

266 CMR 11.00: INSURANCE REQUIREMENTS FOR LIMITED LIABILITY CORPORATIONS AND LIMITED LIABILITY PARTNERSHIPS

Section

11.01: Liability Insurance Requirements for Limited Liability Corporations and Limited Liability Partnerships

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11.01: Liability Insurance Requirements for Limited Liability Corporations and Limited Liability Partnerships

A limited liability company and a limited liability partnership which owns or operates any practice, facility or business which provides Home Inspection services shall maintain professional liability insurance which meets the following minimum standards:

- (1) The insurance shall cover negligence, wrongful acts, errors and omissions and insure the LLC and its officers or the LLP and its partners as required by M.G.L. c. 156C, § 65 and c. 108A, § 45(8)(a).
- (2) For each claim concerning an LLC, the minimum insurance coverage shall be either:
 - (a) at least \$250,000.00 multiplied by the number of individual registrants employed by or who are officers of the LLC; or
 - (b) an aggregate amount of at least \$1,000,000.00 multiplied by the number of individual registrants employed by or who are officers of the LLC.
- (3) For each claim concerning an LLP, the minimum insurance coverage shall be:
 - (a) at least \$250,000.00 multiplied by the number of individual registrants employed by or who are partners of the LLP; or
 - (b) an aggregate amount of at least \$1,000,000.00 multiplied by the number of individual registrants employed by or who are partners of the LLP.
- (4) An LLP shall be considered to have complied with the requirements of 266 CMR 11.01 if the partnership provides for the above-specified amount of funds specifically designated and segregated for the satisfaction of judgments against the partnership or its partners based on negligence, wrongful acts, errors and omissions by:
 - (a) deposit in trust or in bank escrow of cash, bank certificates of deposit, or United States Treasury obligations; or
 - (b) a bank letter of credit or insurance company bond.
- (5) The insurance coverage required by 266 CMR 11.01 may provide that it does not apply to any dishonest, fraudulent, criminal or malicious act or omission of the insured LLC or any employee or officer thereof or the insured LLP or any employee or partner thereof.

11.02: Cancellation of Insurance

- (1) Cancellation or any other interruption in required insurance coverage shall require an LLC or LLP to immediately cease the practice of providing home inspection services until such time as the LLC or LLP is in compliance with 266 CMR 11.00.
- (2) An LLC or LLP must notify the Board within five business days if its insurance coverage is cancelled or otherwise interrupted. Failure to provide the required notice to the Board will subject to disciplinary action pursuant to M.G.L. c. 112, § 61 or § 199 registrants who are officers of the LLC or are partners of the LLP.

11.03: Verification of Insurance

An officer, member, manager, managing member, or other representative satisfactory to the Board of an LLC that owns or operates any practice, facility, or business that provides Home Inspection services, or an officer, partner, or other representative satisfactory to the Board of an LLP that owns or operates any practice, facility, or business that provides Home Inspection services, may be required to provide verification of compliance with 266 CMR 11.01 to the Board when such person seeks initial licensure, renewal of a license or at any other time as requested by the Board.

REGULATORY AUTHORITY

266 CMR 11.00: M.G.L. c. 13, §§ 96, 97; M.G.L. c. 108A, § 45(8)(a); M.G.L. c. 156C, § 65 and M.G.L. c. 112, §§ 221 through 226.