



REAL ESTATE INSURANCE ALLIANCE OF CANADA INC.

## Frequently Asked Questions

### ***Why do I need errors and omissions (E&O) insurance?***

People rely on professionals now more than ever and they expect those professionals to bring knowledge and expertise. When individuals are disappointed, it is often the professionals that are blamed and when these matters reach the courts, those professionals are usually held to a higher standard. Being sued has real financial consequences.; even when a claim is successfully defended, the costs of that defence can be shocking.

### ***What does my E&O insurance policy cover?***

Your E&O insurance covers claims arising out of the provision of professional services customary to a real estate salesperson or broker.

### ***Are all claims covered?***

The E&O insurance policy contains exclusions to coverage and therefore not all claims are covered. You should be aware of these exclusions and how they may affect you when a claim arises.

### ***What is not covered by my E&O insurance policy?***

- Fraud and other illegal acts.
- Fines or penalties applied by your provincial real estate association.
- General insurance items occurring in the context of providing professional services, such as property damage and bodily injury occurring at an open house. Check with your brokerage if you are unsure whether your brokerage's general insurance policy covers general insurance items, as many policies do not. If not, seek separate coverage.
- Disputes regarding fees, commissions, deposits, and other expenses.
- Privacy disputes.
- Claims involving property owned wholly or partially (except in very specific situations).

### ***How much am I insured for?***

You are insured for up to \$1 million in coverage.

### ***What is the deductible I will pay?***

The deductible is \$3,000 for the first claim, \$5,000 for a second claim, and \$9,000 for a third claim made against the same insured within three years of the first claim and is payable on loss or settlement only. In situations where a case is settled purely for economic purposes (i.e., there is no evidence of an error/omission on the part of the insured, but it makes economic sense to make the claim go away), the claims committee has authority to waive a deductible. Likewise, no deductible is paid for legal expenses; it is only payable when there is a court judgement or settlement.

### ***What organizations are involved in the E&O program?***

The Real Estate Insurance Alliance of Canada Inc. (REIA):

REIA is a corporation formed to procure professional liability insurance coverage for members of The Manitoba Real Estate Association Inc., the New Brunswick Real Estate Association, the Nova Scotia Association of Realtors, the PEI Real Estate Association, and the Newfoundland and Labrador Association of Realtors Inc. (the "participating associations"). REIA retains a portion of the fees collected for the insurance premium to defend and settle claims up to a specified liability limit, thus reducing the



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cost of insurance policy premiums while at the same time enabling claims committees comprised of insureds to be involved in the settlement of claims against the members of the participating associations.

### Trisura Guarantee Insurance Company:

Trisura is the insurer for the E&O program, through insurance brokerage BFL Canada.

### Centra Claims Management Inc.:

The insurer retains Centra Claims Management Inc. to act as claims manager and agent to receive notices of claims from insureds and to assist in responding to and managing claims. Centra Claims investigates claims prior to local legal counsel and staff being made aware of the claim.

### The Provincial REIA E&O Claims Committees:

The REIA E&O claims committees consist of insured REALTORS® to assist in the defence and settlement of claims. With more than 200 years of combined real estate experience, the committees provide input to legal counsel regarding case files that come before the committees.

### ***What if someone makes a claim against me after I retire?***

The policy provides coverage for an additional five years of coverage following the date that an insured's license lapses, provided that the claim relates to professional services provided while licensed. Coverage may not be available where a license lapses under situations such as cases of dishonest conduct, willful violations of laws or regulations, or illegal profit or remuneration.

### ***What do I do if a claim is made against me, or I suspect a claim may be made?***

Upon receipt of verbal or written notice of claim, or if you become aware of an incident which could result in a claim for an alleged error, omission or negligent act, give notice immediately to:

RJ Tougas, President

Centra Claims Management Inc.

280-530 Kenaston Blvd, Wpg. MB R3N 1Z4 Phone: 204.318.2005; Fax 204.977.8450

Email: [rjtougas@centraclaims.ca](mailto:rjtougas@centraclaims.ca)

- Complete the REIA INCIDENT CLAIM REPORT which can be found on the REIA website at [www.realestateinsurancealliance.com](http://www.realestateinsurancealliance.com)
- Once completed, either print the form and fax it to Centra Claims Management Inc., Fax 204-977-8450, or email the form to [rjtougas@centraclaims.ca](mailto:rjtougas@centraclaims.ca)
- Attach all relevant documents (offer to purchase, listing contract, file notes, etc.). Please retain the original copies of these documents in your files.

### ***What else should I do?***

There are a few important things to remember:

- Be objective. Avoid thinking the claim is a personal attack and remember that this is stressful for the claimant as well. Being objective will help you stay focused on the details rather than the emotion.
- Avoid admitting guilt.
- Avoid talking to others about the claim.
- Lastly, don't panic - there are skilled people available to help you through this process.