

INSURANCE PROGRAM

Protection for Consumers – Protection for Registrants

The Professional Liability Insurance Program (Program) administered by RECO was introduced on September 1, 2000 in order to provide protection to both consumers and registrants. All registrants are required to participate in the Program which consists of three valuable insurance coverages:

- **Consumer Deposit insurance** protects consumers for loss of deposits caused by fraud, misappropriation of funds or insolvency by a registrant, and for social engineering fraud resulting in the misdirection of funds.
- **Commission Protection coverage** protects registrants from loss of commission caused by fraud, misappropriation of funds or insolvency of a brokerage.
- **Errors and Omissions coverage** provides up to \$1,000,000 to indemnify consumers for losses incurred as a result of errors or omissions committed by registrants during the course of their professional services.

Claims Statistics and Trends

CONSUMER DEPOSIT INSURANCE POLICY

From inception of the Program on September 1, 2000 to December 31, 2020, there have been 98 occurrences under the Consumer Deposit coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$5,950,251*.

COMMISSION PROTECTION INSURANCE POLICY

From inception of the Program on September 1, 2000 to December 31, 2020, there have been 200 occurrences under the Commission Protection coverage. Payment of claims (settlements and expenses) under this coverage is estimated to reach \$11,917,818*.

ERRORS AND OMISSIONS INSURANCE POLICY

From inception of the Program on September 1, 2000 to December 31, 2020, there have been 18,201 claims reported. The estimated total cost of claims settlements and expenses under this coverage is estimated to reach \$200,734,661*.

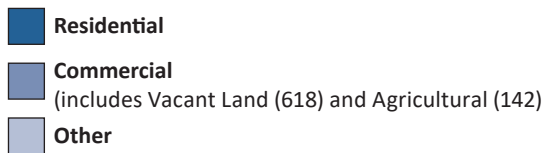
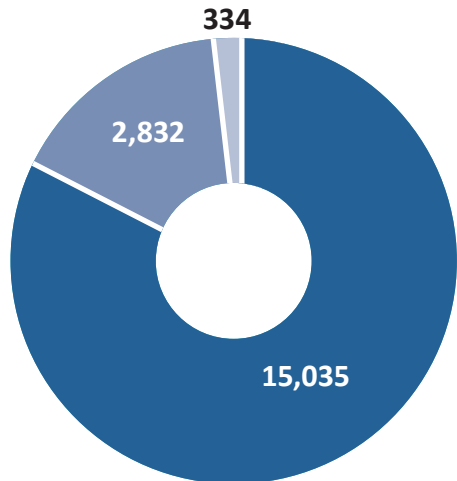
Key statistical highlights include:

- The majority of activity in the Program arises out of claims under the Errors and Omissions insurance coverage.
- A total of 18,201 claims have been reported - of which 1,614 remain open. The program has therefore managed, and closed, a total of 16,587 claims on behalf of registrants to date.
- Residential claims outnumber commercial claims by a margin of 5:1 (including vacant land and agricultural as commercial, otherwise the ratio is closer to 7:1).
- Claims related to properties in urban areas outnumber rural claims 7 to 1.
- The number of claims involving transactions that exceed \$250,000 in value comprise approximately 66% of all claims reported, which is the 1% higher than last year's report.
- There were 960 claims reported in the 12 months ended December 31, 2020, compared with 1,159 claims reported during the same 12-month period one year earlier.

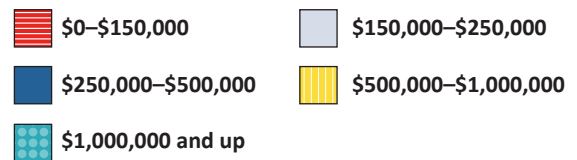
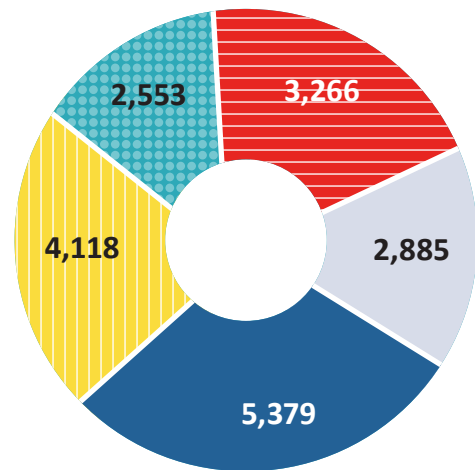
* This figure does not include any provision for the insurer's internal administrative expenses or further development on claims not yet finalized or reported.

Errors and Omissions Claims Statistics

**CLAIMS BY TRANSACTION TYPE
(SEPT. 1, 2000 TO DEC. 31, 2020)**

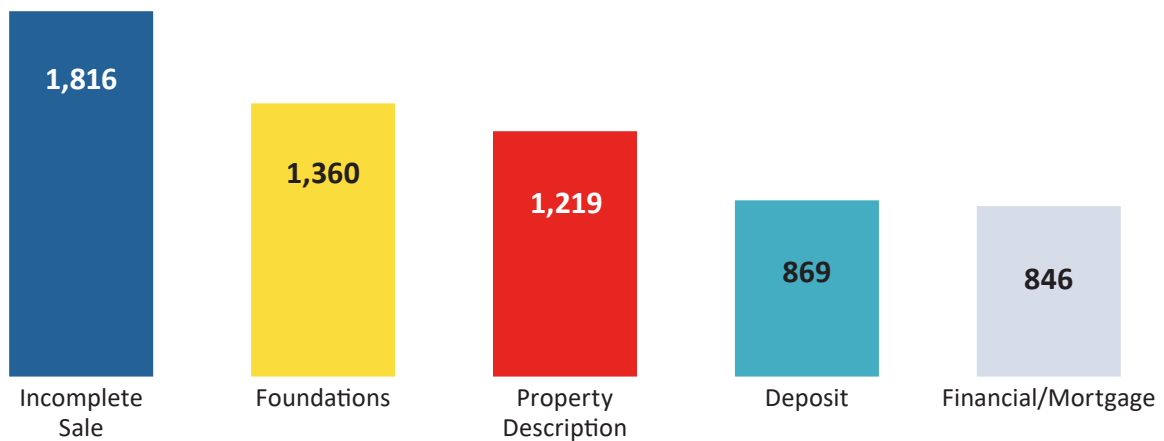


**CLAIMS BY VALUE OF TRANSACTION
(SEPT. 1, 2000 TO DEC. 31, 2020)**



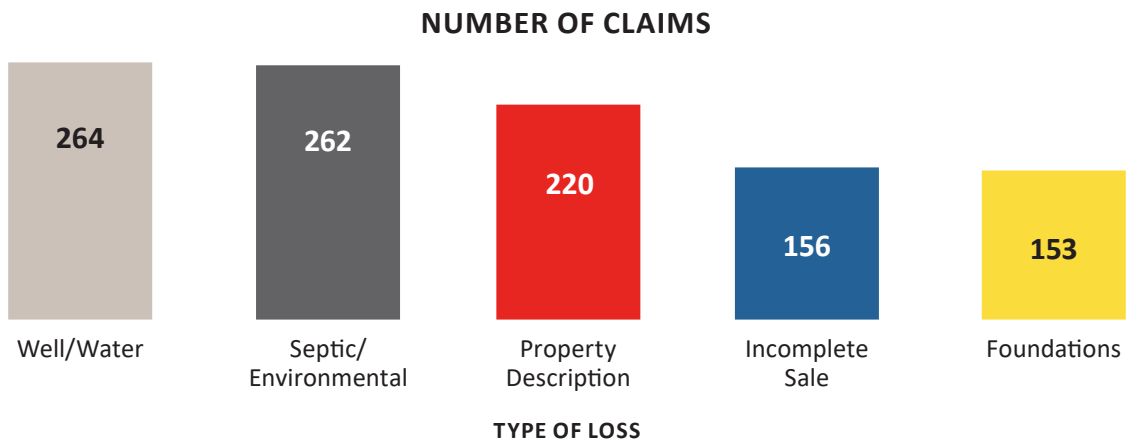
TOP FIVE CAUSES OF LOSS - URBAN (SEPT. 1, 2000 TO DEC. 31, 2020)

NUMBER OF CLAIMS

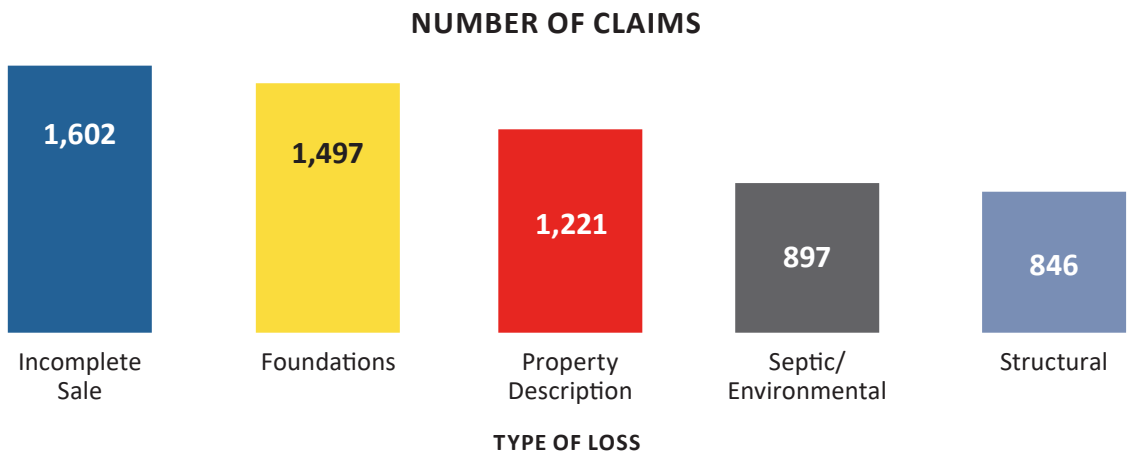


TYPE OF LOSS

TOP FIVE CAUSES OF LOSS - RURAL (SEPT. 1, 2000 TO DEC. 31, 2020)



TOP FIVE CAUSES OF LOSS - RESIDENTIAL (SEPT. 1, 2000 TO DEC. 31, 2020)



TOP FIVE CAUSES OF LOSS - COMMERCIAL (SEPT. 1, 2000 TO DEC. 31, 2020) INCLUDES VACANT LAND AND AGRICULTURAL

