



# NEW 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](http://www.risceo.com)

RICE INSURANCE SERVICES COMPANY, LLC  
*We put the Experience and Options in E&O programs*

RISC is pleased to continue to provide the NMREC's group real estate E&O insurance program for New Mexico brokers. After 25+ years of service to real estate licensees, we remain dedicated to providing exceptional real estate E&O insurance services to New Mexico brokers. The insurance carrier is Continental Casualty Company, a CNA insurance company (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 defense costs deductible.

### Increased Limits of Liability Available

\$250,000 per claim / \$750,000 aggregate, \$140 additional cost or \$500,000 / \$1,000,000 aggregate, \$268 additional cost **NEW OPTION FOR 2021.**

## AUTOMATICALLY INCLUDES

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

**Defense Outside Limits** – NO LIMIT on the amount of defense costs the carrier will pay for covered claims (defense costs are limited 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 / Team NEW FOR 2021 / 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** – 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 Sublimits** – \$25,000 per discrimination claim / \$25,000 aggregate (damages), no limit on defense costs.

**Environmental Sublimits** – \$10,000 per environmental claim / \$20,000 aggregate (damages), no limit on defense costs.

**Escrow / Earnest Money Sublimits** – \$5,000 per escrow claim / \$10,000 aggregate (damages), no limit on defense costs.

**Lock Box Sublimits** – \$5,000 per lock box claim / \$10,000 aggregate (damages), no limit on defense costs.

**Primary Residence Sublimits** – \$100,000 per primary residence claim / \$500,000 aggregate (damages), no limit on defense costs, for claims involving the sale or listing for sale of the insured broker's primary residence, provided it is not a For Sale by Owner sale or listing.

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

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

**Security Breach Supplementary Payment Coverage NEW FOR 2021** – Reimbursement up to \$5,000 to the real estate firm for costs incurred to provide required notification of a security breach when information may have been disclosed or used in an unauthorized manner (\$5,000 maximum regardless of the number of licensees or incidents involved). This is not personal identity theft risk coverage.

## OPTIONAL ENDORSEMENTS AVAILABLE

**Appraisal Endorsement, \$200** – Available to active real estate brokers who also have an active real estate appraisal license / credential to add insurance for licensed appraisal services.

**Appraiser Trainee Endorsement, \$200 per appraiser trainee NEW FOR 2021** – For active real estate brokers who also have an active appraiser license to add specific appraiser trainees to the definition of insured while assisting with the insured broker's licensed appraisal services and while under the insured broker's supervision and control.

**Conformity Endorsement, \$20** – A conformity endorsement is only needed if you are actively licensed in another state that mandates E&O coverage. This endorsement 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.

**Residential Personal Interest Claim Sublimits of Liability Coverage Endorsement, \$50 NEW FOR 2021** – Sublimits of \$100,000 per residential personal interest claim / \$500,000 aggregate, with no limits on defense costs, for claims relating to the sale or listing for sale of residential property owned by you, your spouse or domestic partner, or a company you own (conditions apply).

**Developed / Constructed by Spouse Endorsement, \$250 NEW FOR 2021** – Sublimits of liability of \$100,000 per developed / constructed by spouse claim / \$500,000 aggregate for claims relating to the sale or listing for sale of residential property which is constructed or developed by your spouse under certain conditions.

## 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 Written by Continental Casualty Company, Subject to Underwriting Approval

Firm excess policies with \$1,000,000 limits available to firms whose brokers are all insured through the group program.

## RISK REDUCTION MATERIAL AVAILABLE ON OUR WEBSITE, [WWW.RISCEO.COM](http://WWW.RISCEO.COM)

We incorporate our knowledge of the policy and extensive claims handling experience into educational articles and videos.

Visit our website, [www.risceo.com](http://www.risceo.com), for online enrollment, sample policy and endorsement forms, and additional information. 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 **\$19 Million** in defense costs and damages have been incurred as of September 30, 2020 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, 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 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 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 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

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.

### All E&O Providers are Not 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 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, subpoena, and security breach coverages, which were not covered at all under most 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 and your spouse's relatives. 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 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 property or farmland 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 affiliated brokers' negligence. The RISC policy applies to covered claims alleging the firm's vicarious liability for negligence in the insured broker'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 just a few compliments 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 [www.risceo.com](http://www.risceo.com).



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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 all qualifying and associate brokers affiliated with a firm obtain and maintain a current E&O policy. If you are currently enrolled in the NMREC's group policy, your coverage expires January 1, 2021. 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 brokers. The insurance carrier is Continental Casualty Company, 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.**

**OPTION FOR RENEWING E&O COVERAGE FOR MULTIPLE BROKERS – Companies with 10+ brokers can request a Multiple Broker Renewal Form to electronically submit enrollment information for all the firm's brokers timely and expediently.**

**REVIEW THE FOLLOWING IMPORTANT INFORMATION AND SIGN BELOW**

**What Is and Is Not Covered – We urge all brokers to review a sample policy, including the Exclusions section. A sample policy and additional information are available on our website, [www.risceo.com](http://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](http://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, 2021 (subject to approval, \$20 cost if requested more than 60 days after group policy inception). This procedure will not remedy noncompliance with mandatory insurance laws, which may result in penalties and fines.**

**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 end of your individual policy period unless an ERP is in place. Claims often arise years after the subject transaction occurred. If you are enrolled in the 2020 group policy and not renewing coverage under the 2021 group policy for any reason (e.g. inactivating / retiring your license or switching to another provider), you should consider purchasing a 1, 2, or 3 year ERP endorsement to extend the policy's reporting date to apply to claims that are first made and reported within that period. Brokers insured under the 2021 group policy who do not renew coverage for 2022 will be able to purchase a 1, 2, 3, or 5 year ERP endorsement to extend the policy's reporting date to apply to claims that are first made and reported within that period. An ERP endorsement may only be purchased any time during or up to 90 days after the end of your individual policy period.**

**Territory – Brokers 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. Brokers not domiciled in New Mexico are insured for New Mexico transactions only. Out-of-state brokers 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. See the Territory section of the policy.**

**Effective Date – Brokers who enroll before January 1, 2021 will have an effective date of January 1, 2021. Brokers who enroll after January 1, 2021 will have an inception date of the day we receive the broker's completed application and premium. Brokers not currently enrolled in the current group policy may request a different inception date (after January 1, 2021) 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. © 2020





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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, 2021. Failure to timely obtain or renew coverage may cause the NMREC to initiate disciplinary action.**

**HOW TO ENROLL**

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

**MAIL** – Send completed form (both pages) with a check or money order payable to RISC. 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**

Correct any incorrect information and fill in any blanks. Failure to do so may delay issuance of coverage and confirmation to the NMREC.

Broker Name	License Type(s)	License Number(s), include all license numbers if more than one.
Real Estate Firm	Last 4 Digits of Your SSN	
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](mailto:@risceo.com)) to your address book.

**SELECT DESIRED COVERAGE(S)**

<b>BASIC POLICY</b> (January 1, 2021 to January 1, 2022) Limits of Liability – \$100,000 per claim / \$500,000 aggregate Damages Deductible – \$1,000, with no defense cost deductible	<b>\$349</b>	<input checked="" type="checkbox"/>
<b>OPTIONAL ENDORSEMENTS</b> – 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).		
<b>Conformity Endorsement</b> – Conforms your insurance through the NM policy to comply with the E&O requirements in another mandated state where you have an active real estate license. Eligibility Requirement: You must be actually domiciled in NM or treated as domiciled in NM by the policy terms. Please circle applicable state(s): <b>AK CO ID IA KY LA MS MT NE ND RI SD TN* WY</b> Other State License Type: _____ / Other State License #: _____ (identify state if more than one) <i>*Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.</i>	<b>\$20</b> regardless of number of states at issuance	
<b>Appraisal Endorsement</b> – 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 #: _____	<b>\$200</b>	
<b>Appraiser Trainee Endorsement NEW FOR 2021</b> – If you are a supervising appraiser and would like to add insurance for appraiser trainees acting under your supervision and control while they are assisting you in your performance of professional services as a New Mexico licensed or certified real estate appraiser, you may purchase this endorsement to change the definition of insured to include specific appraiser trainees listed in the endorsement. Eligibility requirements: the supervising appraiser must have (1) an active real estate license, (2) an active appraisal license, and (3) purchase an appraisal endorsement (above). <i>You must attach a list of appraiser trainees you would like listed in the endorsement. A separate premium applies to each appraisal trainee listed.</i>	<b>\$200</b> per appraiser trainee	
<b>Developed / Constructed by Spouse Endorsement NEW FOR 2021</b> – Sublimits of \$100,000 per developed / constructed by spouse claim / \$500,000 aggregate for claims relating to the sale or listing for sale of residential property which is constructed or developed by the licensee's spouse under certain conditions.	<b>\$250</b>	
<b>Residential Personal Interest Coverage Endorsement NEW FOR 2021</b> – Sublimits of \$100,000 per residential personal interest claim / \$500,000 aggregate for claims relating to the sale or listing for sale of residential property owned by the licensee, the licensee's spouse, or a company owned by the licensee under certain conditions. (Note the basic policy automatically includes sublimits of \$100,000 per primary residence claim / \$500,000 aggregate (damages) for claims involving the sale or listing for sale of the insured broker's primary residence, provided it is not a For Sale by Owner sale or listing.)	<b>\$50</b>	
<b>Increased Limits Endorsements – You may purchase ONLY ONE of the following:</b>		
Increased Limits of \$250,000 per Claim / \$750,000 Aggregate	<b>\$140</b>	
Increased Limits of \$500,000 per Claim / \$1,000,000 Aggregate NEW FOR 2021	<b>\$268</b>	
<b>Basic Policy Premium</b>	<b>\$349</b>	
<b>+ Any Optional Endorsement Premium</b>	<b>\$ _____</b>	
<b>TOTAL</b>	<b>\$ _____</b>	