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

**INSURANCE COMMISSIONER
OKLAHOMA**

**IN RE: Mutual Stock Insurer Conversion –)
COMPSOURCE MUTUAL)
INSURANCE COMPANY, a domestic)
mutual insurer, to COMPSOURCE)
MUTUAL INSURANCE)
COMPANY, S.I.)**

Case No. 25-0697-TRN

ORDER APPROVING PLAN OF REORGANIZATION

The State of Oklahoma, ex rel. Glen Mulready, Insurance Commissioner, having reviewed the Plan of Reorganization and supplemental documentation submitted by CompSource Mutual Insurance Company (“CompSource”) pursuant to 36 O.S. §§ 660.1 through 660.13, finds and orders as follows:

JURISDICTION

1. Glen Mulready is the Insurance Commissioner of the State of Oklahoma (“Commissioner”) and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 *et seq.*

2. In particular, the Insurance Commissioner has jurisdiction over CompSource’s request for approval of its plan of reorganization and conversion pursuant to 36 O.S. §§ 660.3 and 660.5, which authorizes and requires the Insurance Commissioner to approve a plan of reorganization that is in compliance with Article 6a-1 of Title 36 of Oklahoma Statutes (36 O.S. §§ 660.1 – 660.13) and other applicable law.

3. CompSource is an Oklahoma domestic property and casualty insurance company. CompSource operates in the State of Oklahoma pursuant to SBS Company Number 44195055 and NAIC CoCode 36188.

FINDINGS OF FACT

4. On or about May 27, 2025, CompSource submitted a Plan of Reorganization (hereinafter, the “Plan”) to the Oklahoma Insurance Commissioner requesting approval for the reorganization and conversion of CompSource to a domestic stock insurer pursuant to Article 6a-1 of Title 36 of Oklahoma Statutes.

5. CompSource is seeking to reorganize and convert to domestic stock insurer to be called CompSource Mutual Insurance Company, S.I. (hereinafter, “Converted CompSource”).

6. Under the Plan of Reorganization and the structure set forth in Article 6a-1 of Title 36 of Oklahoma Statutes, a mutual holding company, called CompSource Mutual Insurance Holding Company (hereinafter, “CompSource MHC”) would be created. All members/policyholders of CompSource as of the record date would become the members of CompSource MHC, the parent company.

7. CompSource MHC would, through a newly formed intermediate stock holding company to be named “CompSource Intermediate Holding Company” (hereinafter, “Intermediate Holdings”), own all of the voting stock of Converted CompSource.

8. On or about August 28, 2025, the Insurance Commissioner held a public comment hearing at which policyholders and any members of the public were invited to provide comment on the proposed reorganization. Pursuant to 36 O.S. § 660.5(E), the Insurance Commissioner has the authority to offer a public comment hearing but such hearing is not required.

9. An extended public comment period was held open from August 28, 2025 to September 12, 2025, for policyholders and members of the public to submit written comments to the Oklahoma Insurance Department (“OID”).

10. On or about November 5, 2025, the Commissioner received a completed filing of the Plan and all information requested by the Commissioner.

11. Pursuant to 36 O.S. § 660.3(C), “The Commissioner shall approve or disapprove a plan and other documents submitted under subsection B of this section and as prescribed in Section 5 of this act. The Commissioner must approve or disapprove the plan within sixty (60) days after the Commissioner receives a completed filing of the plan and all information requested by the Commissioner or within sixty (60) days after the completion of a hearing on the plan, whichever date is later.”

12. Within sixty (60) days, on January 5, 2026, the OID notified CompSource that, pursuant to 36 O.S. §§ 660.5 and 660.9, the Commissioner was retaining and was in contract negotiations with a qualified independent expert to assist in reviewing the Plan.

13. Pursuant to 36 O.S. § 660.9(B), “The Commissioner may retain at the mutual insurance company’s expense, a qualified expert who is not a member of the Commissioner’s staff to assist the Commissioner in reviewing the conversion plan and the valuation. If the Commissioner retains a qualified expert under this subsection, the Commissioner may extend the period for decision by an additional sixty (60) days beyond the initial sixty-day period.”

14. On or about January 7, 2026, a contract was fully executed between the Commissioner and Examination Resources, LLC (hereinafter, “Qualified Expert”), an independent contractor who had assisted another state’s insurance department with the conversion of a mutual insurer into a mutual holding company and whose staff has experience overseeing the review and approval of multiple reorganization plans in other states.

15. CompSource’s application for reorganization includes the following documents:
- a. Plan of Reorganization;

- b. Plan of Reorganization Summary;
 - c. April 25, 2025 CompSource Board of Director's Resolution approving the Plan of Reorganization and related transactions;
 - d. Form of Notice of Special Meeting of Members;
 - e. Form of the Proxy for Special Meeting of Members;
 - f. Form of Policyholder Information Statement;
 - g. Draft Second Amended and Restated Articles of Incorporation of CompSource Mutual Insurance Company, S.I.;
 - h. Draft Second Amended and Restated Bylaws of CompSource Mutual Insurance Company, S.I.;
 - i. Draft Articles of Incorporation of CompSource Intermediate Holding Company;
 - j. Draft Bylaws of CompSource Intermediate Holding Company;
 - k. Draft Articles of Incorporation of CompSource Mutual Insurance Holding Company;
 - l. Draft Bylaws of CompSource Mutual Insurance Holding Company;
 - m. Current Articles of Incorporation of CompSource Mutual Insurance Company;
and
 - n. Current Bylaws of CompSource Mutual Insurance Company.
16. The Plan of Reorganization includes, but is not limited to, the following provisions:
- a. Section 2.1 sets forth a statement of the reasons for the proposed action;
 - b. Sections 2.2 through 2.8 and 3.5 through 3.6 describe how the plan will be carried out;
 - c. The Plan as a whole describes the significant terms of the reorganization;
 - d. Sections 2.8 through 2.12 describe the overall effect of the plan on policies issued by Compsource;
 - e. Article I states the record date shall be thirty (30) days in advance of the Members Meeting;

- f. Section 3.6 states the effective date Plan shall be on the later of (1) 12:01 a.m. CT January 1, 2026 or (2) the date on which all of the provisions of this Section 3.6 have been complied with and the CompSource MHC Articles, the Intermediate Holdings Articles, and the Converted CompSource Articles have been accepted by the Oklahoma Secretary of State;
- g. Exhibits B, C, D, E, F, and G are the proposed Articles of Incorporation and Bylaws for Converted CompSource, Intermediate Holdings, and CompSource MHC;
- h. Section 2.13 states there are no plans to sell, issue, or distribute any shares of Converted CompSource, Intermediate Holdings, or any other affiliated company, to the public; to any officer or director of Converted CompSource, Intermediate Holdings, or CompSource MHC; or any other persons within the six-month period following the effective date of the conversion; and
- i. Section 2.11 states that all policies in force on the effective date of the reorganization will remain in force under the terms of those policies and states that on the effective date of the reorganization, the voting rights of the members of CompSource are extinguished and replaced by Membership Interests and rights in surplus of CompSource MHC.

17. Based on CompSource's 2025 Annual Financial Statement, CompSource has capital and surplus in amounts that exceed the minimum statutory requirements. The capitalization costs of the reorganization and conversion would not meaningfully impact the existing capital and surplus levels.

18. The current Directors and Officers of CompSource, to the extent they still hold such positions on the effective date of the reorganization, shall serve as the Directors and Officers of CompSource MHC until new Directors and Officers have been duly elected and qualified pursuant to the CompSource MHC Bylaws. The Directors and Officers of Converted CompSource and Intermediate Holdings are set forth on Exhibit H of the Plan of Reorganization.

19. Based on documentation and information reviewed by OID, the directors and officers are competent and experienced.

20. Other facts evidenced by the Plan of Reorganization and submitted documents, include, but are not limited to, the following:

- a. Every policy issued by CompSource that is in force on the effective date of the conversion will remain in force and continue as a policy of Converted CompSource after the effective date of the conversion.
- b. The premiums currently required to be paid as specified in the policies will not be increased or otherwise changed mid-term solely as a result of the MHC Conversion.
- c. At present, the membership rights are the right to vote in the election of directors of CompSource, the right to approve or disapprove proposed changes to the CompSource Mutual Articles of Incorporation, and the right to vote on any plan of conversion, voluntary dissolution, demutualization, or other matters as may be voted upon at an annual or special meeting of CompSource's members. Membership rights also include the right to receive a distributive share of the net assets available for distribution upon liquidation of CompSource. On the effective date of the conversion, the membership rights in CompSource will be extinguished and replaced with substantially similar voting rights and rights in surplus in CompSource MHC.
- d. There is an increased possible risk that current membership rights will be diluted through any future growth in new membership as a result of the conversion. New and renewal policyholders of Converted CompSource will become members of CompSource MHC. Additionally, CompSource MHC's Board of Directors will have the authority to grant member status to the policyholders of any other subsidiaries of the mutual insurance holding company created or acquired in the future. If CompSource MHC acquires another mutual insurance company in the future, the members of the acquired mutual insurer may become members of CompSource MHC as part of the acquisition. This risk is clearly explained in the documents to be distributed to members/policyholders prior to voting on whether to approve the plan of reorganization, and this risk is inherent in conversions pursuant to Article 6a-1 of Title 36 of Oklahoma Statutes.
- e. No director, officer, or employee of CompSource shall receive any fee, commissioner, or other valuable consideration, other than the person's regular salary or compensation, for aiding, promoting, arranging or assisting with the reorganization and conversion of CompSource into a domestic stock insurer.

21. Pursuant to 36 O.S. § 660.2(A)(4) and (5) and the documents submitted to the Insurance Commissioner, Intermediate Holdings shall retain all shares of the voting stock of

Converted CompSource and CompSource MHC shall retain all shares of the voting stock of Intermediate Holdings.

22. Pursuant to 36 O.S. § 660.2(C) and the documents submitted to the Insurance Commissioner, no shares of stock representing a majority of the voting power of all issued and outstanding voting stock of either Converted CompSource or Intermediate Holdings can be issued to third parties, and such majority interest cannot be conveyed, transferred, assigned, pledged, subject to a security interest or lien, placed in a voting trust, encumbered, or otherwise hypothecated or alienated by CompSource MHC or Intermediate Holdings.

23. Pursuant to 36 O.S. § 660.2(A)(6) and the documents submitted to the Insurance Commissioner, the reorganization and conversion does not does not annul, modify, or change any existing license or other authority or any of the existing civil actions, rights, contracts, or liabilities of CompSource; all property, debts, and every other interest belonging to CompSource before the conversion shall be retained by the Converted CompSource without further action; and Converted CompSource shall exercise all rights and powers and perform all duties conferred or imposed by law upon insurers writing the classes of insurance written by Converted CompSource, shall retain the rights and contracts of CompSource existing immediately before the conversion, and shall be subject to all obligations and liabilities of CompSource existing immediately before the conversion.

24. The OID received public comments from three individuals.

25. Policyholder Carrie Collett submitted a written public comment expressing general support for the Plan of Reorganization and asked some follow up questions.

26. Policyholder and attorney Bob Burke submitted both an oral and written public comment objecting to the Plan of Reorganization and arguing that *Tulsa Stockyards, Inc. v. Clark*,

2014 OK 14, 321 P.3d 185, holds CompSource to a higher fiduciary, that the rights of any policyholders not voting in favor of the reorganization would be violated if reorganization occurs, and that any issuance of stock would dilute his member interests and violate his due process rights.

27. Randa Reeves, an attorney for plaintiffs in an unrelated class action lawsuit against CompSource, also submitted both an oral and written public comment objecting to the Plan of Reorganization and arguing that *Tulsa Stockyards* requires CompSource to hold its assets for the benefit of policyholders, that CompSource would no longer be required to pay dividends to policyholders, that expanding business operations into property insurance, marine insurance, auto insurance, and reinsurance poses a risk to the security of policyholders because CompSource lacks the expertise to undertake this expansion, and that Jason Clark is not a current officer or director and therefore is improperly listed on Exhibit H of the Plan of Reorganization.

28. The Supreme Court opinions in *Tulsa Stockyards v. Clark*, 2014 OK 14, 321 P.3d 185, and *Moran v. State ex rel. Derryberry*, 1975 OK 69, 534 P.2d 1282, do not state that a higher fiduciary duty unique to CompSource is being created. At that time of those opinions, CompSource was a state entity and the Oklahoma Supreme Court explained the funds were held in trust for the benefit of policyholders and thus were not assets of the State. *Tulsa Stockyards*, 2014 OK 14, ¶ 31; *Moran*, 1975 OK 69, ¶ 34. Similar to the case at hand, in *Tulsa Stockyards*, the Oklahoma Supreme Court affirmed that the assets were held in trust but that did not prohibit the Legislature from converting CompSource from a state entity into a private mutual insurance company. *Id.* at ¶ 31.

29. In 2024, ten years after the decision in *Tulsa Stockyards*, the Legislature enacted Article 6a-1 of Title 36 (36 O.S. §§ 660.1 – 660.13) of Oklahoma Statutes to govern the conversion of a domestic mutual insurance company into a domestic stock insurer.

30. In *Tulsa Stockyards*, the Supreme Court held, “In reviewing a statute for conformity to the constitution, we begin with a presumption of constitutionality. *Id.* A statute will be upheld unless it is clearly, palpably, and plainly inconsistent with the constitution. *Id.* The party challenging a statute's constitutionality has a heavy burden to establish that the statute is in excess of legislative power. *Id.*” *Id.* at ¶ 27.

31. The Articles of Incorporation of CompSource MHC do not state that CompSource MHC will not pay dividends at all. Article XI of that document states, “The Corporation will not be required to pay dividends or make any other distributions to its members, except as directed or approved by the Oklahoma Insurance Department or such governmental officer, body or authority as may succeed it as the primary regulator of the Corporation under applicable law.”

32. CompSource is already licensed and approved by the OID to engage in the following lines of business in Oklahoma: casualty (including vehicle), workers compensation, accident & health or sickness, property, marine, and vehicle.

33. The 2025 CompSource Annual Financial Statement filed with the OID lists Jason Clark under “Directors or Trustees.”

34. Pursuant to 36 O.S. § 660.5, “The Commissioner *shall* approve the plan if the Commissioner finds all the following:

- a. The applicable provisions of this Act, and other applicable provisions of law have been fully met;
- b. The plan protects the rights of policyholders;
- c. The plan is fair and equitable to the members and the plan does not prejudice the interest of the members;
- d. The converted stock insurer has capital or surplus, or any combination thereof, that is required of a domestic stock insurer or initial authorization to transact like kinds of insurance, and otherwise is available to satisfy the requirements of Oklahoma for transacting its insurance business;

- e. The plan does not substantially reduce the security of the policyholders and the service to be rendered to the policyholders;
- f. The financial condition of the mutual holding company or any subsidiary of the mutual holding company does not jeopardize the financial stability of the converted stock insurer; and
- g. The competency, experience, and integrity of those persons who control the operation of the converted stock insurer are not contrary to the interests of policyholders of the converted stock insurer and of the public in allowing the plan to proceed.” (emphasis added)

35. The Commissioner retained Qualified Expert specifically to review the Plan of Reorganization and supplemental documentation to ensure the Plan meets the requirements of 36 O.S. §§ 660.5(A)(2),(3), and (5); namely that the Plan protects the rights of policyholders, the Plan is fair and equitable to members and does not prejudice the interest of the members, and the Plan does not substantially reduce the security of the policyholders and services to be rendered to the policyholders.

36. The Qualified Expert determined the Plan does meet the requirements of 36 O.S. §§ 660.5(A)(2),(3), and (5) and recommended approval of the Plan. Regarding Subsection 5, the Qualified Expert noted that the loss of a true mutual insurance structure allows for the potential of conflicts of interest with leadership and board members who occupy positions in both Converted CompSource and CompSource MHC and that such leadership and board members could be inclined to benefit the stock company to the detriment of the mutual holding company. The Qualified Expert noted that 36 O.S. § 660.6(B) includes some protections by preventing dissolution of the mutual holding company with approval by the Commissioner. The Qualified Expert also recommended several stipulations and conditions to ensure protection of the policyholder rights and interests. Those recommendations are adopted and issued in this Order.

37. Pursuant to 36 O.S. § 660.3(E), after a plan of reorganization is approved by the Insurance Commissioner, the plan must still be approved by at least two-thirds (2/3rds) of the eligible members (policyholders) voting on the plan.

CONCLUSIONS OF LAW

1. The Insurance Commissioner has jurisdiction of this matter pursuant to Article 6a-1 of Title 36 of Oklahoma Statutes (36 O.S. §§ 660.1 – 660.13).

2. CompSource has complied with the requirements of Article 6a-1 of Title 36 of Oklahoma Statutes and other applicable law.

3. The Plan of Reorganization protects the rights of policyholders. Every policy in force as of the effective date shall remain in force under the terms of the policies. All contractual rights in the policies shall remain as they existed prior to the reorganization effective date.

4. The Plan of Reorganization is fair and equitable to the members and there is no evidence that the Plan would prejudice the interests of members. Membership voting interests and rights in surplus of CompSource are extinguished and replaced with substantially similar, if not equivalent, membership voting interests and rights in surplus in the parent company CompSource MHC. The possible risk of dilution of current membership rights through future growth in new memberships is inherent in any mutual company and conversion. The risks are clearly explained in the materials that will be submitted to all the members prior to their vote on whether to approve to reorganization and conversion.

5. Converted CompSource has capital or surplus required of a domestic stock insurer on initial authorization to transact like kinds of insurance and is otherwise able to satisfy the requirements of Oklahoma for transacting insurance business.

6. The Plan of Reorganization does not substantially reduce the security of the policyholders and the services to be rendered to the policyholders. The capitalization costs would not have meaningful impact on the existing capital and surplus levels, and services to be rendered to policyholders will not be altered by the conversion. Any concerns regarding potential conflicts of interest that can arise outside the mutual insurance structure are addressed and mitigated by the adoption and issuance herein of the stipulations and conditions recommended by the Qualified Expert.

7. The financial condition of CompSource MHC does not jeopardize the financial stability of CompSource or Converted CompSource.

8. The financial condition of CompSource is not jeopardized by the reorganization and conversion, and the reorganization and conversion does not jeopardize the financial stability of CompSource MHC.

9. There is no evidence that the competence, experience, and integrity of those persons who control the operation of the converted stock insurer would be contrary to the interests of policyholders and of the public in allowing the Plan of Reorganization to proceed.

10. Because the Plan of Reorganization and supplemental documentation submitted by CompSource meet the requirements of 36 O.S. § 660.5, the Commissioner is required by Section 660.5(A) to approve the Plan.

ORDER

IT IS ORDERED, ADJUDGED, AND DECREED that the Plan of Reorganization and documents submitted to the Insurance Commissioner pursuant to 36 O.S. § 660.3(B) meet the requirements of Article 6a-1 of Title 36 of Oklahoma Statutes, including 36 O.S. § 660.5, and other applicable provisions of law.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Plan of Reorganization and documents submitted to the Insurance Commissioner pursuant to 36 O.S. § 660.3(B) for the reorganization and conversion of CompSource Mutual Insurance Company to a domestic stock insurer are hereby APPROVED.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED the CompSource Mutual Insurance Company, CompSource Intermediate Holding Company, CompSource Mutual Insurance Company, S.I., and CompSource Mutual Insurance Holding Company, respectively, shall comply with the following stipulations and conditions, as applicable:

1. For three (3) years following the effective date of the reorganization (hereinafter, “Effective Date”), the Converted CompSource will maintain a minimum Risk-Based Capital (“RBC”) of 300% of the authorized control level calculated in accordance with the risk-based capital 36 O.S. §§ 1521, *et seq.* for the converted stock insurer. If at any time the RBC level falls below 300%, Intermediate Holdings or CompSource MHC will have thirty (30) days to obtain capital and/or surplus sufficient to bring the Converted CompSource’s RBC above this threshold;

2. For a period of three (3) years after the Effective Date, no ordinary or extraordinary dividends may be paid out of the Converted CompSource without the prior written approval of OID. Dividend requests submitted to OID must include the purpose for the dividend, the proposed amount, the estimated RBC before and after payment of the dividend, and any additional information requested by OID;

3. For a period of three (3) years after the Effective Date, the OID must be notified in advance of any contemplated changes in the Directors or Officers of Converted CompSource, Intermediate Holdings and CompSource MHC;

4. Any plan to distribute or sell stock during the five (5) years following the Effective Date shall be approved by OID prior to any distribution or sale. Any stock distribution or sale shall be supported by an independent and third-party valuation analysis to ensure that the share price is fair and reasonable. No stock shall be distributed without fair compensation being received;

5. Upon the Effective Date, CompSource MHC and all entities within the holding company system shall be subject to the Oklahoma Insurance Holding Company System Regulatory Act, 36 O.S. §§ 1651 et seq., and all applicable rules promulgated thereunder. The Holding Company shall timely file all required filings, including but not limited to registration statements, enterprise risk reports, and prior notice or approval filings;

6. CompSource MHC and Intermediate Holdings must adopt an Investment Policy and file it with OID prior to proceeding with any investment activities. Any subsequent changes to the Investment Policy must be filed with OID within thirty (30) days of the change;

7. Historically and currently policyholders have served on the Board of CompSource. The new CompSource holding company structure shall take reasonable efforts to ensure policyholder participation in the board continues;

8. For five (5) years following the Effective Date, no stock or stock options will be granted or distributed to officers or management within the holding company group;

9. Instructions regarding the policyholder vote to be included in the certification submitted to OID shall be subject to the following:

- a. Final materials sent to policyholders/members with certification by management (with proof of the mailing date) are to be version approved by the Commissioner;
- b. Any changes to such material shall be approved by the Commissioner;
- c. Information regarding results of the vote, including, but not limited to, the number of total ballots mailed, the number of ballots returned by the post office,

the number of eligible members without mailing addresses, and the vote count in favor, against, and abstained;

10. CompSource shall establish additional means to notify and address any concerns from policyholders, including a webpage FAQ and script for phone operators. Copies of the website content and script shall be provided to the Department for approval within five (5) business days of the issuance of this Order; and

11. For purposes of determining compliance with 36 O.S. § 660.2(C), and for the avoidance of doubt, voting stock held by officers, directors, employees, or other individuals shall constitute stock held by third parties. Such holdings shall not be considered part of the ownership chain of the mutual holding company or any intermediate stock holding company when evaluating the statutory requirement that a majority of the voting stock remain owned by the mutual holding company.

WITNESS My Hand and Official Seal this 5 t h day of March, 2026.





GLEN MULREADY
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

CERTIFICATE OF MAILING

I, Nicole M. Nash, hereby certify that a true and correct copy of the above and foregoing *Order Approving Plan of Reorganization* was sent by certified mail with postage prepaid and return receipt requested and by email on this 5th day of March, 2026, to:

Nicholas R. Paquette
Foley & Lardner LLP
106 E. College Ave., Suite 900
Tallahassee, FL 32301-7732
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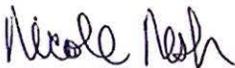
CERTIFIED MAIL NO.

CompSource Mutual Insurance Company
PO Box 53505
Oklahoma City, OK 73152-3505

CERTIFIED MAIL NO.

and a copy was delivered to:

Oklahoma Insurance Department's Financial Division



Nicole M. Nash