

LAWRENCE G. WASDEN  
Attorney General

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

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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:

ASSOCIATED LOGGERS EXCHANGE  
A domestic reciprocal insurer

NAIC No. 37370

Docket No. 18-2670-11

**STIPULATION AND ORDER  
CONCERNING IDAHO CODE §41-402  
PREMIUM TAX**

**STIPULATION CONCERNING IDAHO CODE §41-402 PREMIUM TAX**

Associated Loggers Exchange, a domestic reciprocal insurer (the “Exchange”), and the Idaho Department of Insurance (the “Department”), do hereby agree and stipulate as follows concerning the application of Idaho Code § 41-402, to the operation of the Exchange and the obligation of the Exchange to pay premium taxes pursuant to Idaho Code §41-402(1):

1. The Exchange is organized as a Casualty-Worker’s Compensation Only Reciprocal Insurer pursuant to Idaho Code § 41-2901, et seq. Associated Loggers Management Corporation (“ALMC”) is the Attorney-in-Fact of the Exchange and is wholly owned by the

Exchange.

2. The Exchange and the Department previously agreed on September 19, 1988 that the Exchange was eligible for the tax exemption provided by Idaho Code § 41-402(6) and was therefore exempt from the obligation to pay premium tax under Idaho Code §41-402(1).

3. In accordance with the 1988 Agreement, the Exchange was exempt only so long as it conducted its business in the same manner as in 1988.

4. The Exchange altered its business practice since 1988. Specifically, ALMC, the Exchange's Attorney-In-Fact, is the sole owner of Associated Insurance Services, LLC ("AIS"). AIS was organized in February of 2005 and changed its name from Associated Loggers Insurance Services, LLC to its current name in December of 2007. AIS is a licensed producer firm (License No. 121437) and employs a number of producers also licensed in the state of Idaho. AIS provides agency services for the Exchange and for numerous insurance companies in addition to the Exchange and ALMC. AIS is compensated by the Exchange on a percentage of gross paid premiums.

5. In addition, the Exchange obtained a certificate of authority from the state of Montana to write casualty business, limited to workers compensation only, in June of 2001 and started writing premium in Montana in 2002 and continues to do so through the services of MLA Services, Inc., and independent agency that is compensated by the Exchange on a percentage of gross paid premiums.

6. The Department concludes that the Exchange is a reciprocal insurer doing exclusively a worker's compensation business and complying with the provision of the worker's compensation law of this state, and, presumably, is in compliance with the state of Montana's laws, but that the Exchange is no longer writing worker's compensation only for members under Idaho law, and that the Exchange is compensating its representatives and agents on a

commission basis. As a result, the Exchange is no longer exempt from paying premium tax under Idaho Code § 41-402(6).

7. The Exchange concedes that it likely no longer qualifies for the exemption under Idaho Code § 41-402(6).

8. The parties therefore agree that based on the Exchange's current business practice, it is obligated to pay premium taxes as required by Idaho Code §41-402.

9. The parties further agree that the Exchange shall file the premium tax statements pursuant to Idaho Code § 41-402(1), and timely pay premium taxes due, if any, commencing with the calendar year 2010 and continuing thereafter from year to year.

10. The parties further acknowledge that the Exchange reserves its right to again be eligible for the exemption under Idaho Code § 41-402(6) should it alter its present manner of conducting business to a model consistent with the statutory exemption.

11. The Department agrees to waive any right it may have against the Exchange for the collection of premium taxes or imposition of penalties associated therewith for any calendar year prior to calendar year 2010.

12. The parties waive their right to notice and hearing at which they may be represented by counsel, present evidence and examine witnesses. The parties waive their right to submit this matter for review by a court of competent jurisdiction.

13. The parties agree that the terms of this Stipulation are appropriate and proper under the circumstances referenced herein, and that they have entered into this Stipulation knowingly, voluntarily and with full knowledge of any rights they may be waiving thereby.

14. That the parties hereby waive the right to seek reconsideration and judicial review of the Final Order to be entered herein.

AGREED THIS 14<sup>th</sup> day of March, 2011.

ASSOCIATED LOGGERS EXCHANGE,  
a domestic reciprocal insurer

By:

John Robert Graham  
President, Attorney-in-Fact

Approved as to Form:

By:

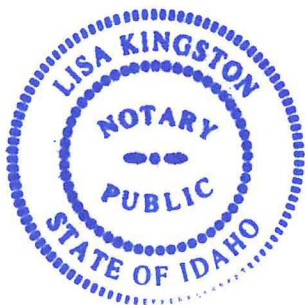
Woody Richards  
Attorney for Associated Loggers Exchange

STATE OF IDAHO )  
 ) ss.  
County of Ada )

On this 14<sup>th</sup> day of March, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared John Robert Graham, to me known to be the President, Attorney in Fact for the Associated Loggers Exchange, that executed the foregoing instrument, and acknowledged to me that the said instrument is the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.

My commission expires: 8/24/15



Notary Public in and for the  
State of Idaho  
Residing at Boise



AGREED THIS 16<sup>th</sup> day of March, 2011.

IDAHO DEPARTMENT OF INSURANCE

By: Georgia Siehl  
Georgia Siehl  
Chief Examiner / Bureau Chief

Approved as to Form:

OFFICE OF THE ATTORNEY GENERAL

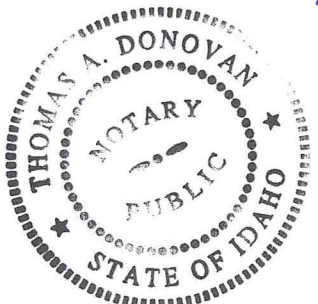
By: Richard B. Burleigh  
Richard B. Burleigh  
Deputy Attorney General  
Attorney for the Department of Insurance

STATE OF IDAHO )  
: ss.  
County of Ada )

On this 16<sup>th</sup> day of March, 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared GEORGIA SIEHL, Chief Examiner / Bureau Chief of the Company Activities Bureau of the Department of Insurance, State of Idaho, the individual that executed the foregoing instrument on behalf of the Idaho Department of Insurance, and acknowledged to me that the said instrument is the free and voluntary act and deed of the Idaho Department of Insurance, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute the said instrument.

WITNESS MY HAND and official seal hereto affixed the day, month and year in this certificate first above written.

My commission expires: 2/17/2013



Thomas A. Donovan  
Notary Public in and for the  
State of Idaho  
Residing at Boise

**ORDER**

The parties herein, namely the IDAHO DEPARTMENT OF INSURANCE and ASSOCIATED LOGGERS EXCHANGE, having entered into that certain Stipulation Concerning Idaho Code §41-402 Premium Tax, as more particularly set forth above, and the Director, having reviewed the same, and having found that there is a factual basis for the matters as alleged,

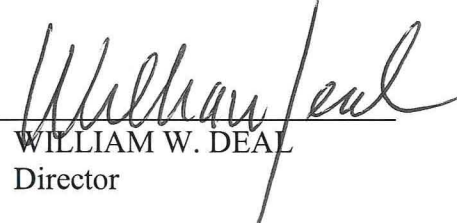
DOES HEREBY ORDER that the Stipulation Concerning Idaho Code §41-402 Premium Tax is hereby approved and adopted as an Order of the Director; and

IT IS FURTHER ORDERED that the ASSOCIATED LOGGERS EXCHANGE shall file the premium tax statements pursuant to Idaho Code § 41-402(1), and timely pay premium taxes due, if any, commencing with the calendar year 2010 and continuing thereafter from year to year; and

IT IS FURTHER ORDERED that the IDAHO DEPARTMENT OF INSURANCE waives any right it may have against the ASSOCIATED LOGGERS EXCHANGE for the collection of premium taxes or imposition of penalties associated therewith for any calendar year prior to calendar year 2010.

**IT IS SO ORDERED** this 16<sup>th</sup> day of March 2011.

STATE OF IDAHO DEPARTMENT OF INSURANCE

By:   
WILLIAM W. DEAL  
Director

**CERTIFICATE OF SERVICE**

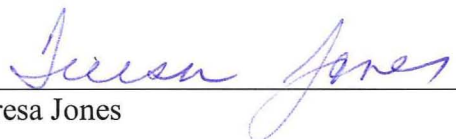
I HEREBY CERTIFY that I have, on this 18th day of March 2011, caused a true and correct copy of the foregoing STIPULATION AND ORDER CONCERNING IDAHO CODE §41-402 PREMIUM TAX to be served upon the following by the designated means:

Mr. John Robert Graham  
President, Attorney-In-Fact  
Associated Loggers Exchange  
3380 Elder Street  
Boise, ID 83705

- ☒ first class mail
- ☐ certified mail
- ☐ hand delivery
- ☐ via facsimile

Morgan Woodward Richards  
Richards Law Office  
804 E. Pennsylvania Lane  
Boise, ID 83706

- ☒ first class mail
- ☐ certified mail
- ☐ hand delivery
- ☐ via facsimile

  
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Teresa Jones