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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:

LATAH COUNTY TITLE COMPANY

Idaho Title Agency License No. 5663

Docket No. 18-3562-18

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2017**

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 LATAH COUNTY TITLE COMPANY (“Latah 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 Latah County Title Company for the Period January 1, 2013 to December 31, 2017 (“Report”), as filed.

FINDINGS OF FACT

1. Latah County Title is a title agency licensed by the Department to transact title insurance in Latah County, Idaho, under Title Agency License No. 5663.

2. The Department completed an examination of Latah County Title pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about October 16, 2018. 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 16, 2018, and was transmitted to Latah County Title on the same date. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), Latah 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 18, 2018, the Department received a Waiver from Latah County Title signed by Dave Kiblen, its president. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Latah 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 Latah County Title.

CONCLUSIONS OF LAW

7. Idaho Code § 41-227(5)(a) provides that, after expiration 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 Latah County Title, the comments and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Exception Examination of Latah County Title Company for the Period January 1, 2013 to December 31, 2017, 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, Latah County 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 2 day of November, 2018.

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 8th day of November, 2018, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2017, to be served upon the following by the designated means:

Latah County Title Company
106 E. 2nd Street
Moscow, ID 83843-2816
david@latahtitle.com
sundae@latahtitle.com

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

Nathan Faragher
Chief Examiner, Company Activities Bureau Chief
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043
nathan.faragher@doi.idaho.gov

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- hand delivery
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Judy L. Geier
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- email





REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2013 to December 31, 2017

Of

LATAH COUNTY TITLE COMPANY
(A title agent corporation - license #5663 – Latah County)

As of

December 31, 2017

Equal Opportunity Employer



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Boise, Idaho
October 15, 2018

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;

Latah County Title Company
106 East Second Street
Moscow, Idaho 83843-2816
License #5663 – Latah County

Hereinafter referred to as the “Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of Latah County Title Company an Idaho Title Agent licensed in Latah 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 at the Agent's company offices at 106 East Second Street, in Moscow, Idaho and at the offices of the Department located at 700 West State Street, 3rd Floor in Boise, Idaho. In performing this examination, the examiner(s) reviewed a sample of the 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 Agent.

During the examination, the examiner(s) may cite violations made by the 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 agent. The report indicates where agreement was not possible.

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

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes, Idaho Department of Insurance regulations, and promulgated rules issued 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, 2013 through December 31, 2017. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

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

HISTORY AND DESCRIPTION

Latah County Title and Trust Company was formed and incorporated on October 1, 1912 by C. L. Thompson, S.R H. McGowen, J.M. Thompson and Fred Veatch. The business was purchased by Charles J. and Mary C. Kiblen in October of 1962. They were required to and became licensed with the Department on December 1, 1973. In August of 2011 the business was purchased by David C. Kiblen and Sundae P. Kiblen.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the prior November 11, 2013 examination. No exceptions were noted in that examination. No exceptions were noted as a result of this portion of the examination.

PRIOR ESCROW AUDITS

Our examination included a review to determine if the four (4) exceptions noted in the November 02, 2017 escrow audit completed by Tim Grubb with First American Title Insurance were addressed. We determined that the agent satisfactorily addressed these exceptions in January of 2018. No exceptions were noted as a result of this portion of the examination.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

I. OPERATIONS AND MANAGEMENT

The examination included a review of the 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**

As of December 31, 2017, the Idaho Secretary of State lists David C. Kiblen as President and Sundae P. Kiblen as Vice-President. The current registered agent is David C. Kiblen. No exceptions were noted as a result of this portion of the examination.

B. CONTRACTING AUTHORITY **Idaho Code § 41-2710(2)**

This agent has an underwriting contract with First American Title Insurance. The underwriting contracts require a high liability approval of \$1,000,000.00 with a \$5,000 deductible for loss. No exceptions were noted as a result of this portion of the examination.

C. SURETY BOND **Idaho Code §§ 41-2710(6), 2711** **IDAPA 18.01.25.011.08 & 09**

The Idaho Department of Insurance has on file surety bond #104777435 in the amount of \$50,000.00 issued by Travelers Casualty and Surety Company of America on behalf of the agent. We confirmed during the examination that this bond is currently active. No exceptions were noted as a result of this portion of the examination.

D. CLAIMS **Idaho Code § 41-2708(1) & (2)**

The agent reported four (4) claims during the examination period. We did not find material issues with the title plant which caused these claims. No exceptions were noted as a result of this portion of the 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 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 portion of the examination.

III. TITLE FILE REVIEW

Idaho Code §§ 41-2702, 2708 & 2709

IDAPA 18.01.25 & 18.01.56.017 & Exhibit 1(9)

The title department is managed by Teresa Cossairt and consists of herself and two (2) title officers. This location owns its title plant. 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 portion of the examination.

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The Title Agent's Escrow Department is managed by David Kiblen and is comprised of himself and two (2) escrow officers.

A. FIDUCIARY ACCOUNTS

IDAPA 18.01.25.011.04, 05 & 10

This examination included a review of the fiduciary account utilized during the examination period. The account was reviewed for correct labeling, separation from operating funds, reconciliation and negative balances. The account is balanced on a daily basis and reconciled on a monthly basis by Sundae Kiblen and Cassidy Patten. Monthly reconciliations are completed by First American Title Insurance Company and reviewed by Sundae Kiblen. No exceptions were noted as a result of this portion of the examination.

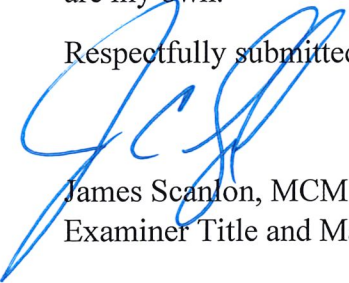
B. ESCROW FILE REVIEW
Idaho Code § 41-2705(3)
IDAPA 18.01.25.011 & 12, 18.01.56.017

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

CONCLUSION

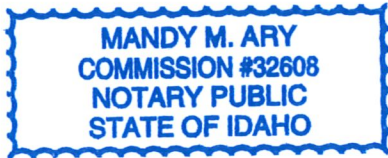
I certify and attest that I have examined the Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity 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,



James Scanlon, MCM
Examiner Title and Market Insurance Specialist

SUBSCRIBED AND SWORN to before me this 16th day of October, 2018.




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

State of Idaho
DEPARTMENT OF INSURANCE

C. L. "BUTCH" OTTER
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720M0043
Phone (208)334-4250
FAX# (208)334-4398

DEAN L CAMERON
Director

WAIVER

In the matter of the Report of Examinations as of December 31, 2017, of:

**Latah County Title Company
106 East Second Street
Moscow, Idaho 83843-2816
License #5663 – Latah County**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 16th day of October, 2018 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 additional written submissions or rebuttals 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 18 day of October, 2018

Latah County Title Company

Dave Kiblen
Name (print)

Dave Kiblen
Name (signature)

President
Title

