



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

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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