

FILED
SEP 08 2021
Department of Insurance
State of Idaho *At*

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

NORTHERN TITLE COMPANY OF
IDAHO, INC.
[Oneida County]

Idaho Title Agency License No. 106923

Docket No. 18-3968-21

**ORDER ADOPTING REPORT
OF EXCEPTION EXAMINATION
AS OF DECEMBER 31, 2020**

The Idaho Department of Insurance (“Department”) has examined the affairs, transactions, assets, tract indexes, abstract records, and other records of NORTHERN TITLE COMPANY OF IDAHO, INC. (the “Company”), in accordance with Idaho Code §§ 41-2710(7) and 41-219(1) and (5), to ascertain the Company’s compliance with title 41, Idaho Code, and related rules from January 1, 2016, through December 31, 2020. The Department then prepared a corresponding Report of Exception Examination (“Report”) under Idaho Code § 41-227, which, by this order, is adopted as filed.

FINDINGS OF FACT

1. The Company is a title agency licensed by the Department to transact title insurance in Oneida County, Idaho, under Title Agency License No. 106923.

2. The Department completed an examination of the Company under Idaho Code §§ 41-2710(7) and 41-219(1) and (5) on or about July 27, 2021. The Report sets forth the Department's findings.

3. Pursuant to Idaho Code § 41-227(4), the examiner in charge filed the verified Report with the Department on August 2, 2021, and the Department transmitted a copy of the Report to the Company on the same date. A copy of the Report is attached as Exhibit A.

4. Pursuant to Idaho Code § 41-2710(7), the Company had 28 days from service of the Report to review, comment, or request a hearing on the Report. No such written comments or requests were received by the Department from the Company.

CONCLUSIONS OF LAW

5. Idaho Code § 41-227(5) provides that, after "the period allowed for the receipt of written submissions or rebuttals" expires, 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 as filed or with modifications or corrections, rejecting the report and reopening the examination, or calling for an investigatory hearing.

6. Having fully considered the Report, the Director concludes that, regarding the matters examined and information provided by the Company, the Report's comments, findings, and recommendations 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 is 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 under chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within 30 days of the issuance of the adopted Report, the Company 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.

DATED and EFFECTIVE this 8th day of September, 2021.

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 8th day of September, 2021, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXCEPTION EXAMINATION AS OF DECEMBER 31, 2020, to be served upon the following by the designated means:

Northern Title Company of Idaho, Inc.
20 N. Main Street, Ste. 8
Malad City, ID 83252-1281

☐ first class mail
☒ certified mail
☐ email

Karl T. Klein
Lead Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043
karl.klein@doi.idaho.gov

☐ first class mail
☐ certified mail
☒ email


Pamela Murray



REPORT OF EXCEPTION EXAMINATION

For the Period January 1, 2016 to December 31, 2020

Of

NORTHERN TITLE COMPANY OF IDAHO, INC.
(A title agent corporation - license #106923 – Oneida County)

As of

December 31, 2020

Equal Opportunity Employer



Table of Contents

SALUTATION.....	3
FOREWORD.....	4
PURPOSE AND SCOPE OF EXAMINATION.....	5
HISTORY AND DESCRIPTION.....	5
PRIOR EXAMINATION.....	5
SUMMARY OF FINDINGS AND RECOMMENDATIONS.....	6
I. OPERATIONS AND MANAGEMENT.....	6
A. MANAGEMENT, CONTROL AND FINANCIAL INTERESTS.....	6
B. CONTRACTING AUTHORITY.....	6
C. SURETY BOND.....	6
D. CLAIMS.....	6
II. ADVERTISING AND MARKETING.....	7
III. TITLE FILE REVIEW.....	7
IV. ESCROW FIDUCIARY ACCOUNTS AND FILE REVIEW.....	7
A. FIDUCIARY ACCOUNTS.....	7
B. ESCROW FILE REVIEW.....	8
CONCLUSION.....	9

Boise, Idaho
July 27, 2021

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;

Northern Title Company of Idaho, Inc.
20 N Main Street, Suite 8
Malad City, Idaho 83252-1281
License #106923— Oneida 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 Northern Title Company of Idaho, Inc., an Idaho Title Agent licensed in Oneida 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. 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, 2016 through December 31, 2020. 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.

HISTORY AND DESCRIPTION

Northern Title Company of Idaho, Inc. was established on April 10, 2000. They became licensed in Oneida County with the Department and began operations on November 14, 2003. They conduct business out of offices in Malad City, Idaho.

PRIOR EXAMINATION

Our examination included a review to determine if exceptions were noted and addressed in the preceding report of examination dated August 17, 2016, which covered the period of January 1, 2014 to December 31, 2015. No exceptions were noted in that examination.

SUMMARY OF 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 March 29, 2021, the Idaho Secretary of State lists Paul R. Davis as the current Registered Agent and President, Brett D. Broadhead as Secretary, and Jay J. Davis 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 Stewart Title Guaranty Company, Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, North American Title Insurance Company and Old Republic National Title Insurance Company. The underwriting contracts require a high liability approval of either \$1,000,000.00 or \$3,000,000.00 with deductibles 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 #106895670 in the amount of \$50,000.00 issued by Travelers Casualty and Surety 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 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)

The title department is managed by Jan Stone and is comprised of three (3) Title Officers and two (2) Title Assistants. The title plant is posted and maintained at 96 South State Street, Preston, 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 Johanna Green and is comprised of four (4) Escrow Officers 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 Monique Bair at the office in Preston, Idaho. Monthly reconciliations are reviewed by Jan Stone. 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

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.

CONCLUSION

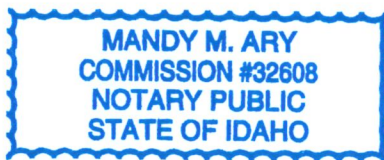
I certify and attest that I have examined the Agent's tract indexes, abstract records, as well as other records, and the operation of the Agent's business and other matters relevant to the affairs of the Agent. I further certify that I have no relationship, other than in my capacity as examiner and/or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

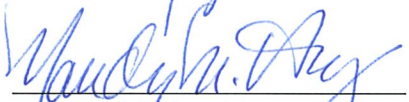
Respectfully submitted,



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

SUBSCRIBED AND SWORN to before me this 2nd day of August, 2021.




Notary Public for Idaho
Residing at: Bose, Idaho
Commission Expires: 7/24/24