentucky performing **Professional Services** in Kentucky.
- B. If the **Licensee** is domiciled 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 state or 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, Puerto Rico, or Canada.
- C. If the **Licensee** is not domiciled in the State of Kentucky, then this policy 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, Puerto Rico, or Canada.
- D. For purposes of this section, a **Licensee** who is not domiciled in the State of Kentucky shall be treated as domiciled 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 or Dishonest Conduct

fraudulent, dishonest, criminal, malicious, or willful acts committed by the **Insured**, at the **Insured's** direction, or with the **Insured's** knowledge, or by anyone for whose acts the **Insured** is legally responsible;

B. Insolvency

the insolvency of the **Insured**;

C. Failure to Pay or Collect

the failure to pay, collect, or return insurance premiums, escrow monies, earnest money deposits, security deposits, tax money, or commissions;

Notwithstanding the foregoing, and solely as respects a **Claim** alleging, arising from, or related to the **Licensee's** failure to pay, collect, or return escrow monies or earnest money deposits, the Company will pay up to a maximum of \$2,500 per **Claim** for **Claim Expenses** only, provided that:

1. the **Insured** has met the requirements of the Kentucky Real Estate License Law governing client funds; and
2. no fraudulent, dishonest, criminal, or malicious act was committed by the **Insured**.

The amount payable under this provision shall be subject to a \$5,000 Aggregate Limit, regardless of the number **Claims**;

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;

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

Professional Services relating to property in which any of the following has or had more than a twenty-five percent (25%) ownership or financial interest:

1. any **Insured**, **Insured's** spouse, or **Insured's Domestic Partner**, or
2. any entity, corporation, partnership, or trust in which the **Insured**, **Insured's** spouse or **Insured's Domestic Partner** had more than a twenty-five percent (25%) financial or ownership interest;

provided, however, that this exclusion shall 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. any **Claim** arising from the sale or listing for sale of property which is the **Licensee's Primary Residence**, provided the sale or listing is performed through the **Licensee's** principal broker;

K. Developed/Constructed Property

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

1. the **Insured's** activities as a lawyer, title agent, mortgage banker, mortgage broker or correspondent, escrow agent, construction manager, property developer, or insurance agent; or
2. the Insured's activities as an appraiser, if the appraisal activity performed requires licensing or certification other than a real estate license.

Notwithstanding the foregoing, and solely as respects a **Claim** alleging, arising from, or related to the **Licensee's** failure to pay, collect, or return escrow monies or earnest money deposits, the Company will pay up to a maximum of \$2,500 per **Claim** for **Claim Expenses** only, provided that:

- a. the **Insured** has met the requirements of the Kentucky Real Estate License Law governing client funds and
- b. no fraudulent, dishonest, criminal, or malicious act was committed by the **Insured**.

The amount payable under this provision shall be subject to a \$5,000 Aggregate Limit, regardless of the number **Claims**;

O. Real Estate Investment Trusts

activities involving property syndication, limited partnership, or real estate investment trusts 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 Disputes

disputes over commissions between real estate brokers and/or salespersons or disputes over commissions involving lawsuits initiated by the **Insured**; except that this exclusion shall not apply to disputes over commissions involving counterclaims filed with the approval of the Company;

T. Prior Acts

negligent acts, errors, omissions or **Discriminatory Conduct** 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, or multiplied damages, or matters deemed uninsurable under applicable law; or

V. Conversion

conversion, misappropriation, or commingling of funds or other property.

VII. EXTENDED REPORTING PERIODS

In case of cancellation or nonrenewal, a **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 for any reason (other than cancellation for nonpayment of premium), and provided the **Licensee** has not obtained other real estate licensee errors and omissions insurance, 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 hereinafter be referred to as the Automatic Extended Reporting Period.

The Automatic Extended Reporting Period shall not apply to any **Claim** which is insured by any other policy of insurance, nor as excess above such other policy of insurance.

- B. Optional Extended Reporting Period: In case of cancellation or nonrenewal for any reason (other than cancellation for nonpayment of premium), the **Licensee** shall have the option to purchase, upon payment of an additional premium within ninety (90) days after the effective date of cancellation or nonrenewal, an endorsement to cause the policy to apply to **Claims** first made against the **Insured** and reported 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 is determined as shown below:

<u>Optional Extended Reporting Period</u>	<u>Premium</u>
One Year	100% expiring premium, including any applicable endorsement premium, taxes, and surcharge
Two Years	150% expiring premium, including any applicable endorsement premium, taxes, and surcharge
Three Years	200% expiring premium, including any applicable

endorsement premium, taxes, and surcharge

The Optional Extended Reporting Period cannot be canceled by the Company or the **Insured** and the entire premium shall be deemed fully earned at its commencement without any obligation by the Company to return any portion thereof. The Optional Extended Reporting Period may not be renewed upon its expiration.

Coverage under this policy applies as excess over any valid and collectible insurance available under policies in force during the Optional Extended Reporting Period.

C. Coverage afforded by the Automatic and Optional Extended Reporting Periods:

1. Shall apply solely to **Claims** arising from a negligent act, error, omission or **Discriminatory Conduct**:
 - a. committed or alleged to have been committed subsequent to the **Retroactive Date**,
 - 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. Nothing in Paragraphs A. or B. shall serve to increase the Limits of Liability or Sublimits of Liability as provided in INSURING AGREEMENT and Section II. LIMITS OF LIABILITY or the Supplementary Payments as provided in Section IV. SUPPLEMENTARY PAYMENTS. The Limits of Liability and Sublimits of Liability for any Extended Reporting Period shall be part of, and not in addition, to the Limits of Liability and Sublimits of Liability listed in the Declarations.

VIII. DEFINITIONS

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**. A **Discrimination Claim** is also a **Claim**. Complaints or disputes brought 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**.

Damages means compensatory damages. **Damages** do not include fines; penalties; punitive, exemplary, or multiplied damages; or matters deemed uninsurable under applicable law. **Damages** also do not include the return or restitution of fees, commissions, expenses, or costs or any amounts awarded by a real estate regulatory board or commission.

Discrimination 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**,

alleging **Discriminatory Conduct**.

Discriminatory Conduct means an act, error or omission by the **Licensee** 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.

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

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 Item 2. of the Declarations. The **Group Policy Period** may be shortened by cancellation.

Individual Policy Period means the period set forth in the Certificate of Coverage commencing with the date the **Licensee** obtained coverage under the current group policy by paying the appropriate premium and ending with the cancellation or expiration of the **Licensee’s** coverage under the current 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**;
2. the **Unlicensed Employee**;
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 the **Licensee** would have been provided coverage under this policy;
4. the spouse or **Domestic Partner** of the **Licensee**, but only for **Claims** arising solely out of such status and 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**. No coverage is provided for any act, error, or omission of a spouse or **Domestic Partner**.

When this policy provides coverage for a **Claim** made against any of its **Insureds** listed in 1., 2., 3., or 4. above, **Insured** will also mean:

5. any **Real Estate Firm**, the **Real Estate Firm’s** principal broker, the **Licensee’s** employer, and any real estate franchisor that the **Licensee** represents, but only for their vicarious liability for negligent acts, errors, omissions or **Discriminatory Conduct** arising out of **Professional Services** by the **Licensee**.

Licensee means the person who holds an active real estate license issued by the **Policyholder** under the Kentucky Real Estate License Law, KRS Chapter 324 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 **Licensee’s** distribution, operation or use of a **Lock Box** on property not owned, occupied by, or leased to the **Licensee** or the **Licensee’s** spouse or **Domestic Partner**.

Microbes mean any nonfungal microorganism or nonfungal colony-form organism that causes infection or disease.

Policyholder means the Kentucky Real Estate Commission.

Pollutants means any solid, liquid, gaseous, thermal, biological, or radioactive substance, material, or 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 residential property of two (2) or fewer units which serves as the **Licensee's** principal 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 services performed by the **Licensee** as a real estate broker or sales associate, as defined in Kentucky Real Estate License Law, KRS Chapter 324 and Chapter 201 KAR 11:011 of the Kentucky Administrative Regulations of the Kentucky Real Estate Commission, 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**.

Real Estate Firm means a legal entity with which real estate brokers or sales associates as defined in Kentucky Real Estate License Law, KRS Chapter 324 and Chapter 201 KAR 11:011 of the Kentucky Administrative Regulations of the Kentucky Real Estate Commission are affiliated and which employs the **Licensee**.

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

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

Retroactive Date is 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 agreement. The **Retroactive Date** is established separately for each **Licensee**.

Unlicensed Employee means the support staff under the **Licensee's** supervision and control, including the personal assistant, clerk, secretary, messenger, and intern, but only while assisting the **Licensee** in the performance of the **Licensee's Professional Services**; but shall not include:

1. an owner, officer, director, or
2. 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**.

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.

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

Overnight Delivery:
Claims Department

Electronic Delivery:
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 Company's prior written consent. The **Insured** shall not incur any **Claim Expenses** for any **Claim** without the Company's prior written consent.
- C. The **Insured** shall immediately forward to the Company every demand, notice, summons or other process received by the **Insured** or the **Insured's** representatives about any **Claim**.
- 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 negligent act, error, omission or **Discriminatory Conduct** that may reasonably be expected to be the basis of a **Claim** against the **Insured** and gives written notice to the Company of such negligent act, error, omission or **Discriminatory Conduct** and the reason for anticipating a **Claim**, with full particulars, including, but not limited to:

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

then any such **Claim** that arises out of such reported negligent act, error, omission or **Discriminatory Conduct** and that is subsequently made against the **Insured** and timely reported to the Company shall be deemed to have been made at the time such written notice was 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 **Claims**.

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. The **Policyholder** 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 thirty (30) 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 give, mail or deliver to the **Policyholder** written notice of nonrenewal at least one hundred twenty (120) days before the expiration date of the policy if the Company nonrenews for any other reason.

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 or 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 **Licensee** 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 reactivated, except that coverage will not be provided for acts, errors or omissions of the **Licensee** 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.

XIV. NO IMMUNITY BECAUSE INSURED IS A GOVERNMENT AGENCY

