

2009/2010 Kentucky Real Estate Commission Group Errors and Omissions Program
Administered by Rice Insurance Services Company, LLC
and Underwritten by Continental Casualty Company
Please See Policy Forms and Program Information on our Website: www.risceo.com

NOTICE

Each real estate Licensee who is actively licensed in Kentucky shall, as a condition of licensing, carry and maintain errors and omissions insurance to cover all activities under their real estate license. Each Licensee has the option of obtaining errors and omissions insurance independently, so long as the coverage complies with the minimum requirements established by the Kentucky Real Estate Commission (the Commission) and the Licensee obtains a "Certificate of Coverage" signed by an authorized agent or employee of the insurance carrier [(which shall be filed with the Commission in compliance with KRS 324.395 (6))]. Upon application for issuance or renewal of an active license, you must purchase insurance pursuant to the Commission Group Program or certify that you are in compliance with the insurance requirements of this chapter. If you currently have coverage under the 2008 RISC Independent Program or the 2008 Commission group policy, your coverage will expire April 1, 2009. If the Commission has not timely received proof that the Licensee has obtained the required coverage, it will place the license on inactive status.

Enrollment for Errors and Omissions Insurance: Rice Insurance Services Company, LLC (RISC) has an agreement with the Commission to provide its policy for Kentucky Licensees. RISC's experience and excellent claims service (specializing in real estate E&O) combined with CNA's strong financial performance and ratings (rated "A" by A.M. Best) will provide a quality program for Kentucky Licensees. If you wish to enroll in the group program, the one-year premium payment is \$117 per Licensee plus applicable tax and surcharge. Licensees purchasing coverage after April 1, 2009 may pay a prorated premium. Late insurance payments may cause a break in coverage and/or noncompliance with the mandatory insurance requirement.

ACTIVE Licensees (brokers and salespersons) are **REQUIRED** to carry E&O insurance. **INACTIVE** Licensees are not required to have E&O insurance. However, Licensees with expiring policies who are placing their licenses inactive may want to purchase an Optional Extended Reporting Period Endorsement (see below). Before activation or renewal of license, a Licensee is required to obtain insurance coverage.

OTHER COVERAGES AVAILABLE - New Free Endorsements offered for 2009/2010! Your 2009/2010 Kentucky group policy will now provide the following endorsements at no additional expense to the Licensee: Environmental Endorsement, Fair Housing Endorsement, Primary Residence Coverage Endorsement, Limited Claim Expense Coverage Real Estate Regulatory Complaints Endorsement, and Limited Claim Expense Coverage Earnest Money Dispute Endorsement. Please see Endorsement Enrollment Form for sublimits which may apply to the free endorsements. There is also no additional charge for the Conformity Endorsement to other mandatory states (except Tennessee) which accept the Kentucky policy and conformity endorsement to satisfy their mandatory requirement. Please contact us for specific information about 2-year coverage requirements in Tennessee (if you qualify for the Tennessee conformity endorsement there is a charge of \$15 per year plus applicable tax and surcharge).

The Endorsement Enrollment Form lists optional coverages. To obtain optional endorsement(s), please indicate your selection(s) on the Endorsement Enrollment Form (on the back) and enclose the appropriate fee. **Note all payments for optional endorsements must be mailed and made payable to RISC.** Please refer to the brochure on our website www.risceo.com for information regarding the program and endorsements available.

Higher Limits Available: Limits of \$250,000 per Claim per Insured Licensee, with a \$1,000,000 Annual Aggregate Limit, are available to individual Licensees. Licensees whose real estate activity is at least 75% residential sales and who have no claims in the past five years may pay an additional premium of \$60 to increase limits to \$250,000. Licensees whose real estate activity is less than 75% residential sales and/or who have had claims in the past five years may pay an additional \$90 to increase limits to \$250,000. In addition, we offer a firm "excess" policy with limits at levels of \$250,000, \$500,000, or \$1,000,000. Information about higher limits for the firm is available. The principal broker or officer of the firm must complete an excess application form in order to obtain a quote for firm excess coverage. All Licensees of the firm are required to participate in the group program to qualify for firm excess coverage.

Franchise Endorsement: A Franchise Endorsement is available if you are affiliated with a franchise group which requires a special endorsement.

Optional Extended Reporting Period (ERP) Endorsement is available for Licensees who are currently insured with the 2008 Independent Program through RISC and who have placed their license inactive or otherwise have not renewed their coverage. If a Licensee retires, places license inactive or allows license to expire, the policy provides that the Licensee will be insured for claims made and reported within 90 days of the expiration date provided the error or omission upon which the claim is based took place after the "retroactive date" and before the policy expired. In case of cancellation or non-renewal for any reason, the Insured has the option to purchase an ERP endorsement within 90 days after the Licensee's policy has terminated. An ERP Endorsement is important because many professional liability claims are not made until months after the underlying transaction occurred. Policyholders with coverage expiring April 1, 2009 may obtain an ERP endorsement for one year (100% expiring policy premium plus any applicable endorsement premium), for two years (150% of expiring policy premium plus any applicable endorsement premium) or three years (200% of expiring policy premium plus endorsement premium). Please contact RISC for further information.

If you are currently insured by the 2008 Kentucky Group policy or through another carrier, you will need to contact your carrier for information regarding any Optional Extended Reporting Period (ERP) coverage that may be available under your current policy.

PLEASE NOTE ALL PREMIUM IS SUBJECT TO TAX AND SURCHARGE

2009/2010 Kentucky Endorsement Enrollment Form

PLEASE COPY THIS FORM FOR EACH OF YOUR AGENTS AND INFORM THEM OF THE APPROPRIATE MUNICIPAL TAX RATE

YOUR PREMIUM FOR BASIC COVERAGE MUST BE MAILED TO THE COMMISSION BY APRIL 10, 2009

PLEASE MAIL THIS FORM WITH ENDORSEMENT PAYMENT TO RISC BY APRIL 30, 2009 FOR AN APRIL 1, 2009 EFFECTIVE DATE

Rice Insurance Services Company, LLC P.O. Box 6709, Louisville, KY 40206-0709

Licensee Name:	License #:	
Firm:	Email:	
Firm Address:	Work Telephone #: ()	
City, State, Zip:	Home or Cell #: ()	
County Firm Is Located In:	Fax #: ()	
Is The Firm Located Within The City Limits? Yes / No		
Payment Type	Unit Price	Amount Due
Conformity Endorsement: Circle all other applicable states where you are licensed and need proof of E&O coverage. This extension does not apply if you are a non-resident of Kentucky. Please circle applicable state(s): CO ID IA LA MS ND NE NM RI SD WY	FREE By Request For Mandated States Other Than Tennessee	
Conformity Endorsement - Tennessee*: Since Tennessee requires a two-year coverage requirement, special procedures and a charge are required to satisfy this requirement. Available only to license who request and qualify for the Tennessee Conformity Endorsement. *Not available to some licensees due to recent changes in TN regulations. Please contact RISC for details.	\$15	
New Coverage: Environmental Endorsement (\$5,000 per claim / \$10,000 aggregate for damages & claims expenses)	FREE Automatic	FREE Automatic
New Coverage: Fair Housing Endorsement (\$10,000 per claim / \$10,000 aggregate for damages & claims expenses)	FREE Automatic	FREE Automatic
New Coverage: Limited Claims Expense Coverage Regulatory Complaints Endorsement (\$2,500 per claim / \$5,000 aggregate for claims expenses)	FREE Automatic	FREE Automatic
New Coverage: Primary Residence Endorsement (subject to basic policy limits, certain conditions must be met)	FREE Automatic	FREE Automatic
New Coverage: Limited Claim Expenses Coverage Earnest Money Dispute Endorsement (\$2,500 per claim / \$5,000 aggregate for claims expenses)	FREE Automatic	FREE Automatic
Franchise Endorsement: A Franchise Endorsement is free for franchise firms if you are affiliated with a franchise group which requires a special endorsement. Available upon request.	FREE Automatic	FREE Automatic
Higher Limits Endorsement: \$250,000 Per Claim / \$1,000,000 Aggregate (a) At least 75% residential sales* and no claims in past 5 years; or (b) Less than 75% residential sales* and/or claims in past 5 years *Residential Sales means sales of properties of four families or less, zoned for and occupied exclusively as residence. Vacant land shall be considered residential sales, provided the land is zoned for residential use and is not a development project of four or more homes. Sales that involve farm property where a buyer would derive no more than 25% of total income from farming and where it is a buyer's residence are considered residential sales. Residential sales do not include rental, leasing, appraisal or other non-sales activity involving residential property.	(a) \$60 or (b) \$90	
Appraisal Endorsement (Policy excludes appraisal coverage. Appraisers <u>must</u> obtain endorsement for coverage for appraisal activity. Endorsement available to active real estate licensees only.)	\$200	
Add Amounts due for each endorsement requested	SUBTOTAL	\$ _____
Add (Applicable Municipal Tax Rate x Subtotal) for Municipal Tax Due *Please verify applicable tax rate for your firm's location with your broker. To find the appropriate tax rate, first check with your principal broker to find out whether the OFFICE you will be working in is located in the city limits or in the county. Tax information is available on the KREC website at krec.ky.gov. If the office is located in the city limits, you must pay the amount using the City Chart. If the office is located outside of the city limits, but within the county, you must pay using the County Chart.	MUNICIPAL TAX Tax Rate: _____%	\$ _____ (Subtotal x Tax Rate)
Add (1.5% x subtotal) for KY surcharge.	KY SURCHARGE	\$ _____ (Subtotal x 1.5%)
ADD SUBTOTAL + MUNICIPAL TAX + KY SURCHARGE	TOTAL	\$ _____ (Total must include Surcharge and Municipal Tax)

All payments for endorsements must be mailed to the address below. Please allow at least 5 business days for processing and make your check or money order payable to: RISC
 Mail Enrollment Form with payment to: **PO Box 6709, Louisville, KY 40206-0709**
 Overnight Deliveries to: **4211 Norbourne Boulevard, Louisville, KY 40207-4048**