

FILED

JUN 06 2025

Department of Insurance  
State of Idaho

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

IDAHO LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION

Idaho Certificate of Registration No. 2688

Docket No. 18-4717-25

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

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, records, and assets of the IDAHO LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION (the “Association”) to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code §§ 41-219(1) and (5), 41-4306(2), and 41-4315, 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 Examination of the Association for the period of January 1, 2019, to December 31, 2023 (“Report”), as filed.

**FINDINGS OF FACT**

1. The Association is a nonprofit legal entity created pursuant to the Idaho Life and Health Insurance Guaranty Association Act set forth in chapter 43, title 41, Idaho Code, for the purposes, and with the powers and duties, provided therein.

2. The Department completed an examination of the Association pursuant to Idaho Code §§ 41-219(1) and 41-4315 on or about April 29, 2025. The Department’s findings are set forth in the Report.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report, verified under oath by the Department's Deputy Chief Examiner, was filed with the Department on April 29, 2025, and was transmitted to the Company on April 30, 2025. A copy of the verified Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-227(4), the Association had thirty (30) days from the service of the Report within which to make a written submissions, rebuttals, or request a hearing on the Report. No written submissions or rebuttals with respect to any matters contained in the Report were received by the Department from the Association.

### **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 the Association, 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 Examination of the Idaho Life and Health Insurance Guaranty Association for the period of 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 § 41-227(8), that the adopted Report

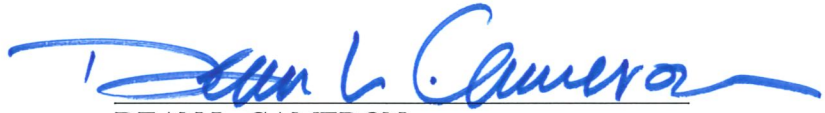
is a public record and shall not be subject to the exemption from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, the Association shall file with the Department's Deputy Chief Examiner, affidavits executed by each of its trustees 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 5 day of June 2025.

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 of the order under appeal.




### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 6<sup>th</sup> day of June 2025, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2023, to be served upon the following by the designated means:

Idaho Life and Health Ins. Guaranty Association Candie Kinch, Executive Director 6700 N Linder Road Ste 156, Box 139 Meridian, ID 83646-6608	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> Email:
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\_\_\_\_\_  
Jan Noriyuki  
Paralegal

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

IDAHO LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION  
(Association)

as of

December 31, 2023

**EXHIBIT**

**A**

exhibitsticker.com

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Boise, Idaho  
April 29, 2025

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 Idaho Code § 41-219(1) 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, 2023, of the financial condition and corporate affairs of:

Idaho Life and Health Insurance Guaranty Association  
6700 N. Linder Road, Suite 156  
Meridian, Idaho 83646

Hereinafter referred to as (the “Association”). The following report of examination is respectfully submitted.



## SCOPE OF EXAMINATION

### *Period Covered*

We have performed our single state examination of Idaho Life and Health Insurance Guaranty Association. The prior exam was completed as of December 31, 2018. This examination covers the period of January 1, 2019 through December 31, 2023, and subsequent.

### *Examination Procedures Employed*

Our examination was conducted in accordance with Idaho Code §§ 41-219(1) and 41-4315. Due to the nature of the Association, the examination was conducted as a modified risk-focused examination; key exhibits from the NAIC *Financial Condition Examiners Handbook* were utilized and customized as appropriate for this examination.

The Association retained the services of a certified public accounting firm, Strohm Ballweg, LLP, to audit its financial records for the years under examination. The firm provided the examiner with access to requested work papers prepared in connection with its audit. The external audit work was relied upon where deemed appropriate.

All accounts and activities of the Association were considered during the examination process. The initial phase of the examination focused on evaluating the Association's corporate governance and control environment, as well as a business approach, in order to develop an examination plan tailored to the Association's individual operating profile.

Interviews were held with Association's Chairman and Executive Director, to gain an understanding of the entity's operating profile and control environment.

A letter of representation certifying that administrative staff disclosed all significant matters and records was obtained from the Chairperson was included in the examination work papers.

### *Status of Prior Examination Findings*

We reviewed the prior Report of Examination, dated July 31, 2019, covering the period from January 1, 2012, to December 31, 2023. Our review confirmed that no exceptions were noted in the previous Report of Examination.

## SUMMARY OF SIGNIFICANT FINDINGS

Our examination did not disclose any material adverse findings or any adjustments that impacted the Association's report net assets.

## **SUBSEQUENT EVENTS**

On March 13, 2025, the Governor signed House Bill 38 (2025) into law, with an effective date of July 1, 2025. The legislation was introduced by the Association and amends the Idaho Life and Health Insurance Guaranty Association Act to align with best practices and national standards recommended by the NAIC. The amendments clarify the exclusion of certain ineligible claims, adjust coverage determinations for health insurance policies with above-average interest rates, require health insurance CO-OPs created under the Affordable Care Act to become members of the Association, and removed the annual \$300 cap on association membership fees.

## **ASSOCIATION HISTORY**

The Association was created as a non-profit, unincorporated legal entity by the legislative enactment of the Idaho Life and Health Insurance Guaranty Association Act of 1977. Title 41, Chapter 43 was subsequently repealed and replaced with the NAIC Model Life and Health Insurance Guaranty Association Law effective January 1, 2011. Idaho Code § 41-4306 continues the existence of the Association.

All insurers licensed to transact the kinds of insurance covered by Idaho Code § 41-4303 shall be members of the Association. Each insurer automatically becomes a member of the Association effective on the date of its admission to do business in Idaho by the Idaho Department of Insurance. Title 41, Chapter 43 currently provides that all member insurers shall be and remain members of the Association as a condition of their authority to transact insurance in the State of Idaho.

The process of handling insolvencies and all duties related thereto is usually initiated by the Association after receiving a notice of impairment or insolvency of a member insured, either from the Idaho Department of Insurance or another domiciliary state. As insolvencies can affect policyholders in multiple states, information regarding those insolvencies is gathered by the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) through the effort of task forces and consultants who work with the receivers of the insolvent companies.

## **ASSOCIATION RECORDS**

The meetings of the Board of Directors (the “Board”) were conducted on an annual basis for all the years under examination. The Plan of Operation only requires the Association to meet a minimum of once per year immediately after the annual meeting of the member insurers, unless the Chairman designates some other time, day or place. The minutes contained high-level discussion of financials, audit related matters, contracts and obligations, and voting on significant matters.

The Prior Examination Report as of December 31, 2018, was distributed to the Board on May 27, 2020.

## MANAGEMENT AND CORPORATE GOVERNANCE

The Association operates in accordance with its Plan of Operation. The Plan of Operation calls for the Board of Directors to consist of not less than five and not more than nine members. A majority of the Directors must be Idaho domestic member insurers. Each Director shall serve a term of three years that shall be staggered so that terms will not expire in the same year. Each Director shall serve until its successor is duly elected and qualified to serve.

As of December 31, 2023, the Board of Directors was composed of the following individuals:

Company Representative:

Brian Wonderlich

Tom Lyons

Kim Decker

Daranell Jordan

Kyle Walster

Karin Swenson-Moore

Mathew Dahl

Company Name:

Blue Cross of Idaho Health Service Inc.

Farm Bureau Mutual Insurance Company of Idaho

Farmers New World Life Insurance Company

Metropolitan Life Insurance Company

Northwestern Mutual Life Insurance Company

Regence BlueShield of Idaho

United Heritage Life Insurance Company

The Plan of Operation authorizes the Board to establish committees. As of December 31, 2023, the Association's Board had the following committees:

Investment Committee:

Kim Decker, Chairman

Kyle Walster

Karin Swenson-Moore

Audit Committee:

Matt Dahl, Chairman

Tom Lyons

Kim Decker

Nominating:

Brian Wonderlich, Chairman

Darie Jordan

Kim Decker

Adrean Cavener

Legislative Committee:

Tom Lyons, Chairman

Brian Wonderlich

Darie Jordan

Adrean Cavener

Kim Decker

Penn Treaty Claims Committee:

Brian Wonderlich, Chairman

Tom Lyons

Kyle Walster

Life/Annuity Issues Committee:

Darie Jordan, Chairman

Matt Dahl

Kyle Walster

The Plan of Operation of the Association provides for principal officers to consist of a Chairman, Vice Chairman, Secretary/Treasurer, and such other officers as it deems necessary. The officers are elected from its member company representatives. Each officer serves a term of one year or until a successor is elected. The following persons served as officers of the Association as of December 31, 2023:

<u>Name:</u>	<u>Position:</u>
Brian Wonderlich	Chairman
Mathew Dahl	Vice Chairman
Kim Decker	Secretary/Treasurer

As of December 31, 2023, the Association had the following significant affiliated agreements:

#### Administrative Services Agreement

The management and administrative functions of the Association are performed through an administrative service agreement with the Executive Director, Candie Kinch, as principal of Pine Tree Administrators, LLC. The contract was effective October 1, 2010, and amended effective January 1, 2012, to allow for cost sharing with other guaranty associations that Pine Tree Administrators might contract to provide services. The agreement continues for one-year terms unless terminated by either party in accordance with the contract. Terms are approved at the annual meeting of the board of directors.

#### Temporary Administrative Services Agreement

The Association entered into an agreement with Pamela Epp Olsen Law PC, LLO. The agreement ensures continuing administrative services for the Association in the event that Pine Tree Administrators, LLC or its principal, Candie Kinch, becomes incapable for any reason to provide administrative services to the Association during the term of the agreement.

### **FIDELITY BONDS AND OTHER INSURANCE**

As of December 31, 2023, the Association maintained fidelity bond coverage subject to a loss limit of \$500,000. The policy includes a rider that covers independent contractors, which includes the Executive Director. Pine Tree Administrators, LLC, has a cyber liability insurance that covers the Association's data.

The insurance company providing coverage to the Association is licensed or otherwise authorized in the state of Idaho.

### **PENSION AND INSURANCE PLANS**

The Association does not have any employees and therefore does not have any pension, stock ownership, or insurance plans.

## PLAN OF OPERATION

The Idaho Life and Health Insurance Guaranty Association Act is intended to provide coverage to persons who are residents of Idaho and, in special circumstances, to nonresidents. The provisions of Title 41, Chapter 43 do not provide coverage to persons who are afforded any coverage by a guaranty association of another state.

The Association may provide coverage for certain policy benefits of insolvent member insurers, either up to the amount the insurer would have owed, or amounts set by law – whichever is less. Coverage limits for life and health insurance, and annuity contracts are specified in Idaho Code § 41-4303. Medicare Parts C and D plans are excluded from coverage under the Act.

Operations of the Association are conducted from its official address in Meridian, Idaho. Pine Tree Administrators, LLC, provides office space to the Association.

## GROWTH OF THE ASSOCIATION

A summary of significant financial data for the fiscal years covered by the examination is presented below. The information is based on the audited financial statements filed by the Association with the Department.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balances</u>	<u>Change in Fund Balances</u>
2019	8,605,154	1,509	8,603,645	150,210
2020	8,654,071	1,027	8,653,044	49,399
2021	9,162,016	-	9,162,016	508,972
2022	8,005,904	10,055	7,995,849	(1,166,167)
2023	9,139,119	10,804	9,128,315	1,132,466

## ACCOUNTS AND RECORDS

The annual independent audits of the Association for the years 2019 through 2023 were performed by Strohm Ballweg, LLP of Madison, Wisconsin. The audited financial statements were prepared on a modified cash basis of accounting. The examination placed reliance on the 2023 audit workpapers where appropriate.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the audited financials filed by the Association with the Department and present the financial condition of the Association for the period ending December 31, 2023.

The financial section of this report contains the following statements:

Statement of Assets, Liabilities, and Fund Balances

Statement of Revenue, Expenses, and Changes in Fund Balances

## Statement of Assets, Liabilities, and Fund Balances

### ASSETS

Cash and cash equivalents	\$ 32,860
Bonds	2,007,958
Investments segregated for insurance coverage obligations	7,077,155
Interest receivable	6,526
Prepaid expenses	700
Prefunded accounts	13,920
Total assets	<u>\$ 9,139,119</u>

### LIABILITIES AND FUND BALANCES

Accounts payable	<u>\$ 10,804</u>
Total liabilities	10,804
Fund balances	<u>9,128,315</u>
Total liabilities and fund balances	<u>\$ 9,139,119</u>



## Statement of Revenue, Expenses, and Changes in Fund Balances

### REVENUE

Assessments received (class A)	\$ 2,100
Estate recoveries	630,285
Premiums	5,730
Interest income	221,774
Net realized gain (loss) on investments	2,258
Unrealized gain (loss) on exchanged-traded funds	588,029
Total revenue	<u>1,450,176</u>

### EXPENSES

Claims	56,882
Administrative expenses	22,882
NOLHGA fees and assessments	68,717
Administration fee	107,000
Professional fees	62,229
Total expenses	<u>317,710</u>
Change in fund balance	1,132,466
Fund balances, beginning of year	<u>7,995,849</u>
Fund balances, end of year	<u><u>\$ 9,128,315</u></u>

Analysis of Changes in Financial Statements Resulting from Examination

There were no changes to the notes to the financial statements as a result of this 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 material findings or recommendations rising to the level deemed necessary for inclusion into this report of examination.

## **ACKNOWLEDGEMENT**

Ricardo Hernandez, APIR together with the undersigned acknowledges the assistance and cooperation extended during the course of the examination by representatives of the Association.

Respectfully submitted,



James Anderson, CFE  
Examiner-in-Charge  
Deputy Chief Examiner  
Idaho Department of Insurance

## AFFIDAVIT OF EXAMINER

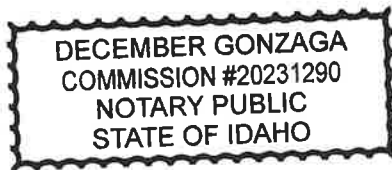
State of IDAHO County of ADA

James Anderson, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Idaho Life and Health Insurance Guaranty Association for the period January 1, 2019 through December 31, 2023, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.



James Anderson, CFE  
Examiner-in-Charge  
Deputy Chief Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 30<sup>th</sup> day of APRIL, 2025, at BOISE  
(City), IDAHO (State).

  
Notary Public

My Commission Expires: 3/15/2024

## AFFIDAVIT OF EXAMINER

State of IDAHO County of ADA

Ricardo Hernandez, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Idaho Life and Health Insurance Guaranty Association for the period January 1, 2019 through December 31, 2023, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

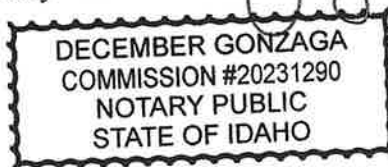


Ricardo Hernandez, APIR  
Participating Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 30<sup>th</sup> day of APRIL, 2025, at BOISE  
(City), IDAHO (State).



Notary Public



My Commission Expires: 3/15/2029