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Idaho Department of Insurance News Release

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Idaho Department of Insurance Appointed Rehabilitator for Idaho School Benefit Trust

BOISE, ID (September 29, 2026) – On September 24, 2026, in the Fourth Judicial District Court, Ada County, an Order of Rehabilitation, case number CV01-26-17631, was issued appointing Director Dean Cameron of the Idaho Department of Insurance (the “Department”) as Rehabilitator of the Idaho School Benefit Trust.

The Director, through his authority and powers as Rehabilitator, and in compliance with Chapter 33, Title 41, Idaho Code, will henceforth oversee all operations of the Trust.

The acts of the Rehabilitator are reportable to and supervised generally by the District Court. The Rehabilitator’s actions are separate and maintained with strict controls apart from the Department’s ongoing examination of the Trust, which was called on August 3, 2026. Whereas the Rehabilitator will control the Trust going forward, the examiners continue to investigate the underlying cause(s) of the Trust’s hazardous financial condition.

The Department will be expressly clear as to the capacity from which it is communicating in these separate roles. In both respects, the Department remains committed to providing complete information on the underlying causes of the Trust’s condition as soon as they are reasonably verified and publicly disclosable.

As Rehabilitator, member schools and school districts of the Trust should understand and remember the following:

The Rehabilitator’s first purpose, pursuant to Idaho Code § 41-3301(4), is to protect the interests of the insureds. For the Trust this includes the participants – the teachers, employees, eligible retirees, and their dependents.

The Department, as Rehabilitator, will of course continue to inform and work with every school district. At the same time, the Rehabilitator must act in compliance with and follow Idaho law to enforce the contractually agreed upon terms of the Trust and the Participation Agreements that every member school district executed. This includes a responsibility to pursue the collection of debts and other legal remedies when appropriate and when doing so protects the interests of the participants.

Rehabilitation of the Trust will be conducted with as minimal interference as possible.

The day-to-day claims processing and servicing of all policies will continue to be performed by Blue Cross of Idaho as the Trust's third-party administrator in the 2025-2026 plan, and as the insurer for the group's 2026-2027 plan. This will ensure the greatest continuity of coverage for participants. School district questions can be sent to Blue Cross of Idaho at ISBTAcctTeam@bcidaho.com. Please include the Rehabilitator at ISBT@doi.idaho.gov.

Beyond paying claims as promised, the expenses and contracts of the Trust are being reviewed and scrutinized by the Rehabilitator. Any uneconomical, unnecessary, or otherwise avoidable costs will be curtailed or eliminated wherever fiduciarily conducive. If a school district or participants notice any interruption to their coverage or benefits, which the Department intends to minimize, they should contact the Rehabilitator at ISBT@doi.idaho.gov.

Any savings, recovered funds, or accrued amounts resulting from the Rehabilitator's actions will ultimately be returned to the employer members of the Trust on a proportional basis; equitable to how their contributions have been assessed.

The Department is not assessing any fees to the Trust for its services as Rehabilitator, nor for the examination.

The District Court's Rehabilitation Order reinforces the importance of executing the Trust's cure, which includes borrowing surplus to cover its shortfall and pay claims. In turn, contribution calls were issued by the Trust and those funds will ultimately repay the borrowings that were issued.

The surplus note has been fulfilled, enabling the Trust to pay claims. School districts that have responded expeditiously and appropriately, without any prior contributions in arrears, are seeing their participants' claims processed.

Pursuant to the terms of the Trust document and the Participation Agreement that every participating school executed, **the plan administrator is holding and not paying the claims of covered employees and dependents of delinquent school districts**. It is imperative that every school district's leadership recognize the harm that is inflicted on their participants if they are in arrears or have not selected either a lump sum or monthly payment plan. The monthly selection does require an executed Addendum to the Participation Agreement for the monthly payments to be legally collected without being delinquent.

As Rehabilitator, the Department must follow the law and the terms that school districts agreed to. Rehabilitator authority does not circumvent the contractual terms agreed to between the Trust and schools, nor can the third-party administrator collect sums and pay claims for districts that are delinquent. Delinquent districts should contact the Rehabilitator at ISBT@doi.idaho.gov immediately.

The Trustees and contracted vendors to ISBT are not excused from their responsibilities. In fact, they are enjoined by the District Court Order of Rehabilitation from transactions or actions that might waste assets of the Trust.

The Trustees will continue to serve, but their decision authority is vested in the Rehabilitator. No actions may be taken without the express written permission of the Rehabilitator. Likewise, vendors and contractors to the Trust cannot alter their services or obligations to participants without written consent. Note that no parties are absolved from fully cooperating with the examination of the Trust.

The duty of the Rehabilitator is to take actions appropriate to reform and revitalize the Trust, as set forth in Idaho Code § 41-3314(2). Appropriate enforcement and repercussions are also under the authority of the Department.

Every member school district of the Trust should know that the Department is aligned first and foremost to protect the covered participants, and secondly to identify and disclose how the Trust became financially hazardous.

Communication from the Trust has been limited to date, in part, because of the Department's intervention upon learning of the Trust's insolvency. As Rehabilitator, the Department is fully committed to keeping broader and more consistent channels of communication open with the school districts. The Department welcomes your questions and inquiries, with the understanding that it must abide by, and can only share what is permissible under the law.

Legitimate concerns and frustration are understandable. Unfortunately, some parties have been motivated to point fingers and make unfounded accusations, which is harmful to the overall investigation process. The Department respectfully asks all parties to allow for due process and the Department's authority granted under Idaho Insurance Law to run its course. If there has been any wrongdoing, abuse, or inappropriate depletion of funds from the Trust, the Department's examination will identify and verify them. Thereafter, the law charges the Rehabilitator with the recovery, if any. Should the Department discover administrative or criminal violations, the Attorney General and law enforcement will be involved, where appropriate.

The Idaho Department of Insurance is very committed to promptly resolving the issues and investigating the causes of the shortfall. The Department is grateful to the member districts who have signed the agreements and are assisting in that effort. The Department is also grateful to Blue Cross of Idaho for being willing to provide the Trust with the funds to pay the claims of the participants.

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About the Department of Insurance

The Idaho Department of Insurance has been regulating the business of insurance in Idaho since 1901. The mission of the Department is to serve and protect Idahoans by equitably, effectively and efficiently administering the Idaho Insurance Code and the International Fire Code. For more information, please visit us at doi.idaho.gov or email us at consumeraffairs@doi.idaho.gov.