

FILED

APR 30 2025

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

KOOTENAI COUNTY TITLE COMPANY, INC.

Idaho Title Agency License No. 5652

Docket No. 18-4696-25

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2024**

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 KOOTENAI COUNTY TITLE COMPANY, INC. (“Kootenai 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 Kootenai Title for the period of January 1, 2020, to December 31, 2024 (“Report”), as filed.

FINDINGS OF FACT

1. Kootenai Title is a title agency licensed by the Department to transact title insurance in Kootenai County, Idaho, under Title Agency License No. 5652.

2. The Department completed an examination of Kootenai Title pursuant to Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about March 26, 2025. The Department’s findings are set forth in the Report. In summary, the examiner found that Kootenai Title violated the Department’s rules as follows:

- a. From January 1, 2020, through December 31, 2024, Kootenai Title violated IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b) on two (2) occasions

by providing donations, contributions, or sponsorships, items of value, related to various trade association events that exceeded the annual permissible limit by a total excess of \$3,448.48 in calendar year 2023, and by a total excess of \$675.00 in calendar year 2024.

- b. From January 1, 2020, through December 31, 2024, Kootenai Title violated Idaho Code § 41-2708(1)(b) on three (3) occasions by executing and issuing policies of title insurance that exceeded the contractual limits of liability without first obtaining the insurer's written authorization as stipulated in the underwriter agreement.

3. Based on these findings, the examiner recommended Kootenai Title:

- a. Revise its procedures to ensure future donations or sponsorships, items of value, to trade associations comply with IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b); and
- b. Revise its procedures to ensure future policies of title insurance exceeding contractual limits of liability are pre-approved in writing by the underwriter and comply with Title 41, Idaho Code § 41-2708(1)(b).

4. Pursuant to Idaho Code § 41-227(4), a copy of the Report was filed with the Department on April 2, 2025, and was transmitted to Kootenai Title on April 21, 2025. A copy of the Report is attached hereto as Exhibit A.

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

6. On April 21, 2025, the Department received a Waiver from Kootenai Title, signed by J.T. Jacobsen, its President and General Manager. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Kootenai 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 for the Director’s final order.

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 and record, the Director concludes that, regarding the matters examined, the Report’s comments, findings, and recommendations are appropriate and should be 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 KOOTENAI COUNTY TITLE COMPANY, INC. for the period of January 1, 2020, to December 31, 2024, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to §§ 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, KOOTENAI COUNTY TITLE COMPANY, INC. will file, with the Department’s Market Examiner & Title 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 FURTHER ORDERED, that within thirty (30) days of the issuance of the adopted Report, KOOTENAI COUNTY TITLE COMPANY, INC. will submit to the Department in writing proposed revisions of its policies and procedures to ensure: (a) future donations or sponsorships, items of value, to trade associations comply with IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b); and (b) future policies of title insurance exceeding contractual limits of liability are pre-approved in writing by the underwriter and comply with Idaho Code § 41-2708(1)(b).

IT IS SO ORDERED.

DATED this 30 day of April, 2025.

STATE OF IDAHO
DEPARTMENT OF INSURANCE

A handwritten signature in dark ink, appearing to read 'Dean L. Cameron', with a long horizontal flourish extending to the right.

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 fourteen (14) days of the service date of this order. The Director will dispose of the motion for reconsideration within twenty-one (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 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 subject of the agency decision is located. A petition for judicial review must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) the service of an order denying a motion for reconsideration; or (c) the failure within twenty-one (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. See, Idaho Code § 67-5274.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 1st day of May, 2025, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2024, to be served upon the following parties by the designated means:

Kootenai County Title Co.
J.T. Jacobsen, President
1450 Northwest Blvd Ste 200
Coeur d'Alene, ID 83814

- | |
|---|
| <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: jt@kootenaititle.com
denise@kootenaititle.com |



Jan Noriyuki
Paralegal



REPORT OF EXCEPTION EXAMINATION
For the Period January 1, 2020 through December 31, 2024

Of
KOOTENAI COUNTY TITLE COMPANY, INC.
(a title agent corporation - license #5652 – Kootenai County)

As of
December 31, 2024

Equal Opportunity Employer

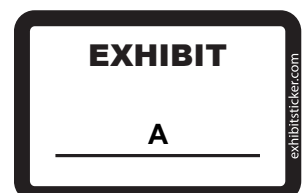


Table of Contents

SALUTATION.....	3
FOREWORD.....	4
PURPOSE AND SCOPE OF EXAMINATION.....	5
EXECUTIVE SUMMARY	5
HISTORY AND DESCRIPTION.....	6
PRIOR EXAMINATION.....	6
EXAMINATION FINDINGS AND RECOMMENDATIONS.....	6
I. OPERATIONS AND MANAGEMENT	6
A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS	6
B. CONTRACTING AUTHORITY	7
C. SURETY BOND	7
D. CLAIMS	7
II. ADVERTISING AND MARKETING	7
III. TITLE FILE REVIEW	9
IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW.....	11
A. FIDUCIARY ACCOUNTS	11
B. ESCROW FILE REVIEW	11
SUMMARY OF RECOMMENDATIONS.....	11
AFFIDAVIT OF EXAMINER.....	13
PENALTY, STIPULATIONS AND APPEAL NOTIFICATION	14

Boise, Idaho
March 26, 2025

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;

Kootenai County Title Company, Inc.
1450 Northwest Blvd., Suite #200
Coeur d'Alene, Idaho 83814-5605
License #5652 – Kootenai 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 Kootenai County Title Company, Inc., an Idaho Title Agent licensed in Kootenai 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, 2020 through December 31, 2024. 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

The examination identified a total of five (5) findings of exceptions. For detailed information, including the exceptions, violations, imposed penalties, and recommendations, please refer to the relevant section of this report. Below is an overview of these exceptions:

1) Advertising and Marketing (Section II, pages 7-9)

A total of two (2) findings of exceptions have been identified in this section of the examination. These exceptions are as follows:

- **Exception #1:** In calendar year 2023, the Agent engaged in donations, contributions, or sponsorships related to various trade association events, resulting in a cumulative value exceeding the annual permissible limit of \$2,000.00 by an amount totaling \$3,448.48. This action constitutes a violation of IDAPA 18.05.01.031.03(b).
- **Exception #2:** In calendar year 2024, the Agent engaged in donations, contributions, or sponsorships related to various trade association events, resulting in a cumulative value exceeding the annual permissible limit of \$2,000.00 by an amount totaling \$675.00. This action constitutes a violation of IDAPA 18.05.01.031.03(b).

2) Title File Review (Section III, pages 9-10)

A total of three (3) findings of exceptions have been identified in this section of the examination. These exceptions are as follows:

- **Exception #3:** On June 30, 2023, the Agent executed and issued a title insurance owner's policy that exceeded their contractual limit of \$2,000,000.00 by an additional amount of \$200,000.00, without first obtaining the insurer's written authority as stipulated in the underwriting contract. This action constitutes a violation of Idaho Code § 41-2708(1)(b).

- **Exception #4:** On April 15, 2024, the Agent executed and issued a title insurance owner's policy that exceeded the contractual limit of \$2,000,000.00 by an additional amount of \$1,370,000.00 and simultaneous loan policy by an additional amount of \$520,000.00, without first obtaining the insurer's written authority as stipulated in the underwriting contract. This action constitutes a violation of Idaho Code § 41-2708(1)(b).
- **Exception #5:** On July 24, 2024, the Agent executed and issued a title insurance loan policy that exceeded the contractual limit of \$2,000,000.00 by an additional amount of \$1,499,200.00, without first obtaining the insurer's written authority as stipulated in the underwriting contract. This action constitutes a violation of Idaho Code § 41-2708(1)(b).

HISTORY AND DESCRIPTION

On February 28, 1974, Kootenai County Title Company, Inc. filed its Articles of Incorporation and received a Certificate of Incorporation from the Idaho Secretary of State. The company was subsequently licensed as a title agent by the Idaho Department of Insurance on June 20, 1974, and commenced operations. In July 2006, the corporation underwent an ownership change and relocated to its present address. J.T. Jacobsen assumed the roles of President and General Manager. The company operates in Kootenai County, with offices situated in Coeur d'Alene, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the preceding report of exception examination dated May 22, 2020, which covered the period of January 1, 2015 through December 31, 2019. 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 January 15, 2025, the Idaho Secretary of State shows Kootenai County Title Company, Inc. as Active-Good Standing. J.T. Jacobsen is recorded as its Registered Agent and President, Denise K. Potts as Secretary and Melissa Wells as Director. No exceptions were noted as a result of this portion of the examination.

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

The Agent has underwriting contracts with Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Old Republic National Title Insurance Company, Fidelity National Title Insurance Company, American Guaranty Title Insurance Company, and Stewart Title Guaranty Company. The underwriting contracts require high liability approval for risks in a range between \$1,000,000.00 through \$2,000,000.00 and are subject to deductible for loss in a range between \$2,500.00 through \$5,000.00. 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 #B-0310434 in the amount of \$50,000.00 issued by Cincinnati Insurance 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 twenty-four (24) claims filed within the examination period. Several of the claims appear to pertain to alleged missed easements, encroachments, liens, rights of access, or other related matters. Other reported claims may include employee errors and improperly indexed publicly recorded instruments. There does not appear to be any substantive issue with the title plant. 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.

A total of two (2) exceptions were noted as a result of this portion of the examination, detailed as follows:

Violations of IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b)		
Exception Number	Calendar Year	Examination Findings
1	2023	<p>1) On or about May 3, 2023, the Agent provided a trade association donation or sponsorship to Coeur d'Alene Regional Realtors for its Networking & Referral System, incurring a total expenditure of \$165.00.</p> <p>2) On or about June 3, 2023, the Agent provided a trade association donation or sponsorship to Women's Council of Realtors for its supper and cruise event, incurring a total expenditure of \$750.00.</p> <p>3) On or about July 21, 2023, the Agent provided a trade association donation or sponsorship to North Idaho Home Builders Association for the benefit of Allen Dykes Scholarship Fund, incurring a total expenditure of \$1,000.00.</p> <p>4) On or about September 11, 2023, the Agent provided a trade association donation or sponsorship to Women's Council of Realtors for its luncheon, incurring a total expenditure of \$783.48.</p> <p>5) On or about October 10, 2023, the Agent provided a trade association donation or sponsorship to Coeur d'Alene Regional Realtors for its General Membership Meeting, incurring a total expenditure of \$500.00.</p> <p>6) On or about December 15, 2023, the Agent provided a trade association Donation or sponsorship to North Idaho Building Contractors Association for its Parade of Homes event, incurring a total expenditure of \$2,250.00.</p> <p>In calendar year 2023, the Agent provided trade association donations or sponsorships, incurring a collective expenditure of \$5,448.48, exceeding the annual permissible limit of \$2,000.00, by a total of \$3,448.48.</p>
2	2024	<p>1) On or about November 7, 2024, the Agent provided a trade association donation or sponsorship to North Idaho Building Contractors Association for its General Member Meeting, incurring a total expenditure of \$100.00.</p> <p>2) On or about November 11, 2024, the Agent provided a trade association donation or sponsorship to North Idaho Building Contractors Association for its Gone Wild Event, incurring a total expenditure of \$300.00.</p> <p>3) On or about December 9, 2024, the Agent provided a trade association donation or sponsorship to North Idaho Home Builders Association for its Parade of Homes event, incurring a total expenditure of \$2,250.00.</p> <p>4) On or about December 9, 2024, the Agent provided a trade association donation or sponsorship to North Idaho Building Contractors Association for its Voluntary Political Action Committee, incurring a total expenditure of \$25.00.</p> <p>In calendar year 2024, the Agent provided trade association donations or sponsorships, incurring a collective expenditure of \$2,675.00, exceeding the annual permissible limit of \$2,000.00, by a total of \$675.00.</p>

IDAPA 18.05.01.031.01 states in relevant part, with emphasis added: “**Items of Value.** A title entity **will not** provide items of value to a producer of title business, consumer or member of the general public **except as permitted** in Sections 031.02, 031.03, 031.04 and 031.05 of this chapter. If a providing of things of value **does not clearly fit** into the rules in Sections 031.02, 031.03, 031.04, and 031.05, then it is **not allowed.**”

IDAPA 18.05.01.031.03(b) states in relevant part, with emphasis added: “Donations are per agent license or insurer and are **limited to** a cumulative donation value of two thousand dollars (\$2,000) or equivalent things of value **collectively to all trade associations per year.**”

Violations - Exception #1 and #2: The Agent, on two (2) occasions, was in violation of IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b) for providing trade associations with monetary donations or sponsorships, items of value, exceeding the annual permissible limits by \$3,448.48 in calendar year 2023, and by \$675.00 in calendar year 2024.

Recommendations - Exception #1 and #2: Given that this is the first occurrence of these specific types of findings and the associated violations, it is recommended that no administrative penalties be imposed at this time. However, the Department reserves the right to impose administrative penalties for any future occurrences of similar violations.

Furthermore, it is recommended that the Agent prepare and submit a written proposal to the Department. This proposal should delineate the proposed procedures that will be implemented to ensure that any future donations or sponsorships, items of value, to trade associations remain in strict compliance with IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b).

III. TITLE FILE REVIEW

Idaho Code §§ 41-2702, 2708 & 2709

IDAPA 18.05.01.012, 013 & Exhibit 1(9)

The title department, under the management of Sam Johnson, comprises himself and seven (7) title officers. The title plant is owned, posted, and maintained by the Agent in Coeur d’Alene, 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.

A total of three (3) exceptions were noted as a result of this portion of the examination, detailed as follows:

Violations of Idaho Code § 41-2708		
Exception Number	Agent File Number	Examination Findings
3	KT-500942	On June 30, 2023, the Agent executed and issued a title insurance owner's policy through their underwriter, Old Republic National Title Insurance Company, exceeding their contractual limit of \$2,000,000.00 by an additional amount of \$200,000.00. This action was taken without first obtaining the required written authorization from the insurer, as stipulated in the underwriting contract.
4	KT-501623	On April 15, 2024, the Agent executed and issued a title insurance owner's policy and a simultaneous loan policy through their underwriter, Old Republic National Title Insurance Company. These policies exceeded the contractual limit of \$2,000,000.00 by an additional \$1,370,000.00 for the owner's policy and \$520,000.00 for the loan policy. This action was taken without first obtaining the required written authorization from the insurer, as stipulated in the underwriting contract.
5	KT-503146	On July 24, 2024, the Agent executed and issued a title insurance loan policy through their underwriter, Old Republic National Title Insurance Company, that exceeded the contractual limit of \$2,000,000.00 by an additional amount of \$1,499,200.00. This action was taken without first obtaining the required written authorization from the insurer, as stipulated in the underwriting contract.

Idaho Code § 41-2708 states in relevant part, with emphasis added: “**(1)** Insurability. No title insurance on real property in the state of Idaho shall be issued unless and until the title insurer or its agent: **(b)** Has caused to be made a search and examination of the title and a determination of insurability of title in accordance with sound title underwriting practices.”

Violations - Exception #3, #4, and #5: The Agent, on three (3) occasions, was in violation of Idaho Code § 41-2708(1)(b) for executing and issuing policies of title insurance that exceeded the contractual limits of liability as authorized in the underwriter agreement, without first obtaining the insurer's written authorization, as stipulated under the underwriting contract.

Recommendations - Exception #3, #4, and #5: Given that this is the first occurrence of these specific types of findings and the associated violations, it is recommended that no administrative penalties be imposed at this time. However, the Department reserves the right to impose administrative penalties for any future occurrences of similar violations.

Furthermore, it is recommended that the Agent prepare and submit a written proposal to the Department. This proposal should delineate the proposed procedures that will be implemented to ensure that any future policies of title insurance exceeding contractual limits of liability are pre-approved in writing by the underwriter and comply with Idaho Code § 41-2708(1)(b).

IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW

The escrow department, under the management of Keri Mitchell, comprises herself, nine (9) escrow officers, and nine (9) escrow assistants.

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 Denise Potts. The monthly reconciliations are reviewed by J.T. Jacobsen. 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

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in this Report of Exception Examination ("Report"). Location in the Report is referenced in parenthesis.

1) Advertising and Marketing (Section II, pages 7-9)

- **Exception #1 and #2:** It is recommended that no administrative penalties be imposed at this time.

It is further recommended that the Agent prepare and submit a written proposal to the Department. This proposal should delineate the proposed procedures that will be implemented to ensure that any future donations or sponsorships, items of value, to trade associations remain in strict compliance with IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b).

2) Title File Review (Section III, pages 9-10)

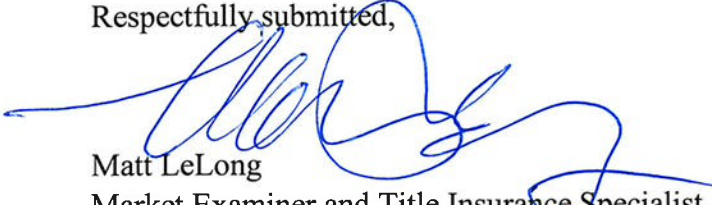
- **Exception #3, #4, and #5:** It is recommended that no administrative penalties be imposed at this time.

It is further recommended that the Agent prepare and submit a written proposal to the Department. This proposal should delineate the proposed procedures that will be implemented to ensure that any future policies of title insurance exceeding contractual limits of liability are pre-approved in writing by the underwriter and comply with Idaho Code § 41-2708(1)(b).

AFFIDAVIT OF EXAMINER

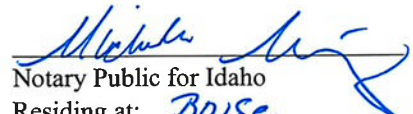
I certify and attest that I have examined the Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or 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 2nd day of April, 2025.



Notary Public for Idaho
Residing at: Boise
Commission Expires: 03-30-2027

PENALTY, STIPULATIONS AND APPEAL NOTIFICATION

This matter comes before the Department as a result of this Report of Exception Examination (“Examination”). The Department has fully considered and reviewed this Examination, any written submissions and rebuttals provided by the Agent in response to the Examination and the recommendations of the Examiner.

The Department makes the following findings of fact and imposes penalties and stipulations:

- 1) The Agent, on two (2) occasions, provided trade association donations or sponsorships that exceeded the annual permissible limit of \$2,000.00. Specifically:
 - **Exception #1:** In calendar year 2023, the Agent provided trade association donations or sponsorships, incurring a collective expenditure of \$5,448.48, exceeding the annual permissible limit of \$2,000.00 by a total of \$3,448.48.
 - **Exception #2:** In calendar year 2024, the Agent provided trade association donations or sponsorships, incurring a collective expenditure of \$2,675.00, exceeding the permissible annual limit of \$2,000.00, by a total of \$675.00.

These actions constitute violations of IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b). Administrative penalties are appropriate pursuant to Idaho Code §§ 41-117, 41-1016, and 41-2708(3). However, as this is the first occurrence of these violations, no administrative penalties will be imposed at this time, with the stipulation that the Department reserves the right to impose new administrative penalties for any future occurrences of similar violations.

No later than thirty (30) days from the service date of the Final Order’s adoption, the Agent shall submit to the Department, in writing, the proposed procedures to be implemented to ensure that any future donations or sponsorships, items of value, to trade associations remain in strict compliance with IDAPA 18.05.01.031.01 and IDAPA 18.05.01.031.03(b).

- 2) The Agent, on three (3) occasions, executed and issued policies of title insurance that exceeded the contractual limit of \$2,000,000.00, without first obtaining the insurer’s written authorization, as stipulated under the underwriting contract. Specifically:
 - **Exception #3:** On June 30, 2023, the Agent executed and issued a title insurance owner’s policy through their underwriter, Old Republic National Title Insurance Company, exceeding their contractual limit of \$2,000,000.00 by an additional amount of \$200,000.00.
 - **Exception #4:** On April 15, 2024, the Agent executed and issued a title insurance owner’s policy and a simultaneous loan policy through their underwriter, Old Republic National Title Insurance Company. These policies exceeded the contractual limit of \$2,000,000.00 by an additional \$1,370,000.00 for the owner’s policy and \$520,000.00 for the loan policy.

- **Exception #5:** On July 24, 2024, the Agent executed and issued a title insurance loan policy through their underwriter, Old Republic National Title Insurance Company, that exceeded the contractual limit of \$2,000,000.00 by an additional amount of \$1,499,200.00.

These actions constitute violations of Idaho Code § 41-2708(1)(b). Administrative penalties are appropriate pursuant to Idaho Code §§ 41-117, 41-1016, and 41-2708(3). However, as this is the first occurrence of these violations, no administrative penalties will be imposed at this time, with the stipulation that the Department reserves the right to impose new administrative penalties for any future occurrences of similar violations.

No later than thirty (30) days from the service date of the Final Order's adoption, the Agent shall submit to the Department, in writing, the proposed procedures to be implemented to ensure that any future policies of title insurance exceeding contractual limits of liability are pre-approved in writing by the underwriter and comply with Idaho Code § 41-2708(1)(b).

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone 208-334-4250
Fax 208-334-4398
Website: <https://doi.idaho.gov>

DEAN L. CAMERON
Director

WAIVER

In the matter of the Report of Exception Examination as of December 31, 2024, of:

Kootenai County Title Company, Inc.
1450 Northwest Blvd., Suite #200
Coeur d'Alene, Idaho 83814-5605
License #5652 – Kootenai County

By executing this Waiver, J. T. Jacobson [print or type officer/director name], on behalf of Kootenai County Title Company, Inc., hereby acknowledges receipt of the above-described examination report, verified as of the 2nd day of April 2025, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance (the "Director") adopting said report without any modifications, except under circumstances the Director under his lawful duties and powers may abate, adopt, or amend, any recommendations and/or penalties imposed by the examiner-in-charge.

By executing this Waiver, Kootenai County Title Company, Inc., also hereby waives:

1. its right to examine the report for up to twenty-eight (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 41-2710(7) and 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)(a), Idaho Code, or elsewhere in the Idaho Code.

Dated this 21st day of April, 2025

Kootenai County Title Company, Inc.

J. T. Jacobson

Name (print)

[Signature]

Name (signature)

President

Title

EXHIBIT

B