



REAL ESTATE SERVICES ERRORS AND OMISSIONS LIABILITY INSURANCE POLICY

THIS IS A CLAIMS MADE AND REPORTED INSURANCE POLICY.
PLEASE READ THE ENTIRE INSURANCE POLICY CAREFULLY.

YOUR POLICY INCLUDES THIS FRONT PAGE AND THE FOLLOWING PARTS:

- PART 1. Declarations Page
- PART 2. Notices
- PART 3. Quick Reference to Policy Provisions
- PART 4. Introduction
- PART 5. Insuring Agreements and Exclusions
- PART 6. Definitions Used in This Policy
- PART 7. General Conditions
- PART 8. Endorsements
- PART 9. A Copy of **Your** Signed **Application** or **Renewal Application**

ALL OF THESE PARTS MUST BE INCLUDED TO MAKE A COMPLETE POLICY.



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PART 1.

DECLARATIONS PAGE

1. Named Insured / Address:

Policy Number:

2. Policy Period: From _____ to _____ (12:01 AM at address #1)

3. Retroactive Date:

4. Insured Services:

5. Limit of Liability:

a. Each Wrongful Act	\$
b. Aggregate	\$
c. Discrimination	
d. Lockbox	
e. Contingent Liability	\$

6. Retention: \$ _____ (see endorsements for reductions / enhancements)

7. Premium: \$ _____ [Per Transaction Side]

8. Forms and Endorsements:

9. Administrative Office: CRES Insurance Services LLC
PO Box 29502 #69121
Las Vegas, NV 89126-9502

Sample



Authorized Signature:

Date Issued:

This Policy is issued to a participating member of the [], a Risk Purchasing Group. The insurer for the purchasing group may not be subject to all the laws and regulations of **Your** state. Depending on the state, the insurance insolvency guarantee fund may not be available to the Purchasing Group.

PART 2.

NOTICES

A. Claims Made and Reported Policy:

This insurance coverage is written on a claims made and reported basis. Coverage applies only to those **Claims** that are first made against **You** and reported to **Us** during the **Policy Period** and any Extended Reporting Period as those terms are described in the Policy. Coverage does not apply to any **Wrongful Acts** committed before the **Retroactive Date** stated on the Declarations Page.

B. Defense Costs Within the Limit:

This insurance coverage contains a provision that reduces the Limit of Liability stated in the Policy by the amount of **Defense Costs**.

C. Awareness:

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine **Your** rights and duties, and what is and is not covered. **We** will not pay sums or perform acts or services unless explicitly provided for in this Policy.

Sample

PART 3. QUICK REFERENCE TO POLICY PROVISIONS

The following is a quick reference indexing of Your Policy's provisions, listed in sequential order. The descriptions in the quick reference are not binding. The quick reference should only be used to help **You** locate the actual Policy provisions.

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PART 4. INTRODUCTION

The words **We**, **Us** and **Our** refer to the Insurer named on the Declarations Page.

The words **You** and **Your** refer individually and collectively to:

1. The **Named Insured** as defined In **Part 6.I.**;
2. The **Named Insured's** stockholders, (members if the **Named Insured** is organized as an LLC) and partners (if the **Named Insured** is a partnership), but only for their liability as stockholders, members, or partners;
3. The **Named Insured's** officers, directors and employees, but only for **Wrongful Acts** within the scope of their authorized duties in such capacity for the **Named Insured**;
4. Former officers, former directors and former employees of the **Named Insured**, but only for **Wrongful Acts** both:
 - a. Within the scope of their duties in such capacity for the **Named Insured**; and
 - b. Made while they were the **Named Insured's** partner, officer, director or employee;
5. In the event of death, incompetence, insolvency or bankruptcy of any of **You**, **Your** legal representative but only for **Wrongful Acts** within the scope of their duties for the **Named Insured**;
6. Any franchisor of the **Named Insured**, but only to the extent that liability arises solely out of an error or omission of the **Named Insured**;
7. Any professional association, standards or accreditation board of which the **Named Insured** is a member, but only to the extent that liability arises only out of an error or omission of the **Named Insured**; or
8. Any independent contractor (whether or not a Natural Person, including "Teams") engaged in the practice of real estate as a broker or agent of the **Named Insured** at the time of the **Wrongful Act** (and unlicensed employees of such duly licensed independent contractor) practicing his or her profession under the laws of all jurisdictions in which he or she practices.
9. If **You** are covered as an Individual Licensee or Independent Contractor, **Named Insured** is limited to definitions 1, 5, 6 and 7 only.

Other words or phrases that are **bold-faced** have special meaning.

PART 5. INSURING AGREEMENTS AND EXCLUSIONS

A. What We Insure

We will pay on **Your** behalf those sums in excess of the Retention and up to the applicable Limit of Liability stated in Item 5. of the Declarations Page that **You** become legally obligated to pay as **Damages** or **Defense Costs** because of **Claims** as a result of a **Wrongful Act** in performing **Insured Services** for anyone other than **You**. **We** have the right and duty to appoint an attorney and defend any **Claim** to which this insurance applies, even if the allegations are groundless, false or fraudulent. **You** may engage additional counsel, solely at **Your** expense to associate in the defense of any **Claim** covered hereunder.

We also have the right to investigate any **Claim** and/or negotiate settlement thereof, as **We** deem expedient, but **We** shall not settle any **Claim** without **Your** consent. If **We** recommend settlement to **You**, which is agreeable to the claimant and **You** do not agree, **Our** Limit of Liability is reduced to the total of the amount for which the **Claim** could have been settled plus the amount of **Claim** expense up to the time that **We** made the recommendation. **You** agree not to unreasonably withhold **Your** consent to any settlement **We** negotiate that is acceptable to the claimant. **You** further agree that **We** may settle any **Claim** in an amount at or below the amount of the Retention set forth in Item 6. (Retention) of the Declarations Page without **Your** consent. **You** agree to promptly reimburse **Us** for the amount paid in settlement of any **Claim** that we settle at or below the amount of the Retention set forth in Item 6. (Retention) of the Declarations Page.

Our right and duty to defend and to pay on **Your** behalf ends when **We** have used up the applicable Limit of Liability in payment of **Damages** or **Defense Costs**.

B. What We Do Not Insure - Exclusions

1. This insurance does not apply to and **We** are not obligated to pay **Damages** or **Defense Costs** or to defend **Claims** for, or **Claims** arising directly or indirectly out of, or **Claims** in any way alleging:

a. **Bodily Injury** or **Property Damage** including any loss of wages or loss of consortium or other related **Claims**, of any person or loss of use of tangible property. This exclusion does not apply:

- (1) to **Property Damage** arising from the performance of **Insured Services** by a **Named Insured** solely in the distribution, maintenance, operation or use of a lock box on property not owned or occupied by or leased to any **Named Insured**.
- (2) to any **Claim** brought by a purchaser of real property that solely alleges diminution in value of real property as a direct result of **Bodily Injury** to any person;

b. Infringement of:

- (1) Copyright;
- (2) Trademark, trade dress, trade name, service mark, service name, title or slogan;
- (3) Patent; or
- (4) Any other intellectual property right, including misappropriation of trade secrets;

c. Statutory or common law unfair competition, or federal, state or local unfair business practices, laws, or federal, state or local consumer protection laws, or statutory or common law restraint of trade or any other violation of antitrust laws;

d. Discrimination on the basis of age, sex, gender, military service, race, creed, color, religion, handicap, disability or health condition, marital status, national origin, sexual preference, or other federally protected classes, by **You**, including any **Claim** resulting therefrom. However, notwithstanding the foregoing, **We** shall pay **Defense Costs** resulting from any **Claim** alleging such conduct by **You**. Provided, however, **Our** obligation to pay such **Defense Costs** shall not exceed the Each **Wrongful Act** Limit of Liability set forth in Item 5.a. of the Declarations Page, or \$1,000,000, whichever amount is lesser, as a result of any one **Claim** or all such **Claims** during the **Policy Period** ("**Discrimination Defense Cost Sublimit of Liability**").

In no event will the **Discrimination Defense Cost Sublimit of Liability** exceed the Aggregate Limits of Liability set forth in Item 5.b. of the Declarations Page .

We shall not be obligated to pay any **Defense Costs** or to defend any suit after the applicable **Discrimination Defense Cost Sublimit of Liability** has been exhausted.

e. Any gain, profit, or advantage to which any of **You** are not legally entitled;

- f. The assumption of liability by any of **You** under any contract or agreement, including any warranty agreement or indemnification agreement. This exclusion does not apply to liability **You** would have incurred in the absence of such contract, agreement or warranty;
- g. Any disputes involving fees, commission, charges, or rebates; or involving the failure of any person(s) or entity(ies) to collect, pay or disburse commissions, finder's fees, deposits, escrow funds, tax funds or other funds or sums of money; or involving any person(s) or entity(ies) conversion, misappropriation, comingling or defalcation of any funds, money, currency, negotiable instruments or any other tangible or intangible property.
- h. Property syndication, real estate investment trusts, limited or general partnerships, including but not limited to corporate entities, or ventures when any such **Claim** is brought by or on behalf of an investor, shareholder or partner in any such entity;
- i. Purchase of insurance, or the failure to effect or maintain adequate levels or types of insurance;
- j. Acts by any of **You** related to any pension, healthcare, welfare, profit sharing, mutual or investment plans, funds or trusts; or any violation of any provisions of the Employee Retirement Income Security Act of 1974, or any amendment, regulation, ruling or order issued pursuant to the Act or any similar provisions of any federal, state or local law;
- k. Violation of:
 - (1) The Security Act of 1933 as amended;
 - (2) The Securities Exchange Act of 1934 as amended;
 - (3) Any state blue sky or securities law;
 - (4) Any similar state or federal law; or
 - (5) Any order, ruling or regulation issued pursuant to the above laws;
- l. Insolvency or bankruptcy of:
 - (1) Any of **You**; or
 - (2) Any enterprise in which any of **You** own an interest;
- m. Based on or arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **Pollutant** on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to the injury or damage; or any loss cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, any **Pollutant**, by **You** or by any other person or entity for which the insured is liable. Provided, however, notwithstanding the above, **We** are obligated to pay **Damages** or **Defense Costs** up to the **Pollution Coverage Sublimit of Liability** set forth below, if, and to the extent that, a **Claim** solely results from **Your** failure to disclose the existence or presence of any **Pollutant** on a **Residential Property** with 1-4 residential units.

Pollution Coverage Sublimit of Liability: \$100,000

The "**Pollution Coverage Sublimit of Liability**" as set forth above is the maximum amount that **We** are obligated to pay for both **Damages and Defense Costs** combined for the total of all such **Claims** alleging a failure to disclose the existence or presence of any **Pollutant** made during the **Policy Period** and any Extended Reporting Period, and is included within, and not in addition to the Aggregate Limit of Liability stated in Item **5.b.** of the Declarations Page.

"**Pollutant**" means any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to:

- (1) Smoke, vapor, soot, fumes, acids, alkalis, chemicals, lead, mold or asbestos;
- (2) Hazardous, toxic or radioactive matter or nuclear radiation;
- (3) Waste, which includes material to be recycled, reconditioned or reclaimed;
- (4) Any other pollutant as defined by applicable federal, state or local statutes, regulations, rulings or ordinances; or
- (5) Radon, mold or other organic matter, including, but not limited to Aspergillus, Penicillium, or any strain or type of Stachybotris commonly collectively referred to as the "Black Molds";

In no event will **Our** liability exceed the lesser of either the most recent bona-fide sale price of the dwelling or the **Pollution Coverage Sublimit of Liability** as stated above;

- n. Services involving property in which any of **You** have, had, or will have an ownership or equity interest, either direct or indirect, as an individual, partner, shareholder or fiduciary.

This exclusion does not apply to **Claims** involving only the sale (not purchase) of **Residential Property** owned in which **You** have a financial interest if:

- (1) A written Home Inspection Report is issued by an ASHI, CREIA, NACHI or NAHI member inspector;
 - (2) An Approved Home Warranty is in place;
 - (3) All State required property transfer disclosure statements are properly completed, signed, and delivered;
 - (4) The property in which the insured holds an interest consists of 1-4 residential units.;
- o. Ownership, syndication or development of property; mortgage or investment banking; feasibility studies; property surveys; opinions relating to zoning laws; or activities as an investment advisor/manager, construction advisor/manager, risk manager, or title abstractor;
Property Development encompasses activities that range from the renovation of existing buildings to the purchase of raw land and the sale of developed land or parcel to others. Development can include buying land, financing real estate deals, building or having builders construct projects, create, imagine, control & orchestrate the process of development from beginning to end.
 - p. The performance of services by any of **You** which can only be performed by:
 - (1) A licensed, certified, or registered attorney or public accountant; or
 - (2) A professional investment advisor or financial management consultant;
 - q. Any financing term that is contained on addenda or otherwise not within the standard form real estate sales contract. This exclusion does not apply to such financing terms if they were disclosed to all lenders and borrowers prior to loan approval.
 - r. Any theft, fraud, conversion, embezzlement, misappropriation, financial elder abuse, or any other intentional wrongful conduct by any person(s) or entity(ies) arising out of or in any way resulting in money or property being parted with under false pretenses. This exclusion also excludes coverage under the Policy for any social engineering scheme, any hacking scheme, any phishing scheme, or any computer fraud; or for any other activity or conduct by any person(s) or entity(ies) which results in the electronic transfer of money, or the electronic transfer of real or tangible property, or the electronic transfer of personal or proprietary information or data.
 - s. Facts, circumstances, situations, errors or omissions shown in response to **Claims** or circumstances disclosed, or that should have been disclosed on the **Application** or **Renewal Application** completed in connection with this Policy. This includes broker(s), agent(s) and/or employee(s) awareness of any request for, or participation in, any mediation, arbitration, lawsuit, or demand for money or services, involving anyone associated with the **Named Insured**, the buyer or seller, or other parties to a transaction in which **You** participated, including, but not limited to, other real estate agents/brokers/firms, appraisers, title, escrow, inspectors, loan officers, mortgage brokers, or property managers; or knowledge to any circumstance which could reasonably be expected to lead to a **Claim**.
 - t. Requests or demands for the return, restitution or reduction of professional fees or arising from any **Claim** seeking equitable Relief. This exclusion does not apply to **Claims** arising from a buyer's **Claim** of specific performance seeking to compel the transfer of real property to which this insurance applies so long as the equitable relief is not sought against the insured.
 - u. Actual or alleged anti-trust law violation or agreement or conspiracy to restrain trade; any government inquiry or enforcement action, including but not limited to a Civil Investigative Demand. This exclusion does not apply to an otherwise covered matter arising in front of a local or state real estate board or licensing authority in connection with a disciplinary action against a real estate license, but only to the extent the matter implicates censure or revocation of that license.
 - v. **Claims** related to the use of, valuation of or ability to develop land.
 - w. The **flipping** of any property where an insured has or had any ownership or financial interest either directly or indirectly as an investor, partner or owner.

This exclusion shall not apply, and a **Flipping Coverage Sublimit of Liability** of \$50,000 shall be added, when the insured has made only cosmetic, or superficial, changes that do not require a permit. Repair or replacement of items recommended by a buyer's home inspections or required by the lender shall be considered cosmetic or superficial for the purposes of this coverage only.

The Flipping Coverage Sublimit of Liability is the maximum amount **We** are obligated to pay for both **Damages** and **Defense Costs** combined for the total of all such **Claims** arising from an agent-owned flipped property made and reported during the Policy Period and any Extended Reporting Period, and is included within, and not in addition to the Aggregate Limit of Liability stated in Item 5.b. of the Declarations Page.

- x. **Claims** arising from any transaction where any insured receives, prior to the close of the transaction, notice of incapacity of any party to the transaction or defect in or unmarketability of title to the property involved in the transaction. This exclusion does not apply if, prior to the close of the subject transaction, the insured receives written legal advice from a lawyer, attorney or counselor at law, licensed in the jurisdiction relating to the incapacity or alleged title issue. In this event, the **Retention** listed in Item 6. of the Declarations Page is increased to the stated **Retention** plus the insured's commission payable on the subject transaction.
2. This insurance does not apply to and **We** are not obligated to pay **Damages** or **Defense Costs** or to defend **Claims** made by:
 - a. Any enterprise:
 - (1) In which any of **You**, individually or collectively, directly or indirectly own an interest greater than 10% of the total ownership;
 - (2) In which any of **You** is a partner; or
 - (3) Which is a parent, affiliate or subsidiary company of any of **You**;
 - b. Any enterprise directly or indirectly controlled, operated or managed by an enterprise described in **Part 5.B.2.a.** above;
 - c. Any of **You**; or
 - d. Any present, former or prospective employees, officers or directors of any of **You** when the **Claim** is in any way related to the present, former or prospective employment relationship between the claimant and any of **You**;
3. This insurance does not apply to and **We** are not obligated to pay **Damages** or **Defense Costs** or to defend **Claims** for:
 - a. The breach of express warranties, guarantees or contracts;
 - b. An act or omission that a jury, court or arbitrator could find or does find to be dishonest, fraudulent, criminal, malicious or to have been intentionally committed while knowing it was wrongful;

This exclusion shall apply to any of **You** who had knowledge of or participated in the aforementioned conduct. For purposes of this exclusion only:

 1. The knowledge of an Insured Person shall not be imputed to any other Insured Person;
 2. The knowledge of the Named Insured's CEO, CFO, RM, and GC (or the functional equivalent of such positions for the Named Insured) shall be imputed to any Insured that is an entity. The knowledge of any other Insured, other than the aforementioned officers or employees, shall not be imputed to another Insured entity; or
 - c. Refunds, rebates, discounts, or any other fees or charges of any insured or others.
 - d. Any punitive or exemplary **Damages**, fines, statutory penalties, or any award of **Damages** in which monetary **Damages** are doubled, trebled or otherwise multiplied by a judge, jury or arbitrator.

C. Where and When We Insure

1. Where We Insure

The insurance afforded by this policy applies only to **Claims** that are first made and reported to us during the **Policy Period**. A **Claim** must be made and suit brought, concerning property located within the United States of America, its territories, possessions or Canada.

2. When We Insure

a. Claims First Made

This insurance applies when a written **Claim** is first made against any of **You** and reported to **us** as soon as practicable. However, in no event shall any notice of **Claim** be provided later than 7 days after the end of the **Policy Period**. To be covered, the **Claim** must also arise from a **Wrongful Act** committed during the **Policy Period**.

We will consider a **Claim** to be first made against **You** when a written **Claim** is first received by any of **You**.

This insurance also applies to **Claims** under the following conditions:

b. Prior Wrongful Acts

We will cover a written **Claim** first made against any of **You** arising from a **Wrongful Act** committed between the **Retroactive Date** and the Effective Date of this Policy, but only if all of the following conditions are met:

- (1) The written **Claim** is first made against any of **You** during the **Policy Period** and reported to us as soon as practicable. However, in no event shall any notice of **Claim** be provided later than 7 days after the end of the **Policy Period**. **We** will consider a **Claim** to be first made against **You** when a written **Claim** is received by any of **You**;
- (2) None of **You** knew, after inquiry of **Your** employees, agents, and clients of **Your** agents and employees, prior to the Effective Date of the first of one or more errors and omissions policies issued to **You** by **Us** or **Our** affiliates which together provided continuous coverage until the Effective Date of this Policy, of any fact, situation or circumstance that could reasonably be expected to lead to the **Claim**; and
- (3) There is no other valid and collectible insurance for the **Claim**.

c. Reported Wrongful Acts

We will cover a written **Claim** first made against any of **You** after the end of the **Policy Period**, but only if all of the following conditions are met:

- (1) The **Wrongful Act** is committed between the **Retroactive Date** and the end of the **Policy Period**;
- (2) **We** receive written notice from **You** during the **Policy Period** of the **Wrongful Act**. The notice must include all of the following information:
 - (a) The names of those persons or organizations involved in the **Wrongful Act**;
 - (b) The specific person or organization likely to make the **Claim**;
 - (c) A description of the time, place and nature of the **Wrongful Act**; and
 - (d) A description of the potential **Damages**;
- (3) None of **You** knew, prior to the Effective Date of the first of one or more errors and omissions policies issued to **You** by **Us** or **Our** affiliates which together provided continuous coverage until the Effective Date of this Policy, of any fact, situation or circumstance that could reasonably be expected to lead to the **Claim**; and
- (4) There is no other valid and collectible insurance for the **Claim**.

A **Claim** first made after the end of the Policy Period and arising from a reported **Wrongful Act** will be covered under the provisions of the Policy in effect on the date **We** receive the notice of the **Wrongful Act**.

d. Automatic Extended Reporting Period

If this policy is cancelled or does not renew for any reason other than non-payment of premium or failure to comply with the terms or conditions of this policy, **We** will provide an automatic, non-cancelable extended reporting period to report **Claims** made against the insured during the **Policy Period**, starting at the termination of the **Policy Period**, but only if the **Named Insured** has not obtained another policy of real estate professional errors and omissions insurance regardless of the terms and conditions thereof, within sixty (60) days of the termination of the **Policy Period**. This automatic extended reporting period will terminate after sixty (60) days.

e. Extended Reporting Period

This section describes the provisions and conditions that apply to **Claims** first made after the end of the **Policy Period** when **You** have not reported a **Wrongful Act** during the **Policy Period** in accordance with **Part 5.C.2.c.** above. Such **Claims** are not automatically covered. To cover them, the First **Named Insured** must purchase an Extended Reporting Period from **Us**.

If the First **Named Insured** purchases an Extended Reporting Period, **We** will cover a **Claim** first made against any of **You** during the Extended Reporting Period, but only if all of the following conditions are met:

- (1) The **Wrongful Act** is committed between the **Retroactive Date** and the end of the **Policy Period**;
- (2) None of **You** knew, prior to the Effective Date of the first of one or more errors and omissions policies issued to **You** by **Us** or **Our** affiliates that provided continuous coverage until the Effective Date of this Policy, of a circumstance that could reasonably be expected to lead to the **Claim**; and
- (3) There is no other valid and collectible insurance for the **Claim**.

We will consider a **Claim** to be made during the Extended Reporting Period only if written **Claim** is first received by any of **You** after the Expiration Date of the **Policy Period** and prior to the Expiration Date stated in the Extended Reporting Period Endorsement.

The following provisions and conditions also apply to the Extended Reporting Period:

- (1) If **You** or **We** cancel or nonrenew the Policy, and upon request by the First **Named Insured**, **We** will sell one of the Extended Reporting Period options listed below, unless **We** cancel or nonrenew the Policy because:
 - (a) Any of **You** failed to pay the premium or retention; or
 - (b) Any of **You** failed to comply with the Policy provisions.

Extended Reporting Period options and the respective percentage of Premium, as stated in Item 7. of the Declarations Page. In the case of reporting form coverage, **We** will annualize reported premium. The premium **You** must pay to purchase the Extended Reporting Period are:

One Year	=	125%
Two Years	=	150%
Three Years	=	175%
Four Years	=	200%

Changes or proposed changes in premium or policy provisions shall not be construed as cancellation or nonrenewal of the Policy by **Us**.

- (2) **We** must receive the First **Named Insured's** request for the Extended Reporting Period in writing within 30 days after the end of the **Policy Period**. On receipt and acceptance of the request, **We** will issue an endorsement showing the Extended Reporting Period in accordance with the option requested by the First **Named Insured**. At the same time, **We** will bill the additional premium, and **We** must receive payment within 30 days after the billing date for the endorsement to be effective.
- (3) The endorsement shall also include the provisions and conditions applicable to the Extended Reporting Period. Once in effect, the Extended Reporting Period may not be cancelled and the premium therefore is fully earned.
- (4) A **Claim** that is first made during the Extended Reporting Period will be deemed to have been made on the last day of the **Policy Period**. The provisions of the Policy in effect on the last day of the **Policy Period** will apply.
- (5) The Extended Reporting Period does not reinstate or increase the Limit of Liability.
- (6) The Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided.

f. Multiple Claims

All **Claims** arising from the same **Wrongful Act**, or are related by any parties, facts circumstances or property, will be deemed to have been made at the earlier of the following times:

- (1) The date the first of those **Claims** is made against any of **You**; or
- (2) The first date **We** receive **Your** written notice of the **Wrongful Act**.

The provisions of the Policy in effect on that date will apply.

D. Limit of Liability, Retention and Reimbursement

1. Limit of Liability

a. Each Wrongful Act

The Each **Wrongful Act** Limit of Liability stated in Item **5.a.** of the Declarations Page is the most **We** will pay for **Damages** and **Defense Costs** combined for the total of all **Claims** made during the **Policy Period** and any Extended Reporting Period arising from one **Wrongful Act**, no matter how many:

- (1) Of **You** this Policy covers;
- (2) **Claims** are made; or
- (3) Persons or organizations make **Claims**.

b. Aggregate

The Aggregate Limit of Liability stated in Item **5.b.** of the Declarations Page is the most **We** will pay for **Damages** and **Defense Costs** combined for the total of all **Claims** made during the Policy Period and any Extended Reporting Period, no matter how many:

- (1) Of **You** this Policy covers;
- (2) **Claims** are made;
- (3) Persons or organizations make **Claims**; or
- (4) **Wrongful Acts** are committed.

c. Absolute Tie-In Limits/Anti-Stacking

The maximum aggregate Limit of Liability under 1) this Policy and 2) any other Errors and Omissions/Professional Liability policy issued by the Company, combined, shall be no more than the largest Limit of Liability stated in item 5.b of the Declarations. This applies for all **Damages & Defense Costs** resulting from any **Claims** made under 1) or 2) above which arise out of the same transactions or **Wrongful Acts** or series of related or interrelated transactions or **Wrongful Acts**. Any payment of **Damages** or **Defense Costs** on account of **Claims** will erode the Limits of Liability of each Policy equally.

2. Retention

A separate Retention applies to each **Wrongful Act**. The Retention applies to **Damages** and **Defense Costs** combined, and **Our** obligation to pay **Damages** and **Defense Costs** applies only to the amount of **Damages** and **Defense Costs** in excess of the Retention. The Limit of Liability will not be reduced by the application of the Retention. The amount of **Your** Retention is stated in **Item 6.** of the Declarations Page.

3. Reimbursement

If, at **Our** option, **We** have paid any amounts for **Damages** or **Defense Costs** in excess of the applicable Limit of Liability or if **We** have paid part or all of any Retention, the **Named Insured** shall be liable to reimburse such amounts to **Us** promptly upon demand.

PART 6.

DEFINITIONS USED IN THIS POLICY

- A. "**Application or Renewal Application**" means all the following:
1. The **Named Insured's** signed Errors and Omissions Liability Insurance Policy Application;
 2. The **Named Insured's** signed Errors and Omissions Liability Insurance Renewal Application, if this is a renewal of a Policy issued by **Us**; and
 3. All attachments to the **Application or Renewal Application** and any other information furnished to **Us** for the purpose of applying for the insurance. All such attachments and information will be kept on file by **Us** and deemed attached to and a part of the Policy as if physically attached to it.
- B. "**Bodily Injury**" means physical injury, sickness or disease sustained by a person, including death resulting from any of these at any time. **Bodily Injury** also means disability, emotional distress, mental anguish, mental injury, shock or fright resulting in or from **Bodily Injury**.
- C. "**Claim**" means a demand for money or for services that alleges a negligent act, error, or omission in the rendering of or failure to render **Insured Services**. Filing of suit or demand for arbitration or mediation proceeding naming the Insured qualifies as a **Claim**. **Claim** does not include actions that seek injunctive or other non-pecuniary relief. **Claim** does not include any administrative actions before any board or committee or sub-committee thereof.
- D. "**Commercial Property**" includes real property zoned and certified by state, county or local laws, codes or ordinances for commercial, business, or industrial use or occupancy. **Commercial Property** as used in this Policy includes transactions involving condominiums, cooperatives, apartment buildings or apartment complexes which consist (or will consist) of five or more family unit dwellings. **Commercial Property** as used in this Policy also includes real property zoned for "mixed-use" commercial and residential occupancy, regardless of the count of residential units.
- E. "**Damages**" means money judgment, award or settlement, except those for which insurance is prohibited by law. **Damages** do not include fines or penalties; or fees, deposits, commissions or charges for goods or services.
- F. "**Defense Costs**" means expenses incurred by **Us** or by **You** with **Our** consent in the investigation, adjustment, negotiation, arbitration, mediation and defense of covered **Claims**, whether paid by **Us** or **You** with **Our** consent. **Defense Costs** include:
1. Expenses **We** incur, other than salary or adjustment expenses of **Our** regular employees or officials or fees and expenses of independent adjusters;
 2. Reasonable and necessary attorney's fees incurred by **Us** in the defense of **You**;
 3. Costs taxed against **You** in any suit defended by **Us** and to which this insurance applies, however **Defense Costs** does not include any claimant's attorney's fees awarded against **You**, or any claimant's attorney's fees taxed against **You** as costs;
 4. Pre-judgment interest and the interest on the full amount of any judgment that accrues after entry of the judgment and before **We** have paid, offered to pay or deposited in court the part of the judgment that is within the applicable Limit of Liability;
 5. The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable Limit of Liability. **We** do not have to furnish these bonds; and
 6. Reasonable expenses Incurred by **You** at **Our** request other than:
 - a. Loss of earnings; and
 - b. Salaries or other compensation paid to any of **You**.
- G. "**Flipping**" means the purchase of property, whether or not remodeled or reconstructed after its purchase, that is sold or transferred to a new owner within six (6) months of its purchase.
- H. "**Insured Services**" means only those services stated in Item 4. of the Declarations Page.
- I. "**Named Insured**" means:
1. The person or entity listed In Item 1. of the Declarations Page; and
 2. Any entity which is created or acquired during the Policy Period and which is wholly-owned by another **Named Insured**. This provision applies only:

- a. To **Insured Services** performed on or after the date of creation or acquisition of the new **Named Insured**;
- b. If **You** advise **Us** within 60 days of the creation or acquisition and provide reasonable information for **Us** to evaluate for material changes in conditions which may affect insurance afforded by the Policy; and
- c. If **You** agree to pay any additional premium **We** believe is reasonable and necessary as a result of the material changes.
- d. If **You** are an Individual Licensee or Independent Contractor (whether or not a Natural Person including "Teams"), **Named Insured** is limited to an independent contractor engaged in the practice of a professional service as a broker or agent (and unlicensed employees of such duly licensed independent contractor) practicing his or her own profession under the laws and jurisdictions in which he or she practices.

The First **Named Insured** is the **Named Insured** first listed on the Declarations Page.

- J. "**Policy Period**" means the period of time stated In Item **2.** of the Declarations Page, or any shorter period resulting from Policy cancellation.
- K. "**Property Damage**" means:
 1. Physical injury to tangible property, including all resulting loss of use of that property; or
 2. Loss of use of tangible property that is not physically injured.
- L. "**Residential Property**" means only real property zoned for and certified by state, county or local laws, codes or ordinances for residential use and occupancy and consisting exclusively of one to four unit family dwellings. As used in this Policy "**Residential Property**" does not include buildings, structures, complexes, or premises which are zoned for or licensed or certified by state, county or local laws, codes or ordinances for any commercial, industrial or business use or occupancy. As used in this Policy "**Residential Property**" does not include any real property zoned for or licensed or certified by state, county or local laws, codes or ordinances for residential use or occupancy where the property involved in the transaction consists of five or more unit family dwellings or any "mixed use" commercial-residential property.
- M. "**Retroactive Date**" means the date, if any, stated in Item **3.** of the Declarations Page.
- N. "**Wrongful Act**" means an actual or alleged negligent act, error or omission in the performance of **Insured Services** by **You** or by any person or organization for whom **You** are legally liable:
All **Wrongful Acts** that:
 1. Take place between the **Retroactive Date** and the end of the **Policy Period** of the last policy **We** issue to **You**, and
 2. Are logically or causally connected by common facts, circumstances, situations, transactions, events and/or decisions will be treated under this Policy as one **Wrongful Act**.

PART 7. GENERAL CONDITIONS - These conditions apply to the entire Policy.

A. Special Rights and Duties of the First Named Insured

The First **Named Insured** is responsible for the payment of all premiums and Retentions. The First **Named Insured** has exclusive authority to act on behalf of all of **You** with respect to matters relating to this Policy, including:

1. Giving and receiving notice of cancellation and nonrenewal;
2. Receiving refunds;
3. Agreeing to any changes to this Policy; and
4. Purchasing an Extended Reporting Period.

B. What to Do if You Have a Claim or Suit

1. If there is a **Claim** or a fact, situation or circumstance likely to result in a **Claim**, **You** must do the following:
 - a. Notify **Us** in writing as soon as practicable; this notice must:
 - (1) Be sent to **Us** at the address specified in Item **9.** of the Declarations Page or via email to claims@czesinsurance.com; and
 - (2) Contain details that identify **You**, the claimant and also reasonably obtainable information concerning the time, place and other details of the **Wrongful Act** and **Claim**;
 - b. Immediately send **Us**, at the address specified in Item **9.** of the Declarations Page or via email to claims@czesinsurance.com where possible, copies of all demands, notices, summonses or legal papers received in connection with the **Claim**;
 - c. Authorize **Us** to obtain, and assist **Us** in obtaining documents and records (including hardcopy and electronic transaction files, notes and messages), and other information, and upon **Our** request provide a recorded statement and/or submit to examination under oath;
 - d. Cooperate with and assist **Us** in the investigation, settlement and defense of the **Claim**; and
 - e. Assist **Us**, upon **Our** request, in enforcing any rights of contribution or indemnity against another who may be liable to any of **You**.
2. None of **You** will, except at **Your** own cost, voluntarily make a payment, admit liability, assume any obligation or incur any expense without **Our** prior written consent.

C. Legal Action Against Us

No person or organization has a right under this insurance:

1. To join **Us** as a party or otherwise bring **Us** into a suit asking for **Damages** from any of **You**; or
2. To sue **Us** on this insurance unless all of the Policy's provisions have been fully complied with.

A person or organization may sue **Us** to recover on **An Agreed Settlement** or on a final judgment against **You** obtained after an actual trial; but **We** will not be liable for **Damages** and **Defense Costs** that are not payable under the provisions of this insurance or that are in excess of the applicable Limit of Liability. "**An Agreed Settlement**" means a settlement and release of liability signed by **Us**, **You** and the claimant or the claimant's legal representative.

D. Bankruptcy

The bankruptcy or insolvency of **You** or **Your** estate will not relieve **Us** of **Our** obligation under this insurance. However, this insurance will not apply to liability directly or indirectly due to such bankruptcy, insolvency, receivership or subsequent liquidation.

E. Other Insurance

If other valid and collectible insurance is available to any of **You** for any **Claim We** cover, this insurance is excess over such other Insurance, except when the other insurance is purchased by the **Named Insured** specifically to apply in excess of this insurance and no other insurance exists.

F. Transfer of Rights of Recovery Against Others to Us

You and **We** may have rights to recover all or part of any payment **You** or **We** make under this insurance. If so, those rights are transferred to **Us**.

You must do nothing to impair such rights. At **Our** request, **You** will bring suit or transfer those rights to **Us** and help **Us** enforce them. Any recoveries shall be applied as follows:

1. First, to **Us** up to the amount of **Our** payment for **Damages** and **Defense Costs**;
2. Then, to the First **Named Insured** as recovery of Retention amounts paid as **Damages** and **Defense Costs**.

G. Changes in Policy Provisions; Changes in Your Operations

1. This Policy contains all the agreements between the **Named Insured** and **Us** concerning the insurance afforded by this Policy. This Policy's provisions can be amended or waived only by written endorsement issued by **Us** and made a part of this Policy.
2. This Policy applies only to the **Insured Services** described in Item 4. of the Declarations Page and **Named Insured(s)** as defined in the Policy or by endorsement as of the Effective Date of the **Policy Period**. This Policy shall not apply to any other services or enterprises unless such services or enterprises are added by written endorsement issued by **Us** and made a part of this Policy. If an endorsement is added, **You** shall promptly pay any additional premium that may become due.

H. Transfer of Your Rights and Duties Under the Policy

Your rights and duties under this Policy may not be transferred without **Our** written consent.

I. Cancellation

1. The First **Named Insured** may cancel this Policy by mailing or delivering to **Us** or **Our** authorized representative advance written notice of cancellation.
2. **We** may cancel this Policy by mailing or delivering to the First **Named Insured** written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if **We** cancel for nonpayment of premium; or
 - b. 60 days before the effective date of cancellation if **We** cancel for any other reason.

We will mail or deliver notice to the address stated in Item 1. of the Declarations Page.

Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on that date.

If this Policy is canceled, **We** will send the First **Named Insured** any premium refund due and the refund will be pro rata, less any minimum premium shortfall and customary short-rate calculation. The cancellation will be effective even if **We** have not made or offered a refund.

If notice is mailed, proof of mailing will be sufficient proof of notice.

J. Nonrenewal

We may elect to nonrenew this Policy by mailing or delivering to the First **Named Insured** written notice of nonrenewal at least 60 days before the Expiration Date. **We** will mail or deliver **Our** notice to the address stated in Item 1. of the Declarations Page.

K. Representations

By accepting this Policy, **You** agree:

1. The statements in the **Application** or **Renewal Application** for this insurance furnished to **Us** are accurate and complete;
2. Those statements furnished to **Us** are representations the **Named Insured** made to **Us** on behalf of all of **You**;
3. Those representations are a material inducement to **Us** to issue this Policy;
4. **We** have issued this Policy in reliance upon those representations; and
5. If this Policy is a renewal of a policy issued by **Us**, **Your** representations include the representations made in **Your** original **Application**, but only as of the Effective Date of the original policy issued by **Us** or **Our** affiliates. The representations **You** make on **Your Renewal Application(s)** apply as of the Effective Date of **Your** renewal policy(ies).

L. Concealment, Misrepresentation or Fraud

This Policy is void in any case of concealment, misrepresentation, or fraud by **You** as it relates to this Policy at any time. This Policy is also void if **You** at any time conceal from **Us** or misrepresent to **Us** any material facts concerning:

1. **Your Application** or **Renewal Application** for this Policy;

2. The Policy;
3. **Your** prior, current or future legal or equitable interest in any real property that is the subject of a **Claim** under this Policy;
4. **Your** conduct, activity, communications or other involvement in any real estate transaction that is the subject of any **Claim** under this Policy; and
5. Any **Claim** under this Policy.

IN WITNESS WHEREOF, the insurer has caused this Policy to be executed and attested, but this Policy will not be valid unless countersigned by a duly authorized representative of the insurer, to the extent required by applicable law.

Sample

PART 8. ENDORSEMENTS - Required endorsements are attached to the back of this page.

Sample

PART 9. APPLICATION – A copy of **your Application or Renewal Application** is attached behind this page.

Sample