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FILED AM
DEC 03 2018
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:

MOSCOW TITLE, INC.

Idaho Title Agency License No. 5674

Docket No. 18-3592-18

**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 MOSCOW TITLE, INC. (“Moscow 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 Moscow Title, Inc. for the Period January 1, 2013 to December 31, 2017 (“Report”), as filed.

FINDINGS OF FACT

1. Moscow Title is a title agency licensed by the Department to transact title insurance in Latah County, Idaho, under Title Agency License No. 5674.

2. The Department completed an examination of Moscow 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 Moscow Title on the same date. A copy of the Report is attached hereto as Exhibit A.

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

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

CONCLUSIONS OF LAW

6. 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.

7. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by Moscow 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 Moscow Title, Inc. 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, Moscow 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 27 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 3rd day of December, 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:

Moscow Title, Inc.
Attn: Stephen Bush
127 S. Washington Street
Moscow, ID 83843-2866
moscowtitle@moscow.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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Judy L. Geier
Deputy Attorney General
Idaho Department of Insurance
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Boise, ID 83720-0043
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REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2013 to December 31, 2017

Of

MOSCOW TITLE, INC.
(A title agent corporation - license #5674 – Latah County)

As of

December 31, 2017

Equal Opportunity Employer



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Boise, Idaho
October 16, 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;

Moscow Title, Inc.
127 South Washington Street
Kenworthy Plaza, Suite #1
Moscow, Idaho 83843-2866
License #5674 – 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 Moscow Title, Inc. 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 127 South Washington Street, Kenworthy Plaza, Suite #1, 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

Moscow Title, Inc. was formed and incorporated on January 9, 1979 by Winfred B. Moorer, Alan C. Stephens and James L. Westberg. They became licensed with the Department on August 29, 1979. Stephen Bush became President of the corporation in 1990 and remains the same today.

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 exceptions were noted and addressed in the December 19, 2014 and January 15, 2018 escrow audits completed by Deloitte Risk and Financial Advisory on behalf of Stewart Title Guaranty Company. There were five (5) exceptions noted in the December 19, 2014 escrow audit which covered the periods July 1, 2011 through June 30, 2014. We determined that the agent satisfactorily addressed these exceptions in January of 2015. No exceptions were noted in the January 15, 2018 escrow audit. 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 Stephan R. Bush as President and Roxann Bush as Treasurer. The current registered agent is Stephen R. Bush. No exceptions were noted as a result of this portion of the examination.

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

This agent has underwriting contracts with Stewart Title Guaranty Company and Old Republic National Title Insurance Company. The underwriting contracts require a high liability approval ranging from \$500,000.00 to \$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 # 62255542 in the amount of \$30,000.00 issued by Western Surety Company 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 Stephen R. Bush and consists of himself and one (1) title officer. 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 Rene Haskill and is comprised of herself and one (1) escrow officer.

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 Rene Haskill. Monthly reconciliations are reviewed by Stephen Bush. No exceptions were noted as a result of this portion of the examination.

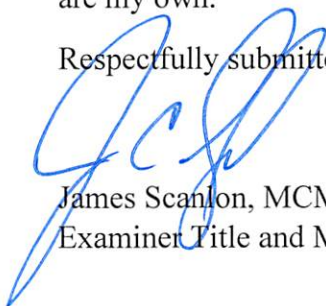
B. ESCROW FILE REVIEW
Idaho Code § 41-2705(3)
IDAPA 18.01.25.011 & 12, 18.01.56.017

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

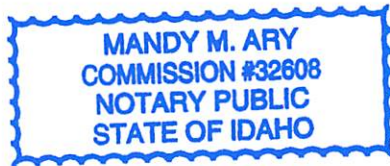
I certify and attest that I have examined the Title Agent's tract indexes, abstract records, as well as other records, and the operation of the Title Agent's business and other matters relevant to the affairs of the Title Agent. I further certify that I have no relationship, other than in my capacity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