

# RISC Rice Insurance Services Company, LLC

• We put the *Experience and Options* in E&O programs •

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## North Dakota Real Estate Commission's Group Errors and Omissions Program Underwritten by Continental Casualty Company Administered by Rice Insurance Services Company, LLC

All active real estate brokers and salespersons are required by North Dakota law to carry and maintain errors and omissions (E&O) insurance to cover all licensed activities. Licensees may purchase coverage through the North Dakota Real Estate Commission's (NDREC's) official group program, provided by Rice Insurance Services Company, LLC (RISC). The insurance carrier for the program is Continental Casualty Company, a CNA insurance company. RISC's unmatched experience and excellent claims service combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best) ensures a quality program for North Dakota licensees.

If you were enrolled in the NDREC's 2013 group program, your insurance expired January 1, 2014. If coverage was not timely obtained or renewed, the NDREC may inactivate your license. Licensees may also obtain E&O insurance outside of the group program, provided the coverage complies with North Dakota law and a certificate of equivalent coverage is filed with the NDREC in compliance with North Dakota law. E&O insurance must be obtained before license activation. Please contact your broker to verify your company participates in the group program before submitting your premium. Neither firms nor inactive licensees are required to purchase E&O insurance. However, licensees who were insured through the 2013 group policy who did not renew coverage in the group program for any reason may want to purchase an Optional Extended Reporting Period Endorsement (see below).

**Enrollment:** The group program provides the required limits of liability of \$100,000 per claim, up to \$500,000 in the aggregate, per licensee with a \$1,000 damage deductible and a \$1,000 claim expense deductible. **The premium for the one-year policy period of January 1, 2014 to January 1, 2015 is \$187 per licensee. Licensees joining the group program after January may pay a prorated premium; prorated amounts are on the back of this form. We will provide you with a certificate of coverage so that you may provide proof of coverage to the NDREC. The premium is fully earned upon inception and no refunds are permitted after that date.** For important information regarding late payment, see the "Timely Renewal" section below.

Licensees are urged to read the entire policy, including the portion entitled "**Exclusions**." Insured licensees who are not domiciled in North Dakota are insured for North Dakota transactions only. Additional information about the group program, including a **Brochure**; a copy of the **Sample Policy**; and information about **Risk Reduction**, **Free Automatic Endorsements**, and **Optional Endorsements** is available on our website, [www.risceo.com](http://www.risceo.com), or by calling us at (800) 637-7319, ext. 1. Information about our **Enhanced Excess Program for Firms** is sent to each designated broker.

**Highlights:** The 2014 group policy automatically includes the following features for no additional premium:

- **Primary Residence Coverage:** Coverage for the sale or listing for sale of the licensee's primary residence, under certain conditions.
- **Fair Housing/Discrimination Coverage:** Sublimits of \$25,000 per claim and in the aggregate for damages for covered fair housing/discrimination claims.
- **Environmental Coverage:** Sublimits of \$10,000 per claim, up to \$20,000 in the aggregate, for damages for covered environmental claims.
- **Escrow/Earnest Money Deposit Coverage:** Sublimits of \$5,000 per claim, up to \$10,000 in the aggregate, for damages for covered escrow/earnest money deposit claims.
- **Subpoena Coverage:** Coverage for attorneys' fees up to \$2,500 in connection with a covered subpoena, up to \$2,500 in the aggregate.
- **Regulatory Complaints Coverage:** Coverage for claim expenses of \$2,500 for a covered complaint filed with a regulatory board or commission, up to \$5,000 in the aggregate.
- **Security Breach Supplementary Payment Coverage:** Up to \$5,000 for costs incurred by the licensee's firm, if the firm is required to notify clients of a security breach when confidential commercial information or nonpublic personal information may have been disclosed or used in an unauthorized manner. The most the carrier will pay under this coverage is \$5,000 per real estate firm, regardless of the number of licensees or incidents involved.
- **Coverage for Spouses and Domestic Partners:** Provides coverage for the licensee's spouse or domestic partner in certain situations.
- **Incident (Potential Claim) Reporting:** The benefit of reporting a potential claim is that, if it later arises to an actual claim, coverage will be reviewed under the policy in effect when the potential claim was reported, even if the licensee does not have an active policy when the claim arises.

**Optional Endorsements:** You may purchase the following optional endorsements when enrolling in the group program:

- **Appraisal Endorsement:** Licensees with both active real estate and active appraisal licenses may purchase an endorsement to add services performed as a licensed real estate appraiser to the policy's definition of professional services.
- **Conformity Endorsement:** Conforms the policy to comply with the requirements of other states that mandate real estate E&O coverage where you have an active real estate license. Only licensees domiciled in North Dakota are eligible to purchase this endorsement.
- **Increased Limits Endorsements:** Increases the licensee's limits of liability to \$250,000 per claim, up to \$750,000 in the aggregate, or to \$500,000 per claim, up to \$1,000,000 in the aggregate.
- **Property Management Endorsement:** Adds specific property management services to the policy's definition of professional services.

**Optional Extended Reporting Period (ERP):** Many professional liability claims are not made until years after the underlying transaction occurred. However, the policy does not provide coverage for claims made after the policy's end date, unless an ERP applies. Licensees who were enrolled in the 2013 group program and did not renew coverage for any reason may purchase an ERP endorsement to extend the policy's reporting date, so that the policy applies to claims that are first made and reported during the ERP. ERP endorsements may be purchased within 90 days after the licensee's policy ends. Licensees may purchase a one-year, two-year, or three-year ERP endorsement for 100%, 150%, or 200%, respectively, of expiring premium, including any endorsement premium. Contact us at (800) 637-7319, ext. 1, or visit our website, [www.risceo.com](http://www.risceo.com), for more information.

**Claims-Made-and-Reported Policy:** This is a claims-made-and-reported policy. The policy does not provide coverage for claims first made before the beginning or after the end of the individual policy period. Nor does it provide coverage if, prior to the policy's inception date, you had a basis to believe that any act, error, or omission might reasonably be expected to be the basis of a claim. All claims must be reported timely in accordance with the policy's requirements. Failure to do so may jeopardize any available coverage. If you have notice of a claim or potential claim, report it immediately to your current carrier or risk not having coverage for the claim.

**Timely Renewal:** If you did not pay your premium timely, the NDREC may inactivate your license. You may also lose a valuable feature of the group program, **prior acts coverage**. The retroactive date of your policy determines whether you have coverage for acts that occurred prior to the date you purchase coverage under the policy. Your retroactive date is the date you first obtained, and since which have continuously maintained, real estate E&O insurance, with no gaps. If you failed to purchase coverage timely, call RISC immediately to see if you qualify to backdate your effective date to the group policy's inception date. This may avoid a break in coverage and loss of your retroactive date. However, this will not correct failure to comply with mandatory insurance laws, which may result in penalties. **Always pay your premium on time to avoid a gap in coverage and to protect yourself from uncovered claims, penalties, and fines.**

**NORTH DAKOTA REAL ESTATE COMMISSION GROUP ERRORS AND OMISSIONS INSURANCE POLICY  
2014 LICENSEE PRORATED ENROLLMENT FORM**

**Return this Enrollment Form with a check or money order payable to RISC at either of the following addresses:**

**RISC, P.O. Box 6709, Louisville, KY 40206-0709      or      RISC, 4211 Norbourne Blvd., Louisville, KY 40207-4048**

Please allow 10 business days for processing. Complete the information below, including the bottom portion. PLEASE PRINT OR TYPE. Incomplete information may cause a delay in the issuance of your coverage. Once your enrollment is processed, we will provide you with a certificate of coverage so that you may provide proof of coverage to the North Dakota Real Estate Commission. It is also your responsibility to provide verification to other commissions and entities as they may require.

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

License #: \_\_\_\_\_

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.*

Telephone (work): (       )       -      

Telephone (home/cell): (       )       -      

Fax: (       )       -      

SSN (optional): \_\_\_\_\_

**BASIC POLICY**

**Premium (2014 – All Policies Expire January 1, 2015):**

January \$187 / February \$171 / March \$156 / April \$140 / May \$125 / June \$109 / July \$94 / August \$78 / September \$62 / October \$47 / November \$31 / December 16

**Unit Price**

**Amount Due**

**See prorated  
amounts to left**

**\$ \_\_\_\_\_**

**OPTIONAL ENDORSEMENTS BELOW**

**Conformity:** If you have an active real estate license in any of the states below and are domiciled (as defined in the group policy) in North Dakota, you may purchase this endorsement to conform your insurance through the North Dakota group policy to meet the E&O insurance requirements of the applicable state(s). Please circle all of the states below where you are licensed and need proof of E&O coverage.

**CO IA ID KY LA MS NE NM RI SD TN\* WY**

**Other State License Type: \_\_\_\_\_ / Other State License #: \_\_\_\_\_**

*\*TN conformity not available to some licensees due to TN regulations. Please contact RISC for details about obtaining insurance for your TN license.*

**\$15**  
(Regardless of  
number of  
states at time of  
issuance)

**Appraisal Endorsement:** You must have both an active real estate license and an active appraisal license to qualify for this endorsement.

**Appraisal License #: \_\_\_\_\_**

**\$200**

**Property Management Endorsement**

**\$150**

**Increased Limits Endorsement: \$250,000 Per Claim / \$750,000 Aggregate\*** See below for instructions on selecting Premium (a) or Premium (b)

**(a) \$73 or  
(b) \$109**

**Increased Limits Endorsement: \$500,000 Per Claim / \$1,000,000 Aggregate\*** See below for instructions on selecting Premium (a) or Premium (b)

**(a) \$140 or  
(b) \$186**

*\*Individual licensees may purchase either of the above increased limits endorsements, but not both.*

Premium (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; or

Premium (b) Less than 75%\* of your real estate activity income is earned from Residential Sales\*\* or you have had one or more claims \*\*\* in the past 5 years

*\*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 designated 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 designated 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.*

**Prorated Premium for Basic Policy + Any Optional Endorsement Premium**

**TOTAL**

**\$ \_\_\_\_\_**

**\*\*\*PLEASE SIGN BELOW\*\*\*** If you have any knowledge of any claim or act, error, omission, fact, or situation that might give rise to a claim, it must be reported in writing immediately to your insurance carrier before your current policy period expires. The undersigned declares that the above statements and particulars are true and that the undersigned 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. The undersigned understands and agrees that the completion of this application does not bind the Company to issue a policy. The undersigned 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 basis.

Coverage will be effective the date we receive your *completed enrollment form* and premium payment unless you request a different effective date. If you request a different effective date, insert the date here: \_\_\_\_\_ (Note, the appropriate premium must be paid and the carrier must approve your request. You may be required to complete an additional form if you are requesting a different effective date. Contact us for more details.)

**The undersigned understands that all premiums are fully earned at policy inception and no refunds are permitted after that time.** If your payment is returned for nonsufficient funds, you will be responsible for payment of any resulting fees or penalties assessed by the bank. The deductible shall be due in accordance with the policy provisions. The undersigned agrees to reimburse the Company for any and all costs and expenses it may incur by employing a collection agency to collect any overdue deductible.

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_