

New Exclusions to the REIX Errors & Omissions Policy

Dear Subscribers,

We've received a number of inquiries seeking more information with respect to two new exclusions in the Errors & Omissions policy which will become effective January 1, 2019.

Our goal at REIX is to provide you, our Subscribers, with Errors & Omissions coverage that protects you in the event of a claim. We endeavor to do this at a reasonable cost to you. As you know, the current premium is \$175/year per Subscriber. This is the lowest premium in the country. This is due to several factors some of which include prudent financial management of the program as well as robust claims handling and risk management initiatives.

REIX's risk management work is effective when you incorporate it into your professional lives. When you take steps to reduce the risk, it directly impacts the number of claims we see. REIX is here to cover you for errors made during the course of your busy days as real estate professionals. When we add exclusion to the policy, it is to address risks that should not be insured through the Errors & Omissions policy. The two new exclusions address two such risks. To elaborate,

4.1 EXCLUSIONS

REIX will not: provide coverage to You; pay Damages, Claims Expenses or Supplementary Payments; or provide a defence; for any Claim, or any portion of a Claim, arising out or in respect of:

(q) any transaction in an industry sector for which You are not authorized to trade at the time that You first provide any services respecting that transaction; and

What this means is that if a claim is made against you or you are sued and that claim or lawsuit arises out of a transaction you were not licensed to conduct then there will not be any insurance coverage. This meshes with RECA's requirement that each real estate industry sector requires unique education and a separate license. You are required by the Regulator to be educated and licensed in each industry sector. If you are providing services for which you are not licensed, you will not be covered.

The second new exclusion reads as follows:

REIX will not: provide coverage to You; pay Damages, Claims Expenses or Supplementary Payments; or provide a defence; for any Claim, or any portion of a Claim, arising out or in respect of:

(r) any transaction which You do not submit to and process through the brokerage for which You are registered.

What this means is if you do a transaction, no matter what kind it is, and you have not put the deal through your brokerage and a claim or lawsuit arises, there will not be any insurance coverage for that claim or lawsuit. It is risky practice for you to provide services outside of your brokerage. You are required by the Regulator and the Real Estate Act to be licensed and registered to a licensed brokerage. If you choose to provide services outside of your brokerage, you will not be covered.

If you have any questions about this change, please contact Dave de la Ronde or Lisa Sabo at (403) 228-2667; or by email ddelaronde@reix.ca or lsabo@reix.ca. Thank you.