

**,BEFORE THE INSURANCE COMMISSIONER OF THE  
STATE OF OKLAHOMA**

**FILED**

**FEB 27 2024**

STATE OF OKLAHOMA, ex rel. GLEN )  
MULREADY, Insurance Commissioner, )

Petitioner, )

v. )

TALISMAN INSURANCE COMPANY, a )  
sponsored captive insurance company in the )  
State of Oklahoma; TALISMAN SURETY & )  
FIDELITY PROTECTED CELL, INC., an entity )  
protected cell of Talisman Insurance Company, )

Respondent. )

**INSURANCE COMMISSIONER  
OKLAHOMA**

Case No. 24-0106-DIS

**EMERGENCY CEASE AND DESIST ORDER**

On this 27<sup>th</sup> day of February, 2024, the Oklahoma Insurance Department (“Department”), through Senior Counsel Teresa L. Green, presented to the Insurance Commissioner (“Commissioner”) an *Application for an Emergency Cease and Desist Order* (“Application”). The Commissioner, having examined the Application, finds clear and convincing evidence exists to support the following:

**JURISDICTION**

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*, including the Oklahoma Captive Insurance Company Act, 36 O.S. §§ 6470.1 *et seq.*

2. Talisman Insurance Company, Inc. (“Talisman Company”) is an Oklahoma sponsored captive insurance company. It holds license number 516025954 and NAIC CoCode 17172.

3. Talisman Surety & Fidelity Protected Cell, Inc. (“Talisman Cell”) is an Oklahoma sponsored entity protected cell. It holds license number 516021109 and NAIC CoCode 17177.

4. Talisman Company and Talisman Cell’s (collectively referred to as “Respondents”) address of record is 2500 McGee Dr., Ste. 140, Norman, Oklahoma 73072.

### **FINDINGS OF FACT**

5. On November 19, 2021, Talisman Company was issued a license as a sponsored captive insurance company.

6. On November 19, 2021, Talisman Cell was issued a license as an entity protected cell.

7. In 2023, the Oklahoma Legislature passed Senate Bill 913, which requires commercial medical marijuana grower license applicants and licensees to submit proof of either a surety bond covering the area of land within the permit area upon which the business licensee will initiate and conduct commercial growing operations (“Marijuana Bond”) or an attestation showing that the permit area has been owned by the licensee for at least five years before submitting the application.

8. Senate Bill 913 took effect on April 20, 2023.

9. On October 3, 2023, the Department became aware that Respondents had issued participant contracts for the purposes of selling Marijuana Bonds.

10. Pursuant to 36 O.S. § 6470.29(D)(8), no participant contract shall take effect without the prior written approval of the Insurance Commissioner.

11. Respondents issued participant contracts without obtaining the Commissioner’s prior written approval.

12. As of the date of the Application, Respondents have issued at least 573 participant contracts and at least 573 Marijuana Bonds.

13. Pursuant to 36 O.S. § 6470.30.1, business written by a sponsored captive insurance company must be either fronted by an insurance company, reinsured, secured by a trust fund, or funded by an irrevocable letter of credit.

14. As of the date of the Application, Talisman Company has not demonstrated compliance with 36 O.S. § 6470.30.1 for the participant contracts or the Marijuana Bonds.

15. Respondents issued at least 573 participant contracts and Marijuana Bonds during the period of April 20, 2023 to the date of this Application without meeting the requirements under the Oklahoma Insurance Code.

16. Pursuant to 36 O.S. § 6103.4(A), the Insurance Commissioner may issue a cease and desist order if the Insurance Commissioner believes that a person or insurer has:

- a. Made or proposed to make, as an insurer, an insurance contract;
- b. Made or proposed to make, as guarantor or surety, any contract of guaranty or suretyship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety;
- c. Taken or received any application for insurance;
- d. Issued or delivered contracts of insurance to residents of this state or to persons authorized to do business in this state;
- e. Done any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance;

- f. Done or proposed to do any insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of these statutes; or
- g. Done any other transactions in this state by an insurer.

17. Pursuant to 36 O.S. § 6103.5, the Insurance Commissioner may issue a cease and desist order, ex parte, if the Insurance Commissioner believes either:

- a. An unauthorized person is engaging in the business of insurance in violation of 36 O.S. § 6103.2; or
- b. It appears to the Insurance Commissioner that the alleged conduct is fraudulent or hazardous or creates an immediate danger to the public safety or is causing or can be reasonably expected to cause significant and irreparable public injury.

18. The Insurance Commissioner finds that Respondents conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent, and irreparable public injury.

#### **CONCLUSIONS OF LAW**

19. Respondents' actions fall within the definition of "doing an insurance business in this State." 36 O.S. § 6103.2. The above-cited conduct is in violation of 36 O.S. §§ 6103.2 and 6103.3.

20. Respondents have issued at least 573 participant contracts and Marijuana Bonds in violation of 36 O.S. § 6470.29(D)(8) in that no participant contract shall take effect without prior written approval of the Insurance Commissioner.



21. Talisman Company has violated 36 O.S. § 6470.30.1 by failing to contract with a fronting insurer, reinsurer, secure by a trust fund or letter of credit for participant contracts and the Marijuana Bonds.

22. The alleged conduct is an immediate danger to the public or is causing or can be reasonably expected to cause significant, imminent, and irreparable public injury.

**ORDER**

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Respondents and any agents, affiliates, employees, or other representatives, both current and successor, whether named or unnamed herein, shall immediately **CEASE AND DESIST** from all activities related to issuing Marijuana Bonds in this state, including:

1. The making of or proposing to make as an insurer an insurance contract for products which Respondents are not authorized to issue;
2. The making of or proposing to make, as guarantor or surety, any contract of guaranty or surety ship as a vocation and not merely incidental to any other legitimate business or activity of the guarantor or surety for products which Respondents are not authorized to issue;
3. The taking or receiving of any application for insurance for products which Respondents are not authorized to issue;
4. Maintaining any agency or office where any acts in furtherance of any unauthorized insurance business are transacted, including but not limited to:
  - a. Execution of contracts of insurance with citizens of this or any other state;
  - b. Maintaining files or records of contracts of insurance;

- c. Processing of claims, or
- d. Receiving or collection of any premiums, commissions, membership fees, assessments, dues, or other consideration for any insurance or any part thereof;

5. The issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state for products which Respondents are not authorized to issue;

6. Directly or indirectly acting as an agent for, or otherwise representing or aiding on behalf of another, any person, or insurer for products which Respondents are not authorized to issue in:

- a. Solicitation, negotiation, procurement, or effectuation of insurance or renewals thereof;
- b. Dissemination of information as to coverage or rates, or forwarding of applications, or delivery of policies or contracts;
- c. Inspection of risks;
- d. Fixing of rates or investigation or adjustment of claims or losses;
- e. Transaction of matters subsequent to effectuation of the contract and arising out of it, or
- f. In any manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident, located or to be performed in this state;

7. Contracting to provide indemnification or expense reimbursement in this state to persons domiciled in this state or for risks located in this state, whether as an

insurer, agent, administrator, trust, funding mechanism, or by any other method, for products which Respondents are not authorized to issue;

8. The doing of any kind of unauthorized insurance business specifically recognized as constituting the doing of insurance business within the meaning of the statutes relating to insurance;

9. The doing or proposing to do any unauthorized insurance business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of the statutes; or

10. Any other unauthorized transactions of business in this state by an insurer.

The term “unauthorized” used in this order means Respondents are not licensed or approved to sell, solicit, negotiate, issue, deliver, or other similar activity that would be acting in the business of insurance without authority under the Oklahoma Insurance Code.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Respondents shall leave all of its records undisturbed in its offices until such time as an appropriate examination of such records can be completed by the Department.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Respondents shall immediately communicate to all current policyholders of Marijuana Bonds that the Marijuana Bonds are not authorized under the Oklahoma Insurance Code and shall cooperate and assist the policyholders in obtaining a refund of premium or an appropriate replacement product.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Order is effective immediately and shall continue in full force and effect until further order of the Insurance Commissioner. This Order is binding on Respondents, its agents, affiliates, employees, and other representatives, both current and successor, whether named or unnamed herein.




Pursuant to 36 O.S. § 6103.6(B), any person affected by this Order and who seeks to contest it has the right to request a hearing before the Commissioner, or his duly appointed representative, to show cause why this Order should not be affirmed. The person affected must make the request no later than the 30<sup>th</sup> day after the date on which the person receives this Order. The request must be in writing directed to the Commissioner and must state the grounds for the request to set aside or modify the Order. Pending the hearing, this Order shall continue in full force and effect unless stayed by the Commissioner. Any such hearing shall be conducted according to the procedures for contested cases under the Oklahoma Insurance Code, the Oklahoma Administrative Code, and the Oklahoma Administrative Procedures Act.

**In the event this order is violated, the Commissioner may impose a civil penalty of \$25,000.00 for each act of violation; direct the Respondents against whom this Order is issued to make complete restitution, in the form and amount and within the period determined by the Commissioner to all Oklahoma residents, Oklahoma insureds, and entities operating in Oklahoma damaged by the violations or failure to comply, or impose both the penalty and direct restitution.**

Ordered on this 27<sup>th</sup> day of February, 2024.



  
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GLEN MULREADY  
INSURANCE COMMISSIONER  
STATE OF OKLAHOMA