



## REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

**THIS INSURANCE IS WRITTEN ON A CLAIMS-MADE BASIS AND ONLY APPLIES TO THOSE CLAIMS FIRST MADE AGAINST INSURED WHILE THIS POLICY IS IN FORCE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AGAINST INSURED BEFORE THE BEGINNING OR AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT, AN EXTENDED REPORTING PERIOD APPLIES. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THIS COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

Throughout this Policy, the terms “we”, “us” and “our” refer to the Insurance Company listed on the Declarations as providing this Insurance. Other words and phrases that appear in bold have the meaning set forth in Section IV, DEFINITIONS. Refer to Section IV, Definitions.

### I. INSURING AGREEMENT

#### A. Indemnity

We will pay all amounts in excess of the deductible and within the limits of liability applicable to this Policy, that the **Insured** becomes legally obligated to pay as **damages** as a result of a **claim** by reason of an act or omission in the rendering of **professional real estate services** by the **Insured**, or by any person for whom the **Insured** is legally liable, provided that on the First Coverage Date shown on the Declarations, no **Insured** knew or could reasonably have expected that such act or omission, or **related acts or omissions**, would result in a **claim**.

A **claim** must be first made during the **policy period** and must be promptly reported to us in accordance with Section VI, Conditions, paragraph B.

#### B. Defense

We shall have the right and duty to defend a **claim** even if any of the allegations of the **claim** are groundless, false or fraudulent. We shall have the right to appoint counsel and to make such investigation, settlement and defense of a **claim** as is deemed necessary by us. If a **claim** is submitted to arbitration or mediation, we shall be entitled to exercise all of the **Insured's** rights in the choice of arbitrators or mediators and in the conduct of an arbitration or mediation proceeding.

We shall not settle a **claim** without the **Insured's** consent. If the **Insured** refuses to consent to a settlement or compromise recommended by us and acceptable to the claimant, then our limit of liability shall be reduced to the amount for which the **claim** could have been settled plus **claim expenses** incurred up to the time we made our recommendation, which amount shall not exceed the remainder of the limit of liability specified in Section III.B..

We are not obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle a **claim** after the applicable limit of our liability has been exhausted by payment of **damages**. In such case, we shall have the right to withdraw from the further investigation, defense, or settlement of such **claim**.

## II. SUPPLEMENTARY PAYMENTS

Payments made under this section are not subject to the deductible and are in addition to the limit of liability shown on the Declarations.

### 1. Loss of Earnings

We will pay up to \$250.00 for loss of earnings to each **Insured** for each day or part of a day such **Insured** is in attendance, at our request, at a trial, hearing or arbitration proceeding involving a **claim** against such **Insured**. In no event shall the amount payable hereunder exceed \$10,000.00 per **policy period** regardless of the number of **Insureds** or **claims**.

### 2. Licensing Proceedings

We will pay up to \$5,000.00 to the **Insured** for attorney fees and other reasonable costs, expenses or fees resulting from the investigation or defense of a proceeding before a real estate licensing board incurred by the **Insured** as the result of a notice of proceeding both first received by the **Insured** and reported to us during the **policy period**, arising out of an act or omission in the rendering of **professional real estate services** by the **Insured**. In no event shall the amount payable hereunder exceed \$5,000.00 per proceeding and \$10,000.00 per **policy period** regardless of the number of **Insureds** or the number of such proceedings.

### 3. Subpoena Assistance

In the event the **Insured** receives a subpoena for documents or testimony arising out of **professional real estate services** and the **Insured** would like our assistance in responding to the subpoena, the **Insured** may provide us with a copy of the subpoena and we will retain an attorney to provide advice regarding the production of documents, to prepare the **Insured** for sworn testimony and to represent the **Insured** at the **Insured's** depositions, provided that:

- a. the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
- b. the **Insured** has not been engaged to provide advice or testimony in connection with the lawsuit, nor has the **Insured** provided such advice or testimony in the past.

Any notice the **Insured** gives us of such subpoena shall be deemed notification of a potential **claim** under Section VI.B. of this Policy.

## III. LIMITS OF LIABILITY/DEDUCTIBLE

### A. **Claim expenses** in addition to limits of liability

We shall pay **claim expenses** in connection with covered **claims**. **Claim expenses** are in addition to the limit of liability.

### B. Limit of liability - each **claim**

Subject to paragraph C below, our limit of liability for **damages** for each **claim** shall not exceed the amount stated in the Declarations for "each **claim**".

### C. Limit of liability - in the aggregate

Our limit of liability for **damages** for all **claims** shall not exceed the amount stated in the Declarations as the "aggregate".

D. Lockbox Limit of Liability

The Lockbox Limit of Liability, as set forth in the Declarations, is a sublimit included within, and not in addition to, the “each **claim**” and the “aggregate” limit of liability and shall not be considered as separate to such limits of liability;

E. Discrimination Limit of Liability – **claim expenses** only

The Discrimination Limit of Liability, as set forth in the Declarations, is in addition to and not included within, the “each **claim**” and the “aggregate” limit of liability and shall be considered as separate to such limits of liability;

F. Deductible

The deductible amount stated in the Declarations is the total amount of the **Insured’s** obligation for each **claim** and applies to the payment of **damages** and **claim expenses**. The deductible shall be paid by **you**. The deductible applies separately to each **claim**. The limits of liability set forth in the Declarations are in addition to, and in excess of, the deductible.

G. Consent Credit

If the **Insured** promptly consents to settle a **claim** when we first ask for their consent, the deductible for which the **Insured** is then liable will be reduced by 25% up to a maximum of \$250.00 per **claim** and \$250.00 in the aggregate regardless of the number of **claims**.

H. Mediation Incentive

If mediation of a **claim** takes place either without institution of arbitration proceedings or service of suit or within 180 days of the institution of such proceedings or service of suit, and such **claim** is ultimately resolved by the process of mediation, the deductible applying to the **claim** will be reduced by 50% or \$25,000; whichever is less.

I. Multiple **Insureds, claims** and claimants

The limit of liability shown in the Declarations is the maximum amount we will pay as **damages** regardless of the number of **Insureds, claims** made or persons or entities making **claims**.

J. **Related Claims**

If **related claims** are made against the **Insured** and reported to us under this Policy or any renewal of this Policy, all such **related claims** shall be considered a single **claim** first made and reported to us within the **policy period** in which the earliest of the **related claims** was first made and reported to us.

## IV. DEFINITIONS

**Asbestos** means the element in any form, whether or not the **asbestos** was at any time:

- A. airborne as a fiber, particle, or dust;
- B. contained in or formed a part of a product, structure or other real or personal property;
- C. carried on clothing;
- D. inhaled or ingested; or
- E. transmitted by any other means.

**Bodily injury** means bodily injury, sickness or disease and death and includes mental injury, mental anguish, mental tension, emotional distress, pain, suffering or shock sustained by any person, whether or not resulting from injury to the body.

**Circumstance** means an act or omission from which an **Insured** reasonably expects that a **claim** could be made.

**Claim** means an oral or written demand received by the **Insured** for money or services, including a demand alleging **personal injury**, arising out of an act or omission in the rendering of **professional real estate services**. The service of suit or the institution of an arbitration proceeding against the **Insured** will be considered a demand. Except as respects an **innocent insured**, a **claim**, other than a **claim** for **personal injury**, cannot arise from intentionally wrongful, dishonest, fraudulent, malicious, or criminal conduct committed by an **Insured** or at an **Insured's** direction or with the **Insured's** prior knowledge.

**Claim expenses** means:

- A. fees charged by attorneys designated by us;
- B. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **claim** if incurred by us, or by the **Insured** with our written consent.

**Claim expenses** will not reduce the limits of liability.

**Claim expenses** shall not include fees, costs or expenses of our employees or officers or independent claims adjusters.

**Construction manager** means a person providing the following services in connection with the construction, reconstruction and renovation of real property:

- A. management of facility construction, reconstruction and renovation plans;
- B. development and management of construction, reconstruction and renovation contracts and subcontracts;
- C. development of loss control and risk management plans in connection with the construction, reconstruction or renovation.

**Damages** mean judgments, awards and settlements, provided any settlement is made with our prior written consent. **Damages** do not include:

- A. the return or restitution of fees, commissions, expenses or costs;
- B. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rule;
- C. punitive or exemplary amounts;
- D. the multiplied portion of multiplied awards;
- E. injunctive or declaratory relief;
- F. any amount that is not insurable under any applicable law; or
- G. plaintiff's attorneys fees associated with any of the above.

**Dwelling residence** means housing purchased and used by the **Insured** as a place for such **Insured** to live in either as a primary or secondary residence.

**Fungi** means any form of fungus including but not limited to yeast, mold, mildew, rust, smut or mushroom.

**Guaranteed sale listing contract** means a written agreement between **you** and the seller of a property, in which **you** agree to purchase the property if it is not sold under the listing agreement in the time frame specified by the agreement.

**Innocent Insured** means an **Insured** who, upon request, affirmatively states under oath to us that they did not commit or have prior knowledge of the intentionally wrongful, dishonest, fraudulent, malicious or criminal acts or omissions alleged in a claim. A person who fails to take affirmative steps to mitigate loss upon learning of an intentionally wrongful, dishonest, fraudulent, malicious or criminal act or omission, or

who is found by a court of competent jurisdiction to have committed such acts or omission, is not an **innocent insured**.

**Insured** means **you** and any of the persons or entities listed below but only while rendering **professional real estate services** on **your** behalf for others:

- A. any person who is or becomes **your** partner, officer, director, employee or independent contractor during the **policy period**;
- B. any person previously affiliated with **you** as **your** partner, officer, director, employee or independent contractor;
- C. the **Insured's** estate, heirs, executors, administrators, assigns and legal representatives in the event of death, incapacity, insolvency or bankruptcy of the **Insured**, but only to the extent that the **Insured** would have been provided coverage under this Policy.

**Insured** also means any personal assistant of an **Insured** as set forth in A or B., above, but only while rendering **professional real estate services** on behalf of such individual **Insured**.

**Lead** means the mineral in any form, whether or not the **lead** was at any time:

- A. airborne as a fiber, particle, or dust;
- B. contained in or formed a part of a product, structure or other real or personal property;
- C. carried on clothing;
- D. inhaled or ingested; or
- E. transmitted by any other means.

**Microbes** mean any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease.

**Personal Injury** is an injury, other than **bodily injury**, arising out of one or more of the following offenses:

- A. false arrest, detention, or imprisonment;
- B. malicious prosecution;
- C. wrongful entry into, wrongful eviction from, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- D. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- E. oral or written publication of material that violates a person's right of privacy.

**Policy period** means the time from 12:01 A.M. on the inception date of this Policy to the earlier of 12:01 A.M. of the expiration, termination or cancellation date of this Policy.

**Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**Professional real estate services** means those services rendered by an **Insured** for others as a real estate agent, real estate broker, real estate personal assistant, real estate consultant or counselor, real estate appraiser, **property manager**, real estate leasing agent, **short term escrow agent**, mortgage broker or auctioneer of real property, provided that all necessary licenses or certifications are held by the **Insured** at the time of the act or omission giving rise to the **claim**. **Professional real estate services** also include services rendered by an **Insured** for others as a notary public; or member of a formal real estate accreditation, standards review or similar real estate board or committee. Services as a **construction manager** are not **professional real estate services**.

**Property damage** means:

- A. physical injury to real or personal property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- B. loss of use of real or personal property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

**Property manager** means a person providing the following services in connection with the management of commercial or residential property:

- A. development and implementation of management plans and budget;
- B. oversight of physical maintenance of property;
- C. solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- D. development, implementation and management of loss control and risk management plans for real property;
- E. development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property; or
- F. personnel administration and record keeping in connection with a managed property;

**Property manager** does not include a **construction manager**.

**Radon** means a radioactive, largely inert gaseous element formed by the radioactive decay of radium.

**Related claims** means all **claims** arising out of a single act or omission or arising out of **related acts or omissions** in the rendering of **professional real estate services**.

**Related acts or omissions** mean all acts or omissions in the rendering of **professional real estate services** that are logically or causally connected by any common fact, **circumstance**, situation, transaction, event, advice or decision.

**Short term escrow agent** means an **Insured** who, in connection with the sale or purchase of real estate, receives or holds funds in, or distributes funds from, an escrow or trust account where all such funds are to be fully distributed within twelve months from the date received.

**You, your and yours** refer to the persons and entities designated as Named Insured in the Declarations.

## V. EXCLUSIONS

We will not defend or pay any **claim**:

- A. based on or arising out of **bodily injury**;
- B. based on or arising out of **property damage**, except that this exclusion shall not apply to **claims** based on or arising out of the **Insured's** distribution, maintenance, operation or use of a lockbox or keyless entry system. However, a separate lockbox limit of liability, as set forth in Section III, Limits of Liability and the Declarations, shall apply to such **claims**;
- C. based on or arising out of the failure to pay or collect money held for others or any conversion, commingling, defalcation, misappropriation or improper use of funds or other property;

- D. based on or arising out of whether suddenly or over a long period of time:
1. the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of; or
  2. the actual or alleged failure to detect, report, test for, monitor, clean-up, remove, contain, dispose of, treat, detoxify or neutralize, or in any way respond to, assess the effects of or advise of the existence of;
- any **fungi** or **microbes**, or of any spores, mycotoxins, odors, or any other substances, products or byproducts produced by, released by, or arising out of the current or past presence of **fungi** or **microbes**.
- This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the **damages** claimed.
- E. based on or arising out of whether suddenly or over a long period of time:
1. the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants, asbestos, radon or lead**; or
  2. the actual or alleged failure to detect, report, test for, monitor, clean-up, remove, contain, dispose of, treat, detoxify or neutralize, or in any way respond to, assess the effects of or advise of the existence of **pollutants, asbestos, radon or lead**.
- F. based on or arising out of the sale of a business, except that this exclusion does not apply to **claim expenses** and **damages** relating solely to the purchase or sale of real property;
- G. based on or arising out of discrimination, humiliation, harassment, or misconduct that includes but shall not be limited to **claims** based on an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference. Subject to the Discrimination Liability Limit set forth in Section III, Limits of Liability/Deductible and in the Declarations, we shall provide the **Insured** with a defense of such **claims** unless or until it has been determined by any final, non-appealable adjudication that the **Insured** has engaged in such conduct. Such defense will not waive any of our rights under this Policy. This Discrimination Liability limit of liability is applicable to **claim expenses** only and is in addition to the "each **claim**" and the "aggregate" limit of liability set forth in the Declarations. Criminal proceedings are not covered under this Policy regardless of the allegations made against the **Insured**;
- H. by or on behalf of any **Insured** against any other **Insured**;
- I. based on or arising out of the formation, syndication, operation or administration of any property syndication, real estate investment trust or any other form of corporation, general or limited partnership or joint venture formed for the purpose of investing in, buying, selling, or maintaining real property;
- J. based on or arising out of the actual or attempted purchase of property by any **Insured**;
- K. based on or arising out of the actual or attempted sale, leasing or appraisal of property by any **Insured** if at the time of the act or omission giving rise to such **claim**, such **Insured** owned, or was the developer or constructor of, such property. This exclusion does not apply to:
1. the actual or attempted sale or leasing of real property that the **Insured** did not construct or develop and in which the combined ownership interest of all **Insureds** at the time of sale or lease was less than 10%;
  2. the actual or attempted sale of an **Insured's dwelling residence** provided that only those **Insureds** who are not the owners of such **dwelling residence** will be provided coverage and provided further that the **dwelling residence** owner is not the selling, listing or closing agent; or
  3. the actual or attempted sale of real property 100% owned by **you** if all of the following conditions are met:
    - i. the property was acquired by **you** under a written **guaranteed sale listing contract**; and
    - ii. from acquisition to resale:

- (1) the title to the property was held by **you** for less than twelve months; and
- (2) the property was continually offered for sale by **you**;
- 4. the sale of residential property by an **Insured** who is the owner of such residential property for more than 180 days and all of the following conditions are met in connection with such sale:
  - i. a written Home Inspection Report is issued by an ASHI or CREIA member inspector;
  - ii. a home warranty policy was purchased prior to closing;
  - iii. a seller disclosure form was signed by the **Insured** and acknowledged by the buyer prior to closing; and
  - iv. a state or local board approved standard sales contract was utilized;
- L. based on or arising out of the actual or attempted purchase of property by, or the actual or attempted sale, leasing or appraisal of property developed, constructed or owned by:
  - 1. any entity in which any **Insured** has a financial interest;
  - 2. any entity which has a financial interest in **you**; or
  - 3. any entity which is under the same financial control as **you**, provided that such financial interest existed at the time of the act or omission giving rise to the **claim**;
- M. based on or arising out of actual or alleged violation of the Securities Act of 1933 or the Securities Exchange Act of 1934 or any rules, regulations or amendments issued in relation to such acts, or any similar state or federal statutes or regulations, including any **claim** based upon common law principles of liability if made in connection with an actual or alleged violation of any such statute or regulation;
- N. based on or arising out of the failure to purchase or maintain any insurance or bonds;
- O. based on or arising out of the **Insured's** interests, operations, or activities as an insurance agent, insurance broker, lawyer, mortgage banker, asset manager, title agent, title abstractor, **construction manager** or property developer;
- P. based on or arising out of any anti-trust law violation or any agreement or conspiracy to restrain trade;
- Q. based on or arising out of:
  - 1. an **Insured's** alleged liability under any oral or written contract, agreement, guaranty, warranty, promise or representation; or
  - 2. the liability of others an **Insured** assumes under any oral or written contract or agreement,
 except that coverage otherwise available to an **Insured** shall apply to an **Insured's** liability that exists in the absence of such contract, agreement, guaranty or warranty.

## VI. CONDITIONS

### A. Territory

This Policy applies to acts or omissions that happen anywhere in the world provided that **claim** is made or suit is brought against an **Insured** in the United States of America, its territories or possessions or Puerto Rico or Canada.

### B. Notice of **claims** and potential **claims**

- 1. The **Insured**, as a condition precedent to our obligations, must promptly give written notice to us during the **policy period** or any renewal policy period:
  - a. of any **claim** made against the **Insured** during the **policy period**;
  - b. of any notice, advice or threat, whether written or verbal, that any person or organizations intends to hold the **Insured** responsible for any alleged breach of duty or other act or omission.
- 2. If during the **policy period**, the **Insured** gives us notice of a **circumstance** detailing:



- a. the specific act or omission;
- b. the dates and persons involved;
- c. the identity of anticipated or possible claimants; and
- d. the circumstances by which the **Insured** first became aware of the possible **claim**, then any **claim** that is both made against the **Insured** and reported to us during any renewal policy period and that arises out of such **circumstance** shall be deemed to have been made at the time such written notice was given to us.

This condition will not be a barrier to coverage for those **Insureds** who do not have personal knowledge of a **claim** or potential **claim**. However all **Insureds** must promptly comply with this condition upon obtaining such knowledge.

#### C. Assistance and Cooperation

1. The **Insured** shall cooperate with us and upon our request, shall attend hearings, depositions and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and assist in the conduct of suits and proceedings in connection with a **claim**.
2. The **Insureds** shall assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any **Insured** in connection with a **claim**.
3. No **Insured** shall voluntarily assume or admit any liability or incur any expense, except at its own cost, without our written consent.

#### D. Legal Action Limitation

1. The **Insureds** agree not to bring a legal action against us concerning this Policy unless they have fully complied with all the provisions of this Policy.
2. If, after the final adjudication or settlement of a **claim**, there is any dispute concerning tort allegations against us regarding the handling or settlement of any **claim**, we and the **Insureds** agree to submit such dispute to any form of alternative dispute resolution acceptable to both parties. Should we and the **Insureds** be unable to agree on the form of alternative dispute resolution, then such dispute shall be submitted to binding arbitration by the American Arbitration Association, under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

#### E. Changes to **your** business, Acquisitions and Mergers

1. **You** must provide prior notice to us of the following events:
  - a. material or significant changes to the type or volume of the **professional real estate services** reported to us in **your** application.
  - b. acquisition of **you** by another entity;
  - c. **your** merger with another entity;
  - d. the acquisition of all or substantially all of **your** assets by another entity; or
  - e. the acquisition of all or substantially all of the assets of another entity by **you**.
2. Upon receipt of such notice, we may:
  - a. adjust the premium to reflect the added exposure; or

- b. solely with respect to items b, c, d and e above, deem this Policy to have ceased with respect to **claims** made against the **Insured** based on any act or omission committed or allegedly committed on or subsequent to the time and date of said event. In such case, the **policy period** shall remain unaltered and coverage will continue but only with respect to acts or omissions committed prior to the time and date of any such events in accordance with all other terms and conditions of this Policy.

F. Other insurance

This Policy shall be excess over any other valid and collectible insurance, self-insurance or indemnification agreement available to the **Insured**, whether such other insurance or indemnification agreement is stated to be primary, contributory, excess, contingent, self-insured retention or otherwise.

G. Subrogation

In the event of any payment, we shall be subrogated to all of the **Insured's** rights of recovery against any person or organization. The **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

H. Cancellation/Nonrenewal

The Cancellation/Nonrenewal provisions are as set forth in the Cancellation/Nonrenewal Endorsement attached to this Policy.

I. Changes to Policy

None of the provisions of this Policy will be waived, changed or modified except by written endorsement to this Policy.

J. Examination of **Your** Books and Records

We may examine, audit and make copies of **your** books and records at any time during the **policy period** and up to three years afterward.

K. Transfer of Interests

For a transfer of interest or an assignment of this Policy to be effective, the first of **you** named on the Declarations must obtain our written consent.

L. Entire Contract

By acceptance of this Policy the **Insured** agrees that:

1. this Policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to us (all of which are deemed to be incorporated herein) embody all of the agreements existing between the **Insured** and us and shall constitute the entire contract between the **Insured** and us;
2. this Policy is issued in reliance upon the **Insured's** representations; and
3. the misrepresentation of any material matter by the **Insured** or the **Insured's** agent will render this Policy null and void.

M. Sole Agent/Notices

The first of **you** named on the Declarations shall be the sole agent of all **Insureds** for the purposes of effecting or accepting any notices hereunder, any amendments to or cancellation of this policy, for the

completing of any applications, for the payment of any premium and the receipt of any return premium that may become due, and the exercising or declining to exercise any right under this policy.

Any notices required to be given by the **Insured** shall be submitted in writing to us or our authorized representative at the address specified in the Declarations.

#### N. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve us of our obligations under this Policy.

## VII. EXTENDED REPORTING PERIODS

As used herein, "extended reporting period" means the period of time after the end of the **policy period** for reporting **claims** by reason of an act or omission, which occurred prior to the end of the **policy period** and is otherwise covered by this Policy.

#### A. Automatic "extended reporting period"

If this Policy is canceled or non-renewed by either us or by **you**, we will provide an automatic, non-cancelable "extended reporting period" starting at the termination of the **policy period** if **you** have not obtained another policy of real estate agents professional liability insurance within sixty (60) days of the termination of this Policy. This automatic "extended reporting period" will terminate after sixty (60) days.

#### B. Optional "extended reporting period"

1. If this Policy is canceled or non-renewed by either us or by **you**, then the first of **you** named on the Declarations shall have the right to purchase an optional "extended reporting period". Such right must be exercised by **you** within sixty (60) days of the termination of the **policy period** by providing:
  - a. written notice to us; and
  - b. with the written notice, the applicable additional premium which will be calculated in accordance with the rates and rules in effect on the inception date of this Policy.
2. The first sixty (60) days of the optional "extended reporting period", if it is purchased, shall run concurrently with the automatic extended reporting period.

#### C. "Extended reporting periods" limits of liability

Our limit of liability for all **claims** reported during the automatic and optional "extended reporting periods" shall be part of and not in addition to the limits of liability for the policy period as set forth in the Declarations and Section III, Limits of Liability of this Policy.

#### D. Elimination of right to any "extended reporting period"

There is no right to any "extended reporting period" if we shall cancel or refuse to renew this Policy due to:

1. non-payment of any premium or deductibles due under this Policy; or
2. non-compliance by the **Insured** with any of the terms and conditions of this Policy; or
3. any misrepresentation or omission in the application for this Policy.

E. "Extended reporting period" not a new Policy

It is understood and agreed that the "extended reporting period" shall not be construed to be a new Policy and any **claim** submitted during such period shall otherwise be governed by this Policy.

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IN WITNESS WHEREOF, we have caused this Policy to be executed by our Chairperson and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations and executed by our duly authorized representative.

*Bernard L. Hengelbach*

Chairman

*John M. Hester*

Secretary

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SPECIMEN