

FILED

APR 12 2024

**Department of Insurance
State of Idaho**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

CUSTER COUNTY TITLE, INC.

Idaho Title Agency License No. 5598

Docket No. 18-4413-24

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2023**

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 CUSTER COUNTY TITLE, INC. (“Custer County”) 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 Custer County for the Period January 1, 2019 to December 31, 2023 (“Report”), as filed.

FINDINGS OF FACT

1. Custer County is a title agency licensed by the Department to transact title insurance in Custer County, Idaho, under Title Agency License No. 5598.
2. The Department completed an examination of Custer County pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about February 14, 2024. 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 February 14, 2024, and was transmitted to Custer County on February 15, 2024. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), Custer County had twenty-eight (28) days from service of the Report within which to review, comment, or request a hearing on the Report. The Department received no written submission or rebuttal from Custer County.

CONCLUSIONS OF LAW

5. 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.

6. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by Custer County, 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 Custer County Title, Inc. for the Period January 1, 2019 to December 31, 2023, 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, Custer County 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 11 day of April, 2024.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

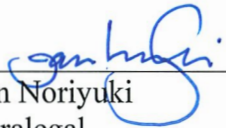
This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition 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 12th day of April, 2024, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2023, to be served upon the following by the designated means:

Ryan Millick, President and County Manager Custer County Title, Inc. 724 E. Main Ave. Challis, ID 83226	<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: cctitle@custertel.net
John Keenan Deputy Attorney General Idaho Department of Insurance 700 W. State Street, 3 rd Floor P.O. 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



Jan Noriyuki
Paralegal



REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2019 through December 31, 2023

Of
CUSTER COUNTY TITLE, INC.
(a title agent corporation - license #5598 – Custer County)

As of
December 31, 2023

Equal Opportunity Employer

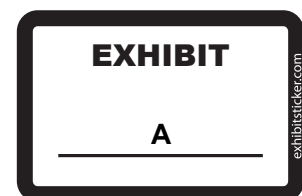


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Boise, Idaho
February 14, 2024

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, 41-2710(7) and 41-2713, an examination has been made of the administrative affairs, books, records, and financial condition of;

Custer County Title, Inc.
724 E. Main Ave.
Challis, Idaho 83226
License #5598 – Custer County

Hereinafter referred to as “Agent”.

The following Report of Exception Examination is respectfully submitted.

FOREWORD

This is an exception examination report of the practices and procedures of Custer County Title, Inc., an Idaho Title Agent licensed in Custer County. The examination was conducted remotely from the offices of the Idaho Department of Insurance (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. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers. However, failure to identify or criticize specific practices, products, or files does not constitute approval thereof by the Department.

It should be understood that the examination comments are restricted to areas of concern and are not intended as commentary on the various favorable aspects of the Agent’s operations. It should be further recognized that these comments should not be regarded as reflecting the integrity or capabilities of individuals at the Agent. As such, this report may not fully reflect the procedures and practices of the Agent.

This examination report cites Idaho Statute and administrative rules promulgated by the Department. Statute and rule citations are current unless otherwise noted.

The final examination report documents consist of the examiner’s report, the Agent’s response, if any, and any administrative actions based on the findings of the Department. 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 or was not possible.

PURPOSE AND SCOPE OF EXAMINATION

The purpose of this examination is to determine compliance with applicable Idaho Statutes, and promulgated rules issued by the Department.

The period covered by this examination is January 1, 2019 through December 31, 2023. Specific areas examined include operations/management, claims, advertising and marketing, title file review and escrow fiduciary account and file review.

The authority of the Department to perform this examination includes, but is not limited to, Idaho Code § 41-2710(7), which grants authority to the Department to regular examinations 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 said title or the rules thereunder.

EXECUTIVE SUMMARY

Our examination of the Agent did not disclose any material adverse findings. No exceptions and recommendations were noted as a result of the examination.

HISTORY AND DESCRIPTION

Custer County Title, Inc., was organized by J. Lessil & Elsie J. Sharp and Howard & Evelyn Baxter, they were incorporated and issued a Certificate of Incorporation by the Idaho Secretary of State on November 18, 1960. On October 12, 1973, they became licensed by the Idaho Department of Insurance in Custer County in accordance with recently adopted statutory requirements. On October 16, 1989, the corporation was purchased by Patsy Kindt. On October 24, 2017, the corporation changed hands again and was purchased by its current owner, Ryan E. Millick. They conduct business in Custer County out of offices in Challis, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the preceding report of exception examination dated July 25, 2019, which covered the period of January 1, 2014 to December 31, 2018. No exceptions were noted in that examination report.

EXAMINATION 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 18.05.01.014 & 015**

As of October 2, 2023, the Idaho Secretary of State shows Custer County Title, Inc., as Active-Good Standing and lists Ryan E. Millick as its President and Registered Agent. No exceptions were noted as a result of this portion of the examination.

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

The Agent has an underwriting contract with First American Title Insurance Company. The underwriting contract requires high liability approval for risks in excess of \$1,000,000.00 and is subject to deductible for loss of \$2,500.00. No exceptions were noted as a result of this portion of the examination.

C. SURETY BOND **Idaho Code §§ 41-2710(6), 2711** **IDAPA 18.05.01.021.07 & 08**

The Department has on file surety bond #58157472 in the amount of \$10,000.00 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 no claims filed within the examination period. No exceptions were noted as a result of this portion of the examination.

II. ADVERTISING AND MARKETING **Idaho Code § 41-2708(3) & (4)** **IDAPA 18.05.01.031 & Exhibit 1**

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, 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 18.05.01.012, 013 & Exhibit 1(9)

All title department responsibilities are managed by Ryan E. Millick. The title plant is owned, posted, and maintained by the Agent in Challis, 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, 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 escrow department is managed by Ryan E. Millick and is comprised of himself and one (1) escrow assistant.

A. FIDUCIARY ACCOUNTS

IDAPA 18.05.01.021.04, 05 & 09

The 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. The fiduciary accounts are balanced on a daily basis and reconciled on a monthly basis by Susan Swindell, an employee of the Agent. The monthly reconciliations are reviewed by Ryan E. Millick, President. No exceptions were noted as a result of this portion of the examination.

B. ESCROW FILE REVIEW

Idaho Code § 41-2705(3)

IDAPA 18.05.01.021 & 022

The examination included a review of the escrow files opened during the examination period. 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 the escrow officers. No exceptions were noted as a result of this portion of the examination.

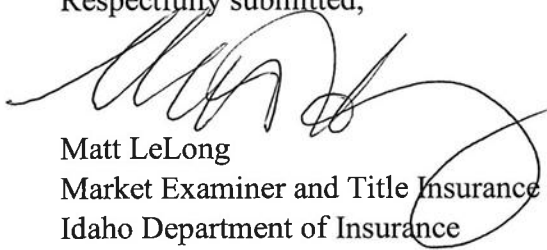
SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of the examination.

AFFIDAVIT OF EXAMINER

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

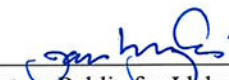
Respectfully submitted,



Matt LeLong
Market Examiner and Title Insurance Specialist
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 14th day of February, 2024.




Notary Public for Idaho
Residing at: Boise, ID
Commission Expires: 12-4-2024