

LAWRENCE G. WASDEN  
Attorney General

RICHARD B. BURLEIGH, ISB No. 4032  
Deputy Attorney General  
State of Idaho  
Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, Idaho 83720-0043  
Telephone: (208) 334-4219  
Facsimile: (208) 334-4298  
[richard.burleigh@doi.idaho.gov](mailto:richard.burleigh@doi.idaho.gov)

**FILED**  
**DEC 01 2015**  
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:

NORTHERN TITLE COMPANY OF  
IDAHO, INC. [Oneida County]

Idaho Title Agency License No. 106923

Docket No. 18-3231-16

**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 NORTHERN TITLE COMPANY OF IDAHO (Northern 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 Northern Title Company of Idaho [Oneida County] for the Period January 1, 2014 to December 31, 2015 (Report), as filed.

## **FINDINGS OF FACT**

1. Northern Title is a title agency licensed by the Department to transact title insurance in Oneida County, Idaho, under Title Agency License No. 106923.

2. The Department completed an examination of Northern Title pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about October 28, 2016. The Department's findings are set forth in the Report.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report was filed with the Department on October 28, 2016, and was transmitted to Northern Title on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), Northern 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 November 2, 2016, the Department received a Waiver from Northern Title signed by Jay J. Davis, its Vice President. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Northern 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 Northern 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 Northern 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 Northern Title Company of Idaho [Oneida County] for the Period January 1, 2014 to December 31, 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, Northern Title shall file with the Department's Examiner Title & Market Insurance Specialist 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 1<sup>st</sup> day of December, 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 1<sup>st</sup> day of December, 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:

Northern Title Company of Idaho, Inc.  
96 South State Street  
Preston, ID 83263-1243  
[moniqueb@northerntitle.net](mailto:moniqueb@northerntitle.net)

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

Northern Title Company of Idaho, Inc.  
20 N. Main Street, Suite 8  
Malad City, ID 83252-1281

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

Georgia Siehl, CPA, CFE  
Bureau Chief / Chief Examiner  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
Boise, ID 83720-0043  
[georgia.siehl@doi.idaho.gov](mailto:georgia.siehl@doi.idaho.gov)

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

  
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REPORT OF EXCEPTION EXAMINATION  
For the Period January 1, 2014 to December 31, 2015

of

NORTHERN TITLE COMPANY OF IDAHO  
(A title agent corporation - license #106923 - Oneida County)

as of

December 31, 2015

*Equal Opportunity Employer*



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Boise, Idaho  
August 17, 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;

Northern Title Company of Idaho, Inc.  
20 N Main Street, Suite 8  
Malad City, Idaho 83252-1281  
License #106923– Oneida 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 Northern Title Company of Idaho (Title Agent) an Idaho Title Agent licensed in Oneida 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 examination was conducted remotely 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, 2014 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**

Northern Title Company of Idaho, Inc. was established on April 10, 2000. They were licensed in Oneida County with the Idaho Department of Insurance on November 14, 2003. They conduct business out of offices in Preston, Idaho.

## **PRIOR EXAMINATION**

This examination included a review to determine if exceptions were noted in our preceding report of examination dated December 6, 2011 which covered the period January 1, 2006 through December 31, 2010 and whether these exceptions were addressed. One (1) exception condition was noted. We determined that the Title Agent satisfactorily addressed that exception in November 2014. No exceptions were noted as a result of this current examination.

## **PRIOR ESCROW AUDIT**

This examination included a review to determine if exceptions were noted in the December 30, 2015 escrow audit completed by Mr. Kody Waite of Stewart Title Insurance Company which covered the period July 1, 2012 through June 30, 2015 and whether these exceptions were addressed. There were no exceptions noted. No exceptions were noted as a result of this current examination.

## **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

### **I. OPERATIONS AND MANAGEMENT**

The 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 Paul R. Davis as the current registered agent and President, Brett D. Broadhead as Secretary, and Jay J. Davis as Director. Wendi Rufi was office manager for this office during the examination period. Johanna Green is the current office manager. 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 Stewart Title Guaranty Company, Chicago Title Insurance, Commonwealth Land Title Insurance Company and Old Republic National Title Insurance Company. All underwriting contracts require a high liability approval of \$1,000,000.00 with a deductible 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 # MS1352776 in the amount of \$50,000.00 issued by Great American 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 no claims filed within the examination period. 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**

This 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 Janice Shumway out of the Preston location and is comprised of one (1) title officer. The title plant is posted and maintained at 96 S. State Street, Preston, 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 Wendi Rufi and is comprised of one (1) escrow officer.

### **A. FIDUCIARY ACCOUNTS**

**IDAPA 18.01.25.011.04, 05 & 10**

This 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. There are two (2) fiduciary accounts for this office that are balanced on a daily basis and reconciled on a monthly basis by Monique Bair at the office in Preston, Idaho. Monthly reconciliations are reviewed by Jay J. Davis. 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 Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or regulator, with the Title Agent or its employees and that no conflict of interest exists that would prevent me from conducting the examination. I acknowledge the assistance and cooperation of the Title 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,

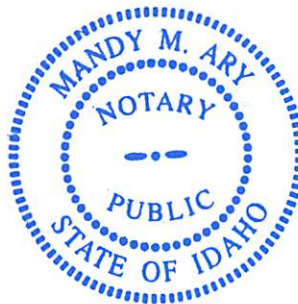


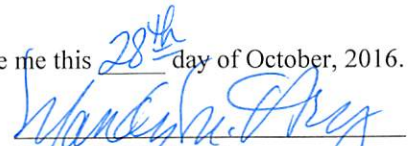
Arlene Barrie  
Examiner-In-Charge

I certify that on this 28<sup>th</sup> 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:

Monique Bair  
Office Manager  
Northern Title Company of Idaho  
680 North 4th Street, Suite #1  
Montpelier, Idaho 83254  
moniqueb@northerntitle.net

SUBSCRIBED AND SWORN to before me this 28<sup>th</sup> day of October, 2016.



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



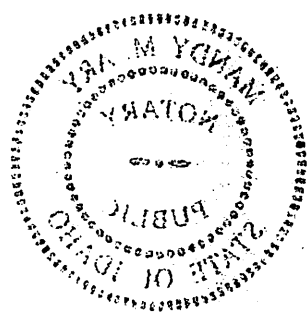
Jim Scanlon  
Examiner Title & Market Insurance Specialist  
Idaho Department of Insurance

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*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 Reports of Examination as of December 31, 2015, of:

**Northern Title Company of Idaho**  
**96 South State Street**  
**Preston, Idaho 83263-1243**  
**License #76379 – Franklin County**  
**License #106923 – Oneida County**  
**License #135896 – Bear Lake County**

By executing this Waiver, the Title Agent hereby acknowledges receipt of the above-described examination reports, verified as of the 28th day of October 2016, and by this Waiver hereby consents to the immediate entry of final orders by the Director of the Department of Insurance adopting said reports without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the reports for up to thirty (28) days as provided in Idaho Code section 41-2710(7),
2. its right to make additional written submission or rebuttal to the reports prior to entry of final orders 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 orders adopting the reports as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 2<sup>nd</sup> day of Nov., 2016

**NAME OF ENTITY UNDER EXAMINATION**

Northern Title Co. of Idaho, Inc  
Name (print)

[Signature]  
Name (signature)

U.P.  
Title

