

ERRORS AND OMISSIONS INSURANCE POLICY (RULES 117 - 122)

(Policy in italics)

117. MANDATORY ERRORS AND OMISSIONS INSURANCE. Every licensee, upon obtaining or renewing an active real estate license in the state of Idaho will have in effect and maintain a policy of errors and omissions insurance as required by Section 54-2013, Idaho Code, to cover all activities contemplated under Chapter 20, Title 54, Idaho Code and will certify such coverage to the Commission in the form and manner prescribed by statute, these rules, and any policy adopted by the Commission.

Licensees covered under the Group Insurance Plan shall be deemed to have satisfied the certification requirement of section 117.

Licensees obtaining independent coverage, as provided for in section 118 of these rules, shall obtain a Certificate of Coverage (Form REE-141 for individuals, REE-142 for firms), signed by an authorized agent or employee of the insurance carrier reflecting proof of insurance meeting the requirements established by the Commission.

118. INSURANCE PLAN. The Commission will make available to all active licensees, subject to terms and availability from a qualified insurance carrier, a policy of Errors and Omissions Insurance under a Group Plan obtained by the Commission. Licensees may obtain errors and omissions insurance independently of the Group Policy available through the Commission, subject, however, to the terms and conditions set forth in these rules.

01. Insurance Carrier. For the purposes of Section 118:

- a. Shall maintain an A.M. Best Company rating of B+ or better, and an A.M. Best Financial Size Category of Class VI or higher;
- b. Is and will remain for the policy term duly authorized by the Idaho Department of Insurance to do business in the state of Idaho as an insurance carrier; and
- c. Is and will remain for the policy term qualified and authorized by the Idaho Department of Insurance to write policies of errors and omissions insurance in Idaho of the type contemplated by these rules.

02. Approved Policy. The policy shall cover all activities contemplated under Chapter 20, Title 54, Idaho Code, be subject to such terms and conditions as are customary in the insurance industry for policies of errors and omissions insurance, which are otherwise permissible under Idaho law and the rules of the Idaho Insurance Department, and which are contained in a policy of insurance which has been approved by the Department of Insurance. That policy shall provide, at a minimum, the following terms and conditions:

	Limit Liability Coverage for Each Occurrence Not Less Than	Annual Aggregate Limit Not Less Than
Individual License Coverage	\$100,000*	\$300,000*
Firm Coverage	\$500,000*	\$1,000,000*
*Not including costs of investigation and defense		

- a. A deductible amount of not greater than three thousand five hundred dollars (\$3,500), which includes costs of investigation and defense;
- b. A policy period equal to each licensee's two (2) year license renewal date or the prorated equivalent, or, if an annually renewable policy, a statement of the policy period, and in either case, the policy shall provide for continuous coverage during the policy period;
- c. An extended reporting period per insured of at least ninety (90) days following termination of the policy period; and
- d. Prior acts coverage shall be offered to licensees with continuous past coverage.

No policy of Errors and Omissions insurance shall be deemed “independently obtained” for purposes of this rule unless the insurance company specifically agrees in writing that it will not terminate, cancel, lapse, fail or refuse to renew or modify such policy without the company first providing the Commission and the licensee with thirty (30) days’ written notice.

119. (RESERVED)

120. CERTIFICATION A PREREQUISITE FOR LICENSE ISSUANCE OR RENEWAL.

Issuance or renewal of an active license requires certification of compliance that satisfies the requirements of Section 54-2013, Idaho Code.

The Commission will audit E&O insurance compliance in accordance with the Commission’s Errors & Omissions (E&O) Insurance Audit Policy.

121. FAILURE TO MAINTAIN INSURANCE.

Failure of a licensee to obtain and maintain insurance coverage required by Section 54-2013, Idaho Code, regardless whether coverage is later obtained and made retroactive by the carrier, will result in denial or inactivation of any active license and will be deemed insufficient application for licensure under Section 67-5254, Idaho Code. A late insurance renewal is considered failure to maintain insurance. Failure to maintain insurance shall be grounds for disciplinary action.

When the Commission is notified that a licensee does not have required coverage, the Commission shall notify the affected licensee of noncompliance. Notice shall be sent by first class mail to the licensee’s residence address, as reflected in the Commission’s records, and a copy of the notice shall be sent to the licensee’s broker, if any. The notice shall provide that the

licensee has thirty (30) days in which to comply with the law and these rules regarding errors and omissions insurance. Failure to comply at the end of thirty (30) days shall result in the license being inactivated. Per Idaho Code 54-2013(6), "a licensee shall not be entitled to reactivate the license unless and until he provides to the commission a certificate of coverage reflecting proof of insurance meeting the requirements of the commission."

122. FALSIFICATION OF CERTIFICATES. Any licensee who, acting alone or in concert with others, willfully or knowingly causes or allows a certificate of coverage to be filed with, or produced to, the Commission which is false, fraudulent, or misleading, will be subject to disciplinary action, including but not limited to suspension or revocation of license, in accordance with Chapter 52, Title 67, Idaho Code; provided, however, that nothing herein will entitle such licensee to notice and hearing on the automatic inactivation of license.