

State of Idaho
DEPARTMENT OF INSURANCE

CECIL D ANDRUS
Governor

500 South 10th Street
Boise, Idaho 83720
Phone (208)334-2250
FAX # (208)334-2298

GEORGE J NEUMAYER
Acting Director

B U L L E T I N N O . 9 1 - 6

DATE: July 1, 1991

ALL INTERESTED PARTIES

FROM: GEORGE J. NEUMAYER
ACTING DIRECTOR

**LICENSING OF THIRD PARTY ADMINISTRATORS
RESCISSION AND REPLACEMENT OF BULLETIN NO. 84-2**

The purpose of this bulletin is to supplement and clarify certain provisions of Title 41, Chapters 9 and 40, Idaho Code, as they pertain to the licensing of administrators and their duties.

Any person, including but not limited to individuals, associations, organizations, partnerships, corporations and every other legal entity, who for a fee, charge, or other remuneration, acts as, advertises as, or holds himself out as an administrator, other than a paid employee of a policyholder, shall be considered to be an administrator within the meaning of Title 41, Idaho Code.

No person may act as an administrator in this State unless qualified as follows:

1. Hold a valid certificate of registration issued by the Director of the Department of Insurance.
2. Be properly bonded in an amount not less than 10% of the funds handled and never less than \$5,000 (see Idaho Code Section 41-911). This bond is not in favor of the State of Idaho but rather the insurance companies with which you deal. Provide a copy of this bond to the Department with application.
3. Have written agreements with the insurer, policyholder, trustee or other persons as applicable and furnish copies of those agreements. All agreements must conform to Idaho Code Sections 41-904 through 41-911.

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4. Maintain adequate books and records of all pertinent transactions, which books and records shall be open to the Director of the Department of Insurance for audit and inspection. Such books and records shall be maintained in accordance with generally accepted standards of insurance accounting.
5. Where an insurer is involved, have the written approval of the insurer for all advertising used. The insurer shall only approve advertising that complies with the standards and requirements of Title 41, Idaho Code and shall be held responsible by the Director of the Department of Insurance for its contents.
6. Maintain a fiduciary bank account for all charges, fees, or premiums. All withdrawals shall be in accordance with a written agreement between the administrator and the insurer, policyholder, trustee, or other person as applicable. Such account shall not be used for payment of claims or general expenses.
7. Promptly deliver all policies, certificates, booklets, or other written communications from the insurer to the policyholders and notify policyholders immediately upon knowledge of a pending termination or replacement by another carrier.

NOTE: PLEASE ANSWER QUESTIONS NO. 5 AND NO. 6 ON THE APPLICATION IN COMPLETE DETAIL, SUBMITTING BIOGRAPHICAL AFFIDAVITS OF THE OFFICERS AND INDIVIDUALS WHO WILL EXERCISE AUTHORITY UNDER THIS LICENSE.

COPIES OF ALL AGREEMENTS WITH THE INSURERS MUST BE SUBMITTED WITH YOUR APPLICATION AND A RECENT CERTIFIED FINANCIAL STATEMENT MUST ALSO BE FURNISHED.

IF A CORPORATION, PLEASE AFFIX THE CORPORATE SEAL WHERE INDICATE