FILED

AUG 25 2026

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:	Docket No. 18-4993-26
IDAHO SCHOOL BENEFIT TRUST	**FINDINGS AND ORDER REGARDING HAZARDOUS CONDITION**
Registration No. 4303	

The Idaho School Benefit Trust (hereinafter the "Trust") is a self-funded health care plan, registered with the Department pursuant to Idaho Code, Title 41, Chapter 40. The Trust exists to provide a health care plan for the participating employees of its employer members. The Trust's employer members are eligible schools and school districts or related entities. The plan offered by the Trust is not insurance and does not participate in the Idaho life and health guaranty association. Therefore, Idaho Code § 41-4010 requires that a self-funded health care plan must establish and maintain reserves and surplus. Idaho Code § 41-4004(1)(e) requires that the Trust must be actuarially sound, with assets and income reasonably adequate to pay full benefits as promised and to cover the costs of operation. The Trust's employer members contractually agreed to participate in the Trust's operations and share in the liability of assuming the health care plan's risks. As fiduciaries, the Trustee Board ensures the Trust remains financially viable to provide for the full payment of all benefits promised to the beneficiary employees.

Pursuant to Idaho Code § 41-4018, the Director shall terminate the registration of a self-funded plan if he finds after an examination that the trust fund is insolvent, which is defined as the plan being unable to pay its obligations when they are due or that its assets do not exceed its liabilities and minimum surplus. An examination of the Trust was called August 3, 2026, and is ongoing. It is apparent that the Trust is insolvent and therefore its condition is hazardous to its beneficiaries, claimants, creditors, and the general public.

Idaho Code § 41-4019(3) deems an insolvent self-funded plan an insolvent domestic insurer and subjects it to Idaho Code, Title 41, Chapter 33. The stated purpose in Idaho Code § 41-3301(4) is to protect the interests of insureds, claimants, creditors, and the public generally with minimum interference. Sub (b) of this section further contemplates rehabilitating insurers as a method of protecting such interests with minimal interference. Further, Idaho Code § 41-3316 grants the Director discretion to rehabilitate the Trust until those efforts would be futile.

It is apparent that the Trust is insolvent and a cure is necessary to rehabilitate the Trust as detailed below.

On February 28, 2026, the Trust provided to the Department its independent certified public accountant's audit report, which identified that the Trust's surplus was $2,124,127 as of August 31, 2025. As of said date, the Trust no longer met its statutory requirements for continued registration and was at risk of termination under Idaho Code § 41-4018(2)(a) and (e). The Trust and Department attempted to remediate these deficiencies in a reasonable time.

Beginning on June 23, 2026, the Trust disclosed that claims in the plan year beginning September 1, 2025, and not ending until August 31, 2026, would far exceed expected amounts. While the full extent of higher claims was not yet known, it was apparent that the Trust's assets and income would not be sufficient to cover its liabilities, resulting in a negative surplus position.

On July 9, 2026, the Department met with the Trust, its consultants, and its benefits manager. Pursuant to Idaho Code § 41-4018(2)(a), the Department initiated working with the Trust and its third-party administrator, Blue Cross of Idaho Health Service, Inc. ("Blue Cross of Idaho"), on prospective cures that could remediate the Trust's solvency deficiency in a reasonable time.

On July 14, 2026, the Trust notified its members of the funding shortfall caused by extremely high claims. The notice stated, "[t]he responsibility to pay these claims resides with the [Trust] and participating school districts." Further, "[w]hile the [Trust] and participating school districts are responsible for the funding shortfall, the [Trust] is working with the Idaho Department of Insurance and Blue Cross of Idaho to better estimate the amount of the funding shortfall [...]."

On July 29, 2026, the Trustee Board approved utilizing borrowed surplus from Blue Cross of Idaho to cover its asset shortfall. The borrowed sum would be used to pay the beneficiaries' medical claims incurred during the plan year ending August 31, 2026. Hereinafter, the borrowed surplus is referred to as the cure.

Idaho Code § 41-4007 gives the Trust authority to borrow money and give security therefor. To secure repayment of the borrowed surplus, funds which are necessary to pay claims as promised to the beneficiary employees, the Trustee Board will issue contribution calls to the member employers. The contribution calls to each member employer will be proportional to its employees' participation in the plan.

Idaho Code § 41-4004(1)(e) requires that the Trust must be actuarially sound, to pay full benefits as promised and to cover the costs of operation. The Trust's irrevocable trust agreement reinforces the statute, making the Trustee Board fiduciaries and giving them the authority to set contributions and rates that are actuarially sound. Each employer member has executed an Employer Participation Agreement that incorporates the Trustee Board's authority, including the right for the Trustee Board to change contribution rates. Further, the employer members agreed to a Delinquent Contribution Policy that reinforces that the employer is responsible for paying the contributions required. Hence, each employer member has agreed to be liable for and pay a reasonable contribution call from the Trust. Delinquency by any employer member to pay the contributions required may result in medical claims of their employees not being paid.

On August 3, 2026, the Department formally notified the Trust that a financial condition examination was called, pursuant to Idaho Code §§ 41-219(1) and 41-4013. Examination of the Trust, including the underlying causes of its hazardous financial condition defined herein, is ongoing.

On August 20, 2026, the Trust accepted and approved the borrowed surplus terms and related agreements, affirming the principal sum of $11,918,666.96. The Trust will repay the borrowed surplus over time, including reasonable interest to cover financing costs. The Trust may pay back any portion of the borrowed surplus early to reduce interest charges.

The Trust also approved on August 20, 2026, an increase to its employer members' contributions for the plan year ending August 31, 2026. The contribution call, covering the borrowed principal, anticipated interest, and known operating costs of the Trust, is due September 30, 2026, but the Trust will offer its employer members an option to pay the additional contribution over time with reasonable interest charges.

Should any savings be prospectively realized in the plan year ending August 31, 2026, including its 12-month run out, those amounts will be credited to and reduce the borrowed sum, in turn reducing employer members' proportional contribution requirement.

On August 20, 2026, Blue Cross of Idaho also accepted and approved the borrowed surplus terms, related agreements, and sum.

On August 20, 2026, the Department approved the borrowed surplus terms, related agreements, and sum.

Without this borrowed surplus and contribution call to the employer members, the Trust is unable pay the claims of its beneficiary employees, nor the Trust's operational expenses for the plan year ending August 31, 2026. While the cure and these approvals ensure the payment of the Trust's promised benefits, the Trust remains insolvent because the Trust's assets do not exceed its liabilities and minimum surplus requirement.

Acting pursuant to Idaho Code § 41-3309(2), the Director finds that the Trust is in such condition as to render the continuation of its business hazardous to the public or to holders of its policies or certificates of insurance.

Therefore, *It is Ordered* that the Trust execute the aforementioned cure as approved by the Department. In accordance with Idaho Code § 41-4018, the Trust's registration may be terminated after the conclusion of the plan year ending August 31, 2026, and its run out. Until such time, the only permitted operations of the Trust will be to oversee the run out and the repayment of all borrowed surplus. The Trust shall only pay medical claims of employer members who are not delinquent in their contribution payments.

Nothing herein absolves nor prevents the Trust, the Trustee Board, or any person with contractual relationships to the Trust from fully cooperating with Department's financial condition examiners.

This is a final order of the Director and is effective immediately.

DATED this 25th day of August 2026.

STATE OF IDAHO
DEPARTMENT OF INSURANCE

Dean L. Cameron

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 25th day of August 2026, I caused a true and correct copy of the foregoing FINDINGS AND ORDER REGARDING HAZARDOUS CONDITION to be served upon the following by the designated means:

Idaho School Benefit Trust Gordon Woolley, Trustee Chairman 500 W. Washington St. Boise, Idaho 83702	☒ First Class Mail ☐ Certified Mail ☐ Hand Delivery ☐ Facsimile ☒ Email: dhainke@idsdc.org Debbie Hainke, Benefits Manager
Matt Steen 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: matt.steen@doi.idaho.gov

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