

In compliance with subsection 11(4) of Ontario Regulation 579/05, please make an insurance payment in the amount of \$440.00 by the due date of August 18, 2017 OR in the amount of \$475.00 after the due date for Errors & Omissions, Commission Protection & Consumer Deposit Insurance coverage for the period from September 1, 2017 to August 31, 2018, both days inclusive.

Registration No.:

Registrant Name:

In the interests of information security, please do not email or fax your credit card details to RECO. Please make your insurance payment online.

Last year 92% of registrants used MyWeb to make their payments quickly and securely. If you haven't done so already, please visit the new, easier to use, MyWeb. Once you have logged in, you can make your insurance payment on the dashboard. Payments may be made using VISA or MasterCard.

Simply visit <https://myweb.reco.on.ca>.

RECO does not accept American Express, cash insurance payments, or payments over the phone.

Payment options are located on Page 2

Pay online or detach top portion and return with cheque payment.



Real Estate Council of Ontario Insurance Invoice

Registrant Name:

Registration No.:

Errors & Omissions, Commission Protection and Consumer Deposit Insurance coverage for the period from September 1, 2017 to August 31, 2018, both days inclusive.		Total
Insurance Premium	The actual cost of the insurance related to losses plus the fees of the insurance broker, actuarial consultant, and professional claims manager to provide the services of arranging and negotiating the program renewal terms, completing actuarial studies, monitoring claim services and compiling loss data reports based on this information.	\$373.00
Program Stability Fund	A fund established to protect registrants against future significant increases in insurance premiums, or for other events that may impact registrants such as changes in program coverage.	\$16.75
Program Expenses	Covers the ongoing expenses related to the administration of the program including issuance of certificates and documentation to all registrants, risk management to control or reduce claims, and claims management activities.	\$18.06
PST (8%)	Charged on Insurance Premium	\$29.84
HST (13%)	Charged on Program Expenses (RECO HST NO. 89037 5165 RT 0001)	\$2.35
Payment due date: August 18, 2017	Insurance program payments are non-refundable in whole or in part. Payment is due unless your registration has been terminated, or will terminate, prior to September 1, 2017. NOTE: NSF or returned cheques will be subject to a \$35.00 fee.	\$440.00
Payment required after due date: \$475.00	Registrants become part of the suspension process when they fail to make their insurance payment by the due date. These registrants are required to pay an additional \$35.00 (30.97 Program Expenses + 4.03 HST) for expenses related to the administration of the suspension process.	

Receipts for Income Tax and Certificates of Insurance will be available online through MyWeb within five business days after your payment has been made.

Payment options and insurance program information are available on page 2.

**Real Estate Council of Ontario
Insurance Department
3300 Bloor Street West
West Tower, Suite 1200
Toronto ON, M8X 2X2**

Phone: 416-207-4841 or 1-866-757-7772
Fax: 416-207-9020 or 416-207-4820
E-mail: insurance@reco.on.ca
Website: www.reco.on.ca

Pay online or detach top portion and return with cheque payment.

Payment Options

Pay online by Credit Card

- Visit www.reco.on.ca or <https://myweb.reco.on.ca> and log in to MyWeb
- Once signed in, follow the prompts to make your insurance renewal payment by VISA or MasterCard (VISA/MasterCard Debits are accepted)
- For assistance with MyWeb, e-mail myweb@reco.on.ca

Cheque Payments and Money Orders

- Make cheques/money orders payable to RECO
- Print your name and RECO registration number on the front of the payment
- Mail to RECO's office (allow 3 weeks for mail delivery)
- Uncertified cheques may take from 5-21 days to process
- NSF or returned cheques will be subject to a \$35.00 fee

Courier Packages

- Courier packages are accepted at the RECO office:
Monday to Friday between 8:30 a.m. – 4:30 p.m.

In the interests of information security, please do not email or fax your credit card details to RECO. Registrants are required to make a payment online using MyWeb, RECO's web portal for registrants.

RECO representatives will be available to help registrants input their payments online.

Cash payments are not accepted for insurance program payments at RECO. RECO does not accept payments by telephone.

Important Insurance Program Information

Policy Documentation

By paying the insurance premium you receive protection in accordance with the terms and conditions of the September 1, 2017-2018 Master Policy form issued to RECO, available at <https://myweb.reco.on.ca> or www.reco-claims.ca.

Insurance is a Requirement of Registration

Your insurance payment of \$440.00 must be paid by the due date of August 18, 2017. Failure of uncertified cheques to be cleared by the bank by the due date may result in a notice of suspension sent to your attention.

Consequences of Non-Payment

Failure to make your payment by the due date results in the suspension of your registration and the right to trade in real estate effective September 1, 2017. The Registrar is obliged by statute to initiate the suspension process immediately after the due date.

The suspension of your registration for non-payment of insurance amounts will be made available to the public on the RECO website.

If at any time you are suspended or cease to be registered with RECO to trade in real estate, your insurance coverage immediately lapses. This includes, but is not limited to, failure to renew your registration by the expiry date.

Insurance program payments are non-refundable in whole or in part. The insurance payment is the minimum payment regardless of the term of your insurance. This ensures the most cost-effective insurance program for all registrants, because it keeps individual premiums and administrative costs as low as possible. Your Errors & Omissions insurance policy continues to cover you, at no extra cost from the date of your leaving the business for claims resulting from activities while you were registered (subject to the terms of the insurance policy).

Helpful Hints

- Credit card payments are not accepted by telephone
- RECO does not accept American Express
- To avoid duplicate payments, check with your employer to ensure that only one payment is sent for processing
- Check the status of your payment by signing onto MyWeb
- Due to the high volume of insurance transactions, duplicate payments cannot be refunded until completion of the renewal payment process
- Claim and incident reporting forms are available online at <https://myweb.reco.on.ca> or www.reco-claims.ca

RECO Insurance Department

Phone: 416-207-4841 or 1-866-757-7772
Fax: 416-207-9020 or 416-207-4820
E-mail: insurance@reco.on.ca
Website: www.reco.on.ca



2017 Insurance Renewal

Insurance payment due August 18, 2017

The total cost of insurance, including taxes and expenses remains at \$440 for the 2017-2018 policy period. Payments are due by August 18, 2017.

How do I make a payment?

Registrants are required to make their payments online via MyWeb. Last year 92% of registrants used MyWeb to make their payments quickly and securely. If you don't already have a MyWeb account, it's free and easy to sign up; simply visit <https://myweb.reco.on.ca>. Payments can be made using Visa or Mastercard. In the interests of information security, please do not email or fax your credit card details to RECO.

What if I don't pay on time?

If you don't make your insurance payment by the August 18 deadline, you will become part of the suspension process. The total insurance payment after the due date of August 18 is \$475. Failing to make an insurance payment results in the suspension of your registration and the right to trade in real estate effective September 1, 2017.

What if I'm leaving the business?

If you're planning on retiring or leaving the industry in the near future, consider terminating your registration prior to renewing your insurance policy, as insurance payments are non-refundable. You can either ask your broker of record to terminate your registration on MyWeb or send in a completed "Notice of Employee Change: Termination" form before August 4, 2017.

Enhancements to your insurance policy as of September 1, 2017

COMMISSION PROTECTION & CONSUMER DEPOSIT PROTECTION

The addition of Social Engineering Fraud Coverage:
For example, this would allow potential coverage in the event that a third party assumes the identity

of a registrant and coerces a consumer to redirect a deposit resulting in a direct loss. Informing your customers and clients of the process for the payment of deposits is important, confirming any changes to the original process personally is just as important.

ERRORS AND OMISSIONS PROTECTION

The Bodily Injury and Property Damage combined limit has been increased from \$25,000 to \$50,000 under certain circumstances in the event a consumer makes a claim for bodily injury or property damage arising out of Professional Services (as defined in the policy).

What is the impact of the recent insurance regulation modernization?

Recently RECO supported the Ministry consultation efforts regarding amendments to O. Reg. 579/05 (Educational requirements, insurance, records and other matters) to ensure the long-term stability of the registrant insurance program. Under the regulation registrants have always been required to pay outstanding insurance amounts prior to the renewal of their registration; in future, outstanding deductible amounts are to be paid to the insurer prior to the renewal of a registration.

Program Stability Fund

As a result of the review of the premium stabilization fund and guidelines, the name of the fund has been changed to Program Stability Fund reflecting the potential uses of the fund. The guidelines were modernized and subsidy formulas were amended to ensure the stability and continuity of the program.

For frequently asked questions about this year's insurance renewal, please visit www.reco.on.ca/2017renewal. If you have un-subscribed from RECO's emails, please check your MyWeb account periodically for updates.

RECO's Insurance Program

Errors and Omissions

Commission Protection

Consumer Deposit

RECO's insurance program offers the most comprehensive insurance protection of its kind in Canada. It provides three types of coverage: Errors and Omissions, Commission Protection and Consumer Deposit.

What does the coverage include?

Coverage	Errors and Omissions	Commission Protection	Consumer Deposit
What's covered	Covers mistakes such as: <ul style="list-style-type: none"> • Forgetting a key clause in the APS • Making a mistake with respect to taxes • Using the wrong form • Under- or overpricing a property • Or, none of the above - groundless accusations can lead to expensive claims 	Covers loss of commissions against: <ul style="list-style-type: none"> • A registrant becoming insolvent (i.e., brokerage goes bankrupt) • Theft, fraud, misappropriation, or wrongful conversion by a registrant • Social Engineering (subject to \$10,000 sub-limit per claim) 	Covers consumers' deposits against: <ul style="list-style-type: none"> • A registrant becoming insolvent (i.e. brokerage goes bankrupt) • Theft, fraud, misappropriation, or wrongful conversion by a registrant • Social Engineering (subject to \$10,000 sub-limit per claim)
Limit per claim	\$1,000,000	\$100,000	\$100,000
Limit per year	\$3,000,000	N/A	N/A
Limit per event	N/A	\$3,000,000	\$3,000,000
Deductible	\$2,500 (damages only) Increased by \$2,500 for each additional claim where damages are paid in a 3-year period	\$250	\$0

Five facts about RECO's insurance program

1 Ontario is the only province that has Commission Protection and Social Engineering Fraud coverage available for its registrants, which offers you significant peace of mind knowing that your hard-earned commission is protected.

2 Your clients can feel secure in knowing that their deposits are protected when they are held in trust by a brokerage. In the event of an issue, claims can get processed and paid out quickly so that delays are minimized.

3 Errors and Omissions protection means that your personal finances are not at risk in the event of a covered claim, even if the claim is without merit. The insurance coverage pays for your defence, damages if any, and settlement costs in excess of your deductible.

4 Filing a claim is a straightforward process. A knowledgeable and helpful team is available to answer your questions about the claims process and coverage offered by the program.

5 If you're the subject of a claim, the insurer has experienced and knowledgeable claims adjusters and defence counsel ready to assist you and save you time by handling much of the insurance process for you.



At all times, the coverage applicable in any given situation will be determined by the particular circumstances and allegations of the claim or potential claim asserted against an insured and will be subject to the policy terms and conditions.

Contact RECO's
insurance department at:



<https://myweb.reco.on.ca>



416-207-4841
1-866-757-7772



416-207-9020
416-207-4820



insurance@reco.on.ca

Social Engineering

Social Engineering in the insurance context is the deception of an individual with the intent to manipulate them to perform an action. In the case of the RECO Insurance Program's Commission Protection and Consumer Deposit protection, where coverage for Social Engineering Fraud has been added for the upcoming policy year, this is specific to a party outside of the transaction in Real Estate deceiving a Registrant or Consumer in order to redirect deposit or commission funds.

Consider this example:

Your client has selected a home to purchase, and is preparing to deliver their deposit cheque. They receive a frantic phone call from somebody claiming to work at your brokerage who tells them to have their bank wire the deposit funds directly to a bank account. Your client, worried that failure to provide the deposit in a timely fashion may cause them to miss out on their dream home, follows the fraudulent instructions and wires the deposit funds to the fraudster's account.

Your client has just been the victim of Social Engineering Fraud and their deposit funds may never be recovered!

A few simple steps can help prevent this from happening:

1. **Stick to the plan.** Clearly explain the process for payment of deposit funds and highlight that any changes, especially last minute, should be viewed as highly suspicious.
2. **Keep it personal.** Make sure clients know that if changes do become necessary, they will be communicated by you, personally, through a face-to-face meeting or by another means with a confirming phone call.
3. **Pick up the phone.** In our increasingly digital world, a simple phone call is still one of the best ways to prevent Social Engineering Fraud. Advise your clients to pick up the phone and call you to confirm instructions. No matter how sophisticated a deception might be, your voice is almost impossible to duplicate.

Above all, know your client and make sure they know you – this is crucial to helping your clients spot unusual patterns of behaviour that are the first signs that something's not right.



Managing client expectations through market changes

Sharp rises in housing prices in Toronto and Vancouver over the past two years and concerns about the rise in household debt prompted the federal government to initiate new mortgage rules last fall. The aim of the new rules is to ensure that homeowners don't wind up under water if interest rates rise. This should serve as fair warning that interest rate increases are coming in the next 5 years.

So, what does this mean for you? If rates rise, or the new rules cool the market as they are intended, it will mean managing your clients' understanding of the impact of a changing market should become top of mind.

As ever, it is important to advise clients that the market can change. Strategies that work in a hot market won't necessarily work in a market that is cooling. Market changes can even happen over the span of a listing. Sellers who heard from their neighbours what houses in the neighbourhood were selling for last summer and decide to jump into the market this spring may be puzzled if their house doesn't attract a feverish bidding war. Buyers may be disappointed they got into a bidding war if the house across the street sells for less a few months later. It is important that you manage clients' expectations and document the pros and cons of the strategies you agree to employ for them.

Be mindful that your clients will be looking to you to assure them that they got the best price possible – and that can be challenging when this becomes a moving target.

Nobody sets out to disappoint a client. Even more, nobody wants a client to sue because their house didn't fetch the price they had hoped for. Laying out realistic expectations, and clearly explaining and documenting the pros and cons will keep your clients happy and well informed.