

South Dakota Real Estate Commission's (SDREC's) Group Errors and Omissions (E&O) Program
Administered by Rice Insurance Services Company, LLC (RISC) and Underwritten by Continental Casualty Company

All active South Dakota real estate licensees (responsible brokers, broker associates, salespersons, auctioneers, property managers, and residential rental agents) must carry and maintain E&O insurance to cover all licensed activities. Licensees may purchase coverage through the SDREC's group policy. Licensees may also obtain E&O insurance outside of the group program, provided coverage complies with the state's minimum requirements and a certificate of coverage is provided to the SDREC in compliance with state law. If coverage is not timely obtained or renewed, the SDREC may issue fines and penalties. See important information regarding late payment in the Timely Renewal section below.

Coverage must be obtained before a license is activated. Contact your broker to verify your company participates in the group program before submitting your premium to the SDREC. Inactive licensees are not required to purchase E&O insurance. However, we urge licensees with expiring policies who are not renewing coverage to contact their current E&O carrier about any available extended reporting periods (ERPs or "tail coverage"). ERP endorsements for licensees who are not renewing coverage through the group program are discussed on the back of this page.

Rely on the Most Experienced Team in the Business: RISC is pleased to provide the SDREC's official group program. RISC has an agreement with Continental Casualty Company, a CNA insurance company, to offer Continental Casualty Company's policy to South Dakota licensees. RISC's unmatched real estate E&O experience in mandated states and excellent claims service combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best) ensures a quality program for South Dakota licensees.

Enrollment: Enroll in the group program through the SDREC, either online at <http://dlr.sd.gov/bdcomm/realestate/default.aspx> (follow the appropriate link) or by mailing the SDREC a completed enrollment form (on back) with your premium made payable to the SDREC. The one-year premium is \$187 per licensee. Licensees joining the group program after January may pay a prorated premium (listed on back). The premium is fully earned upon inception and no refunds are permitted after that date. Licensees are urged to carefully read the entire policy, including the Exclusions section. Additional information, including a Brochure, Sample Policy, and information about Risk Reduction and Optional Endorsements is available on our website, www.risceo.com, or by calling us at (800) 637-7319, ext. 1. Responsible brokers may obtain information about our Enhanced Firm Excess Program by visiting our website.

Features: 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 \$500 claim expense deductible. The group policy automatically includes the following features:

- **Enhanced Definition of Professional Services:** In addition to services performed pursuant to the licensee's real estate license, the policy also applies to property management services; auctioning real estate; broker price opinions; and notary public, real estate consultant, and real estate counselor services performed in connection with licensed services.
- **Primary Residence:** Coverage for the sale or listing for sale of the licensee's primary residence, provided the sale or listing is performed under the licensee's real estate license and supervised by the licensee's responsible broker.
- **Fair Housing/Discrimination:** \$25,000 per claim/\$25,000 aggregate sublimits for damages for covered fair housing/discrimination claims
- **Environmental:** \$10,000 per claim/\$20,000 aggregate sublimits for damages for covered environmental claims
- **Escrow/Earnest Money Deposit:** \$5,000 per claim/\$10,000 aggregate sublimits for damages for covered escrow/earnest money deposit claims
- **Lock Box:** \$5,000 per claim/\$10,000 aggregate sublimits for damages for covered lock box claims
- **Subpoena:** Attorneys' fees up to \$2,500 in connection with a covered subpoena related to professional services, up to a \$2,500 aggregate.
- **Regulatory Complaints:** Coverage for claim expenses up to \$2,500 for a covered regulatory complaint, up to a \$5,000 aggregate.
- **Spouses and Domestic Partners:** Coverage for the licensee's spouse or domestic partner in certain situations.
- **Incident Reporting:** Insureds may report potential claims, which is beneficial because if the potential claim later arises to an actual claim, the carrier will review coverage for the claim 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.
- **Security Breach Supplementary Payments:** If a real estate 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 policy provides reimbursement up to \$5,000 for costs incurred by the licensee's real estate firm in providing such notice (\$5,000 is the maximum regardless of the number of breaches or licensees involved).

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

- **Appraisal Endorsement:** Adds services performed as a licensed real estate appraiser to the policy's definition of professional services. Only available to licensees who have both active real estate and active appraisal licenses.
- **Conformity Endorsement:** Conforms the policy to comply with the requirements of other states that mandate real estate E&O insurance where the licensee has an active real estate license. To qualify, you must be domiciled (actually or deemed under the policy terms) in South Dakota.
- **Increased Limits Endorsements:** Increase the policy'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.

Claims-Made-and-Reported Policy: The group policy is a claims-made-and-reported policy. Claims must be reported timely in accordance with the policy's requirements. Failure to do so may jeopardize coverage. 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, the insured had a basis to believe any act, error, or omission might reasonably be expected to be the basis of a claim. 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: Always pay your premium on time to protect against loss of prior acts coverage, penalties, and fines. Prior acts coverage is a valuable feature of the group program. Your "retroactive date" determines whether you have coverage for professional services performed prior to the date you purchase coverage under the policy. The retroactive date is the date you first obtained, and since which have continuously maintained, uninterrupted E&O insurance, with no gaps. If you failed to purchase coverage timely, call RISC immediately to see if you qualify to backdate your coverage to the group policy's inception date, which may avoid a break in coverage and loss of your retroactive date. This procedure will not remedy noncompliance with mandatory insurance laws, so the SDREC may still assess penalties and fines.

Territory: Licensees domiciled in South Dakota are insured for errors and omissions committed anywhere they hold an active real estate license, provided the services would require a real estate license if performed in South Dakota. Licensees not domiciled in South Dakota are insured for South Dakota transactions only. Out-of-state licensees will be treated as domiciled in South Dakota if their principal real estate license is affiliated with a real estate office located in South Dakota and they reside within 50 miles of the South Dakota state line. Claims resulting in or from a lawsuit must be brought within the United States, its territories or possessions.

South Dakota 2016 Group Real Estate Errors and Omissions Program

LICENSEE ENROLLMENT FORM

Date Received	
Amount Received	
Receipt Number	

The South Dakota Real Estate Commission (SDREC) processes all group policy enrollments. You may enroll online through the SDREC's website, <http://dlr.sd.gov/bdcomm/realstate/default.aspx> (then follow the appropriate link). You may also enroll by completing this form (including the bottom portion) and mailing it with your payment directly to the SDREC at 221 W Capitol Ave., Ste. 101, Pierre, SD 57501. PLEASE PRINT OR TYPE. Incomplete information may cause a delay in the issuance of your coverage. We will send you a Certificate of Coverage upon receipt of payment information from the SDREC. It is your responsibility to provide verification to other commissions and entities. **Note all premiums are fully earned on the policy's inception date and no refunds are permitted after that time.** If you have any questions or would like additional information, please visit our website, www.risceo.com, or call us at (800) 637-7319 (ext 1).

Name: _____	License Type: _____	License No.: _____
Firm Name: _____	Email: _____	
Address Line 1: _____	Phone (cell/home): _____	
Address Line 2: _____	Phone (work): _____	
	Fax: _____	
City, State, Zip Code: _____	Social Security Number (optional): _____	

Basic Coverage (Expires January 1, 2017)	Unit Price	Amount Due
Limits of Liability: \$100,000 per claim/\$500,000 aggregate; Deductibles: \$1,000 damages & \$500 claim expenses Prorated Premiums: January \$187 , February \$171 , March \$156 , April \$140 , May \$125 , June \$109 , July \$94 , August \$78 , September \$62 , October \$47 , November \$31 , December \$16	See prorated premiums at left	
Optional Endorsements		
Conformity: Circle all states below where you have an active real estate license and need proof of E&O coverage. You must be domiciled South Dakota to qualify for this endorsement. CO IA ID KY LA MS NM ND* NE RI TN** WY License Type: _____ / License No. _____ (identify state if more than one) <i>*New deadline in ND requires license renewal with copy of Conformity and Certificate of Coverage by Nov. 15.</i> <i>**Eligibility for TN conformity is limited by TN regulations. Contact RISC if you need coverage for a TN license.</i>	\$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 No.: _____	\$200	
Increased Limits Endorsements – You may purchase ONLY ONE of the following:		
Increased Limits \$250,000 Per Claim / \$750,000 Aggregate See below for instructions on selecting Premium A or Premium B	A. \$76 or B. \$113	
Increased Limits \$500,000 Per Claim / \$1,000,000 Aggregate See below for instructions on selecting Premium A or Premium B	A. \$145 or B. \$193	
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 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 responsible 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 responsible 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.		
Total (Basic Policy Premium + Any Optional Endorsement Premium)		

Optional Extended Reporting Period (ERP) Endorsements: Many professional liability claims are not made until years after the underlying transaction occurred. However, the policy does not provide coverage for claims that arise after the policy's expiration date, unless an ERP applies. An ERP extends the policy's reporting date to claims that first arise during the ERP. Licensees who purchase insurance through the group program and do not renew coverage for any reason may purchase an ERP endorsement within 90 days after their policy's end date. The premiums for a 1-year, 2-year, and 3-year ERP endorsement are 100%, 150%, and 200%, respectively, of expiring premium, including any applicable endorsement premium.

*****PLEASE SIGN BELOW***:** If you have any knowledge of any act, error, omission, fact, or situation that might give rise to a claim against you, 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. The undersigned 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 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. The undersigned understands and agrees that the completion of this application does not bind the Company to issue a policy. Coverage will be effective the date of enrollment. Please indicate if another coverage date is requested: _____

The undersigned understands that all premiums are fully earned at policy inception and no refunds are permitted after that date. The deductible is due in accordance with the policy. The undersigned agrees to reimburse the Company for any and all costs and expenses the Company may incur by employing a collection agency to collect any overdue deductible.

SIGNATURE: _____ **DATE:** _____

PLEASE MAKE A COPY FOR YOUR FILES