



# DISCLOSURE PROTECTION PLAN COVERAGE POLICY

1. **Named Insured / Address:** Policy Number: [Policy Number]  
 [First Name Last Name]  
 [Address]  
 [City, State Zip]

**PROPERTY ADDRESS:** [Address of property being sold, for which coverage applies]

2. **Policy Period:** From [Date of COE] to [Date of COE + 180 days] (12:01 AM at address #1)  
 Coverage applies only if a claim is made and reported during the Policy Period.

3. **Limit of Liability:** \$[25,000 or 50,000]  
**Errors Limit of Liability:** \$[25,000 or 50,000]  
**Omissions Limit of Liability:** \$5,000 (contained within the Limit of Liability)  
 Defense costs are included within the limit of liability, meaning that this total limit includes the expenses incurred to defend the claim as well as any monetary damages paid to any claim party.

4. **Retention:** \$2,500 (see policy for reductions / enhancements)

5. **Premium:** \$[Premium]

6. **Administrative Office:** Arthur J Gallagher Risk Management Services Inc.,  
 CRES A Gallagher Affinity Division  
 [PO Box 29502 #69121  
 Las Vegas, NV 89126-9502]

Authorized Signature:

Date Issued: [Issue Date]

This Policy is issued to a participating member of [ ], a Risk Purchasing Group. The insurer for the purchasing group may not be subject to all the laws and regulations of Your state. Depending on the state, the insurance insolvency guarantee fund may not be available to the Purchasing Group.

THIS POLICY IS WRITTEN ON A "CLAIMS-MADE AND REPORTED" BASIS AND PROVIDES COVERAGE FOR THOSE **CLAIMS** WHICH ARE THE RESULT OF **COVERED CIRCUMSTANCES** AND WHICH ARE FIRST MADE AGAINST THE **NAMED INSURED/SELLER** AND REPORTED TO THE COMPANY WHILE THIS INSURANCE IS IN FORCE. THIS POLICY IS WRITTEN WITH **DEFENSE COSTS** INCLUDED WITHIN THE **LIMIT OF LIABILITY**. NO COVERAGE EXISTS FOR CLAIMS MADE AND/OR REPORTED BEFORE OR AFTER THE **POLICY PERIOD**.

VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE **YOUR** RIGHTS AND DUTIES, AND WHAT IS AND IS NOT COVERED. **WE** WILL NOT PAY SUMS OR PERFORM ACTS OR SERVICES UNLESS EXPLICITLY PROVIDED FOR IN THIS POLICY. **WE** HAVE NO DUTY TO DEFEND ANY CLAIM NOT COVERED BY THIS POLICY.

Throughout this policy, the terms "**You**" and "**Your**" refer to the **Named Insured** on Page 1 Item 1 and "**We**", "**Us**", and "**Our**" refer to the Insurance Company named on Page 1. This coverage is provided to the **Named Insured** as the **Seller** of an owner-occupied single-family **Residential Property**. It is understood and agreed that:

## I. DEFINITIONS:

When used in this policy, the following terms displayed in "**bold face type**" will only have the meaning as stated herein.

**BODILY INJURY** means physical injury, sickness or disease sustained by a person, including death resulting from any of these at any time. **Bodily Injury** also means disability, emotional distress, mental anguish, mental injury, shock or fright resulting in or from **Bodily Injury**.

**BUYER** means the entity or entities identified as the purchaser of **Residential Property** by way of a **Completed Contract**.

**CLAIM** means a demand for money or services, lawsuit, arbitration or mediation proceeding, or alternate dispute resolution proceeding brought against the **Named Insured/Seller** by the **Buyer** resulting from actual or alleged disclosed structural defects in the **Residential Property** that was purchased from the **Named Insured**.

**COMPLETED CONTRACT** means an executed and completed contract for the sale of **Residential Property**, the **Seller** of which was the **Named Insured** listed on Page 1 Item 1, which was represented by a licensed real estate agent or broker or other real estate closing service provider where the transaction for such sale has closed. All documents relating to the transfer of title to such **Residential Property** must have been duly recorded.

**COVERAGE PERIOD** means the Policy Period listed on Page 1 Item 2.

**COVERED CIRCUMSTANCE** means a demand against the **Named Insured** by the **Buyer**, resulting from **Your** actual or alleged disclosed structural defects in **Residential Property**. **Covered Circumstance** does not include misrepresentation of facts. **DAMAGE** means physical injury to or destruction of tangible property, including all resulting loss of use of that property.

**DAMAGES** means money judgment, award or settlement, except those for which insurance is prohibited by law. **Damages** do not include fines or penalties; or fees, deposits, commissions or charges for goods or services.

**DEFENSE COSTS** means fees charged by any attorney, and all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, if incurred by **Us** or by the **Named Insured** with **Our** written consent. **Defense Costs** do not include salaries of **Our** employees or officers, or fees and expenses of independent adjusters retained by **Us**.

**ERROR** means unintentionally providing information that is not correct. Error does not mean or include misrepresentation.

**INJURY** means **Bodily Injury** and/or **Personal Injury**.

**LIMIT OF LIABILITY** listed on Page 1, Item 3, is the most **We** will pay for **Damages** and **Defense Costs** combined for the total of all **Claims** made during the **Policy Period**.

**NAMED INSURED ("SELLER")** means the individual(s) or entity named on Page 1 Item 1 and identified as the **Seller** of **Residential Property** in a **Completed Contract**, in the capacity as the **Seller** of the **Residential Property**. **Named Insured** is broadened to include any co-owners, such as a spouse, partner, trustee.

**PERSONAL INJURY** means **Injury** or **Damage** sustained by any **Buyer** purchasing the **Named Insured's residential property**, caused by, based upon, or arising out of false arrest, detention, or imprisonment, malicious prosecution or

humiliation; written or oral publication of material that libels, slanders, or disparages the goods, products, or services of others; or wrongful entry or eviction or other invasion of the right of privacy.

**OMISSION** means undisclosed, missing, eliminated or deleted.

**POLLUTANTS** means any solid, liquid, gaseous, or thermal irritant or contaminant including mold, radon, asbestos, lead, smoke, vapor, soot, fumes, acid, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

**RESIDENTIAL PROPERTY** means a single-family dwelling, condominium, townhome or planned urban development (PUD) owned and occupied by the **Seller** which could be temporarily vacant for no more than sixty (60) days immediately preceding the listing of this property sold to the **Buyer**. The property must be the primary residence of the **Seller** and be owned and occupied by the **Seller** for a minimum of six months prior to the initial signed listing agreement on this property.

**RETENTION** means the amount the **Named Insured** is required to pay for each claim, as shown in item 4 of the Declarations page. The **Retention** applies to **Damages** and **Defense Costs** up to the limit of the **Retention**. The Insurance Company is obligated for amounts payable in excess of the **Retention** up the applicable **Limit of Liability**.

**SELLER** means the **Named Insured**.

## II. COVERAGE AGREEMENT

**We** will pay on **Your** behalf, all amounts, including **Defense Costs**, up to **Our Limit of Liability** and in excess of the applicable retention, which **You** become legally obligated to pay as a result of a **Covered Circumstance**. The **Covered Circumstance** must happen, and **Claim** must be made against **You**, regarding the property address listed on Page 1, Item 1 and reported to the Company within the **Coverage Period**.

All **Claims** arising out of the same or interrelated **Covered Circumstance** shall be subject to the one **Limit of Liability**, regardless of the number of **Claims** made or claimants bringing them.

**We** have the right and will defend any **Claim**, even if any of the charges of the **Claim** are groundless, false or fraudulent. **We** will investigate and make settlement of any **Claim** that **We** deem appropriate.

**Our** right and duty to defend and pay on **Your** behalf ends when **We** have used up the applicable **Limit of Liability** in payment of **Damages** or **Defense Costs**.

## III. EXCLUSIONS

**We** are not obligated to pay **Damages** or **Defense Costs** or defend **Claims** for, arising directly or indirectly out of, or in any way alleging any:

1. An act or omission that a jury, court or arbitrator could find dishonest, fraudulent, criminal, malicious or was intentionally committed while knowing it was wrongful;
2. Any intentional, deliberate or knowingly dishonest, fraudulent, criminal, or malicious act, error, omission or violation of the law by or on behalf of the **Named Insured** to effectuate the sale of the **Residential Property**.

However, this exclusion shall not apply to **Defense Costs** or the duty of **Us** to defend any such **Claim** until there is a judgment against, binding arbitration award against, adverse admission by, finding of fact against, or plea of nolo contendere or no contest by **You** at which time **We** shall have no further liability for any **Damages** or **Defense Costs** and **We** shall have the right to recover any **Damages** or **Defense Costs** incurred on behalf of any of **You** that committed such acts;

3. **Covered Circumstance** from which, prior to the date of a **Completed Contract** the **Named Insured** knew or could reasonably expect that a **Claim** would arise;
4. Misrepresentation, concealment or non-disclosure of known defects unless CRES Risk Management attorney and/or the CRES-approved online real estate disclosure platform specifically advised to withhold or omit such information;

5. **Claim** made by or on behalf of the **Seller** against the seller's agent, broker or any employee of, or other individual retained by the **Named Insured**, resulting from professional services rendered or failed to be rendered by or on behalf of the seller's agent;
6. Misrepresentation, concealment or non-disclosure of any prior insurance claim(s) and/or financial relief or compensation from any federal, state, local or private agency on the **Residential Property**;
7. Failure by the **Named Insured** to provide or maintain insurance on the **Residential Property**;
8. Loss, cost or expense, under any circumstances, due to nuclear reaction, radiation, or contamination or **Pollutants**, regardless of cause;
9. Class action suit;
10. Counter-**Claim**, cross-complaint or similar action instituted against the **Buyer** by the **Named Insured**;
11. Escrow funds in connection with any **Completed Contract**;
12. Disputes involving fees, commission, charges or **Seller** credits, the failure to pay or collect premium, escrow or tax money or the conversion, misappropriation, commingling or defalcation of funds or other property;
13. Fluctuation in market value, or condition, performance or suitability for use of any **Residential Property**;
14. **Damage to Residential Property** known to have been sustained subsequent to the date of a **Completed Contract**;
15. **Injury**, or **Damage** to property not forming a part of the **Residential Property**;
16. Contract or agreement for the assumption of liability to pay for known **Damage** to any **Residential Property**;
17. Actual or alleged discrimination, including but not limited to discrimination based on the religion, race, national origin, creed, sex, age, marital status, handicap, sexual preference, or any other federally protected classes;
18. Gain, profit or advantage to which any of **You** are not legally entitled;
19. Assumption of liability by any of **You** under any contract or agreement, including any warranty. This exclusion does not apply to liability **You** would have incurred in the absence of such contract, agreement or warranty;
20. Insolvency or bankruptcy;
21. Ownership, syndication or development of property; feasibility studies; property surveys; opinions relating to zoning laws; or activities in the capacity other than as the **Seller**;
22. The breach of express warranties, guarantees or contracts;
23. Multiplication of amounts payable under this policy imposed by law; punitive or exemplary amounts; or, any matters which may be deemed uninsurable under the law pursuant to which this policy shall be construed.
24. Actual or alleged violation of the Employees Retirement Income Security Act of 1974, Public Law 93-406, commonly referred to as the Pension Act of 1974, or any Federal, State or Local Statutory Law or Common Law, or any of their amendments;
25. Actual or alleged anti-trust law violation or agreement or conspiracy to restrain trade;
26. Transaction involving flipped property where **Seller** has an ownership interest, either direct or indirect. Flipped property means any residential property, whether or not remodeled or reconstructed after its purchase, that is sold or transferred to a new owner six (6) months of its purchase;
27. Fraud, conversion, misappropriation, financial elder abuse or other wrongful act arising out of money parted with under false pretenses, social engineering, theft, or electronic transfer of money;
28. Damages as a result of boundary disputes, easements, encroachments, special permissions granted to others to use or maintain the property;

29. Damage or defects identified in prior pest control reports;
30. Damages from pending or proposed special assessments, dues increases, fee increases, rule changes, insurance availability or litigation;
31. Loss of use of the **Residential Property**.
32. A **Completed Contract** dated 181 days after the effective date listed on Page 1 Item 2.

#### IV. LIMIT OF LIABILITY, RETENTION & REIMBURSEMENT

The **Limit of Liability** is \$[Limit of Liability] per **Seller**, per **Completed Contract** and is the total limit of **Our** liability for all **Claims** arising out of, or in connection with, the same or interrelated **Covered Circumstance**, regardless of the number of **Claims** made or claimants.

The **Limit of Liability** applies collectively for all entities named as **Seller**. This **Limit of Liability** applies regardless of the number of persons or organizations who qualify for coverage under this policy as **Seller**.

Our obligation to pay as a result of a **Claim** and **Defense Costs** is in excess of the applicable amount of the retention of \$2,500. **You** agree to pay all amounts up to the amount of such retention. Payment of the retention or portions thereof, shall be made by **You** as **Defense Costs** are incurred or a payment for **Claim** is made.

**Defense Costs** are included within the **Limit of Liability**. The amount **We** will pay for all **Defense Costs** shall not exceed the **Limit of Liability** stated on the policy. **Defense Costs** are not payable under this policy until all other insurance available to **You** for **Defense Costs**, if applicable, has been exhausted.

If, at **Our** option, **We** have paid any amounts for **Damages** or **Defense Costs** in excess of the applicable **Limit of Liability** or if **We** have paid part or all of any Retention, the **Named Insured** shall be liable to reimburse such amounts to **Us** promptly upon demand.

#### V. CONDITIONS

##### A. Duties In The Event Of A **Claim**

If there is a **Claim** or a circumstance likely to result in a **Claim**, **You** must immediately give written notice to **Us** as soon as practical, but no later than ten (10) calendar days from receipt of notice.

**You** agree to fully cooperate with **Us** or **Our** designee in the investigation, making of settlements, conduct of suits or other proceedings, or enforcing any right of contribution or indemnity against another who may be liable to **You** because of such **Covered Circumstance**.

**You** also agree to immediately forward all documents received in connection with the **Claim** to **Us**, attend hearings and trials, assist in securing and giving evidence and obtaining the attendance of witnesses. **You** refuse, except at **Your** own cost, to settle any **Claim**, voluntarily make any payments, assume any obligation or incur any expense without **Our** prior written consent.

##### B. Legal Action Limitation

**You** cannot bring any legal action against **Us** concerning this policy unless **You** have fully complied with all the provisions of this policy, and the amount of **Your** obligation to pay has been decided. Such amount can be decided by final judgment against **You** or by written agreement between **You**, **Us** and the claimant. Such action must be brought within three years of claim coverage acceptance or coverage denial.

No individual or entity has any right under this policy to include **Us** in any action against **You** to determine their liability, nor will **You** or **Your** representative bring **Us** into such an action.

##### C. Transfer of Rights of Recovery

If **We** make any payment under this policy, **We** shall be subrogated to all rights of recovery of **You** against any person or organization. **You** shall execute and deliver all instruments and papers and do whatever is necessary to secure such rights. **You** shall do nothing to prejudice such rights.

##### D. Transfer of Interest

This policy is not transferable or assignable unless the **Seller** dies or is adjudged incompetent. If either event occurs, the policy will continue for the remaining part of the **Coverage Period**, first, for the benefit of their legal representative while acting within the scope of such duties, and second for the benefit of anyone having proper temporary custody of the **Residential Property** until a legal representative is appointed.

**E. Premium/Cancellation**

The premium for this coverage shall be deemed non-refundable upon payment. Once in effect, this coverage may not be cancelled.

**F. Bankruptcy/Insolvency**

The bankruptcy or insolvency of **You** or **Your** Estate shall not relieve **Us** of any of **Our** obligations under this policy.

**G. Misrepresentation/Fraud**

This policy shall not provide coverage as a result of any fraud, misrepresentation or concealment by the **Named Insured** to obtain coverage under this policy, or, if any **claim** is submitted with intent to defraud. This includes, but is not limited to, issues with the property that were known, or should have been known by the **Named Insured** and were not disclosed prior to the completion of the contract.

**H. Changes**

Notice of any real estate agent or knowledge possessed by such real estate agent or any other person who is not the **Seller** shall not act as waiver or change in any part this policy. This restriction does not apply to the insurance agent. It also will not prevent **Us** from asserting any rights under the provisions of this policy. None of the provisions of this policy will be waived, changed or modified except by written endorsement issued to form a part of this policy.

**I. Other Insurance**

If the **Seller** has other valid and collectible insurance which applies to the **Claim**, this insurance shall be excess over any other insurance, self-insurance, self-insured retention or similar programs, where primary, excess, contingent or any other basis.