



ALASKA REAL ESTATE COMMISSION'S (AREC'S) GROUP ERRORS & OMISSIONS (E&O) PROGRAM

Administered by Rice Insurance Services Center (RISC)

A Division of AssuredPartners NL, LLC

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

Alaska law allows the AREC to contract for a group E&O policy as an option for real estate licensees to obtain E&O insurance. RISC has been group program provider since the initial group policy went into effect on January 1, 2018. After another successful year, we are looking forward to continuing to serve Alaska licensees with the January 1, 2024 to January 1, 2025 group program. Risk reduction material, online enrollment, sample policy and endorsement forms, and additional information available on our website, www.risceo.com. Contact us with any questions or concerns – we are always happy to help.

BASIC POLICY: Two Great Options Tailored for Your Real Estate Services!

Limits of Liability – \$100,000 per claim / \$300,000 aggregate with a \$2,500 damage deductible and no deductible for defense costs.

Coverage Options / Premium – To help keep costs down for licensees who have not had a paid claim* and only do residential sales**, we offer a policy option that only insures professional services for residential sales**. The options impact the coverage provided, not just the premium, so it's important to consider the differences.

- **OPTION A. Residential Sales Coverage + Expanded Definition of Professional Services Endorsement \$642** – Includes the basic policy coverage (residential sales** only) and an expanded definition of professional services endorsement, which adds insurance for professional services that require a real estate license in addition to residential sales**.
- **OPTION B. Residential Sales Coverage Only \$450** – Basic policy coverage is limited to claims involving the licensee's professional services in connection with residential sales**.

Licensees who fall within any of the following **must** purchase OPTION A. Residential Sales Coverage + Expanded Definition of Professional Services Endorsement: (a) have had a Paid Claim* in the past 5 years, (b) have ever done any activity other than Residential Sales**, or (c) plan to do any activity other than Residential Sales** during the individual policy period. Licensees who do not fall within the above but would like the expanded services coverage **may** also pay the higher premium for that coverage.

Licensees who do mostly residential sales or have not done other activity for a long time should still purchase OPTION A. Residential Sales Coverage + Expanded Definition of Professional Services Endorsement. As a claims-made-and-reported policy, the policy that applies to a claim is the one in effect when the claim is first made, not the one in effect when the transaction occurred. Claims are often made years after the transaction. For example, in his 10 years as a real estate licensee, Sam Sells has only handled one commercial sale, which closed in 2016. If he chooses OPTION B. Residential Sales Coverage Only for the January 1, 2024 to January 1, 2025 policy period, and a claim involving the 2016 commercial sale is made against Sam on June 1, 2024, it would not be covered, because the insurance in effect when the claim is made only applies to claims involving residential sales. Coverage for any claim is determined based on all the policy's terms, conditions, and exclusions.

***Paid Claim** – Whether or not reported to your insurer, a written demand (even if by email) for money or services received by you or a real estate firm or service of a lawsuit or institution of arbitration or mediation proceedings against you or a real estate firm that seeks damages and alleges a negligent act, error, or omission in your professional services as a real estate licensee, in which payment was made for damages (compensatory award or settlement) or defense costs by you, a real estate firm, or on your or a real estate firm's behalf. Complaints to or disputes before a real estate regulatory board or commission are not claims.

****Residential Sales** – Sales or listings for sale of real property whose primary purpose is to provide 1 or 2 single-family dwellings in one building. Residential Sales do not include commercial sales; commercial listings; or renting, leasing, managing, or appraising any type of property.

AUTOMATICALLY INCLUDED IN BASIC POLICY

First Dollar Defense – Applies WITH NO CONDITIONS to 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 limits. (Note defense costs are limited under the discrimination, environmental, escrow, regulatory complaint, and subpoena coverages; however, most traditional E&O policies did not provide these coverages at all.)

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 carriers may not insure services performed while you were with a different carrier or associated with a different real estate firm.

Discrimination / Fair Housing Claim Sublimits – \$5,000 per discrimination claim / \$10,000 aggregate (damages & defense costs, combined).

Escrow / Earnest Money Claim Sublimits – \$5,000 per escrow claim / \$10,000 aggregate (damages & defense costs, combined).

Environmental Claim Sublimits – \$5,000 per environmental claim / \$10,000 aggregate (damages & defense costs, combined).

Regulatory Complaints Coverage – \$2,500 per complaint to a real estate regulatory board or commission / \$5,000 aggregate (defense costs).

Subpoena Coverage – \$2,500 per subpoena and in the aggregate (attorneys' fees).

Spousal / Domestic Partner Coverage – Your spouse or domestic partner considered an insured in certain situations.

OPTIONAL ENDORSEMENTS

Conformity (\$20) – Conforms your insurance under the Alaska group policy to meet E&O requirements in another state with mandatory insurance requirements where you have an active real estate license. You must be domiciled in Alaska and purchase the expanded services coverage option to qualify for this endorsement.

Limited Coverage Lock Box Claim (\$20) – \$5,000 per lock box claim / \$10,000 aggregate (damages & claim expenses, combined).

Residential Personal Interest (\$50) – Adds insurance for claims relating to the sale or listing for sale of residential property, as defined in the endorsement, owned by the insured licensee, insured licensee's spouse or domestic partner, or an entity owned or controlled by the licensee or licensee's spouse or domestic partner, under certain conditions.

WHERE COVERAGE APPLIES

For licensees domiciled in Alaska, the policy applies to professional services provided anywhere the licensee is duly licensed, provided the services would require a real estate license had they been performed in Alaska. Licensees not actually domiciled in Alaska or not considered to be domiciled in Alaska under the policy are insured only for professional services rendered in Alaska.

FIRM EXCESS POLICIES

Firm excess policies up to \$3,000,000 limits will be offered to firms whose licensees are all insured through the group program (written by Continental and subject to underwriting approval).

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. This information 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 Alaska. ©2023



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Please Support Your State Program

RISC and the carrier share a commitment to their insureds and providing valuable coverage to Alaska licensees. 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, 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. The insurance carrier is Continental Casualty Company, a CNA insurance company rated "A Excellent" by A.M. Best. CNA has 50+ years of experience in E&O programs, including 30+ years in real estate E&O. CNA is the top provider of real estate liability insurance, delivering 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 In-House 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 having a claim does not mean you did anything wrong. Anyone can be involved in a transaction that goes sour. Never think it can't happen to you. And we are here to help you if it does.

Our Website Makes Everything Easier

Our website reflects our dedication to exceptional customer service. It's quick and easy to enroll online, find information about the group program, and download risk reduction information at www.risceo.com.

Questions?

Visit our website, www.risceo.com
or contact us at 1-800-637-7319.

We are always happy to hear from Alaska licensees.

E&O Providers are Not All 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 (defense costs are limited under the discrimination, environmental, escrow, regulatory complaint, and subpoena coverages; however, traditional E&O policies do not provide these coverages at all).

Does the policy insure transactions you do for relatives? Yes. The RISC policy applies to claims involving services performed for your relatives and in-laws. This is important, since buyers and sellers often turn to a trusted relative who is a real estate licensee.

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 of the insured licensee. Some policies for licensees may not provide coverage for the firm's vicarious liability, 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 insureds:

Thank you for your kind help earlier today. I also appreciated [another RISC employee's] wonderful help. She really went above and beyond for me. This has given me a lot of confidence in your company. D.D.

I've never seen better service than what you provide for us each year. I ask for something and it's always answered by the end of the day. I wish all companies had your work ethic. I know I'm not the only one asking many questions and you're always there. B.F.

There are two parts to how we all judge any job, request, work etc. One is "what" someone does and that's the end product or service. The other is "how" we go about providing the service, job, project, item. I want to say that you got a "A" on the product as it came timelessly after our call. The other, "How" was extremely professional and made me feel confident that your services would come thru with the "what". I would give you an A+++ for that latter part. K.M.

I would like to take this opportunity to express our satisfaction with RISC. With the current atmosphere of frequent litigation, it is very important to our survival as a real estate service provider to have access to this level of quality when the need arises for insurance coverage. M.G.

The level of professionalism, responsiveness and knowledge by RISC's staff has consistently been outstanding. Between RISC and the local attorneys working with RISC, our company and its agents are very well protected. J.J., VP and General Counsel of large firm



ENROLLMENT FORM

NOTICE – Failure to have insurance in place by January 1, 2024 may lead the AREC to inactive your license and assess fines and penalties. Alaska law requires that all active real estate licensees carry and maintain E&O insurance to cover all licensed activities. Before activation of a license, a prospective licensee must obtain insurance coverage. Licensees may purchase insurance outside of the group program, provided it complies with state law and proof of coverage is provided to the AREC as required by state law.

HOW TO ENROLL

ONLINE – At www.risceo.com with a Visa, MasterCard, American Express, or Discover and download a certificate of coverage immediately.

MAIL – Select desired coverages below and send completed form (both pages) with payment by check or money order **payable to RISC** by Friday, December 15, 2022 to allow us time to process your enrollment and provide proof of coverage to the AREC.

Mailing Address RISC, P.O. Box 6709, Louisville, KY 40206-0709	Overnight Delivery RISC, 4211 Norbourne Blvd., Louisville, KY 40207-4048
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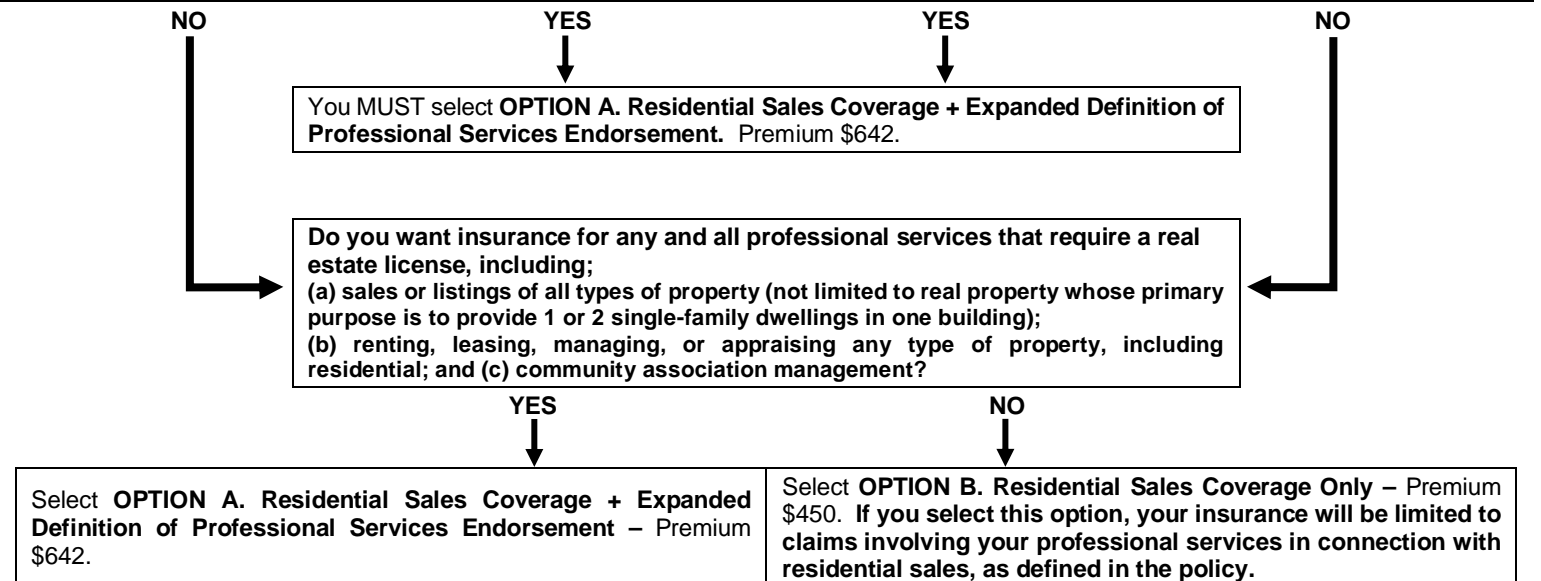
STEP I. LICENSEE INFORMATION – Please correct any incorrect information and fill in any blanks. Failure to provide correct information may delay issuance of your coverage and confirmation to the AREC.

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 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.*

STEP II. DETERMINE SCOPE OF COVERAGE – Circle Yes or No as applicable. The AREC will be notified of false reporting of your real estate activity or claims history on this form.

<p style="text-align: center;">Question 1. Have you had any Paid Claims in the past 5 years? Paid Claim is (1) a written demand for money or services or (2) service of a lawsuit or institution of arbitration or mediation proceedings that seeks Damages and alleges a negligent act, error, or omission in your Professional Services as a real estate licensee, in which payment was made for Damages (compensatory award or settlement) or Claim Expenses (legal fees / defense costs) by you or on your behalf.</p>	<p style="text-align: center;">Question 2. Do you currently, have you ever, or do you plan to do ANY real estate activity other than Residential Sales? Residential Sales are sales or listings for sale of real property whose primary purpose is to provide 1 or 2 single-family dwellings in one building. Residential Sales do not include commercial sales; commercial listings; or renting, leasing, managing, or appraising any type of property.</p>
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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 Alaska. © 2023

ALASKA REAL ESTATE COMMISSION'S (AREC'S) GROUP ERRORS AND OMISSIONS (E&O) PROGRAM ENROLLMENT FORM (cont.)

STEP III. DETERMINE TOTAL PREMIUM		PRICE	<input checked="" type="checkbox"/>
POLICY Effective Dates – Jan. 1, 2024 to Jan. 1, 2025. Limits of Liability – \$100,000 per claim / \$300,000 aggregate. Damage Deductible – \$2,500.			
Select ONE of the Following Options:			
OPTION A. Residential Sales Coverage + Expanded Definition of Professional Services Endorsement.		\$642	
OPTION B. Residential Sales Coverage Only. WARNING – If you select this option, your insurance will be limited to claims involving your professional services in connection with residential sales, as defined in the policy. If you have the opportunity to perform professional services other than residential sales during the policy period, we strongly suggest you consider requesting to add an Expanded Professional Services Endorsement to your insurance and that you continue purchasing that endorsement for as long as you would like that coverage to apply.		\$450	
ALASKA FRAUD STATEMENT – A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.			
OPTIONAL ENDORSEMENTS – <i>This is a claims-made-and-reported policy. An endorsement will only apply to a claim if the endorsement is in effect when the claim is first made, which may be after this policy period expires. You should consider continuing to purchase an endorsement for as long as you would like the coverage to apply (provided you continue to meet any eligibility requirements).</i>			
Conformity Endorsement – Conforms your insurance through the AK policy to comply with E&O requirements in another mandated state where you have an active real estate license. Eligibility requirements: You must (1) be domiciled in AK and (2) purchase OPTION A. Residential Sales Coverage + Expanded Definition of Professional Services Endorsement. Please circle applicable state(s): CO ID IA KY LA MS MT NE NM ND RI SD TN* WY Other State License Type: _____ / Other State License #: _____ (identify state if more than one)		\$20 (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.			
Limited Coverage Lock Box Claim Endorsement – \$5,000 per lock box claim / \$10,000 aggregate (damages and defense costs, combined).		\$20	
Residential Personal Interest Coverage Endorsement – Adds insurance for claims related to the sale or listing for sale of residential property, as defined in the endorsement, owned by the insured licensee, insured licensee's spouse or domestic partner, or an entity owned or controlled by the licensee or licensee's spouse or domestic partner, under certain conditions.		\$50	
		Policy Premium + Any Optional Endorsement Premium	\$642 or \$450 \$ _____
		TOTAL	\$ _____

STEP IV. 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.

Prior Acts and Importance of Continuous, Uninterrupted E&O Coverage – Your “retroactive date” determines whether there is coverage for services performed before the policy’s effective date. The retroactive date is the date you first obtained, and since which have continuously maintained, E&O insurance, with no gaps. Even a one-day gap between policy periods will result in loss of coverage for ALL professional services provided before the new policy’s effective date, even if insurance was in place at the time of the services and again when the claim arises.

Effective Date – The group policy period is January 1, 2024 to January 1, 2025. Your individual policy period will begin the later of January 1, 2024 or the day we receive your *completed application* and premium. If you plan to enroll in the current group policy and your current E&O insurance expires before January 1, 2024, you should consider enrolling in the current group program for the remainder of 2023; renewing your current E&O insurance through at least January 1, 2023; or inquiring about whether there is an extended reporting period under your current policy. If your current E&O insurance expires after January 1, 2024 and you fail to enroll prior to that policy’s end date, call RISC immediately to see if you qualify to backdate your individual policy period, which may avoid a gap in coverage and loss of any previously-established retroactive date. This procedure will not remedy noncompliance with state requirements. If you would like to request an effective date different than the later of January 1, 2024 or the day we receive your *completed application* and premium, provide the requested effective date (must be between January 1, 2024 and January 1, 2025) for Continental’s consideration:

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.

Not Renewing Coverage through the Group Program? Consider an Optional Extended Reporting Period (ERP) Endorsement – There is no coverage for claims that arise after the policy expires unless an ERP is in place. However, claims often arise years after the subject transaction occurred. If you are not renewing coverage for any reason, including inactivating or retiring your license, you should consider purchasing a 1, 2, 3, or 5 year ERP endorsement, which extends the reporting date of your policy to apply to claims that arise within the ERP. ERP endorsements may only be purchased during or within 90 days of the end of your individual policy period.

Territory – Licensees domiciled in Alaska are insured for professional services committed anywhere they hold an active real estate license, provided the services would be covered under the group policy had they been performed in Alaska. Licensees domiciled outside of Alaska are insured for Alaska transactions only. If a claim results in or from a lawsuit, the lawsuit must be brought within the U.S., its territories or possessions.

Premium / Deductible – Applicant understands that all premiums are fully earned at policy inception and no refunds are permitted after that date. If your payment is returned for nonsufficient 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 the Company 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:** _____