

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

JUN 28 2024

RICK WARREN  
COURT CLERK

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STATE OF OKLA., *ex rel.* GLEN )  
MULREADY, *Ins. Comm'r,* )

*Plaintiff,* )

vs. )

Case No. CJ-2024-3954

OKLA. SCH. RISK MGMT. TR., *an* )  
*interlocal public trust,* )

*Defendant.* )

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**AGREED ORDER PLACING INSURER INTO RECEIVERSHIP, APPOINTING  
RECEIVER, ORDER OF LIQUIDATION, INJUNCTIVE RELIEF AND APPROVING  
NOTICE OF LIQUIDATION, PROOF OF CLAIM FORM  
AND REPORTING DEADLINES**

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Plaintiff State of Oklahoma, *ex rel.* Glen Mulready, Insurance Commissioner’s (the “Insurance Commissioner’s”) Petition and Application for Order of Receivership, Appointment of Receiver, Order of Liquidation, Injunctive Relief and Approving Notice of Liquidation, Proof of Claim Form and Reporting Deadlines (“Application”) comes on for consideration. The Court, having examined the Application and this Agreed Order between the Commissioner and Defendant Oklahoma Schools Risk Management Trust (the “Trust”), finds as follows:

1. Glen Mulready is the duly elected Insurance Commissioner in Oklahoma and is charged with enforcing the provisions of the Oklahoma Insurance Code (“Insurance Code”), OKLA. STAT. tit. 36, §§ 101, *et seq.* See, OKLA. CONST. art. VI, § 22; 36 O.S. § 307.

2. A Board of Trustees (“Board”) administers and operates the Trust, which provided insurance to Oklahoma public educational institutions pursuant to the Insurance Code, OKLA. STAT. tit. 36, § 607.1.

3. The Court has exclusive original jurisdiction over the Parties and this delinquency proceeding concerning an insurer including all issues, claims, and defenses asserted pursuant to the Insurance Code's provisions related to receivership, OKLA. STAT. tit. 36 §§ 1901, *et seq.*, and the Oklahoma Uniform Insurers Liquidation Act ("OUILA"), OKLA. STAT. tit. 36, §§ 1921 – 1938. *See*, 36 O.S. §§ 1902(A) & (C)(3).

4. Venue is proper in Oklahoma County. *See*, 36 O.S. § 1902(F).

5. The Trust is an interlocal public trust organized under the Oklahoma Interlocal Cooperation Act, OKLA. STAT. tit. 74, §§ 1001, *et seq.*

6. The Trust provided its member public-school districts with group self-insurance aimed at indemnifying or insuring its members from property and casualty losses at lower costs under an interlocal cooperative agreement (AG #ICA-09-003).

7. "An entity organized pursuant to the Interlocal Cooperation Act for the purpose of transacting insurance that insures an Oklahoma educational institution ***shall be considered an insurer*** for all kinds of insurance that the entity transacts." 36 O.S. 607.1(A) (emphasis added).

8. Thus, the Trust is an "insurer" under the Insurance Code. 36 O.S. § 1901(2).

9. The Trust, as an insurer, was subject to the Insurance Code's minimum net aggregate of capital and surplus requirements. *See*, 36 O.S. §§ 607.1(A) & 610(A).

10. On March 26, 2024, the Commissioner placed the Trust into supervision with the Board's consent. *See* Pl.'s Pet. & App. for Order of Receivership, Appointment of Receiver, Order of Liquidation, Injunction Relief and Approval of Notice of Liquidation, Proof of Claim Form and Reporting Deadlines (cited as "Pl.'s Pet. & App.") at Ex. 1, Agreed Order of Supervision (Mar. 26, 2024) at 1-10.

11. During the period of supervision, the Commissioner may request the Trust be placed in receivership in the same manner as a domestic insurer. 36 O.S. § 607.1(H).

12. On June 20, 2024, the Commissioner commenced this proceeding by filing his Application with the Court and requesting an order placing the Trust into receivership for purposes of liquidation and dissolution. *See* Pl.'s Pet. & App. at 1.

13. The Commissioner has alleged that the Trust is insolvent, impaired, and in such a condition that its continued operation would be hazardous to its policyholders, its creditors, or the general public. *See* Pl.'s Pet. & App. at 6-7, ¶¶34-35 (citing 36 O.S. §§ 607.1(G) & (H), 1901(1)).

14. Specifically, the Commissioner has alleged that the Trust failed to maintain the minimum capital and surplus at the level required by law. *See* Pl.'s Pet & App., at 8, ¶40 (citing 36 O.S. § 610(A)).

15. Further, the Commissioner has alleged that during the period of supervision the Trust appeared incapable of recovering additional contributions from its members in the form of reserve capital contributions ("RCCs") that are necessary to increase its capital and surplus to the level required by law. *See* Pl.'s. Pet. & App. at 8, ¶41.

16. Moreover, the Trust voluntarily ceased operations, discontinued writing additional coverage, and began running-off all claims incurred by liquidating assets to satisfy its liabilities more than a year ago on July 1, 2021. *See* 36 O.S. § 1906(1).

17. On May 10, 2024, the Board adopted a resolution at a special meeting consenting to the Trust being placed into receivership, liquidated, and dissolved. *See* Pl.'s Pet. & App. at Ex. 2, Okla. Sch. Risk Mgmt. Tr. Resolution of the Bd. of Tr. (May 10, 2024) at 1-2.

18. The Board consents to the Trust being placed into receivership for the purposes of liquidation and dissolution, and, therefore, no order to show cause or hearing is necessary. *See*, 36 O.S. § 1903.

**IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED**, pursuant to Insurance Code, OKLA. STAT. tit. 36, §§ 1901, *et seq.*, and the OUIA, OKLA. STAT. tit. 36, §§ 1921, *et seq.*, that:

1. This Order is a Final Order.
2. The Trust is in a condition such that its continued operation would be hazardous to its policyholders, its creditors, or the general public, and is statutorily insolvent. 36 O.S. § 1905(2).
3. The Trust is hereby placed into receivership pursuant to the OUIA, OKLA. STAT. tit. 36 §§ 1901, *et seq.*, and ordered liquidated and dissolved.
4. Glen Mulready, Insurance Commissioner of the State of Oklahoma, and his successors are hereby appointed Receiver of the Trust and presently directed to take possession of the Trust and all its assets and to liquidate it pursuant to the laws of the State of Oklahoma.
5. All direct or assumed policies or plans of coverage not previously cancelled, non-renewed, or, otherwise, terminated or certificates of insurance issued by the Trust are hereby cancelled upon entry of this Agreed Order.
6. The Receiver is hereby vested with all powers, rights, and authority, express or implied, under the provisions of the Insurance Code, OKLA. STAT. tit. 36, §§ 1901 *et seq.*, to liquidate and dissolve the Trust.
7. The Receiver is hereby vested by operation of law with title to all the property, accounts, assets, contracts, rights of action and all books and records of the Trust wherever located, now or hereafter discovered.

8. The Receiver shall forthwith take possession of the Trust's property, shall liquidate its business, shall deal with the Trust's property and business in the Receiver's own name as statutory Receiver or in the name of the Trust, and shall give notice to all creditors who may have claims against the Trust to present such claims. 36 O.S. § 1911.

9. The Court hereby sets a four-month claims filing period for claimants to submit claims to the Receiver. The claims filing deadline shall be four months from the date of entry of this Order. The Receiver shall notify all persons who may have claims against the Trust of the claims filing deadline. The notice shall be given in a manner approved by the Court. Proofs of claim may be submitted after the claims filing deadline, but no such claim shall share in the distribution of the assets until all allowed claims, proofs of which have been submitted before that date, have been paid in full with interest in accordance with Oklahoma law. 36 O.S. § 1930.

10. The rights and liabilities of the Trust and of its creditors, policyholders, stockholders, members, subscribers, and all other persons interested in its estate shall be fixed as of the date of entry of this Agreed Order, subject to the provisions otherwise set forth herein or within the OUILA with respect to the rights of claimants holding contingent claims. 36 O.S. § 1925.

11. With respect to claimants holding contingent claims, including causes of action against the Trust or the Trust's insureds, the provisions of the OUILA, OKLA. STAT. tit. 36, § 1929, shall govern those claimants' rights in this liquidation proceeding.

12. Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of or presented with a copy of this Agreed Order and having in its possession accounts or any other assets which are, or may be, the Trust's property are restrained from disbursing or disposing of said accounts or assets, and are further restrained from disposing of or destroying any records pertaining to any business transaction between the

Trust and such banks, brokerage houses, financial institutions, companies, persons, or entities having done business or doing business with the Trust or having in its possession assets or records which are, or may be, the Trust's property are ordered to immediately deliver any and all such assets or records to the Receiver.

13. All agents, brokers, and fronting companies of the Trust and their respective agents, servants, representatives and employees, and all other persons having knowledge of or presented with a copy of this Agreed Order are restrained from returning any unearned premiums, contributions, or any money in their possession, or under their control, collected from premiums or contributions upon policies, plans of coverage, contracts, or certificates of insurance or reinsurance previously issued by the Trust to members, policyholders, or others; and all such agents, servants, representatives and employees are directed to turn over all such funds in their possession or under their control, including any premium, contribution, or money to which they may hereafter acquire possession or control, to the Receiver in gross and not net of any commissions which may be due thereon.

14. The authority of the Trust's officers and trustees is hereby revoked as of the date of filing this Agreed Order.

15. The Trust and each of its respective officers, employees, directors, trustees, stockholders, shareholders, members, subscribers, agents, representatives, and all other persons, are hereby permanently enjoined and prohibited from:

- a. transacting any further business of the Trust,
- b. from wasting, transferring, selling concealing, destroying, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, records, correspondence, memoranda, or any other documents or other property of the Trust, or any of its respective affiliates, or

- c. interfering with the Receiver or these receivership proceedings.

16. The Trust, and both its former and current respective officers, employees, directors, affiliates, trustees, stockholders, shareholders, members, subscribers, enrollees, insurers, reinsurers, agents, representatives, contractors, subcontractors, and all other persons, are hereby directed to assign, transfer, and deliver any and all amounts owed to or property and records of the Trust to the Receiver.

17. All persons and entities including, without limitation, secured creditors, unsecured creditors, claimants, or litigants, are hereby enjoined and prohibited from:

- a. wasting, transferring, selling, concealing, destroying, disbursing, disposing, and assigning, in any manner, the assets or property of the Trust,
- b. prosecuting any pending action or litigation involving the Trust whether as a plaintiff or defendant or insurer or indemnitor thereto,
- c. obtaining any preferences, judgments, attachments, or other liens against the Trust,
- d. making any levy against the Trust or against its assets or any part thereof, or
- e. interfering with the Receiver or these receivership proceedings.

18. The Receiver is hereby vested by operation of law to assert and prosecute common claims on behalf of policyholders and creditors of the estate.

19. As Receiver, the Insurance Commissioner may appoint one or more assistant commissioners or receivers to act for him and may employ such counsel, clerks, and assistants as he deems necessary. 36 O.S. § 1914(F).

20. The Receiver's selection of Donna Wilson as Assistant Receiver and the Law Firm of Riggs, Abney, Neal, Turpen, Orbison and Lewis as Counsel for the Receiver, are hereby

approved.

21. The Receiver's use of state employees in connection with this action is hereby approved, and reimbursement to the Oklahoma Insurance Department for the actual cost to the Department of the salary and benefits of such employees is hereby approved as a Class 1 expense of the estate.

22. The compensation of the assistant commissioners or receivers, counsel, clerks, or deputies, and all expenses of taking possession of the Trust, and of conducting the proceedings shall be fixed by the Receiver, subject to approval of this Court, and shall be paid out of the funds or assets of the Trust, as deemed appropriate or necessary by the Receiver and approved by the Court.

23. Within the limits of duties imposed upon them, any assistant receiver shall possess all powers given to the Receiver and, in the exercise of those powers, shall be subject to all duties, powers, and limitations imposed upon the Receiver with respect to these proceedings, pursuant to the Insurance Code, OKLA. STAT. tit. 36, § 1914(F).

24. If any legal action is commenced against the Insurance Commissioner, Receiver, assistant commissioners or receivers, retained counsel, deputies, or any of their employees or personnel, whether personally or in an official capacity, alleging property damage, property loss, personal injury, or other civil liability caused by or resulting from any alleged act, error, or omission of any such person, the Insurance Commissioner, Receiver, assistant commissioners or receivers, deputies, retained counsel, or any of their employees or personnel shall be immune from liability and indemnified as defined and set forth under the OUIA, OKLA. STAT. tit. 36, § 1937.

25. Until further order of the Court, no obligation, claim or debt of or against the Trust shall be paid except those which the Receiver deems to be necessary or appropriate to facilitate



the taking of possession or commencement or furtherance of the liquidation of the Trust. Except as provided for herein, no distribution of the property or assets of the Trust will be made without approval of the Court.

26. Any amounts recovered or recoverable from a contractor, reinsurer, or other insurer of the Trust shall not be reduced as a result of this Agreed Order or this delinquency proceeding.

27. All expenses of these proceedings shall be taxed and assessed against the Trust as approved by the Court.

28. Pending the Receiver's first application to the Court for approval of administrative fees and expenses, the Receiver is authorized to utilize funds not to exceed Fifty Thousand Dollars (\$50,000.00) to cover the initial expenses of this receivership, including expenses for the services of the Assistant Receiver that are directly related to the initiation of this proceeding, which shall be itemized and presented to the Court for approval in the Receiver's first application for approval of administrative fees and expenses.

29. The proposed (a) Notice of Liquidation and (b) Form of Proof of Claim and Instruction, attached to the Application are hereby approved. *See* Pl's. Pet. & App. at Ex. 3 & 4.

30. The Receiver is authorized and ordered to proceed with mailing the Notice of Liquidation and Deadline for filing Proof of Claim to potential claimants of record, directing said claimants to obtain a Proof of Claim form from the Oklahoma Receivership Office, Inc.'s website, or to request such form by contacting the Oklahoma Receivership Office.

31. The Receiver's proposed claims reporting and evaluation plan as set forth in the Application is approved. The following claims reporting and evaluation schedule is hereby set by the Court (subject to modification for good cause shown):

<b>Deadline</b>	<b>Activity to Occur On or After Deadline</b>
10/21/2024	Claims filing deadline
12/23/2024	Receiver's Report on Timely-Filed Claims due
02/24/2025	Receiver's First Claims Evaluation and Request for Confirmation due (on claims due to be adjudicated)

Receiver's Supplemental Claims Evaluations and Requests for Confirmation (on subsequently evaluated claims ready to be adjudicated) will be submitted to the Court in a schedule to be set at the time of filing the Receiver's First Claims Evaluation.

32. The Insurance Commissioner, as Receiver, shall not be required to pay any fee to any public officer in this state for filing, recording, issuing a transcript or certificate or authenticating any paper or instrument pertaining to the exercise by the Insurance Commissioner, as Receiver, of any of the powers or duties conferred upon him, whether or not such paper or instrument be executed by the Insurance Commissioner or his assistants, deputies, employees or attorneys of record and whether or not it is connected with the commencement of any action or proceeding by or against the Insurance Commissioner, or with the subsequent conduct of such action or proceeding. 36 O.S. § 1923.

33. The recording of a certified copy of this Order in the Office of the County Clerk of any County where proceedings are pending shall impart the same notice of possession of the assets of the Trust as would be imparted by a deed, bill of sale, or other evidence of title duly recorded or filed. 36 O.S. § 1914(C).

34. Unless otherwise ordered by the Court, any violations of this Order or the injunctive relief set forth herein shall be deemed a contempt of Court and shall subject the violating party to such penalties as allowed by law.

SO ORDERED, this 27 day of June 2024.

**RICHARD C OGDEN**  
NAME OF JUDGE  
DISTRICT JUDGE

**CERTIFIED COPY**  
AS FILED OF RECORD  
IN DISTRICT COURT

JUN 28 2024

**RICK WARREN** COURT CLERK  
Oklahoma County

*Rick Warren*

### CONSENT TO AGREED ORDER

1. I, Brenda O'Brian, Chairperson of the Board of Trustees of Defendant Oklahoma Schools Risk Management Trust, have reviewed the Application for Order of Receivership, Appointment of Receiver, Order of Liquidation, Injunctive Relief and Approving Notice of Liquidation, Proof of Claim Form and Reporting Deadlines and consents thereto.

2. I have reviewed this Agreed Order Placing the Trust into Receivership, Appointing Receiver, Order of Liquidation, Injunctive Relief, and Approving Notice of Liquidation, Proof of Claim Form, and Reporting Deadlines and consents thereto.

3. The Trust consents to the jurisdiction of the Insurance Commissioner, the District Court of Oklahoma County, State of Oklahoma, and consents to the entry of this Agreed Order.

4. The Trust is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence, and examine witnesses.

5. The Trust irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent to Order.

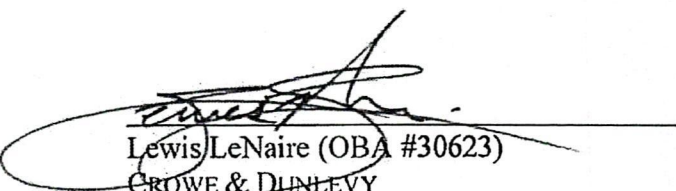
6. I declare that no promise of any kind or nature whatsoever, except as expressly contained in this Agreed Order, was made to the Trust or its Board to induce the Trust to enter this Agreed Order and that the Trust consents to this Agreed Order voluntarily relying solely upon the advice of its counsel.

7. I further represent that a majority of the Board approves this Agreed Order and duly authorizes me to execute this consent to it.

OKLAHOMA SCHOOLS RISK MANAGEMENT TRUST

  
\_\_\_\_\_  
BRENDA O'BRIAN  
CHAIRPERSON OF THE BOARD OF TRUSTEES

**AGREED AS TO CONTENT AND FORM:**



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