

**[THIS PAGE NOT FOR PUBLICATION IN THE CODE OF COLORADO REGULATIONS]**

**DEPARTMENT OF REGULATORY AGENCIES  
DIVISION OF REAL ESTATE  
BOARD OF REAL ESTATE APPRAISERS  
4 CCR 725-2**

**CHAPTER 6: APPLICATION FOR LICENSURE**

Pursuant to and in compliance with Title 12, Article 61 and Title 24, Article 4, C.R.S. as amended, notice of proposed rulemaking is hereby given, including notice to the Attorney General of the State of Colorado and to all persons who have requested to be advised of the intention of the Colorado Board of Real Estate Appraisers (the "Board") to promulgate rules, or to amend, repeal or repeal and re-enact the present rules of the Board.

**STATEMENT OF BASIS**

The statutory basis for the rules titled Rules of the Board of Real Estate Appraisers is Chapter 7 of Title 12, Article 61, Colorado Revised Statutes, as amended.

**STATEMENT OF PURPOSE**

The purpose of this rule is to effectuate the legislative directive to promulgate necessary and appropriate rules in conformity with the statute and the provisions of the federal Financial Institutions Reform, Recovery and Enforcement Act of 1989.

**SPECIFIC PURPOSE OF THIS RULEMAKING**

The specific purpose of this rule is to amend or repeal existing rules with respect to applications for licensure as a real property appraiser.

**Proposed New, Amended and Repealed Rules**

[Deleted material shown ~~struck through~~, new material shown ALL CAPS. Rules, or portions of rules, which are unaffected are reproduced. Readers are advised to obtain a copy of the complete rules of the Board at [www.dora.state.co.us/real-estate/rulemaking/BOREA/index.htm](http://www.dora.state.co.us/real-estate/rulemaking/BOREA/index.htm)]

## CHAPTER 6: APPLICATION FOR LICENSURE

6.10 Every active appraiser, or applicant for an active appraiser's credential, must have in effect a policy of errors and omissions insurance to cover all acts requiring a license.

A. The Division will enter into a contract with a qualified insurance carrier to make available to all licensees and license applicants a group policy of insurance under the following terms and conditions:

1. The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state.
2. The insurance carrier maintains an A.M. best rating of "B" or better.
3. The insurance carrier will collect premiums, maintain records and report names of those insured and a record of claims to the Board on a timely basis and at no expense to the Board.
4. The insurance carrier has been selected through a competitive bidding process.
5. The contract and policy are in conformance with this rule and all relevant Colorado statutory requirements.

B. The group policy shall provide, at a minimum, the following terms of coverage:

1. Coverage for all acts for which a real estate appraiser's license is required, except those illegal, fraudulent, or other acts which are normally excluded from such coverage.
2. That the coverage cannot be canceled by the insurance carrier except for nonpayment of the premium or in the event a licensee becomes inactive, is revoked or an applicant is denied a license.
3. Pro-ration of premiums for coverage which is purchased during the course of a calendar year but with no provision for refunds of unused premiums.
4. Not less than \$100,000 coverage per claim with an aggregate limit of not less than \$300,000 per individual.
5. A deductible amount for each occurrence of not more than \$1,000 for claims and no deductible for legal expenses and defense.
6. The obligation of the carrier to defend all covered claims and the ability of the insured licensee to select counsel of choice subject to the written permission of the carrier, which shall not be unreasonably withheld.
7. The ability of a licensee, upon payment of an additional premium, to obtain higher or excess coverage or to purchase additional coverage from the group carrier as may be determined by the carrier.
8. The ability of a licensee, upon payment of an additional premium to obtain an extended reporting period of not less than 365 days.
9. A conformity endorsement allowing a Colorado resident licensee to meet the errors and omissions insurance requirement for an active license in another group mandated state without the need to purchase separate coverage in that state.

C. Licensees or applicants may obtain errors and omissions coverage independent of the group plan from any insurance carrier subject to the following terms and conditions:

1. The insurance carrier is licensed and authorized by the Colorado Division of Insurance to write policies of errors and omissions insurance in this state and is in conformance with all Colorado statutes.
2. The insurance carrier maintains an A.M. best rating of "B" or better.
3. The policy, at a minimum, complies with all relevant conditions set forth in this rule and the insurance carrier so certifies in an affidavit issued to the insured licensee or applicant in a form specified by the director and agrees to immediately notify the Division of any cancellation or lapse in coverage. Independent coverage must provide, at a minimum, the following:
  - A. The contract and policy are in conformance with all relevant Colorado statutory requirements.
  - B. Coverage includes all acts for which an appraiser's credential is required, except those illegal, fraudulent or other acts which are normally excluded from such coverage.

- C. Coverage cannot be canceled by the insurance provider, except pursuant to and in conformance with 10-4-109.7 C.R.S.
  - D. Coverage is for not less than \$100,000 per claim, with an annual aggregate limit of not less than \$300,000 per individual.
  - E. Payment of claims by the provider shall be on a first dollar basis and the provider shall look to the insured for payment of any deductible.
  - F. The ability of a licensee, upon payment of an additional premium to obtain an extended reporting period of not less than 365 days.
  - G. That the provider of the independent policy has executed an affidavit in a form or manner specified by the Board attending that the independent policy is in force and, at a minimum, complies with all relevant conditions set forth herein and that the provider will immediately notify the in writing of any cancellation or lapse in coverage of any independent policy.
- D. Applicants for licensure, activation, renewal, and reinstatement shall certify compliance with this rule and 12-61-706.5 C.R.S. on forms or in a manner prescribed by the Board. Any active licensee who so certifies and fails to obtain errors and omissions coverage or to provide proof of continuous coverage, either through the group carrier or directly to the Board, shall be placed on inactive status:
1. Immediately, if certification of current insurance coverage is not provided to the Board; or
  2. Immediately upon the expiration of any current insurance when certification of continued coverage is not provided.
- E. Appraisers employed by a local, state or federal government entity are exempt from the errors and omissions insurance requirements.