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502-897-1876 / 1-800-637-7319  
4211 Norbourne Blvd., Louisville, KY 40207-4048  
P.O. Box 6709, Louisville, KY 40206-0709  
www.risceo.com

## KENTUCKY REAL ESTATE COMMISSIONS' ERRORS & OMISSIONS INSURANCE PROGRAM

Administered by Rice Insurance Services Company, LLC and Issued by Continental Casualty Company

### 2018 OPTIONAL ENDORSEMENT OVERVIEW

#### APPRAISAL ENDORSEMENT

In consideration of the additional premium paid, it is understood and agreed that:

- I. Section **VI. EXCLUSIONS**, the exclusion entitled N. Specified Activities, Paragraph 2., is deleted in its entirety.
- II. Section **VIII. DEFINITIONS**, the definition of **Professional Services**, is amended to add the following:

**Professional Services** also means services performed by the **Licensee** as a Kentucky licensed real estate appraiser, certified general appraiser, certified residential appraiser, licensed residential real property appraiser, or credentialed associate appraiser, provided that all necessary licenses are held by the **Licensee** at the time of the act, error or omission giving rise to the **Claim**.

This endorsement does not apply to any **Claim** if the **Licensee** does not hold an active license, certificate, or credential issued by the Kentucky Real Estate Appraisal Board, pursuant to K.R.S. Chapter 324A, at some point during the **Individual Policy Period**.

Additionally, this endorsement does not apply to any **Claim** made prior to the effective date of the endorsement or after the expiration of the **Individual Policy Period** or any applicable Extended Reporting Period. If prior to the effective date of this endorsement any **Insured** had a reasonable basis to believe a **Claim** may arise, then this endorsement shall not apply to such **Claim** or **Related Claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81012KY (4-15)

#### CONFORMITY ENDORSEMENT

In consideration of the additional premium paid, it is understood and agreed that the policy is amended as follows:

Notwithstanding anything to the contrary in the policy, the terms and conditions of coverage herein shall be altered to conform to the minimum requirements for real estate errors and omissions insurance established by the States listed below, provided that: (1) the **Licensee** holds a current real estate license in such States and (2) the negligent acts, errors or omissions arise out of the rendering of **Professional Services** in such States.

Applies to following States: «EndField1»

Only those terms and conditions specifically addressed in the minimum requirements of the statutes, rules, and regulations of the States listed above are altered.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81010KY (4-15)

## DEVELOPED/CONSTRUCTED BY SPOUSE ENDORSEMENT

It is understood and agreed that:

I. Section **VI. EXCLUSIONS**, the exclusion entitled K. Developed/Constructed Property, is deleted in its entirety and replaced with the following:

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.

Except that this exclusion shall not apply to:

1. any **Claim** arising from the sale or listing for sale of **Residential Property** constructed or developed by a **Licensee's** spouse or **Domestic Partner**; or
2. any entity, corporation, partnership, or trust in which the **Licensee's** spouse or **Domestic Partner** owned or controlled more than a ten percent (10%) financial or ownership interest;

provided that:

- a. the **Licensee** was not involved in the construction or development;
- b. a home warranty was purchased by or for the buyer prior to closing;
- c. prior to closing, if required by law, a seller disclosure form was signed by the buyer and seller;
- d. the **Licensee's** spouse's or **Domestic Partner's** relationship to the builder or developer was disclosed and acknowledged by the buyer prior to closing;
- e. a written home inspection report was issued by a licensed inspector who is not related to or affiliated with the **Licensee** or **Licensee's** spouse or **Domestic Partner** and acknowledged by the buyer prior to closing;
- f. a state or local board approved standard sales contract was utilized; and
- g. the sale or listing was performed under and subject to applicable real estate license law.

II. Section **VIII. DEFINITIONS** is amended by the addition of the following new definition:

**Residential Property** means a single family residence or multi-family residences with four (4) or fewer units.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA88212XX (2-17)

## FRANCHISE ENDORSEMENT

In consideration of the premium paid for this policy, it is understood and agreed as follows:

In the event that the **Licensee** is affiliated with «EndField1», then «EndField2» meets the definition of a **Real Estate Firm** under Section **VIII. DEFINITIONS** of the policy and, therefore, is included within Section **VIII. DEFINITIONS**, the definition of **Insured**, Subsection 5., of the policy.

There shall be no coverage afforded to such entity as a result of its independent acts, errors, or omissions.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81013KY (4-15)

**INCREASED LIMITS OF LIABILITY ENDORSEMENT**  
**\$250,000 PER CLAIM / \$1,000,000 AGGREGATE**

In consideration of the additional premium paid, it is understood and agreed that the following amendment is made to the Declarations only as respects the **Licensee** named below and only as respects a **Claim** first made against such **Licensee** and reported to the Company in writing after the effective date of this endorsement:

The following item of the Declarations is deleted in its entirety and replaced by the following:

- ITEM 3. LIMITS OF LIABILITY**
- (a) \$250,000 per **Licensee** per **Claim**
  - (b) \$1,000,000 Aggregate all **Claims** per **Licensee**

This endorsement does not apply to any **Claim** made prior to the effective date of the endorsement or after the expiration of the **Individual Policy Period** or any applicable Extended Reporting Period. If prior to the effective date of this endorsement any **Insured** had a reasonable basis to believe a **Claim** may arise, then the increased Limits of Liability provided by this endorsement shall not apply to such **Claim** or any **Related Claim**.

Nothing herein shall serve to increase any amounts provided under Section **IV. SUPPLEMENTARY PAYMENTS** or any Sublimits of Liability.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81016KY (4-15)

**INCREASED LIMITS OF LIABILITY ENDORSEMENT**  
**\$500,000 PER CLAIM / \$1,000,000 AGGREGATE**

In consideration of the additional premium paid, it is understood and agreed that the following amendment is made to the Declarations only as respects the **Licensee** named below and only as respects a **Claim** first made against such **Licensee** and reported to the Company in writing after the effective date of this endorsement:

The following item of the Declarations is deleted in its entirety and replaced by the following:

- ITEM 3. LIMITS OF LIABILITY**
- (a) \$500,000 per **Licensee** per **Claim**
  - (b) \$1,000,000 Aggregate all **Claims** per **Licensee**

This endorsement does not apply to any **Claim** made prior to the effective date of the endorsement or after the expiration of the **Individual Policy Period** or any applicable Extended Reporting Period. If prior to the effective date of this endorsement any **Insured** had a reasonable basis to believe a **Claim** may arise, then the increased Limits of Liability provided by this endorsement shall not apply to such **Claim** or any **Related Claim**.

Nothing herein shall serve to increase any amounts provided under Section **IV. SUPPLEMENTARY PAYMENTS** or any Sublimits of Liability.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81017KY (4-15)

**OPTIONAL EXTENDED REPORTING PERIOD ENDORSEMENT**

In consideration of the additional premium paid, it is understood and agreed that the following Optional Extended Reporting Period as set forth in Section **VII. EXTENDED REPORTING PERIODS**, Subsection B., of the policy shall apply:

From: «EndField1» To: «EndField2»

The Optional Extended Reporting Period set forth above shall apply unless the **Insured** fails to pay the premium when due. Premium shall be:

1. due and payable as set forth in the policy; and
2. fully earned by us on the inception date of the Extended Reporting Period as set forth above and no refunds will be permitted after that time.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81011KY (4-15)

### RESIDENTIAL PERSONAL INTEREST COVERAGE ENDORSEMENT

In consideration of the additional premium paid, it is understood and agreed that:

- I. Section **VI. EXCLUSIONS**, the exclusion entitled J. Owned or Purchased Property, is deleted in its entirety and replaced with the following:

- 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; or
- c. any **Claim** arising from the sale or listing for sale of **Residential Property**, other than the **Licensee's Primary Residence**, provided that:
  - i. the property was owned for at least one hundred eighty (180) days by the **Licensee**; the **Licensee's spouse or Domestic Partner**; or any entity, corporation, partnership, or trust which the **Licensee or Licensee's spouse or Domestic Partner** has or had a financial or ownership interest;
  - ii. the property was not constructed or developed by the **Licensee**; the **Licensee's spouse or Domestic Partner**; or any entity, corporation, partnership, or trust in which the **Licensee or Licensee's spouse or Domestic Partner** has or had a financial or ownership interest;
  - iii. a home warranty was purchased by or for the buyer prior to closing;
  - iv. prior to closing, if required by law, a seller disclosure form was signed by the buyer and the **Licensee**; the **Licensee's spouse or Domestic Partner**; or the **Licensee's or Licensee's spouse's or Domestic Partner's** entity, corporation, partnership, or trust which the **Licensee's or Licensee's spouse or Domestic Partner** has or had a financial or ownership interest;
  - v. the **Licensee's** ownership interest in the property was disclosed and acknowledged by the buyer prior to closing;
  - vi. a written home inspection report was issued by a licensed inspector who is not related to or affiliated with the **Licensee** and acknowledged by the buyer prior to closing;
  - vii. a state or local board approved standard sales contract was utilized; and
  - viii. the sale or listing was performed under and subject to applicable real estate license law.

II. Section **VIII. DEFINITIONS** is amended by the addition of the following new definition:

**Residential Property** means a single family residence or multi-family residences with four (4) or fewer units.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81015KY (4-15)

### **SUBPOENA COVERAGE ENDORSEMENT**

In consideration of the additional premium paid, it is understood and agreed that Section **IV. SUPPLEMENTARY PAYMENTS** is amended by the addition of the following new Supplementary Payment:

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 or Exclusion K 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.

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 \$5,000 Aggregate Limit, regardless of the number of subpoenas. All subpoenas involving the same **Professional Services**; the same negligent act, error or omission; **Discriminatory Conduct**; or **Related 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.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

CNA81014KY (4-15)