



NNEW MEXICO REAL ESTATE COMMISSION'S (NMREC's) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM

Administered by Rice Insurance Services Company, LLC (RISC)

Issued by Continental Casualty Company (Continental)

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

RISC is pleased to continue to provide the NMREC's group real estate E&O insurance program for New Mexico brokers. After more than 25 years of service to real estate licensees, we hope that we have exceeded our insureds' expectations and continue to strive to do so. The insurance carrier, Continental Casualty Company, a CNA insurance company, is rated "A" Excellent by A.M. Best.

BASIC POLICY ONLY \$349

Limits of Liability \$100,000 per claim / \$500,000 aggregate with \$1,000 damage deductible and no deductible for defense costs.

Increased Limits \$250,000 per claim / \$750,000 aggregate available for additional premium (\$123 or \$184).

AUTOMATICALLY INCLUDES

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

Defense Outside Limits: There is NO LIMIT on the amount of defense costs the carrier will pay in connection with claims covered under the basic policy (except for regulatory complaint and subpoena coverages, which were not covered at all under most traditional E&O policies).

Expanded Definition of Professional Services: In addition to licensed real estate broker services, insured professional services include property management; auctioning real property; and services as a real estate consultant or counselor, notary public, or escrow agent in connection with services as a licensed real estate broker.

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

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

Retroactive / Prior Acts Coverage: Insures prior transactions, provided you have maintained continuous real estate E&O insurance from the date of the professional services to the date the claim is first made.

Fair Housing / Discrimination Coverage: \$25,000 per claim / \$25,000 aggregate (damages) with no limit on defense costs.

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

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

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

Subpoena Coverage: \$2,500 attorneys' fees to represent the insured in connection with a covered subpoena (maximum for all subpoenas \$2,500).

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

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

OPTIONAL ENDORSEMENTS AVAILABLE

Appraisal: Available to active real estate brokers who also have an active real estate appraisal license / credential to add insurance for licensed appraisal services.

Conformity: A conformity endorsement is only needed if you are actively licensed in another state that mandates E&O coverage. Conforms insurance under the New Mexico group policy to comply with E&O requirements in other states with mandatory insurance requirements where you have an active real estate license. Must be domiciled in New Mexico or treated as domiciled in New Mexico to be eligible for this endorsement.

WHERE COVERAGE APPLIES

For brokers domiciled in New Mexico, the policy applies to professional services provided anywhere in the world, provided 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 New Mexico. Brokers not actually domiciled in New Mexico or not considered to be domiciled in New Mexico under the policy are insured only for professional services rendered in New Mexico.

FIRM EXCESS COVERAGE (Subject to Underwriting Approval)

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

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 New Mexico brokers.



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Please Support Your State Program

Over **\$17.5 Million** in defense costs and damages have been incurred as of September 1, 2018 since RISC began administering the New Mexico state group program in 2004. RISC and the carrier share a commitment to their insureds and providing valuable coverage to New Mexico brokers. When shopping for insurance coverage it's important to ask about the company's experience and paid claims in New Mexico. 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 broker by spreading the risk over a large number of insureds. Without the group program's low premium, other carriers have no incentive to offer real estate E&O policies at affordable prices. In states without a group program, real estate E&O premiums may cost thousands of dollars and some licensees report being unable to obtain insurance at any price.

Rely on the Most Experienced Provider in the Business

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

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

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

We Stand by You Even if there is a Claim

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

Our Website Makes Everything Easier

We are dedicated to exceptional customer service. Our website makes it quick and easy to enroll for coverage, find sample forms, and download educational and risk reduction information. Take a look at our website and learn how RISC puts the Experience and Options in E & O programs.

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 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, so there is no cost to the you unless there is a damage award or settlement.

Does the policy offer unlimited defense costs? Yes. There is no limit on the amount of defense costs under the basic policy (except for regulatory complaint and subpoena coverages, which were not covered at all under most traditional E&O policies).

Does the policy insure transactions you do for relatives? Yes. The policy applies to claims involving services performed for your parents; grandparents; siblings; aunts; uncles; cousins; children; or your spouse's parents, grandparents, siblings, or children. This is important, since buyers and sellers often rely on a trusted relative with a real estate license.

Does the policy apply to claims relating to all types of real property? Yes. The 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 property or farm land or to risk not having coverage for a claim resulting from the transaction.

Does the policy insure your firm for its vicarious liability for your professional services? Yes. Claims are often made against real estate firms as a result of their licensees' negligence. The group 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 New Mexico insureds:

I have found RISC and its staff to be very responsive and, most importantly, mindful of the stress that a claim brings upon a real estate practitioner. In every situation, their assistance and handling of claims has been very professional and their customer service has been exceptional. K.A.

RISC has demonstrated a consistent attitude of professionalism, helpfulness and concern for the real estate professionals in every situation I have encountered. RISC has always provided thoughtfulness, facts and experience to the matters at hand while at the same time being open to questions and information on a local level. M.G.

Thank you very much. I can't believe how incredibly responsive you have been. D.L.

Have Questions?

Call us at 1-800-637-7319 or visit our website at www.risceo.com.

We look forward to hearing from you.



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NOTICE: New Mexico law requires that all active real estate brokers carry and maintain E&O insurance to apply to all licensed activities. NMREC rules require qualifying brokers to ensure that all qualifying and associate brokers affiliated with a brokerage obtain and maintain a current E&O policy. If you are currently enrolled in the NMREC's group policy, your coverage expires January 1, 2019. If coverage is not timely obtained or renewed, the NMREC may initiate disciplinary action against the broker. Brokers may purchase insurance outside of the group program, provided coverage meets state requirements and a certificate of equivalent coverage is provided to the NMREC as required by state law. Brokers with inactive licenses are not required to have E&O insurance. The NMREC requires proof of insurance at the time of license activation. Please verify your company participates in the group program with your qualifying broker before submitting your premium. Real estate firms are not required to maintain E&O coverage.

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

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

REVIEW THE FOLLOWING IMPORTANT INFORMATION AND SIGN BELOW

What Is and Is Not Covered: We urge all licensees to review a sample policy, including the Exclusions section. A sample policy and additional information are available on our website, www.risceo.com, or by calling us toll-free at 1-800-637-7319, 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 New Mexico 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 New Mexico. Licensees not domiciled in New Mexico are insured for New Mexico transactions only. Out-of-state licensees may be considered domiciled in New Mexico if their principal real estate license is affiliated with a real estate office in New Mexico and they reside within 50 miles of the New Mexico 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.

SIGNATURE: _____

DATE: _____

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



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ENROLLMENT FORM

NOTICE: New Mexico law requires that all active real estate brokers carry and maintain E&O insurance to cover all licensed activities.
If you are currently enrolled in the NMREC's group policy, your coverage expires January 1, 2019.
Failure to timely obtain or renew coverage may cause the NMREC to initiate disciplinary action.

HOW TO ENROLL

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

MAIL: Select desired coverages below. Send completed form (both pages) with a check or money order payable to RISC. Please allow 7 – 10 days to allow us time to process your enrollment and provide proof of coverage to the NMREC.

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

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

BROKER INFORMATION: Please correct any incorrect information and fill in any blanks.
Failure to provide correct information may delay issuance of your coverage and confirmation to the NMREC.

Broker Name:	License Type(s):	License No(s):
Real Estate Firm:	Last 4 Digits of Your SSN:	(include all license nos. if more than one)
Address:		
City:	State:	Zip Code:
Work Phone:	Home Phone:	Cell Phone: <input type="checkbox"/> I want text reminders if / when that option is available.
Fax:	Email*:	

*We occasionally send important notices by email. To receive these notices, provide your current email address and add our email domain (@risceo.com) to your address book.

SELECT YOUR DESIRED COVERAGE(S)

BASIC POLICY: January 1, 2019 to January 1, 2020 Limits of Liability: \$100,000 per claim / \$500,000 aggregate Deductible: \$1,000 (Damages)		\$349	<input checked="" type="checkbox"/>
Conformity Endorsement: Conforms your NM policy to comply with E&O requirements in other states where you have an active real estate license. To be eligible for this endorsement, you must be actually domiciled in NM or treated as domiciled in NM by the policy terms. Please circle applicable state(s): AK CO ID IA KY LA MS NE ND RI SD TN* WY Other State License Type: _____ / Other State License #: _____ (identify state if more than one) *Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.		\$15 (Regardless of number of states at issuance)	
Appraisal Endorsement: Adds appraisal services to the professional services insured under the policy. Eligibility Requirements: (1) an active New Mexico real estate license and (2) active New Mexico appraisal license. Appraisal License #: _____		\$200	
Increased Limits of Liability \$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	\$123	
	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	\$184	

*To determine the percentage of 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.

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

Basic Policy Premium	\$ 349
+ Any Optional Endorsement Premium	\$ _____
TOTAL	\$ _____