

# Real Estate Errors and Omissions Insurance Application



For California Only

## 1. GENERAL INFORMATION

a. **NAME OF APPLICANT:** (include the complete name of any agency, firm, franchisee operation or DBA's under which you operate):

\_\_\_\_\_

*(Please attach a separate sheet if additional space is needed to list all entities in which you are applying for coverage.)*

PRINCIPAL STREET ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ COUNTY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

TELEPHONE: \_\_\_\_\_ FAX: \_\_\_\_\_ E-MAIL: \_\_\_\_\_

WEBSITE: \_\_\_\_\_ CONTACT NAME: \_\_\_\_\_

b. Has there been any change in name, ownership or operation within the past two years or do you anticipate such changes within the next year?  Yes  No. If "Yes", please explain including the effective date: \_\_\_\_\_

c. Do you transact business in multiple states or outside of the country?  Yes  No. If "Yes", please list all below including the percentage (%) of revenue from each state or country: \_\_\_\_\_

d. Date Established? \_\_\_/\_\_\_ Applicant is a(n):  Individual  Partnership  Corporation  Other \_\_\_\_\_

## 2. PRINCIPAL AND STAFF INFORMATION

a. Complete the following for each **Owner, Partner, Director, and Officer**. If licensed less than three (3) years, please provide resumes. Attach an additional sheet, if necessary. Please include and identify the managing broker.

Name and Title	Date First Licensed?	Broker?	List Professional Designations
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	

b. **STAFF:** Indicate total staff including **Owner(s), Partner(s), Director(s), and Officer(s)** listed in 2a. above.

*\*Full-time is defined as earning more than \$20,000 in annual commissions or fees.*

	Full-time*	Part-time
Licensed Brokers - employed and all independent contractors		
Licensed Agents - employed and all independent contractors		
Mortgage Brokers/Loan Officers		
Appraisers - employed and all independent contractors		
Other (describe):		
<b>TOTAL STAFF:</b>		

c. Number of staff members that hold either a broker's license or a Professional Designation? (e.g. CCIM, GRI, CRS, MAI, SRA) \_\_\_\_\_

d. Is the applicant owned by or associated with any other business entity, involved in the formation or management of any investment group, syndication or REIT, or otherwise involved in the introduction of parties for the purpose of investing?  Yes  No  
If "Yes", please provide details including the name of the entity and the nature of the affiliation: \_\_\_\_\_

e. Is the applicant or any member engaged in any business enterprise, professional practice or services other than real estate sales, leasing, property management, appraisal, auctioneering or mortgage brokerage?  Yes  No  
If "Yes", please explain. \_\_\_\_\_

**3. GROSS REVENUE and AREAS OF PRACTICE**

Please complete the following grid providing the applicant's gross revenue from all services offered. If newly established, please provide projections. Gross revenue is defined as all commissions and fees, before expenses or any splits with agents or appraisers.

a.

Areas of Practice	Past 12 Months		Projections for Next 12 Months	
	# of Transactions or Appraisals	Gross Income	# of Transactions or Appraisals	Gross Income
<b>RESIDENTIAL</b>				
Residential Property Sales (1-4 Units)				
Residential Raw Land				
Leasing - Residential (Property not managed)				
Property Management - Residential				
Agent Owned Property Transactions				
<b>COMMERCIAL</b>				
Commercial Property				
Commercial Raw Land				
Leasing – Commercial (Property not managed)				
Property Management – Commercial				
Business Brokerage/Sale of Business Opportunities*				
Farm/Ranch/Vineyards (income producing)				
Industrial Property Sales or Leasing				
Agent Owned Property Transactions				
<b>MISCELLANEOUS BROKERAGE SERVICES</b>				
Auctioneering (Real Property)				
Broker Price Opinions (BPOs)				
Condo/Homeowners Association Management*				
Escrow Agent (short-term for your real estate clients)				
Mortgage Brokerage				
Real Estate Consulting (describe):				
Referral Fees				
Other (describe):				
<b>APPRAISAL SERVICES</b>				
Residential Appraisals				
Residential Appraisal Reviews				
Residential Desktop Appraisals				
Commercial/Industrial Appraisals*				
Appraisal of Blueprints or Construction Draws*				
Appraisals involving multiple properties, condominium conversions, new construction/development projects*				
Conservation, Right-of-Way or Public Sector Appraisals*				
Other*				
<b>TOTALS:</b>				

\*Supplemental Application Required

- b. **PROPERTY MANAGEMENT:** Please answer the following questions for property management services offered.....  Not Applicable
- Does the applicant require and obtain a written agreement with all property management clients?.....  Yes  No
  - Number of units managed: \_\_\_ Houses \_\_\_ Apartments \_\_\_ Condos \_\_\_ Office Buildings \_\_\_ Shopping Centers \_\_\_ Office Buildings
  - Does the applicant require proof that there is liability insurance in place for each property managed?.....  Yes  No
  - Does the applicant require proof of liability insurance from all contractors hired to provide services?.....  Yes  No

**4. OPERATIONS**

- a. What percentage of transactions, over the past year, involved the applicant representing both the buyer and seller in a single transaction (*in some states referred to as Dual Agency*)? ..... \_\_\_\_\_%
- b. Average sales price on closed transactions (past year)? Residential: \$\_\_\_\_\_ Commercial: \$\_\_\_\_\_
- c. Did/will any client or project represent more than 25% of your gross annual revenue (past or projected 12 months)?..... Yes No  
If "Yes", please explain. \_\_\_\_\_
- d. What percentages of sales were from new construction listings (past 12 months)? ..... \_\_\_\_\_%  
Does the applicant, or any agent, have any exclusive listing or leasing agreements with any builder/developer? ..... Yes No  
If "Yes", please complete the attached Builder/Developer Exclusive Listings Supplemental Application.
- e. Has any member of the applicant engaged in acquiring properties or deeds of financially distressed homeowners, including sale-leaseback agreements?..... Yes No
- f. Does the applicant handle any sales, leasing, property management or appraisal of mobile homes, RV parks, hotels, motels or timeshares?..... Yes No
- g. Is the applicant or any member of the applicant involved in real estate activities in which they act as a general contractor, builder, construction manager or property developer (including property rehab or renovations)? .... Yes No  
If "Yes", please attach separate sheet describing activities, entity under which services are provided, number of properties and gross revenues.  
**No coverage is provided for any of these activities unless coverage is specifically endorsed onto the policy.**

**5. INTERNAL PROCEDURES, PRACTICES AND RISK MANAGEMENT**

- a. Does the firm have an in-house procedures manual? ..... Yes No
- b. Does the firm have in-house training and/or encourage staff to take outside training courses? ..... Yes No
- c. Does the principal broker have a specific training program for new sales associates?..... Yes No N/A
- d. In the past year, what % of the applicant's licensees completed a risk reduction seminar? ..... \_\_\_\_\_%
- e. In the past year, what % of the applicant's licensees completed formal continuing education courses? ..... \_\_\_\_\_%
- f. What percentage of the firm's sales transactions (*appraiser applicants may skip this question*):
  - 1) Included the use of a standard state real estate trade association purchase/sales contract? ..... \_\_\_\_\_%
  - 2) Included an offer to obtain a home warranty? ..... \_\_\_\_\_%
  - 3) Included a home inspection performed on the property? ..... \_\_\_\_\_%  
*Do you advise all buyers in writing to have a property inspection by a licensed and insured home inspector prior to purchase?* Yes No
  - 4) Included a signed property disclosure from the Seller? ..... \_\_\_\_\_%
- g. Do all staff members use standard contracts and forms or standardized appraisal report generating software? ..... Yes No  
If "Yes", what percentage of time are standard forms/reports used: 100% 75% Less than 50%

**6. CLAIMS INFORMATION**

**If you answer "Yes" to questions a, c or d below, completion of the Board Investigation/Claim Supplemental Application and submission of insurance company loss runs for the past five years, will be required.**

**ANSWER THE FOLLOWING QUESTIONS ONLY AFTER INQUIRING OF EACH OWNER, OFFICER, MEMBER, EMPLOYEE AND INDEPENDENT CONTRACTOR.**

- a. Has any of the above reference persons or the applicant been subject to a felony conviction, license surrender or been subject to any investigation, license revocation, suspension or other disciplinary action by any licensing board, real estate association, or other regulatory body within the past 5 years? ..... Yes No  
*Please submit a copy of the initial board complaint, your written response to the board and the final ruling.*
- b. Has any similar Errors and Omissions Insurance policy written on behalf of the firm, its partners, owners, officers, or on behalf of the firm's predecessors in business, ever been declined, canceled, or refused renewal within the past 5 years? Yes No  
**If "Yes", please provide details, including the date, carrier and reason. NOT APPLICABLE IN MISSOURI**
- c. After inquiring, have any claims been made against the applicant or any of the aforementioned persons within the past five (5) years? ..... Yes No

d. After inquiring, are any of the aforementioned persons aware of any act, omission, personal injury, fact, circumstance, situation or incident which could be a basis for a claim? .....  Yes  No

**PLEASE NOTE:** Failure to report to your current insurance company any claim made against you during your current policy term, or facts, circumstances or events which could give rise to a claim against you BEFORE the expiration of your current policy term may jeopardize your coverage. This policy will not apply to any claim which any person proposed for this insurance knew of prior to the effective date of the policy. This policy also will not apply to any claim if any person proposed for this insurance knew prior to the effective date of the policy of an act, error or omission which could be the basis of a claim.

**7. INSURANCE HISTORY**

**PRIOR INSURANCE HISTORY:** Provide the following information on all Real Estate Errors and Omissions Insurance carried by the firm for the past five (5) years. *If no insurance was in effect for any year, please indicate "none" where applicable.*

<b>POLICY PERIOD</b> from / to	<b>INSURANCE COMPANY</b>	<b>LIMITS OF LIABILITY</b> Per Claim/Aggregate	<b>DEDUCTIBLE</b>	<b>PREMIUM</b>

a. Has your firm purchased Extended Reporting Period coverage in the past from any carrier? .....  Yes  No  
If "Yes", please provide the date purchased and carrier you purchased it from: \_\_\_\_\_.

b. **DESIRED EFFECTIVE DATE:** \_\_\_\_\_  
month/day/year

c. **RETROACTIVE DATE:** \_\_\_\_\_  
Attach a copy of your current policy Declarations Page and any endorsement that shows your current retroactive coverage date.  
**NOTE: Retroactive coverage (i.e. prior acts) will not be provided without proof of existing retroactive coverage!**

d. If the firm has current coverage in force, does such coverage contain any endorsements that exclude or limit coverage under the policy? .....  Yes  No  
If "Yes", please provide a copy of all such endorsements.

**7. LIMITS AND DEDUCTIBLES**

a. **LIMITS OF LIABILITY:**  
 \$250,000/\$250,000    \$ 500,000/\$500,000    \$ 500,000/\$1,000,000    \$1,000,000/\$1,000,000    Other \_\_\_\_\_

b. **DEDUCTIBLE:**  
 \$0    \$1,000    \$2,500    \$5,000    \$10,000    \$15,000    \$20,000    \$25,000    Other \$ \_\_\_\_\_

**THE FOLLOWING FRAUD NOTICE SUPERSEDES ANY OTHERS THAT MAY APPEAR IN ANY APPLICATION OR APPLICATION SUPPLEMENT:**

**FRAUD WARNINGS**

**FOR YOUR PROTECTION, CALIFORNIA LAW REQUIRES THE FOLLOWING TO APPEAR ON THIS FORM:  
 ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS IS  
 GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN STATE PRISON.**

**NOTICE**

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.
2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT WHICH APPLIES TO CALIFORNIA LICENSED INSURERS.
3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC'S INTERNET WEB SITE AT [WWW.NAIC.ORG](http://WWW.NAIC.ORG).
5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.
6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.
7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: [WWW.INSURANCE.CA.GOV](http://WWW.INSURANCE.CA.GOV)
8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

I declare that the information provided in this application is true and accurate to the best of my knowledge, I have not withheld or misrepresented any material facts, and I will notify the company if the information on this application changes between the date of this application and the effective date of any insurance provided. I agree that completion of this application does not bind the company to issue a policy or bind the applicant to purchase the insurance. I further agree that this application shall be the basis of the contract and will attach to the policy of insurance should a policy be issued.

Name and Title: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Please note that the application must be signed and dated by an owner or officer of the applicant.*