FILED
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Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:	Docket No. 18-4101-22
STEWART TITLE COMPANY, [Gem County] Idaho Title Agency License No. 319893	**ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2021**

The Idaho Department of Insurance ("Department") in accordance with Idaho Code §§ 41-2710(7) and 41-219(1) and (5), has examined the affairs, transactions, assets, tract indexes, abstract records, and other records of Stewart Title Company - Gem County ("Stewart Title") for the period of January 1, 2017, through December 31, 2021. The Department has also prepared a verified Report of Examination (the "Report") under Idaho Code § 41-227. A copy of the Report is attached as Exhibit "A".

FINDINGS OF FACT

1. Stewart Title is a title agency licensed by the Department to transact title insurance in Gem County, Idaho, under Title Agency License No. 319893.

2. On or about April 26, 2022, the Department completed an exception examination of the practices and procedures of Stewart Title under Idaho Code §§ 41-2710(7) and 41-219(1) and (5). The Report sets forth the Departments findings. *See* Exhibit "A".

3. Per Idaho Code § 41-227(4), on April 28, 2022, the Department's examiner-in-charge filed the Report with the Department, and the Department transmitted a copy of the Report to Stewart Title on April 29, 2022.

4. Stewart Title had 28 days from the receipt of the Report to make a written submission or rebuttal with respect to matters contained in the Report per Idaho Code § 41-2710(7).

5. On April 29, 2022, the Department received a Waiver from Stewart Title signed by Jeni Sexton, Stewart Title Division President. A copy of the Waiver is attached as Exhibit "B." By executing the Waiver, Stewart Title consented to the immediate entry of a final order by the Director adopting the report without any modifications. Stewart Title also waived its right to: (1) examine the Report for not more than 28 days; (2) make a written submission or rebuttal to the Report prior to entry of a final order; (3) request a hearing; and (4) seek reconsideration or appeal from the Director's final order.

CONCLUSIONS OF LAW

6. Idaho Code § 41-227(5) 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.

7. Having fully considered the Report, and the record, the Director concludes that, regarding the matters examined, the Report's comments, findings, and recommendations are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, IT IS ORDERED that the Report is adopted as filed.

IT IS FURTHER ORDERED, that, per Idaho Code §§ 41-2710(7) and 41-227(8), the

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

IT IS FURTHER ORDERED, under Idaho Code § 41-227(6)(a), that, within 30 days of the issuance of the adopted Report, Stewart Title shall file, with the Department's chief examiner, 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.

DATED AND EFFECTIVE this 6th day of May, 2022.

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 11th day of May, 2022, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF December 31, 2021, to be served upon the following parties by the designated means:

Jeni Sexton, Division President STEWART TITLE COMPANY 1944 S. Eagle Road Meridian, ID 83642	☐ First Class Mail ☒ Certified Mail ☐ Hand Delivery ☐ Facsimile ☒ Email: jsexton@stewart.com
Shannon Hohl Bureau Chief IDAHO DEPARTMENT OF INSURANCE 700 W. State Street, 3rd Floor Boise, ID 83720-0043	☐ First Class Mail ☐ Certified Mail ☐ Hand Delivery ☐ Facsimile ☒ Email: shannon.hohl@doi.idaho.gov
Karl T. Klein Deputy Attorney General IDAHO DEPARTMENT OF INSURANCE 700 W. State Street, 3rd Floor P.O. Box 83720 Boise, ID 83720-0043	☐ First Class Mail ☐ Certified Mail ☐ Hand Delivery ☐ Facsimile ☒ Email: karl.klein@doi.idaho.gov

Pamela Murray

Pamela Murray

REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2017 to December 31, 2021

Of

Stewart Title Company
(A title agent corporation - license #319893 – Gem County)

As of

December 31, 2021

Equal Opportunity Employer

EXHIBIT
A
exhibitsticker.com

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Boise, Idaho
April 26, 2022

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

Stewart Title Company
1944 S Eagle Road
Meridian, Idaho 83642-2452
License #319893 – Gem 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 Stewart Title Company an Idaho Title Agent licensed in Gem County. The examination was conducted at the Agent's offices located at 1944 S Eagle Road, in Meridian, Idaho and 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. However, failure to identify or criticize specific practices, products, or files does not constitute approval thereof by the Department.

It should be recognized 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 understood that these comments should not be regarded as reflecting on 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 examiners' report, the Agent's response, 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. In addition, examiners may have documented practices and procedures that did not appear to be in the best interest of Idaho insurance consumers.

The period covered by this examination is January 1, 2017 through December 31, 2021. 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

Stewart Title Company was issued a Certificate of Authority with the Idaho Secretary of State on June 12, 2009. They merged with Stewart Title of Coeur D' Alene, Inc. and Stewart Title of Boise, Inc. on June 25, 2009. They were licensed in Gem County with the Idaho Department of Insurance on June 30, 2009. They conduct business in Gem County out of offices in Boise, Meridian and Eagle, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the preceding report of examination dated September 8, 2017, which covered the period of January 1, 2012 to December 31, 2016. No exceptions were noted in that examination.

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 June 11, 2021, the Idaho Secretary of State lists Frederick H. Eppinger as President and Director, Julie C. Warnock as Secretary, Scott Gray as Treasurer, John L. Killea as Director, and David C. Hisey as Director. The current Registered Agent is CT Corporation System. Jeni Sexton is the Division President and Patty Hughes is Administrator. 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 Stewart Title Guaranty Company. The underwriting contract requires a high liability approval of $3,000,000.00 with a deductible for loss of $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 #5870623 in the amount of $50,000.00 issued by Safeco Insurance Company of America 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 two (2) claims during the examination period. The claims appear to be related to purported missed easements and scrivener's errors. There does not appear to be any problem 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. 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)

The title department is managed by Brian Felgenhauer and is comprised of two (2) Title Officers. The title plant is managed and posted by the Agent in Meridian, 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 Elizabeth Wilson and is comprised of six (6) Escrow Officers and eight (8) 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 the corporate accounting department in Las Vegas, Nevada. Monthly reconciliations are reviewed locally by Jeni Sexton, Division 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 findings and 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 28th day of April, 2022.

MICHELE MUÑOZ
COMMISSION #20211631
NOTARY PUBLIC
STATE OF IDAHO

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

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 Examinations as of December 31, 2021, of:

Stewart Title Company
1944 S Eagle Road
Meridian, Idaho 83642-2452

License #319890 – Ada County **License #319892 – Canyon County**
License #319888 – Boise County **License #319893 – Gem County**

By executing this Waiver, the Agent hereby acknowledges receipt of the above-described examination report, verified as of the 28th day of April 2022, 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 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 41-227(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 29th day of April, 2022

Stewart Title Company

Jeni Sexton
Name (print)

Jeni Sexton
Name (signature)

Division President
Title

EXHIBIT
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