

FILED

JUN 28 2023

**Department of Insurance
State of Idaho**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
STATE OF IDAHO**

In the Matter of:

IDAHO STATE INSURANCE FUND,

Certificate of Authority No. 1924

Docket No. 18-4299-23

**ORDER ADOPTING REPORT
OF EXAMINATION AS OF
DECEMBER 31, 2021**

The Idaho Department of Insurance (“Department”), in accordance with Idaho Code § 41-219(1), has examined the affairs, transactions, accounts, records, and assets of the Idaho State Insurance Fund (“ISIF”), for the period of January 1, 2017 through December 31, 2021. The Department’s verified Report of Examination (“Report”), reflecting the examiner’s findings, was then filed with the Department per Idaho Code § 41-227(4).

Having reviewed the Report and record, the Department’s Director (“Director”) enters this order adopting the Report as filed. A copy of the Report is attached to this Order as Exhibit “A”.

FINDINGS OF FACT

1. ISIF is an Idaho-domiciled mutual insurance company pursuant to Idaho Code § 72-901(4) and is licensed to transact workers’ compensation insurance in Idaho under Certificate of Authority No. 1924.
2. On or about May 23, 2023, the Department completed an examination of ISIF per Idaho

Code § 41-219(1). The Department's examination disclosed no adverse findings or material changes that impacted ISIF's reported financial statements.

3. Per Idaho Code § 41-227(4), the Department transmitted a copy of the Report to ISIF on May 23, 2023.

4. Under Idaho Code § 41-227(4), ISIF had four weeks from receipt of the Report to make written recommendations for corrections or changes to the Report. On June 1, 2023, the Department received a "Waiver" from ISIF signed by Rick Ferguson, CEO of ISIF and authorized signatory. A copy of the Waiver is attached hereto as Exhibit "B". By executing the Waiver, ISIF has consented to the Director's immediate entry of a final order adopting the Report without modification. ISIF has also waived its rights to: (1) examine the Report for not more than four weeks; (2) make a written submission or rebuttal to the Report prior to the entry of a final order; (3) request a hearing, and (4) seek reconsideration or appeal from the Director's final order.

CONCLUSIONS OF LAW

5. Idaho Code § 41-227(5)(a) requires the Director to fully consider and review the Report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and enter an order adopting the Report as filed or with modifications or corrections, rejecting the Report and reopening the examination, or calling for an investigatory hearing.

6. Having fully considered the Report and record, the Director concludes that, regarding the matters examined, the Report is appropriate and should be adopted and incorporated into this Order as if set forth in full.

ORDER

NOW, THEREFORE, IT IS ORDERED that the Report is adopted as filed and incorporated herein as if set forth in full.

IT IS FURTHER ORDERED, per Idaho Code § 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, per Idaho Code § 41-227(6)(a), that within 30 days of the service date of this Order adopting the Report, ISIF must file with the Department's chief examiner, affidavits executed by each of its board members, stating under oath that they have received a copy of the adopted Report and related orders.

DATED AND EFFECTIVE this 28th day of June, 2023.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

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

Any such motion for reconsideration shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within 28 days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within 21 days to grant or deny a motion 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. Idaho Code § 67-5274.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 28th day of June, 2023, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2021, to be served upon the following by the designated means:

Idaho State Insurance Fund Attn: Rick Ferguson, CEO 1215 W. State Street Boise, ID 83720-0044	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: rick.ferguson@idahosif.org
John C. Keenan Deputy Attorney General Idaho Department of Insurance 700 W. State St., 3 rd Floor PO Box 83720 Boise, ID 83720-0043	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: john.keenan@doi.idaho.gov


Penny Wilcox

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

IDAHO STATE INSURANCE FUND

(a property & casualty entity)

(NAIC Company Code: 36129)

As of

December 31, 2021

EXHIBIT

A

exhibitsticker.com

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Boise, Idaho
May 23, 2023

The Honorable Dean L. Cameron
Director of Insurance
State of Idaho
700 West State Street
P.O. Box 83720
Boise, Idaho 83720-0043

Dear Director:

Pursuant to your instructions, in compliance with Section 41-219(1), Idaho Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2021, of the financial condition and corporate affairs of:

Idaho State Insurance Fund
1215 West State Street
Boise, Idaho 83702

Hereinafter referred to as (the "Company"), at its offices in Boise, Idaho. The following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered

We have performed a single state, full scope examination of Idaho State Insurance Fund. The last examination was completed as of December 31, 2016. This examination covers the period of January 1, 2017, through December 31, 2021.

Examination Procedures Employed

Our examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* to determine compliance with accounting practices and procedures in conformity with the applicable laws and insurance rules promulgated by the Idaho Department of Insurance (the "Department"). The handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Account Principles. The examination does not attest to the fair presentation of the financial statements herein. If during the course of the examination an adjustment was identified, the impact of such an adjustment will be documented separately following the Company's financial statements.

The report of examination includes findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the report of examination but separately communicated to the Company.

The examination determined the risks associated with identified key functional areas of the Company's operation and considered mitigating factors. Interviews were held with the senior management of the Company to gain an understanding of the entity's operating profile and control environment.

For the year ending December 31, 2021, the Company retained the services of a certified public accounting firm, Johnson Lambert, LLP, to audit its financial records. The firm allowed the examiners access to the requested work papers prepared in connection with its audit. The external audit work was relied upon where deemed appropriate.

The examination relied on the findings of the actuarial firm contracted by the Department to verify reserves.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

Status of Prior Examination Findings

There were no exceptions commented upon in our preceding report of examination, dated August 22, 2018, which covered the period from January 1, 2012, to December 31, 2016.

The prior Report of Examination as of December 31, 2016, was distributed and reviewed by the Board on July 12, 2017, in accordance with Idaho Code § 41-227(6)(a).

SUMMARY OF SIGNIFICANT FINDINGS

Our examination did not disclose any material adverse findings or any adjustments that impacted the Company's reported capital and surplus.

SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the spreading Novel Coronavirus Diseases, COVID-19, a pandemic. On March 13, 2020, the United States declared the COVID-19 pandemic as a national emergency. COVID-19 has created economic disruptions on a global scale which has led to uncertainty about the overall economic impact to financial markets. At this time, the full effect of COVID-19 on the Company is unknown. In a coordinated effort, the Company and the Department will continue to monitor the effects of the pandemic on the Company.

COMPANY HISTORY

General

The Idaho State Insurance Fund was established by legislative action in 1917 as part of the Workers Compensation Act, which became effective on January 1, 1918, pursuant to Idaho Code, Title 72, Chapter 9. The Company was incorporated on December 31, 1917, and commenced business operations on January 1, 1918, for the purpose of providing Idaho employers with a reliable source of worker's compensation insurance protection.

The management and control of the Fund is provided for under Idaho Code §§ 72-901 and 72-902. The Governor appoints five individuals to the Board of Directors (the "Board") of the Company. The Board appoints a Manager who serves at their pleasure along with such other officers and employees as may be required. The Company is deemed to be a mutual insurer.

The Company operates exclusively from insurance premiums received from policyholders, is not tax supported, and the State of Idaho is not liable for any of its indebtedness. Invested assets of the Company are managed by the Idaho Endowment Fund Investment Board, with direction and approval of the Manager.

Pursuant to Idaho Code § 72-901, the Company is not a member of the Idaho Insurance Guaranty Association. Therefore, there is no guaranty association coverage for the Company's policyholders, nor are there any guaranty association assessments made on, or required of the Company.

Additionally, the Company holds an exclusive management and administrative contract for the Idaho Petroleum Clean Water Trust Fund (the "Tank Fund"). The original contract was executed, and approved by the Idaho Department of Insurance, on September 17, 1990, in accordance with Idaho Code § 41-4929(1). Pursuant to Idaho Code § 41-2905(6), the Tank Fund is to be administered without liability of the Company or the State of Idaho. The management agreement between the Company and the Tank Fund was updated May 11, 2020.

Dividends and Capital Contributions

Dividends paid to policyholders during the examination period are shown below:

Year	Amount
2017	\$14,666,976
2018	\$ 7,088,746
2019	\$ 4,972,370
2020	\$ 4,827,644
2021	\$ (1,518)

There were no capital contributions during the examination period.

Mergers and Acquisitions

There were no mergers and acquisitions during the examination period.

Surplus Debentures

There were no surplus debentures during the examination period.

CORPORATE RECORDS

There were regular and special meetings of the Board conducted telephonically and remotely at least four times each year under examination. The meeting minutes, including the accompanying board packets, contained detailed information regarding the financial condition, corporate governance, and operational affairs of the Company.

The Company's corporate records, which included but were not limited to, accounting, claims system, policyholder information and Board meeting minutes were kept at the corporate office in Boise, Idaho.

MANAGEMENT AND CORPORATE GOVERNANCE

Pursuant to Idaho Code § 72-901(2), the Governor shall appoint five (5) directors to the Board of the Company. One (1) member shall be a licensed insurance agent, one (1) member shall represent businesses of the state, one (1) member shall be a representative of labor, one (1) member shall be a member of the state senate, and one (1) member shall be a member of the state house of representatives. The Governor shall appoint a chairperson from the five (5) directors.

Pursuant to Idaho Code § 72-901(3), it shall be the duty of the Board to direct the policies and operation of the Company to assure that it is run as an efficient insurance company, remains actuarially sound and maintains the public purposes for which the Company was created.

As of December 31, 2021, the following persons served as directors of the Company:

Name	Principal Occupation
Rodney A. Higgins, Chair	Licensed Insurance Agent, Higgins & Rutledge Insurance, Inc.
Terry F. Gestrin	Idaho State Legislature, Representative
Todd M. Lakey	Idaho State Legislature, Senator
Steven C. Landon	President, J.R. Simplot Company
Max C. Black*	Business Representative

**As of April 2022, Max C. Black's term ended and in 2023 was replaced by Terry Gestrin who was replaced by Jon Weber.*

The Board is responsible for appointing a Manager and such other officers as they may require for the performance of their duties. The following served as Managers and other officers as of December 31, 2021:

Name	Position
Rick Ferguson	Manager/Chief Executive Officer
Richard Burleigh	Assistant Manager/Legal Counsel
Randy Hoffman*	Vice President, Policyholder Services
Mike Haxby	Vice President, Claims
Katie Farrell	Chief Actuary
John Thompson	Chief Technology Officer
Jaye B. Pierce	Vice President, Human Resources
Chris Farnworth	Chief Financial Officer
John Pavliga	Director, Underwriting
Stephanie Butler	Director of Claims
Dana Sorenson	Accountant II
Andrew Campbell	Accountant II
Tony Lee	Senior Accountant
Jim Shupe	Senior Accountant
Christi King	Executive Assistant

**Retired in July 2022*

Management and Administrative Contract

The Company had an agreement in place with the Tank Fund which was revised On May 11, 2020, and filed with the Department. Under the revised agreement, the Company provides personnel,

accounting services, offices, record keeping, underwriting, contract issuance, claims procedures, and other resources to manage and administer the services as provided in the Trust Fund Act.

The agreement provides for the reimbursement of all direct costs incurred, including but not limited to, salaries and benefits, claim payments, legal, professional, auditing and actuarial fees, office space and parking rent, cell phone costs, software for services benefitting the Tank Fund, and other costs as approved by the Board. In addition to direct costs, the agreement provides for indirect costs to be reimbursed for the following: shared services for providing management, administration, accounting, human resources, legal, and other operational support functions.

FIDELITY BONDS AND OTHER INSURANCE

The minimum fidelity coverage suggested by the NAIC for an insurer of the Company's size and premium volume is not less than \$1,250,000. As of December 31, 2021, the Company had sufficient fidelity bond coverage subject to a loss limit of \$10,000,000.

The Company also had additional insurance protections in place to provide against forgery or alteration, computer fraud, funds transfer fraud, and money orders and counterfeit money.

PENSION AND INSURANCE PLANS

The employees of the Company are required to participate in the Public Employee Retirement System of Idaho ("PERSI"). PERSI is a cost-sharing multiple-employer public retirement system, created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. After five years of state credited service hours, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification.

The Company's employees are eligible to participate in voluntary deferred compensation plans offered by the State of Idaho. These plans were created in accordance with Internal Revenue Code Sections 401(k) and 457. These plans permit deferral of an employee's compensation until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The amount of deferred compensation under these plans, together with earnings thereon, for the Company's employees are not separately available. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held by independent trustees, designated by the State, for the exclusive benefit of the participants and their beneficiaries.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2021, the Company was authorized to write workers compensation insurance only, pursuant to Certificate of Authority No. 1924. The Company is licensed only in the State of Idaho. Operations are conducted from its main administrative office located in Boise, Idaho.

GROWTH OF THE COMPANY

The following represents the Company's premium activity and its relationship to surplus over the period of the examination:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Gross Written Premium	\$ 250,695,334	\$ 255,703,805	\$ 244,735,753	\$ 243,725,628	\$ 265,075,337
Surplus as Regards Policyholders	\$ 268,238,753	\$ 254,598,555	\$ 275,037,177	\$ 317,372,240	\$ 353,080,473
Gross Written Premium to Surplus as Regards Policyholders	93%	100%	89%	77%	75%

The gross written premium remained relatively consistent during the examination period as did policyholder surplus.

LOSS EXPERIENCE

The following represents the Company's loss experience and its relationship to net premium income over the period of the examination:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Premiums Earned	\$ 244,588,822	\$ 249,102,719	\$ 239,004,863	\$ 241,334,184	\$ 252,751,159
Losses Incurred	\$ 160,311,421	\$ 195,171,434	\$ 197,194,757	\$ 181,774,937	\$ 179,111,809
Loss Adjustment Expenses Incurred	\$ 27,067,852	\$ 25,598,864	\$ 23,633,112	\$ 31,340,001	\$ 27,777,574
Total Losses & Loss Adjustment Expenses Incurred	\$ 187,379,273	\$ 220,770,298	\$ 220,827,869	\$ 213,114,938	\$ 206,889,383
Total Losses & Loss Adjustment Expenses Incurred to Net Premiums Earned	77%	89%	92%	88%	82%

REINSURANCE

Assumed

The Company participated in the Workers Compensation Insurance Plan (“the Plan”), administered by the National Council on Compensation Insurance. The Plan provides workers compensation insurance coverage to employers who are unable to obtain coverage through other sources. The Company participated in Idaho risks insured through the Plan and its participation was directly proportional to the percentage of its direct writings for a workers compensation business written in the State of Idaho.

In order to provide workers compensation and employer’s liability coverage for Idaho based employers who also have employees working in jurisdictions outside of Idaho, effective, December 1, 2019, the Company entered into a quota share reinsurance agreement with Zurich American Insurance Company and American Zurich Insurance Company. Pursuant to this agreement, the Company assumes one hundred percent (100%) of incurred losses and incurred allocated loss expenses related to business classified as follows:

Line of Business	Each Occurrence/Accident Limit	Aggregate
Workers Compensation	Statutory	Not applicable
Employers Liability	Bodily injury by accident up to a maximum limit of \$2,000,000 each accident	Not applicable
Employers Liability	Bodily injury by disease up to a maximum limit of \$2,000,000 each employee	\$2,000,000 policy limit

Ceded

Per Occurrence Excess of Loss

The Company ceded business classified as Statutory Workers Compensation and Employers Liability Business under the First, Second, Third and Fourth Excess of Loss Reinsurance Contract to Subscribing Reinsurers. The Subscribing Reinsurers signed Interests and Liabilities Agreements that set forth their share in the interest and liabilities pursuant to the contract.

The reinsurers are liable in respect of each Loss occurrence for one hundred percent (100%) of the ultimate net loss over and above the Company's retention, subject to a limit of liability to the reinsurers, for each loss occurrence as illustrated below.

Layer	Company's Retention Per Loss	Reinsurers Limit of Liability Per Loss	Reinsurers Aggregate Limit of Liability
Retention	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
First Excess Layer	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
Second Excess Layer	\$ 10,000,000	\$ 10,000,000	\$ 2,000,000
Third Excess Layer	\$ 30,000,000	\$ 20,000,000	\$ 50,000,000
Fourth Excess Layer	\$ 25,000,000	\$ 50,000,000	\$ 75,000,000

Per Person Excess of Loss

In 2015, the Company obtained per person excess of loss coverage. The Subscribing Reinsurers are liable in respect of each loss, each person, for the ultimate net loss over and above an initial ultimate net loss of \$10,000,000 each loss, each person, subject to a limit of liability to the reinsurer of \$5,000,000 each loss, each person, and further subject to an aggregate limit of liability of \$10,000,000 with respect to all claims. The Subscribing Reinsurers signed Interests and Liabilities Agreements that set forth their share in the interest and liabilities pursuant to the contract.

Regarding occupational disease, including cumulative trauma, suffered by an employee for which the employer is liable, such occupational disease is not covered unless as a result of a sudden and accidental event of not exceeding ninety-six hours duration.

NBCR Terrorism Excess of Loss

The Company entered into a Nuclear, Biological, Chemical or Radiological ("NBCR") Terrorism Excess of Loss Reinsurance Contract with Subscribing Reinsurers. The Subscribing Reinsurers signed Interests and Liabilities Agreements that set forth their share in the interest and liabilities pursuant to the contract. Under the contract, the Company is indemnified in respect of the liability that may occur to it as a result of losses arising from an NBCR Act of Terrorism under policies classified as Statutory Workers Compensation and Employers Liability Business. The contract applies only to losses occurring entirely within the State of Idaho. The Company's retention in respect of each loss occurrence is \$10,000,000. The reinsurer's limit of liability in respect of each loss occurrence is \$40,000,000.

The Company obtained reinsurance coverages through an intermediary, Guy Carpenter & Company, LLC, Seattle, Washington. The reinsurance contracts contained the clauses and termination provisions suggested in the NAIC *Financial Condition Examiners Handbook*.

ACCOUNTS AND RECORDS

General Accounting

The Company's accounting, claims payments, processing, administration, membership, billing, customer service, and various applications were performed utilizing a commercial software.

STATUTORY DEPOSITS

Pursuant to Idaho Code §§ 41-316A, 41-803 and 41-804 the Company was required to maintain a deposit in an amount equal to \$1,000,000. The examination confirmed the Company maintained a statutory deposit with the State of Idaho in compliance with Idaho Code.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2021. The accompanying comments on financial statements reflect any material examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements.

Statement of Assets

	<u>Assets</u>	<u>Nonadmitted</u> <u>Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 780,995,411		\$ 780,995,411
Stocks			
Common stocks	141,859,859		141,859,859
Real estate			
Properties occupied by the company	2,000,000		2,000,000
Cash, cash equivalents and short-term investments	71,075,848		71,075,848
Other invested assets	14,067,563		14,067,563
Receivables for securities	6,757,793		6,757,793
Investment income due and accrued	3,688,883		3,688,883
Premiums and considerations			
Uncollected premiums and agents' balances in the course of collection	17,173,489	\$ 2,849,202	14,324,287
Deferred premiums, agents' balances and installments booked but deferred and not yet due	25,991,236	539,678	25,451,558
Reinsurance			
Amounts recoverable from reinsurers	102,157		102,157
Funds held by or deposited with reinsured companies	317,704		317,704
Electronic data processing equipment and software	1,625,483	1,493,304	132,179
Furniture and equipment, including health care delivery assets	135,297	135,297	-
Aggregate write-ins for other-than-invested assets	4,453,723	1,524,085	2,929,638
	\$ 1,070,244,445	\$ 6,541,567	\$ 1,063,702,878

Statement of Liabilities

Losses	\$553,091,047
Loss adjustment expenses	66,887,983
Other expenses (excluding taxes, licenses and fees)	10,112,502
Taxes licenses and fees	2,766,597
Unearned premiums	23,680,639
Advance premium	44,014
Ceded reinsurance premiums payable (net of ceding commission)	106,436
Amounts withheld or retained by company for account of others	861,919
Remittances and items not allocated	60,864
Payable for securities	7,234,822
Aggregate write-ins for liabilities	45,775,582
Total Liabilities	<u>\$ 710,622,405</u>

Statement of Income

Premiums earned	<u>\$ 252,751,159</u>
Less	
Losses incurred	179,111,809
Loss adjustment expenses incurred	27,777,574
Other underwriting expenses incurred	45,836,723
Total underwriting deductions	<u>\$ 252,726,106</u>
Net underwriting gain (loss)	<u>\$ 25,053</u>
Net investment income earned	15,497,115
Net realized capital gains (losses)	9,286,976
Net investment gain (loss)	<u>\$ 24,784,092</u>
Net gain (loss) from agents' or premium balances charged off	\$ (59,888)
Aggregate write-ins for miscellaneous income	42,840
Total other income	<u>\$ (17,048)</u>
Net income before dividends to policyholders	<u>\$ 24,792,097</u>
Plus	
Dividends to policyholders	\$ (1,518)
Net income (loss)	<u><u>\$ 24,793,615</u></u>

Capital and Surplus

Surplus as regards policyholders, prior year	<u>\$ 317,372,240</u>
Net income	\$ 24,793,615
Change in net unrealized capital gains or (losses)	12,765,216
Change in nonadmitted assets	<u>(1,850,598)</u>
Net change in capital and surplus	<u>\$ 35,708,233</u>
Capital and surplus end of reporting year	<u><u>\$ 353,080,473</u></u>

Reconciliation of Surplus as Regards Policyholders

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Surplus as regards policyholders, prior year	\$ 227,278,781	\$ 268,238,753	\$ 254,598,555	\$ 275,037,177	\$ 317,372,240
Net income	\$ 30,552,157	\$ (2,420,270)	\$ 3,823,480	\$ 42,476,666	\$ 24,793,615
Change in net unrealized capital gains (losses)	9,859,957	(11,029,131)	14,066,175	1,456,682	12,765,216
Change in non-admitted assets	393,000	(190,796)	(734,876)	(1,598,285)	(1,850,598)
Change in provision for reinsurance	3,222	-	-	-	-
Aggregate write-ins for gains and losses in surplus	151,635	-	3,283,842	-	-
Rounding	1	(1)	1	-	-
Change in surplus as regards policyholders for the year	\$ 40,959,972	\$ (13,640,198)	\$ 20,438,622	\$ 42,335,063	\$ 35,708,233
Surplus as regards policyholders, current year	\$ 268,238,753	\$ 254,598,555	\$ 275,037,177	\$ 317,372,240	\$ 353,080,473

Analysis of Change in Financial Statements Resulting from Examination

There were no material adjustments to surplus resulting from the examination.

Comments on Financial Statement Items

There were no adverse findings or material changes to the financial statements resulting from the examination.

SUMMARY OF RECOMMENDATIONS

There were no findings or recommendations.

ACKNOWLEDGEMENT

Glenn Tobleman, FSA, MAAA, FCAS and Valerie Hanley, Actuarial Associate, of Lewis & Ellis, Inc., performed the actuarial phases of the examination. Joanna Lathan, CPA, CFE, AES, CISA, CRISC of Jennan Enterprise, LLC performed the Information Systems review. In addition to the undersigned, Toni L. Bean, CFE, CIA, CRMA and Cecilee Houdek, CFE, CPA, MCM of INS Regulatory Insurance Services, Inc., participated in the examination representing the Idaho Department of Insurance. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully submitted,



Mark Jaster, CFE
Examiner-in-Charge
Representing the Idaho Department of Insurance



Jessie L. Adamson, CFE, CISA
Deputy Chief Examiner
Idaho Department of Insurance


AFFIDAVIT OF EXAMINER

Oklahoma
Oklahoma County

Mark Jaster, being duly sworn, deposes and says that he is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that he has made an examination of the affairs and financial condition of the Idaho State Insurance Fund for the period January 1, 2017 through December 31, 2021, that the information contained in the report consisting of the foregoing pages is true and correct to the best of his knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.


Mark Jaster, CFE
INS Regulatory Insurance Services, Inc.
On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the 23rd day of May, 2023, at Oklahoma City (City),
OK (State).


Notary Public



My Commission Expires: 1-12-2024

AFFIDAVIT OF EXAMINER

Idaho
Ada

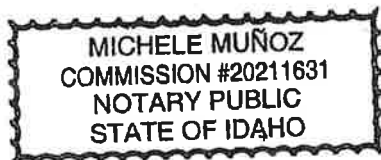
Jessie L. Adamson, being duly sworn, deposes and says she is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that she has made an examination of the affairs and financial condition of the Idaho State Insurance Fund for the period January 1, 2017 through December 31, 2021, that the information contained in the report consisting of the foregoing pages is true and correct to the best of her knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

Jessie Adamson

Jessie L. Adamson, CFE, CISA
Deputy Chief Examiner
Idaho Department of Insurance

Subscribe and sworn to before me the 23rd day of May, 2023, at Boise (City),
ID (State).

Michele Muñoz
Notary Public



My Commission Expires: 03-30-2027

BRAD LITTLE
Governor

State of Idaho
DEPARTMENT OF INSURANCE

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, 2021 of the:

Idaho State Insurance Fund

By executing this Waiver, the Company hereby acknowledges receipt of the above-described examination report, verified as of May 23, 2023, 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:

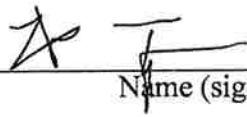
1. its right to examine the report for not more than thirty (30) days as provided in Idaho Code section 41-227(4),
2. its right, after the date of this waiver, to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-227(4) and (5),
3. 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 1st day of June, 2023

Idaho State Insurance Fund

Rick Ferguson

Name (print)



Name (signature)

CEO

Title

EXHIBIT

B