

CEA Ref: PC 01-17

Date: 5 May 2017

Key Executive Officers

Dear Sir/Mdm,

FOR COMPLIANCE: ENSURE ADEQUATE COVERAGE OF PROFESSIONAL INDEMNITY INSURANCE

This Practice Circular is a reminder for estate agents' compliance. The Estate Agents (Estate Agency Work) Regulations require licensed estate agents to maintain adequate coverage of the Professional Indemnity Insurance (PII) at all times (refer to the Annex).

2. CEA would like to remind all KEOs that the minimum amount of insurance cover is determined according to the number of real estate salespersons registered under the estate agent at any one time.
3. In addition, the PII policy should cover all aspects of estate agency work conducted by the estate agent. For example, if an estate agent conducts work for en bloc sales, or marketing of foreign properties, the KEO must ensure that the estate agent's PII policy covers such estate agency work.
4. Failing to maintain adequate coverage of the PII, including type of estate agency work, at all times is a breach of the regulations. If claim(s) were made under your estate agent's PII policy, the estate agent must ensure that the remaining policy coverage is at least equal to the minimum amount of insurance coverage required.
5. Please ensure that your estate agent documents the PII policy, claim records, and related documents. CEA may request to inspect these documents at any time.
6. If you have any queries, please email us at licensing@cea.gov.sg or call us at 6643 2555.

Yours faithfully

Soh Cheng Hwee
Deputy Director (Licensing)
Council for Estate Agencies

Annex - Extract of Part V - Professional Indemnity Insurance of the Estate Agents (Estate Agency Work) Regulations

Part V
Professional Indemnity Insurance

Professional indemnity insurance requirements

Regulation 13

(1) Every estate agent shall take out and maintain in force at all times during the period in which it carries out estate agency work (whether directly or through salespersons) such insurance as is referred to in paragraph (2) that is of such minimum amount as is referred to in paragraph (3).

(2) The insurance shall be in respect of civil liability for negligence in the performance of estate agency work.

(3) Subject to paragraph (4), the minimum amount of insurance cover shall be –

(a) \$100,000 for an estate agent who is a sole proprietor and who does not employ or engage any salesperson;

(b) \$200,000 for estate agents with 2 to 10 representatives;

(c) \$300,000 for estate agents with 11 to 30 representatives;

(d) \$400,000 for estate agents with 31 to 50 representatives;

(e) \$600,000 for estate agents with 51 to 500 representatives; and

(f) \$1,000,000 for estate agents with more than 500 representatives.

(4) For the purposes of paragraph (3) –

(a) “representative” means any natural person who undertakes or may undertake estate agency work;

(b) the insurance cover may be subject to limitations on the coverage or liability in respect of any particular representative only if the limit is not less than \$100,000.

(c) the amount of insurance coverage may include the costs and expenses incurred in the defence or settlement of any insured claim; and

(d) any deductible that may be applicable in respect of any claim against a salesperson shall not exceed \$5,000 and any claim against an estate agent shall not exceed –

(i) \$5,000 for estate agents with not more than 50 representatives;

(ii) \$10,000 for estate agents with more than 50 but not more than 500 representatives; and

(iii) \$20,000 for estate agents with more than 500 representatives.

Estate agency work not to be performed without insurance cover

Regulation 14

No person shall undertake any estate agency work without the insurance coverage specified under regulation 13.

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