



NEW GROUP E&O PROGRAM FOR ALASKA REAL ESTATE LICENSEES. The State of Alaska requires all real estate licensees to obtain errors and omissions insurance and has announced its intent to award the bid for its group program for the licensing period beginning January 1, 2018. Rice Insurance Services Company, LLC (RISC) will administer the Alaska group policy issued by Continental Casualty Company. RISC will handle all aspects of the program, including mailings, enrollment and renewals, reporting, and answering any questions licensees may have about the program. RISC provides similar group programs for eleven other states.

Features of the master policy include:

- Limits of liability of \$100,000 per claim, up to \$300,000 annual aggregate, per licensee.
- \$2,500 deductible per claim for damages with no deductible for defense costs.
- Defense costs outside the limits of liability.
- Initial master policy effective dates of January 1, 2018 to January 1, 2019.
- Individual licensees will receive certificates of coverage.
- Other additional coverages may also be available to licensees by optional endorsement.

Additionally, RISC will offer excess policies with \$250,000, \$500,000, and \$1,000,000 per claim limits to Alaska firms whose licensees are insured under the state group policy. Real estate firms interested in purchasing an excess policy should submit a completed application to RISC, which they forward to the underwriter who determines the required premium for the coverages requested.

What is the premium?

- The premium will be \$450 per year per licensee for licensees (1) whose professional services are limited to residential sales and want insurance for only these services and (2) have not a Paid Claim in the past 5 years. The expanded professional services option insures all professional services for which a real estate license is required and will be offered at \$642 per year per licensee. Licensees who have had a Paid Claim in the past 5 years must purchase this option. The enrollment material will provide detailed information, so licensees know which premium applies to them.

What is the difference between the two different policy options for the group program?

- The options impact the coverage provided, not just the premium, so it's important to consider the differences.
- Basic policy coverage is limited to claims involving the licensee's professional services in connection with residential sales, as defined in the policy.
- The expanded services option includes the basic policy coverage (residential sales) 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.

Why are there two different policy options for the group program?

- To help keep costs down for licensees who have not had a claim and only do residential sales, as defined in the policy, the group program will offer a policy option that only insures professional services for residential sales.
- The licensees who fall within the following must purchase the expanded services option: (a) have had a Paid Claim in the past 5 years; (b) have ever done any activity other than residential sales, as defined in the policy, or (c) plan to do any activity other than residential sales, as defined in the policy, during the individual policy period. The enrollment materials will explain the two options in detail.
- Licensees who only do residential sales but would like the expanded services coverage may also pay the higher premium for that coverage.

The policy forms are being finalized and will be filed for approval with the Alaska Department of Insurance. Enrollment information will be sent by RISC to all active licensed real estate licensees. It is expected that the program will be available for enrollment in early September. You may visit RISC's website, www.risceo.com, regularly for updates. Real estate licensees may also purchase coverage outside of the group program, provided the coverage meets state requirements.