

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
STATE OF IDAHO, IN AND FOR ADA COUNTY

STATE OF IDAHO, ex rel. DEAN	)	Case No. <u>CV01-26-17631</u>
CAMERON, Director of the	)	
IDAHO DEPARTMENT OF	)	
INSURANCE,	)	
	)	
PETITIONER,	)	ORDER OF REHABILITATION
v.	)	
	)	
IDAHO SCHOOL BENEFIT	)	
TRUST,	)	
	)	
RESPONDENT.	)	
	)	
	)	

This matter being presented to the court as Petitioner's Verified Petition for Rehabilitation Order and being unopposed, the Court having reviewed the pleadings and attached documents in the file and being fully advised in the premises, and finding that notice was properly given, and good cause appearing therefor; the Court hereby makes and enters the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Idaho School Benefit Trust (the "Trust") is an irrevocable trust that administers a self-funded health care plan for the benefit of the employees of the Trust's employer members, who are eligible schools, school districts and related entities.
2. The Trust is organized pursuant to Idaho Code, Title 41, Chapter 40, self-funded health care plans. It is registered with the Idaho Department of Insurance ("Department") to provide financially viable alternatives to traditional health care plans in Idaho under Registration Number 4303.
3. Beginning on or about June 23, 2026, the Department became aware that the Trust was insolvent, culminating in an order issued by the Director on August 25, 2026, pursuant to § 41-3309(2), Idaho Code finding that there was reasonable cause to believe that Trust was in such condition as to render the continuance of its business hazardous to the public or to holders of its policies or certificates of insurance (the "Order"). The Order is attached hereto as Exhibit "A."
4. As part of the Order, the Director requires the Trust to execute a cure as approved by the Department, involving borrowing surplus and issuing contribution calls to the Trust's employer members. The cure ensures that all claims incurred of the beneficiary employees and costs of operating the trust through the benefit year ending August 31, 2026, are paid.
5. Further, the Order requires that henceforth the only permitted operations of the Trust will be to oversee the run out of any related claims or liabilities and the repayment of all borrowed surplus.

6. 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.

7. The Trust has complied with the Order, executing the cures' agreements and limiting operations to run out and repayment.

8. The Trust remains in such condition as to render its further transaction of business hazardous, financially, to its policyholders, creditors or to the public. Such constitutes good cause under Idaho Code § 41-3312(1), for the entry of an order directing the Trust's rehabilitation.

9. The Rehabilitator has all the powers and duties as specifically provided for in Idaho Code § 41-3314, and as generally provided for under all other provisions of Chapter 33, Title 41, Idaho Code.

10. Pursuant to Idaho Code § 41-3313(1), this order shall appoint the Director, and his successors, to be the Rehabilitator and direct the Rehabilitator to take possession of the assets of the Trust, and to administer them under the general supervision and exclusive jurisdiction of this Court.

11. Pursuant to Idaho Code § 41-3313(2), this order directs the Rehabilitator to maintain accountings for the Trust and submit those accountings to this Court no less frequently than annually. The Trust's financial year end is August 31. The Rehabilitator's accounting shall be submitted to the Court no more than 90-days after each year end.

12. To the extent any of the foregoing Findings of Fact should be denominated as a Conclusion of Law, such Findings of Fact are so denominated.

CONCLUSIONS OF LAW

13. Good and sufficient cause exists to enter an Order of Rehabilitation of Idaho School Benefit Trust under § 41-3312(1), Idaho Code, because continuation of the business of the Trust would be hazardous, financially and otherwise, to its policyholders, creditors and to the public. Good and sufficient cause exists to enter an Order of Rehabilitation of the Trust under § 41-3312(1), Idaho Code.

14. 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.

15. Rehabilitation of the Trust protects the interests of the insureds, claimants, creditors, and the public generally with minimum interference.

16. The Verified Petition for Rehabilitation Order is hereby granted and shall be effective as of the date of this order.

17. Upon the entry of this Order of Rehabilitation, title to all of the property, bank accounts, contracts, rights of action, computer files, and all books and records (including computer and electronic data), wherever located, of the Trust's estate vests in the Rehabilitator by operation of law pursuant to § 41-3313(1), Idaho Code.

18. The Rehabilitator has the authority over the Trust's assets.

19. The Trust is subject to the terms and conditions of this Order of Rehabilitation and the exclusive jurisdiction of this Court.

20. The filing or recording of the Order of Rehabilitation with (1) the clerk of the Fourth District Court in and for the County of Ada, State of Idaho and (2) the recorder of deeds of Ada County, State of Idaho shall impart the same notice as would a deed, bill of sale or other evidence of title duly filed or recorded with the recorder of deeds.

21. Title to all the Trust's assets, tangible and intangible, real, personal, and inchoate, shall vest in Petitioner as Rehabilitator of the Trust.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

1. The Petitioner, Dean Cameron, Director of the Idaho Department of Insurance, and his successors in office, is hereby appointed Rehabilitator of the Idaho School Benefit Trust pursuant to Idaho Code § 41-3313(1) (the Rehabilitator).

2. The Verified Petition for Rehabilitation Order is hereby granted, and this Order of Rehabilitation is effective as of this date.

3. The Rehabilitator is granted all powers, duties and responsibilities as set forth in § 41-3314, Idaho Code, and all other powers, duties and responsibilities provided by Chapter 33, Title 41, Idaho Code, and the laws of the state of Idaho.

4. The Rehabilitator is vested by operation of law with all rights, title and interest to all of the assets (including statutory deposits), property, contracts, and rights of action and all of the books and records (including computer and electronic data) of the Trust wherever located, as of the date of this Order of Rehabilitation.

5. The Rehabilitator is authorized to do all acts, execute all documents, marshal all assets, liquidate all assets and apply the proceeds to pay liabilities, expenses and claims; and perform any and all functions which the Rehabilitator deems necessary to effectuate the rehabilitation of the Trust.

6. The Rehabilitator has full power to direct, manage, hire, and discharge directors, officers, employees, consultants, and agents of the Trust.

7. Any bank, savings and loan association, institution or other person or entity which has on deposit, in its possession, custody or control any funds, accounts, and any other assets of the Trust shall immediately transfer title, custody and control of all such funds or assets to the Rehabilitator and is instructed that the Rehabilitator shall have absolute, exclusive and complete control over such accounts and other assets. That the Rehabilitator may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association, other institution, person or entity, or take any other action necessary for the proper conduct of this rehabilitation.

8. The Trust, its current and former trustees, officers, agents, brokers, general agents, employees, and all other persons having notice of these proceedings or of the Order of Rehabilitation shall be enjoined from transacting any business of the Trust or disposing of any property or assets of the Trust, or doing or permitting to be done any action which might waste the property or assets of the Trust, except upon express permission of the Rehabilitator, or by further order of this Court.

9. The enumeration of the powers and authority of the Rehabilitator as set forth in this Order of Rehabilitation or Chapter 33, Title 41, Idaho Code, shall not be construed as

a limitation upon him, nor does it exclude in any manner the right to do such other acts, not specifically enumerated or otherwise provided for, as may be necessary or appropriate for the accomplishment of the rehabilitation of the Trust.

10. The Rehabilitator has the authority pursuant to §§ 41-3326 to 41-3329, Idaho Code, to avoid fraudulent transfers, preferences, liens and claims.

11. The Rehabilitator is authorized to institute, prosecute, defend, compromise, intervene in, seek stays in, or become a party to, such suits, actions or proceedings at law or in equity as, in the Rehabilitator's opinion, be necessary for the collection, recovery, protection, maintenance or preservation of the property of the Trust.

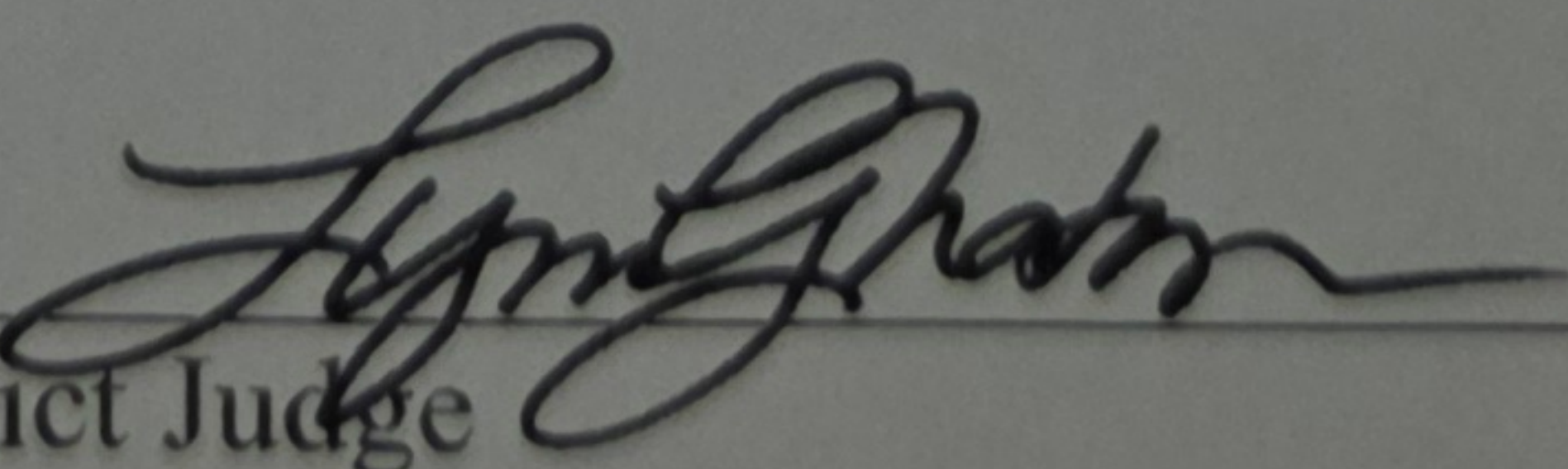
12. Any court in this state before which any action or proceeding in which the Trust is a party or is obligated to defend a party is pending when the rehabilitation is in effect shall stay the action or proceeding for ninety (90) days and such additional time as necessary for the rehabilitator to obtain proper representation and prepare for further proceedings. The Rehabilitator shall have all other protections afforded by Idaho Code § 41-3315.

13. This Court retains exclusive jurisdiction in this matter for the purpose of granting such other and further relief as the nature of this cause and the interests of the policyholders and creditors of the Trust or members of the public may require.

14. The Rehabilitator may request instructions from this Court on any matter about which the Rehabilitator may wish to seek guidance from this Court.

9/24/2026 10:58:45 AM

DATED this ____ day of _____, 2026



District Judge