



LOUISIANA REAL ESTATE COMMISSION'S (LREC's) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM

Administered by Rice Insurance Services Company (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 provide the LREC's group real estate E&O insurance program. We recognize that each licensee has unique insurance needs. The group policy is tailored to provide Louisiana real estate licensees with coverage that exceeds state requirements. Visit our website, www.risceo.com, to enroll online, download a sample policy, obtain risk reduction information, and more. Contact us with any questions or concerns – we are always happy to hear from Louisiana licensees.

BASIC POLICY ONLY \$129 (+ \$7 LREC TRANSACTION FEE) – PAY DIRECTLY TO THE LREC WITH LICENSE RENEWAL.

Limits of Liability \$100,000 per claim / \$300,000 aggregate with \$1,000 damage deductible (only one deductible applies if a claim involves multiple licensees with the same firm).

Increased Limits Available for an additional premium to individual (not firm) licensees
\$250,000 per claim / \$750,000 aggregate (\$139 or \$189) – or – \$500,000 per claim / \$1,000,000 aggregate (\$214 or \$277)

AUTOMATICALLY INCLUDES

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

Defense Outside Limits: NO LIMIT on the amount of defense costs for claims covered under the basic policy limits (except for fair housing/discrimination claims and subpoena coverages, which were not covered at all under most traditional E&O policies).

Expanded Definition of Professional Services: The definition of professional services includes (1) services that require a real estate license, including property management services; (2) broker price opinions/comparative market analyses; and (3) services performed or advice given (including as a notary public and as a real estate consultant or counselor) when done in connection with licensed activity.

Property Management Coverage: The policy automatically insures property management services

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

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

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 services to the date the claim arises. Some policies may not apply to professional services performed while insured with a different carrier or while associated with a different real estate firm.

Environmental Claim Sublimits: \$10,000 per claim / \$20,000 aggregate (damages) with no limit on defense costs.

Escrow Claim Sublimits: \$5,000 per claim / \$10,000 aggregate (damages) with no limit on defense costs.

Fair Housing / Discrimination Coverage: \$25,000 per claim / \$25,000 aggregate (damages & defense costs, combined).

Lock Box Coverage: \$5,000 per claim / \$10,000 aggregate (damages) with no limit on defense costs.

Subpoena Coverage: \$2,500 per subpoena / \$2,500 aggregate (attorneys' fees).

Security Breach Supplementary Payment Coverage: Reimbursement up to \$5,000 for costs incurred by your 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 \$10,000 per real estate firm, regardless of the number of licensees or incidents involved). This is not coverage for the licensee's or licensee's family's 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.

Primary Residence Coverage: Provides coverage for the sale or listing for sale of the insured licensee's primary residence, under certain conditions.

OPTIONAL ENDORSEMENTS AVAILABLE TO INDIVIDUAL (NOT FIRM) LICENSEES – PURCHASE THROUGH RISC.

Regulatory Complaints Endorsement: (\$25) \$2,500 per regulatory complaint / \$5,000 aggregate (defense costs).

Residential Personal Interest Endorsement: (\$50) Provides coverage up to policy limits for claims relating to the sale or listing for sale of residential property (as defined in the endorsement) in which you have an ownership or financial interest, under certain conditions.

Appraisal Endorsement: (\$250) Provides coverage up to policy limits for your services as an active licensed residential certified real estate appraiser, general certified real estate appraiser, or real estate appraiser trainee. This endorsement is available to licensees who hold both an active real estate license and an active appraisal license.

- This endorsement is now also available to individuals who only have an active Louisiana real estate appraiser license (without also having an active real estate license).
- **Appraisal Trainees:** If you previously purchased an appraiser trainee endorsement for trainees under your supervision, that endorsement is no longer available. Instead, actively licensed appraiser trainees may purchase their own insurance through the group policy with an appraisal endorsement to insure their licensed appraisal services.

OPTIONAL ENDORSEMENT AVAILABLE TO INDIVIDUAL AND FIRM LICENSEES – PURCHASE THROUGH RISC.

Conformity Endorsement: (\$25) A conformity endorsement is only needed if you are actively licensed in another state that mandates E&O coverage. This endorsement conforms your insurance through the Louisiana group policy coverage to comply with the other states' requirements. To be eligible for this endorsement, you must be actually domiciled in Louisiana or considered to be domiciled in Louisiana under the policy.

WHERE COVERAGE APPLIES

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

FIRM EXCESS COVERAGE (Subject to Underwriting Approval)

Firm excess policies (written by Continental Casualty Company) with \$1,000,000 limits available to firms whose brokers are all insured through the group program.

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, download a sample policy or endorsement forms, and obtain additional information. Also, feel free to contact us with any questions or concerns; we are always happy to hear from Louisiana brokers.



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Please Support Your State Program

Over **\$16.8 Million** in defense costs and damages have been incurred as of September 1, 2018 since RISC began administering the Louisiana state group program in 2003. RISC and the carrier share a commitment to their insureds to provide valuable coverage to Louisiana licensees. When shopping for insurance, it's important to ask about the company's experience and paid claims in Louisiana. 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, 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. The insurance carrier is Continental Casualty Company, a CNA company. 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've 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.

Have Questions?

Call us at 1-800-637-7319 or visit our website at www.risceo.com. We look forward to hearing from you.

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 (except under the discrimination and subpoena coverages, which were not covered at all under traditional E&O policies).

Does the policy insure transactions you do for relatives? Yes. The RISC policy applies to claims involving services performed for your parents; grandparents; siblings; aunts; uncles; cousins; children; and your spouse's parents, grandparents, siblings, and children. This is important, since buyers and sellers often turn to a trusted relative who is a real estate licensee to represent them in a transaction.

Does the policy apply to claims relating to all types of real property? Yes. The RISC policy applies to any claim relating to professional services, regardless of the type of property involved. Other policies may limit coverage to a specific type of property, such as residential, 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 or agricultural property 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 in the insured licensee's professional services. Some policies issued to individual licensees may not provide coverage for the firm's vicarious liability for their actions, which may leave the firm uncovered in the event of a claim.

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

[Your employee's] hard work and long hours were particularly appreciated as evidence of my E&O coverage afforded me the opportunity to garner a new client this morning. But for [your employee's] dedication, I would not have been able to close the deal.

[T]he service Rice provides is bar none, and I must say that in my years of doing real estate, I have yet to see any insurance company offer what Rice does as far as quality service and professionalism in the industry. You have definitely set the bar, and it is such a pleasure to work and do business with friendly, service-oriented professionals such as you and [your staff].



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ALL PREMIUMS FOR BASIC COVERAGE SHOULD BE PAID TO LREC
Submit \$136 (\$129 premium + \$7 LREC transaction fee) directly to the LREC with your license renewal.

NOTICE: Louisiana law requires that all active real estate licensees (including licensed firms) carry and maintain E&O insurance as a condition of licensing. If coverage is not timely obtained or renewed, the LREC will inactivate your license on the current policy's termination date. If you are currently enrolled in the LREC's group policy, your coverage expires January 1, 2019. To enroll in the group program for 2019, you must send premium to LREC when you renew your real estate license. Verify that your company participates in the group program with your broker before enrolling in the group program. Optional endorsements for individual licensees may be purchased through RISC using this supplementary enrollment form. Licensees may purchase insurance outside the group program, provided coverage meets state requirements and proof of coverage is provided to the LREC per state law. Prospective licensees must obtain insurance before license activation.

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

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, ext. 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, ext. 2.

Prior Acts and Importance of Timely Renewal: Your "retroactive date" determines whether your insurance applies to claims involving services performed before the new policy's effective date. The retroactive date is the date from which you have continuously maintained uninterrupted E&O insurance with no breaks between policy periods. 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 optional 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 Louisiana 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 Louisiana. Licensees not domiciled in Louisiana are insured for Louisiana transactions only. Out-of-state licensees may be considered domiciled in Louisiana if their principal real estate license is affiliated with a real estate office in Louisiana and they reside within 50 miles of the Louisiana state line. Please see the Territory section of the policy for more information.

Effective Date: Licensees who enroll before January 1, 2019 will have an effective date of January 1, 2019. 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 currently 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 non-sufficient 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 Continental 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.

Contact RISC at 1-800-637-7319 or info@risceo.com with any questions or concerns about the group program, basic group policy, or optional endorsements.



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INDIVIDUAL LICENSEE SUPPLEMENTARY ENROLLMENT FORM FOR OPTIONAL ENDORSEMENTS

This form is only to be used to purchase optional endorsements for individual (not firm) licensees. Unless you are purchasing optional endorsements, you do not need to complete this form or send anything to RISC. A different supplementary enrollment form is available for firm licensees.

To Purchase Basic Coverage through the LREC's Group Program: Submit \$136 (\$129 premium + \$7 LREC transaction fee) DIRECTLY TO THE LREC with your license renewal.

To Purchase Optional Endorsements through the LREC's Group Program: Optional endorsements are purchased through RISC (not the LREC). Endorsements CANNOT be issued until we receive proof of your license renewal and payment of the basic premium through the LREC. To expedite the process, you may send a copy of your receipt from the LREC showing payment for license renewal and E&O premium.

Select desired endorsements below and send completed form with a check or money order payable to RISC to either of the following addresses:

Mailing Address: RISC, P.O. Box 6709, Louisville, KY 40206-0709

Overnight Address: RISC, 4211 Norbourne Blvd., Louisville, KY 40207-4048

IF YOU HAVE BOTH AN ACTIVE LOUISIANA REAL ESTATE LICENSE AND AN ACTIVE APPRAISAL LICENSE

Enroll in the basic policy through the LREC when renewing your real estate license and purchase an appraisal endorsement (and any other desired endorsements) through RISC using this form. Disregard the appraisers' enrollment form you received in the mail.

Licensee Information: Please correct any incorrect information and fill in any blanks.

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 to receive text reminders if/when 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.

Optional Endorsements Available

	Price	✓		
Conformity Endorsement: Conforms your LA policy to comply with E&O requirements in other states that require real estate E&O insurance and have group programs where you have an active real estate license. You must be actually domiciled in or treated as domiciled in LA by the policy terms. Circle applicable state(s): AK CO ID IA KY MS NE NM ND RI SD TN* WY Other State License Type: _____ / Other State License #: _____ (identify state if more than one)	\$25 (Regardless of number of states at issuance)			
*Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.				
Residential Personal Interest Endorsement: Provides coverage up to policy limits for claims relating to the sale or listing for sale of residential property (as defined in the endorsement) in which you have an ownership or financial interest, under certain conditions.	\$50			
Appraisal Endorsement: <u>There is no coverage for appraisal activity unless this endorsement is purchased.</u> Provides coverage up to policy limits for your services as a licensed residential certified real estate appraiser, general certified real estate appraiser, or real estate appraiser trainee. Appraisal License #: _____	\$250			
Limited Claim Expenses Coverage Real Estate Regulatory Complaints Endorsement: Claim expenses up to \$2,500 per covered complaint filed with a real estate regulatory board or commission, with a \$5,000 maximum aggregate	\$25			
Increased Limits Endorsements – You may purchase ONLY ONE of the following:				
Increased Limits of \$250,000 per claim / \$750,000 aggregate	A	75% or more* of your real estate activity income is earned from Residential Sales** and you have had no claims*** in the past 5 years	\$139	
	B	Less than 75%* of your real estate activity income is earned from Residential Sales** or you have had 1 or more claims*** in the past 5 years	\$189	
Increased Limits of \$500,000 per claim / \$1,000,000 aggregate	A	75% or more* of your real estate activity income is earned from Residential Sales** and you have had no claims*** in the past 5 years	\$214	
	B	Less than 75%* of your real estate activity income is earned from Residential Sales** or you have had 1 or more claims*** in the past 5 years	\$277	

*To determine your real estate activity income derived from Residential Sales, divide your income derived from Residential Sales by the amount of your total real estate activity income.

**Residential Sales means sales of properties zoned for and occupied exclusively as residences for 4 families or less. Residential Sales also includes: (1) sales of vacant land, provided the land is zoned for residential use and is not a development project of 4 or more residences and (2) sales of farm property that will be a buyer's principal residence and where a buyer will derive no more than 25% of total income from farming. Commercial sales and renting, leasing, managing, or appraising residential or commercial property are not Residential Sales.

***For purposes of calculating the endorsement premium, if you are a qualifying broker, a claim made against you, your firm for your acts, or your firm for the firm's acts is considered a claim against you. If you are not a qualifying broker, a claim made against you or your firm for your acts is considered a claim against you.

Total Optional Endorsement Premium \$ _____

Complete After January 1, 2019 Reason for requesting endorsement(s) after the group policy's effective date:

The undersigned certifies that as of this date, the undersigned (1) holds an active Louisiana real estate license; (2) has no knowledge of any of the following: (a) claims against the undersigned; (b) negligent acts, errors, or omissions that may reasonably be expected to become the basis of a claim against the undersigned; or (c) related negligent acts, errors, or omissions committed or alleged to have been committed that may reasonably be expected to become the basis of a claim against the undersigned; (3) understands that the endorsement(s), if issued, will not apply to any of the following: (a) claims that first arose prior to the endorsement's effective date; (b) claims that arise after the endorsement's effective date and relate to a claim that first arose prior to that date; (c) negligent acts, errors, or omissions committed or alleged to have been committed prior to the endorsement's effective date that may reasonably be expected to become the basis of a claim against the undersigned; or (d) related negligent acts, errors, or omissions committed or alleged to have been committed prior to the endorsement's effective date that may reasonably be expected to become the basis of a claim against the undersigned; and (4) understands the endorsement premium is fully earned upon the endorsement's inception date and no refunds will be given after that time.

SIGNATURE: _____ **DATE:** _____