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FILED
OCT 28 2016 *bsma*

Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

IDAHO COUNTY TITLE COMPANY, INC.,
Idaho Title Agency License No. 5644

Docket No. 18-3216-16

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2015**

The State of Idaho, Department of Insurance (Department), having conducted an examination of the affairs, transactions, assets, tract indexes, abstract records, and any other records of IDAHO COUNTY TITLE COMPANY, INC. (Idaho County Title), to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Exception Examination of

Idaho County Title Company, Inc., for the Period January 1, 2011 to December 1, 2015 (Report), as filed.

FINDINGS OF FACT

1. Idaho County Title is a title agency licensed by the Department to transact title insurance in Idaho County, Idaho, under Title Agency License No. 5644.

2. The Department completed an examination of Idaho County Title pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about October 17, 2016. The Department's findings are set forth in the Report.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report, verified under oath by the Department's examiner-in-charge, was filed with the Department on October 17, 2016, and a copy was transmitted to Idaho County Title on the same date. A copy of the verified Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), Idaho County Title had twenty-eight (28) days from service of the Report within which to review, comment, or request a hearing on the Report.

5. On or about October 17, 2016, the Department received a Waiver from Idaho County Title signed by J. Paul Eimers, its Manager and President. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Idaho County Title consented to the immediate entry of a final order by the Director of the Department (Director) adopting the Report without any modifications; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

6. No request for hearing, written submission, or rebuttal with respect to any matter contained in the Report was received by the Department from Idaho County Title.

CONCLUSIONS OF LAW

7. Idaho Code § 41-227(5)(a) provides that “[w]ithin thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals, the director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner’s work papers” and shall enter an order adopting the report of examination as filed or with modifications or corrections.

8. Having fully considered the Report, the Director concludes that with, regard to the matters examined and information provided by Idaho County Title, the comments and recommendations contained in the Report are appropriate.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination of Idaho County Title Company, Inc., for the Period January 1, 2011 to December 1, 2015, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code §§ 41-2710(7) and 41-227(8), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, Idaho County Title shall file with the Department’s Deputy Chief Examiner affidavits executed by each of its directors or, if none, its

principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED this 27th day of October, 2016.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See*, Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) an order denying a petition for reconsideration; or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See*, Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 28th day of October, 2016, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2015, to be served upon the following by the designated means:

Idaho County Title Company, Inc.
J. Paul Eimers
319 W. Main Street
Grangeville, ID 83530
paule@idahocountytitle.com

- first class mail
- certified mail
- hand delivery
- email

Georgia Siehl, CPA, CFE
Bureau Chief / Chief Examiner
Idaho Department of Insurance
700 W. State Street, 3rd Floor
Boise, ID 83720-0043
georgia.siehl@doi.idaho.gov

- first class mail
- certified mail
- hand delivery
- email





REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2011 to December 31, 2015

of

IDAHO COUNTY TITLE COMPANY, INC.
(a title agent corporation - license #5644 – Idaho County)

as of

December 31, 2015

Equal Opportunity Employer



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Boise, Idaho
August 31, 2016

The Honorable Dean L. Cameron
Director of the Idaho Department of Insurance
700 West State Street
Boise, Idaho 83720

Sir:

Pursuant to your instructions and in conformity with Idaho Code §§ 41-219, 41-220, and 41-2713, an examination has been made of the administrative affairs, books, records and financial condition of;

Idaho County Title Company, Inc.
319 W. Main St.
Grangeville, Idaho 83530
License #5644 – Idaho County

Hereinafter referred to as “Title Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of Idaho County Title Company, Inc. (Title Agent) an Idaho Title Agent licensed in Idaho County. However, failure to identify or criticize specific products, procedures or files does not constitute approval thereof by the Idaho Department of Insurance (the Department).

The title and escrow file portion of the examination was conducted at the Title Agent's home offices located at 319 West Main Street in Grangeville Idaho. The remaining portions of the examination were conducted at the Department's offices located at 700 W. State Street in Boise, Idaho. In performing this examination, the examiner(s) reviewed a sample of the Title Agent's procedures, files, and documentation. Some noncompliant practices may not have been discovered during this examination. As such, this report may not fully reflect all of the procedures and practices of the Title Agent.

During the examination, the examiner(s) may cite violations made by the Title Agent. Statutory citations are as of the period under examination unless otherwise noted. The goal of the examination team was to produce an examination report that reflects agreement in content with the Title Agent. The report indicates where agreement was not possible.

The final examination report documents consist of the examiners' report, the Title Agent's response if elected, and any administrative actions based on the findings of the Department.

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes and regulations, and rules promulgated by the Department. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers.

The period covered by this examination is January 1, 2011 through December 31, 2015. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

The Department's authority to conduct this examination includes, but is not limited to, Idaho Code § 41-2710(7), which grants authority for regular examinations of a title agent's tract indexes, abstract records, and any other records to ascertain compliance with title 41, Idaho Code, and related rules, to occur not more than every fifth year, unless the agent otherwise requests or the director has cause to believe the same does not comply with said title or the rules thereunder.

HISTORY AND DESCRIPTION

Idaho County Title Company, Inc. was incorporated on August 26, 1976. They became licensed with the Department and began operations on November 29, 1976. They conduct business out of offices in Grangeville, Idaho.

PRIOR EXAMINATION

This examination included a review to determine if exceptions were noted in our preceding report of examination dated June 9, 2011, which covered the period of January 1, 2006 to December 31, 2010 and whether these exceptions were addressed. There were no exceptions noted. No exceptions were noted as a result of this current examination.

PRIOR ESCROW AUDIT

Our examination included a review to determine if exceptions were noted in the August 28, 2015 escrow audit completed by Mr. Melvin D. Maisey of Fidelity National Financial, Inc. which covered the period July 1, 2012 through June 30, 2015 and whether these exceptions were addressed. Two (2) exception conditions were noted. We determined that the Title Agent satisfactorily addressed both of those exceptions on October 19, 2015. No exceptions were noted as a result of this current examination.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

I. OPERATIONS AND MANAGEMENT

This examination included a review of the Title Agent's operations and management. The focus of this section of the examination includes review of management and control, contracting authority, surety bond, claims, and financial interests of the title entity management and ownership.

A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS

IDAPA 18.01.39.011, 012 & 013

The Idaho Secretary of State lists the corporate officers as J Paul Eimers as the current registered agent and President and Kathleen A. Eimers as Secretary. No exceptions were noted as a result of this examination.

B. CONTRACTING AUTHORITY

Idaho Code § 41-2710(2)

This Title Agent has underwriting contracts with Fidelity National Title Insurance Company, Old Republic Title Insurance Company, Commonwealth Land Title Insurance Company and Westcor Land Title Insurance Company. All premiums appear to be paid current. Underwriting contracts require a high liability approval of either \$750,000.00 or \$800,000.00 with deductibles for loss of \$5,000.00. No exceptions were noted as a result of this examination.

C. SURETY BOND

Idaho Code §§ 41-2710(6), 2711

IDAPA 18.01.25.011.08 & 09

The Department has on file surety bond #32S204072 in the amount of \$30,000.00 issued by American States Insurance Company on behalf of the Title Agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this examination.

D. CLAIMS

Idaho Code § 41-2708(1) & (2)

The Title Agent reported fifteen (15) claim losses for the examination period. The claims do not appear to be an oversight on the part of the Title Agent and were remedied prior to our examination. Additionally, we did not find material issues with the title plant during the examination. No exceptions were noted as a result of this examination.

II. ADVERTISING AND MARKETING

**Idaho Code § 41-2708(3) & (4)
IDAPA 18.01.39.014 & 18.01.56**

The examination included a review of the Title Agent's marketing and sales practices. A general ledger for each year under examination for all accounts involving contributions, donations, sales expenses, travel and meal expenses, Title Agent/staff function expenses, as well as samples of listing packages or property profiles were requested and received. After a cursory review of the general ledgers, samples were picked within our examination parameters. Supporting documents for the samples were requested, received and reviewed. No exceptions were noted as a result of this examination.

III. TITLE FILE REVIEW

**Idaho Code §§ 41-2702, 2708 & 2709
IDAPA 18.01.25 & 18.01.56.017 & Exhibit 1(9)**

The Title Agent's Title Department is managed by J Paul Eimers and is comprised of three (3) title officers and one (1) title assistant. The title plant is posted and maintained at the corporate offices in Grangeville, Idaho. A sample of title files were reviewed within the parameters of our examination for the rates charged, the correct insured amount of the owner's and mortgagee's policies, proper countersignatures, double sales, proper use of the Standards of Liability and liens and encumbrance rules, cancellation fees, and unique kind or class of risk. No exceptions were noted as a result of this examination.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The Title Agent's Escrow Department is managed by J Paul Eimers and is comprised of two (2) closing escrow officers.

A. FIDUCIARY ACCOUNTS

IDAPA 18.01.25.011.04, 05 & 10

The examination included a review of the fiduciary accounts utilized during the examination period. The accounts were reviewed for correct labeling, separation from operating funds, reconciliation, and negative balances. The fiduciary accounts for this office are balanced on a daily basis and reconciled on a monthly basis by Kayla Blake at the corporate offices in Grangeville Idaho. Monthly reconciliations are reviewed by J Paul Eimers. No exceptions were noted as a result of this examination.

B. ESCROW FILE REVIEW

Idaho Code § 41-2705(3)

IDAPA 18.01.25.011 & 12, 18.01.56.017

A sample of the escrow files were reviewed within the parameters of our examination for adequate written instructions, conformity to the written instructions by the Title Agent, rates charged as filed, signed settlement statements, receipt and disbursement ledgers, evidence of receipts and disbursements made, file overdrafts, and business interests of the escrow officers. No exceptions were noted as a result of this examination.

CONCLUSION

I certify and attest that I have examined the Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or regulator, with the Agent or its employees and that no conflict of interest exists that would prevent me from conducting the examination. I acknowledge that the assistance and cooperation of the Agent's employees during the examination. Based on my examination, I prepared this Examiner's Report of Exceptions (the "Report") in accordance with Idaho Code § 41-2710(7). I confirm that the findings, conclusions, and recommendations contained in this Report are my own.

Respectfully submitted,



Jim Scanlon
Examiner Title & Market Insurance Specialist
Idaho Department of Insurance

I further certify that on this 17th day of October, 2016, I submitted a final copy of this Report to the Director of the Idaho Department of Insurance and served a final copy of the same by Electronic Mail to:


J Paul Eimers
Idaho County Title Company, Inc.
319 W. Main St.
Grangeville, Idaho 83530
paule@idahocountytitle.com

SUBSCRIBED AND SWORN to before me this 17th day of October, 2016.



Jim Scanlon
Examiner Title & Market Insurance
Specialist
Idaho Department of Insurance




Notary Public for Idaho
Residing at: Borise, ID
Commission Expires: 7/24/18

State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
FAX # (208)334-4398

DEAN L. CAMERON
Director

WAIVER

In the matter of the Report of Examination as of December 31, 2015, of:

**Idaho County Title Company, Inc.
319 W. Main Street
Grangeville, ID 83530**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 17th day of October 2016, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the report for up to thirty (28) days as provided in Idaho Code section 41-2710(7),
2. its right to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-2710(7) and,
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 17 day of October, 2016

NAME OF ENTITY UNDER EXAMINATION

Idaho County Title Co., Inc.
Name (print)

[Signature]
Name (signature)

Manager
Title

