

Responsible Brokers and Individual Proprietors Regarding E&O Insurance Renewal Requirements

A Division of Real Estate Broker Advisory

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***Please note:** This correspondence refers to individual licensee policies that are not considered to be “umbrella” policies (i.e. policy applied at the licensed entity level where all employees of a licensed brokerage firm are covered). Policies purchased through Rice Insurance Services and Williams Underwriting Group are not “umbrella” type policies. The majority of all CRES insurance policies are also individual policies. If unsure, contact your insurance company.*

The Division is sending this notice due to consistent errors in the purchase of errors and omissions (E&O) insurance policies by responsible brokers and individual proprietors. In the vast majority of cases we are seeing licensees purchase entity policies while omitting the individual policy requirement when purchasing their policy. Failing to purchase an individual policy while purchasing an entity policy could result in the inactivation of your license (and the licenses of any employed licensees) during the Division’s annual E&O audit.

Entity Policy vs. Individual Policy

Commission Rule D-14 allows for the omission of the entity insurance policy in instances where the licensed entity has no employed brokers, requiring only that the responsible broker be covered individually. Independent level licensees (licensees whose prefix begins in the letter “I”) never need to purchase an entity E&O insurance policy, as independent level licensed brokerage firms (license prefix “IC”) cannot have employed brokers. Employing level brokerage firms (license prefix “EC”) with no employed licensees (where the responsible broker is the only individual licensee



associated with the licensed brokerage) need not purchase an entity insurance policy until and unless they hire on associate brokers.

Over multiple renewal periods, we have noticed a tendency by responsible brokers and individual proprietors to purchase policies on entities that don't require a policy. We've also seen a few instances where an individual proprietor (license prefix II or EI) purchases a policy for an unlicensed entity record. This situation causes considerable confusion when we attempt to confirm a policy has been renewed in a timely manner, and results in a huge number of license inactivation errors. Please exercise caution during the policy purchasing process.

Policy Renewal Deadlines

Policies that expire on January 1 each year (this year's policies will expire on January 1, 2020) must be renewed by January 31, 2020 in order to avoid inactivation of the license. If you purchase a policy on February 15th, and backdate that policy to January 1, your license will be inactivated for non-compliance to the requirements in D-14, which state that a license will be inactivated immediately upon previous policy expiration. The Division allows 31 days after the expiration date of the policy as a courtesy to both licensees and insurance companies.

Reporting Requirements Reminder

For licensees covered by a policy purchased through Rice Insurance Services, Williams Underwriting Group or CRES Insurance Services, the insurance companies notify the Division on both policy purchase and renewal. It is not necessary to log into your license account to notify the Division of your coverage. Please be sure you include an accurate license number when you purchase your policy, as we will use that number to match the policy to your license.

The Division also collects insurance information during license reactivation or transfer, however if your policy is not with one of the 3 carriers listed above or you believe that your insurance information is out of date, you can add your insurance policy to your record at any time by logging into your [online e-license account](#) and selecting "Online Services", then under "Employment / License Status Updates" select "Insurance/Bond Update" and select the start link.

Umbrella policies should be entered at the licensed entity level (license prefix EC), and you must enter that policy using the entity's login credentials and following the instructions listed above. If you can't log into the entity account and have a policy to report, you may contact the Division for login information, or alternatively you can email your policy to



dora_realestate_website@state.co.us and we will enter the information on your behalf. Any questions regarding this correspondence may also be submitted to this email address.