



Talisman Surety &
Fidelity Company

INSTRUCTIONS FOR GROWER BOND APPLICATION

PLEASE read the information in this application carefully.
If you have any questions contact cannabonds@talismancells.com or call 800 734-8125.

The following documents must be supplied with your application:

1. **Copy of your Growers License.** (active or expired)
 - a. If your license is expired, attach **notification of OMMA rejection or extension** of your license granted by OMMA. (locate through your OMMA portal)
 - b. If purchasing a license from someone else, attach the **signed purchase agreement** between the two parties.
 - c. If you are **changing a name, address, phone #, email etc...** **PLACE THE NEW ONE ON THE APPLICATION and supply documents verifying the change.**
2. Copy of your rental/lease agreement. (if applicable)

You **MUST** supply the information of the exact person filling out the application for you (i.e. Lawyer, interpreter, etc.)

Complete the entire application. Fill in **ALL** fields. If not applicable type in **N/A**.

Page 9. Fill in all owners of your company/business/grower operation.

Page 10. Fill in and **SIGN** any owner with 25% or more ownership of your company/business/grower.

Page 11. Coverage date is the date of the application. Check the box and **SIGN**.

Page 20. You must **SIGN** the information on this page.

* If you cannot electronically sign and save this application, then print the completed application, sign it (3 places), scan and save as a picture (jpeg), and submit to cannabonds@talismancells.com

REVIEW AND APPROVAL

If approved, an Invoice and Bond DRAFT will be sent to you. Pay the premium per the instructions on the invoice, and review the Bond DRAFT to insure all information is correct.

**This application is for Surety Use only. No information given will be sold or shared. It is created in a fillable form format for ease of use and to insure you supply the Surety with all necessary information to be approved for a Growers Bond. **

When your application is complete, please review carefully. Take the time to read the information on the application thoroughly and ask any questions you may have before sending in.



Date:

Cannabis Bond Application

State of Oklahoma Marijuana Cultivator Bond - **\$50,000**

This application is being filled out by :

Grower Agent Other

If **Other** please complete below:

Name: _____ Phone #: _____

Title: _____ Email: _____

Company Information

Licensed Company Name
(Exactly as it appears or will appear on the License)

Name of Decision Maker

Street Address

City:

State: _____ Zip: _____ County: _____

Business FEIN #: _____ Business Phone Number: _____

Email Address:

Primary Website URL:

LICENSE INFORMATION

License Number: _____ Issued: _____ Expires: _____

Most Recent Year Gross Revenue:

Most Recent Year Net Income (Loss):

Do you Own/Rent your facility? Own Rent

If Rent: Landlord Name:

Landlord Address:

Landlord Phone#: _____ Landlord Email: _____

INSURANCE AGENT INFORMATION: Do you have an Insurance Agent? Yes: _____ No: _____

Agency Name:

Agent Name:

Phone: _____ Email: _____

If at any time you need help, please call: **(800) 734-8125** and a **Talisman representative will assist you.**

If you are an agent applying for your client, please contact Cross Timbers Insurance Group at **(918) 623-2840**

Does the business, or any principal, or any owner involved:

1. have any outstanding collection items or liens? (If Yes, Attach Documentation)		Yes		No
2. failed in business, or declared		Yes		No
3. had any lawsuits or judgments against them?		Yes		No
4. had a license or bond canceled or denied?		Yes		No
5. been a party to a surety bond claim?		Yes		No
6. been convicted of crime?		Yes		No
7. Have there been any changes in the previous 12 months? (i.e. marriage, change of address, new driver's license, etc.)		Yes		No
8. Have you had an ownership change within your business in the last 12 months?		Yes		No

Previous Surety – If Yes, reason for change		Yes		No
- If yes				

Does the business, or any principal, or any owner involved:

1. have any outstanding collection items or liens? (if yes, Attach Documentation)		Yes		No
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Is there a residence or living quarters on the same property as the commercial grow license?		Yes		No
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Important: If required, attach the "Affidavit of Lawful Presence" by person making application for License.

License Tier

Your license is for either an indoor grow or outdoor grow operation and is issued per a Tier size. Please indicate below which Tier applies to your license.

Is this license for an "Indoor" Grow?		Yes		No		N/A
License # for Indoor Grow.						
Location Address of Indoor Grow related to License #.						

Is this license for an "Outdoor" Grow?		Yes		No		N/A
License # for Outdoor Grow						
Location Address of Outdoor Grow for License Listed						

Indicate the Size of the "Indoor" Grow:

	Tier 1	Up to 10,000 sq. feet
	Tier 2	10,001-20,000 sq. feet
	Tier 3	20,001-40,000 sq. feet
	Tier 4	40,001-60,000 sq. feet
	Tier 5	6,001-80,000 sq. feet
	Tier 6	80,001-99,999 sq. feet
	Tier 7	100,000 sq. feet or more

Indicate the Size of the "Outdoor" Grow:

	Tier 1	Up to 2.5 acres
	Tier 2	2.5 – 5 Acres
	Tier 3	5 – 10 Acres
	Tier 4	10 – 20 Acres
	Tier 5	20 – 30 Acres
	Tier 6	30 – 40 Acres
	Tier 7	40 – 50 Acres
	Tier 8	50 Acres or more



**An Agreement of Indemnity is an express requirement for Talisman to issue a bond.
All owners owning 25% or more of the Grower Company must sign this document.
Please read and sign the signature blocks at the end of the Agreement**

AGREEMENT OF INDEMNITY

WHEREAS at the request of the undersigned, for themselves, their heirs, executors, administrators, successors and assigns and any subsidiary or parent companies (hereafter referred to as "Indemnitors"), and upon the express understanding that this Agreement be executed, Talisman Surety and Fidelity Inc. (hereafter referred to as "Surety") 2500 McGee Dr., Ste 140, Norman, OK 73072, successors, assigns and any subsidiary companies (hereafter individually and collectively referred to as "Surety") has executed, or may in its discretion hereafter execute certain surety bonds, undertakings, and/or other instruments of guarantee or indemnity, and any continuation, extension, amendment, alteration, renewal or substitution thereof (hereafter collectively referred to as "bond" or "bonds) on behalf of the Indemnitors, or any one or more of the Indemnitors, in which bonds the Indemnitors hereby affirm they have a substantial, material and beneficial interest.

NOW, THEREFORE, in consideration of the premises, and of the execution or continuance of such bonds, the Indemnitors, jointly and severally, hereby covenant and agree in favor of the Surety as follows:

The Indemnitors will promptly pay or cause to be paid in readily available funds to the Surety in advance, or if not in advance, in such manner as may be agreed upon, all premiums and charges of the Surety for such bonds, and for such additions to the penal sums of the bonds, at the rates and times specified by the Surety, and will continue to pay the same where such bonds are continued until the Indemnitors shall serve evidence satisfactory to the Surety of its discharge or release from such bonds and all liability for reason thereof. Bond premium is considered fully earned upon issuance of the bond by the Surety.

- 1) The Indemnitor(s) shall exonerate, indemnify, and save harmless the Surety from and against every loss, claim, demand, liability, cost, charge, suit, judgment and expense which the Surety may pay or incur, including, but not limited to, loss, interest, court costs and consultant and attorney's fees:
 - a) by having executed or procured the execution of the bonds; or
 - b) in making an independent investigation of any claim, demand, or suit; or
 - c) in defending any suit, action, mediation, arbitration or any other proceeding to obtain release from liability whether the Surety, in its sole discretion, elects to employ its own attorney or permits or requires Indemnitors to defend the Surety; or
 - d) in enforcing any of the covenants, terms and conditions of this Agreement.
- 2) The Indemnitors upon written demand by Surety, shall immediately deposit with the Surety a sum of money or other security requested by the Surety to cover any claim, suit, expense, or judgment that the Surety may in its absolute discretion determine is necessary and the deposit shall be pledged as collateral security on any such bond or other bonds the Surety may have issued for the Indemnitors. The Indemnitors agrees that such collateral security may be used, without limitation to the above or otherwise, to pay for any fees or costs incurred by the Surety in the defense or prosecution of any claim between the Surety and Indemnitors regarding this agreement, including any claims for a return or reduction of the collateral security, or any bond or bonds issued by the Surety. The Indemnitors expressly grants the Surety the authority to retain the collateral security until the Surety determines in its sole discretion that retention of such collateral security is no longer required. The Indemnitors hereby irrevocably appoints the Surety as their attorney in fact to execute any documents necessary to perfect the Surety's security interests in any collateral submitted to the Surety. The Surety shall have

the exclusive right to determine if any claim or suit shall be denied, paid, compromised, defended or appealed. An itemized statement of payments made by the Surety shall be prima facie evidence of the obligation of the Indemnitors due to the Surety. The Indemnitors agree that it is their responsibility to defend their own interests. The Surety shall have the right to hold such funds as collateral (without any obligation to earn interest on the collateral for the Indemnitors) until the indemnitors serve evidence satisfactory to the Surety of its discharge from all bonds and all liability by reason thereof, and to use such funds or any part thereof, at any time, in payment or settlement of any judgment, claim, liability, loss, damage, fees, or any other expense.

- 3) The Surety shall have the exclusive right to adjust, settle, or compromise any claim, demand, suit or any other proceeding arising out of any bond against the Surety and/or the Indemnitors, take whatever action it deems appropriate in response thereto, and its determination of whether to defend or settle the same shall be binding and conclusive upon the Indemnitors. In the event of any payment or disbursement by the Surety, the Indemnitors agree to immediately reimburse the Surety for any and all payments and disbursements made (including, but not limited to, interest from the date of the Surety's payments at the maximum rate allowable) under the Surety's belief that liability for the payments existed or that payment was necessary or expedient, whether or not such liability, necessity or expediency existed, Vouchers or other evidence of payment by the Surety shall be conclusive evidence of the fact and amount of such liability, necessity, or expediency and of the Indemnitors' liability to the Surety therefore.
- 4) With respect to each bond executed by the Surety in connection with a license, the Indemnitors hereby assign, transfer, convey and set over to the Surety:
 - c) all monies retained, due, or due to the future on account of any license, in which any or all the Indemnitors have an interest; and
 - d) all right, title and interest, or use of any license, patent, trademark, or copyright held by Indemnitor in connection with the license and the bond. The assignments shall be effective as of the execution dates of the bonds, but only enforceable upon the occurrence of one or more of the events described in Paragraph 5(a-d).
- 5) In the event the Indemnitors, or any or more of them, shall
 - a) whether actually or allegedly (as declared by the obligee or owner), delay, default, abandon, forfeit or breach any license secured by a bond, or
 - b) changes its character, identity, control, beneficial ownership, or existence, or
 - c) fail to perform, or comply with any of the terms, covenants, or obligations of this Agreement, including, but not limited to prompt payment of any amount due under this agreement, or
 - d) make an assignment for the benefit of creditors, or have any proceedings instituted against them, or any one or more of them alleging insolvency or involving the appointment of a receiver or trustee whether such Indemnitor(s) is/are insolvent or not.
- 6) The Indemnitors covenant and agree that all funds due or to become due under any license secured by a bond, whether in the possession of any Indemnitor or others, are held in trust for the benefit and payment of all obligations incurred for which the Surety would be obligated under any bond. The trust shall inure for the benefit of the Surety for any liability or loss under any bond, and this agreement shall constitute notice of such trust.



- 7) The Surety, or its designated agents, shall have full and free access to the Indemnitors' books and records or any and all reasonable times until the liability of the Surety under any bond is completely terminated and the claims of the Surety against any Indemnitor are fully satisfied.
- 8) The Indemnitors understand and agree that by submitting an application for bonding, the undersigned authorizes the verification of information provided and the obtaining of additional information from any source, including obtaining a credit report on the undersigned and/or any other individuals associated with the business including spouses, at the time of application in any review or renewal, at the time of any potential or actual claim or for any other legitimate purpose determined by the Surety in its reasonable discretion. The Surety or its representatives shall have the right to examine the credit history, department of motor vehicle records, employment history, books and records of the undersigned or the assets covered by the bond, or the assets pledged as collateral for the bond. Privacy Notice: All nonpublic personal information gathered pursuant to the application shall not be disclosed except as permitted by law.
- 9) The Indemnitors irrevocably appoint the Surety as their attorney-in-fact with the power, authority and right to exercise all of the rights of the Indemnitors, or any of one or more of them, which are assigned, transferred and set over to the Surety under this Agreement, or otherwise, including, but not limited to,
 - a) the right to take possession of all funds due or to become due under any license or contract and to endorse, in the name of the indemnitors, or any one or more of them, any check, draft, warrant, or other instruments made or issued in payment of such funds, and to disburse the proceeds thereof in such manner which exonerates, holds harmless, and indemnifies the Surety,
 - b) the right to execute any other agreements or documents which the Surety, in its sole discretion, deems necessary to vest it in the title, property, and/or funds assigned by the Agreement, or otherwise, and
 - c) the right in its name or in the name of the Indemnitor(s), but not the obligation, to pursue, prosecute, compromise, release, or otherwise resolve any of the claims, causes of action or other rights assigned, upon such terms as the Surety, in its sole discretion, shall deem appropriate.
- 10) This Agreement shall constitute a Security Agreement of the Surety, both in accordance with the provisions of the Uniform Commercial Code of every jurisdiction wherein such Code is in effect and may be so used by the Surety without in any way abrogating, restricting or limiting the rights of the Surety under this Agreement, or under law or in equity.
- 11) The Surety may decline to execute any bond (including those for which any application was submitted, any bid or proposal bond was issued by the Surety, or otherwise) without impairing the validity of this Agreement, and the Indemnitors hereby waive any and all claims against the Surety due to its refusal or failure to so execute.
- 12) The Indemnitors waive, to the extent permitted by law, so far as their respective obligations under this Agreement are concerned, all rights to claim any property, including their respective homesteads, as exempt from levy, execution, sale or other legal process under the laws of any state, territory, or possession of the United States.
- 13) As long as the Indemnity Agreement is in effect, the Indemnitors agree not to assign, sell, convey or transfer their rights, title, or interest in any assets of the Indemnitors, without the express written permission of Surety.

- 14) The Indemnitors agree to keep themselves fully informed as to the business and financial affairs of each of the other Indemnitors so that the Indemnitors are aware of the risks and hazards of continuing as indemnitors. The Indemnitors waive notice from the Surety of any act, fact, or information coming to the notice or knowledge of the Surety concerning its rights or liabilities under any bonds executed by the Surety on behalf of Indemnitors, or any one or more of them, or the rights or liabilities of the Indemnitors, whether the Surety has such knowledge or notice before or after the execution of this Agreement.
- 15) The Surety, in its sole discretion, may agree or refuse to agree to any alteration, amendment, change, modification, limitation, or extension of any bond, and any renewal or other obligation in place or in lieu thereof, or of any contract (or any plans and specifications relating thereto) secured by any bond, and in any such case the Indemnitors shall be liable to the Surety as fully and to the same extent on account of any such altered, amended, changed, modified, limited or extended bond or renewal or substitution thereof, or contract, whenever and as often as made, even though such action does or might substantially increase the liability of the Indemnitors.
- 16) No remedy conferred upon or reserved to the Surety by this Agreement is intended to be exclusive of any other remedy or remedies and each and every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every right, power and remedy given by this Agreement to the Surety shall be concurrent and may be pursued separately, successively or together against any Indemnitor, or any one or more of them; and every right, power and remedy given by this agreement to the Surety may be exercised from time to time as often as may be deemed expedient by the Surety in its sole discretion.
- 17) The liability of the Indemnitors under this Agreement shall not be affected by the failure of the Indemnitors to sign any bond, nor by the failure of any Indemnitor to receive notice of the execution of any bond, nor by any claim that any other indemnity or security was to be obtained, nor by the release of any indemnity, nor by the return or exchange of any collateral. If any Indemnitor to this Agreement is deemed for any reason (including, but not limited to, any defect in the execution of this Agreement by any Indemnitor) not bound thereby, the Agreement shall still be binding upon each and every other Indemnitor.
- 18) If any provision or provisions of this Agreement are deemed void or unenforceable under any jurisdiction governing its construction, this Agreement shall not be deemed void or unenforceable thereby but shall continue in effect and be enforced as though the void or unenforceable provisions are omitted.
- 19) The Indemnitors waive and subordinate all rights of indemnity, subrogation, and contributions each against the other until all obligations to the Surety have been first satisfied in full.
- 20) This Agreement may be terminated as to any Indemnitor upon twenty (20) days written notice sent by registered or certified mail to the Surety at its home office at 2500 McGee Dr., Ste 140, Norman, OK 73072 but any such notice of termination shall not operate to modify, bar, or discharge the Indemnitors as to the bonds that may have been executed prior to such termination.
- 21) This Agreement may not be changed or modified orally. No change or modification shall be effective unless made by written endorsement executed to form a part hereof.
- 22) This Agreement applies to bonds written by the Surety at the request of or on behalf of the Indemnitors and any of their wholly or partially owned subsidiary companies, subsidiaries of



subsidiaries, divisions or affiliates, partnerships, joint ventures or co-ventures in which any of the Indemnitors, their wholly or partially owned subsidiary companies, subsidiaries of subsidiaries, divisions or affiliates have an interest or participation, whether open or silent; jointly, severally, or in any combination with each other now in existence or which may hereafter be created or acquired.

- 23) Regardless of the date of signature, this indemnity is effective as of the date of execution and renewal of the aforementioned bond(s) and is continuous until the Surety is satisfactorily discharged from liability pursuant to the terms and conditions contained herein and in the bond(s).
 - 24) This Agreement of Indemnity or any other ancillary agreement transmitted by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement of Indemnity or such other ancillary agreement for all purposes.
 - 25) This Agreement of Indemnity may be executed in any number of counterparts, each of which shall be deemed an original and all which counterparts together shall constitute the same instrument which may be sufficiently evident by one counterpart. Execution of this Agreement of Indemnity at different times and places by the parties shall not affect the validity thereof so long as all the parties here execute a counterpart of this Agreement of Indemnity.
- Regardless of the date of signature, this indemnity is effective as of the date of execution and renewal of the bond and is continuous until the Company is satisfactorily discharged from liability pursuant to the terms and conditions contained herein and, in the bond.
 - I, the undersigned, hereby declare and confirm that I am an authorized signer and have the legal authority to act on behalf of the entity or individual mentioned in this document. I understand and accept that my signature on this document binds the entity or individual to the terms, obligations, and responsibilities set forth herein.
 - I agree to promptly notify all relevant parties if any changes or updates to my authorization status occur that may affect my signing authority.
 - This statement is legally binding and enforceable as a valid representation of my authorization and the entity or individual I am representing. By signing below, I acknowledge that I have read and understood the contents of this statement, and I voluntarily and knowingly assume the responsibilities and obligations associated with being an authorized signer.

- The remainder of this page intentionally left blank, continue to Signature Page.

INSTRUCTIONS FOR SIGNING THE GENERAL INDEMNITY AGREEMENT If you have questions, call (800) 734-8125/ email: **cannibasbonds@talismancells.com**

Corporate Indemnitor(s):

1. The head of the corporation (often times the Owner), who is also the person who is acknowledged by the corporation as the signatory, signs the Indemnity Agreement.
2. Include corporate address.
3. Print or type the name and title of the corporate signer (Authorized Signature.)

Individual Indemnitor(s)

1. The Individual who is the Owner or major shareholder of the corporation signs the Indemnity Agreement and must sign even if they are the corporate signer.
2. Include home address.
3. Print or type the name of the signer, date of birth and SS#.
4. In addition, the spouse of the Individual must sign and indemnify. – **Requirement Waived**
5. Print or type the name of the spouse, date of birth and SS#. – **Requirement Waived**

- **A scanned copy of this agreement shall be treated as an original for all purposes.**
- **Read Carefully. Your signature binds you to legal obligations should this bond be executed.**

OKLAHOMA FRAUD NOTICE

WARNING:

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy, containing any false, incomplete, or misleading information, is guilty of a felony. (Not applicable in AL, AR, CO, DC, FL, KS, KY, LA, MD, ME, NJ, NM, NY, OH, OR, RI, TN, VA, VT, WA, or WV – see Additional Fraud Notices for these States below)

OWNERSHIP

How many company owners do you have? (Attach an Ownership Disclosure Form):			
Name:	Physical/Mailing Address	% Ownership	Social Security #

Any owner with more than 25% ownership MUST supply their information below and SIGN as an Indemnitor.

CORPORATE INDEMNITOR

Company Name: _____

(Exactly as it appears on the Grower License)

Company Address:

Street:		
City:	State:	Zip:

Principal Signature: **X**

Print Name and Title: _____ Date: _____

(Person authorized to sign for the Company)

INDIVIDUAL INDEMNITOR

Individual Indemnitor 1 – Another Owner or Shareholder

Signature: X

Print Name: _____ Date: _____

Home Address: _____

DOB: _____ SS#: _____

Individual Indemnitor 2 – Another Owner or Shareholder

Signature: X

Print Name: _____ Date: _____

Home Address: _____

DOB: _____ SS#: _____

Individual Indemnitor 3 – Another Owner or Shareholder

Signature: X

Print Name: _____ Date: _____

Home Address: _____

DOB: _____ SS#: _____

Individual Indemnitor 4 – Another Owner or Shareholder

Signature: X

Print Name: _____ Date: _____

Home Address: _____

DOB: _____ SS#: _____



Participation Agreement

Effective Date You Wish Coverage to Begin: _____

Applicant as Listed on Grower License: _____

Hereinafter, the term "Company" shall be used to refer to TALISMAN INSURANCE COMPANY, INC., an Oklahoma Sponsored Captive Insurance Company.

Hereinafter, the term "Cell Insurer" shall be used to refer to TALISMAN SPECIALTY SURETY AND FIDELITY PROTECTED CELL, INC., a Protected Cell of TALISMAN INSURANCE COMPANY, INC.

Hereinafter, the term "Participant" shall be used to refer to the Applicant listed above.

A protected cell captive insurer is a specialized type of insurance company that operates under a legal structure known as a "cell." In this structure, the assets and liabilities of the insurer are segregated into separate cells, allowing each cell to function independently and have its own distinct risk pool.

To become a part of a protected cell, individuals or entities are required to enter into a participation agreement.

The following agreement outlines the terms agreed upon for the participation in the Cell, defining the rights and responsibilities of the Company, the Cell Insurer, and the Participant. By signing below, you agree you have read and agree to the following Participation Agreement outlining the surety bond coverage, which will be in compliance with the laws of the State of Oklahoma.

_____ **I have read and agree to the Participation Agreement**

Sign _____

Print Name Here: _____



PARTICIPATION AGREEMENT
By and Between
TALISMAN INSURANCE COMPANY, INC.
an Oklahoma Sponsored Cell Captive Insurance Company
And
TALISMAN SURETY AND FIDELITY PROTECTED CELL, INC.
a Protected Cell of TALISMAN INSURANCE COMPANY, INC.
And
PARTICIPANT as listed on above Application.
a Participant in TALISMAN SURETY AND
FIDELITY PROTECTED CELL, INC.

THIS PARTICIPATION AGREEMENT (the “Agreement”) is made as of this the date listed above (the “Effective Date”) by and between:

TALISMAN INSURANCE COMPANY, INC., an Oklahoma Sponsored Captive Insurance Company (the “Company”) and

TALISMAN SPECIALTY SURETY AND FIDELITY PROTECTED CELL, INC., a Protected Cell of TALISMAN INSURANCE COMPANY, INC. (the “Cell Insurer”), and

PARTICIPANT, a Participant in TALISMAN SURETY AND FIDELITY PROTECTED CELL, INC. (the “Participant”). This Agreement sets out the terms that have been agreed in respect of the participation in the Cell Insurer and the rights and responsibilities amongst the Company, the Cell Insurer, and the Participant:

1. Description of Coverage:

1.1 The Cell Insurer will provide surety bond services in accordance with the law of the State of Oklahoma.

2. The Participation

2.1 Participant wishes to purchase one (1) Common C Share in the Cell Insurer (the “Share”) for the participation related exclusively to the Cell Insurer pursuant to this Agreement and the surety bond services to be provide and subject to the terms of the Certificate of Incorporation and Bylaws of the Cell Insurer for a subscription price of \$10.00 (to be paid from your first premium). Further subscriptions of Share(s) in the designated Cell Insurer of the Company may be made on such terms as the parties may subsequently agree. Participant specifically agrees to obtain any necessary approvals for purchase and sale of the Cell Insurer Share, including any state or federal securities or other regulatory filings and/or approvals.

- 2.2 Participant will participate solely in the profits and losses of the Cell Insurer only for surety bond services in accordance with this Agreement and subject to the documentation referenced herein and not in any other cell insurer nor in “core cell” or any other property of the Company.
- 2.3 The directors of the Company may declare dividends on the Cell Insurer Share or Share(s) solely out of the net profits made by the Cell Insurer arising from the Surety bond services, which dividends will be calculated in accordance with the Dividends provision of Part 1 of the Schedule attached to and hereby made part of this Agreement by this reference. The holder of the Share will not be entitled to share in any profits of any other cell insurer of the Company or any other profits of the Company. No distribution, including dividend shall be made by the Company without the prior written consent of the Oklahoma Division of Insurance.
- 2.4 No Participant of any other cell insurer of the Company will be entitled to participate in any profits of the Cell Insurer by virtue of holding such shares in other cells, separate from this Cell.
- 2.5 The Company may redeem the Share in accordance with the Certificate of Incorporation and the Bylaws of the Cell Insurer and the Redemption provisions of Part 2 of the above-referenced Schedule to this Agreement.
- 2.6 On the first to occur of a winding up of the Cell Insurer or the Company, the assets of the Cell Insurer remaining will be distributed solely to the holder of the Share(s) in accordance with the Certificate of Incorporation and the Bylaws of the Cell Insurer the Redemption provisions of Part 2 of the above-referenced Schedule to this Agreement. The holder of the Share will not be entitled to share in any other assets of the Company available for distribution or any assets of any other cell insurer of the Company.
- 2.7 The Share shall be represented by certificates in such form and design as the Board shall determine, provided that in accordance with 18 O.S. § 1039, the board of directors of the corporation may provide by resolution or resolutions that some or all of any classes or series of its stock shall be uncertificated shares. The Share have not been registered in the United States and shall not be sold, transferred, hypothecated, pledged, or otherwise encumbered.
- 2.8 The Company shall be entitled to recognize the exclusive right of a person registered on its books as the owner of Share to receive dividends, to vote as such owner, to transfer such shares and for all other purposes; and the Company shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Oklahoma.
- 2.9 The Company, on behalf of the Cell Insurer and subject to the overall supervision and discretion of the shareholders of the Company, agrees to make such investments and divestments of assets of the Cell Insurer as the Company in its sole discretion may decide. Neither the Company nor any of its directors, officers, shareholders, managers or employees shall be liable for any loss, claim cost or expense suffered by the Cell Insurer and each of the Company and its directors, officers, shareholders, managers and employees shall be indemnified and held harmless by Participant and the Cell Insurer for any loss, claim, cost or expense incurred by them in so acting, unless due to fraud, gross negligence, dishonesty or willful malfeasance of such directors, officers or employees.
- 2.10 Cell Insurer and its Participant shall be assessed and shall pay out of Cell Insurer proceeds its direct and proportionate share of expenses, including losses and proportionate and direct costs that are declared by the Company due from the Cell Insurer. The Company

may pay expenses, losses, and other demands of the Cell Insurer, as the Company may in its sole discretion deem reasonable, without notice nor approval from the Cell Insurer. The Company, in its sole discretion and without approval nor notice shall deem the direct and proportionate share of expenses for the Cell Insurer, provided that the Company shall make reasonable efforts to accurately assess the proportionate share of expenses for the Cell Insurer in good faith.

- 2.11 The Company shall file on or before March 1st of each year, a report to the Commissioner of the Oklahoma Division of Insurance as to financial condition. This report will include, but not be limited to accounting statements detailing the financial experience of this Cell and any other information required by the Commissioner pursuant to Oklahoma law and regulation. The Company acknowledges that all financial records of the Company, including but not limited to records related to this Cell must be made available for inspection or examination by the Commissioner.

3. Limited recourse

- 3.1 Notwithstanding any other provision of this Agreement, Participant acknowledges and agrees that no liability shall arise under this Agreement for any reason against the Company, nor any other cell of the Company (other than the Cell Insurer identified above that is party to this Participation Agreement) and their respective officers, directors, participants, shareholders, managers, employees, and their attorneys and agents (the "Limited Liability Parties"), unless due to fraud, gross negligence, dishonesty or wilful malfeasance of such entities or persons.
- 3.2 Notwithstanding any other provision of this Agreement, Participant further acknowledges and agrees that all liability under this Agreement shall be limited to the net proceeds of the realization of all the assets of the Cell Insurer only, in which case liability shall be limited only to prove damages, unless due to fraud, gross negligence, dishonesty or wilful malfeasance on the part of any or all of the Parties. If such amount is insufficient to pay all the obligations hereunder in full for any reason, neither the Cell Insurer or any of the Parties shall have any obligation to make up the insufficiency, and following exhaustion of such amount, any liability to pay such insufficiency shall thereafter be extinguished, unless due to fraud, gross negligence, dishonesty or willful malfeasance of any or all of the Parties.
- 3.3 Notwithstanding any other provision of this Agreement, Participant covenants, acknowledges and agrees that it shall not take or seek to take any recourse (including, but not limited to, action before any court or governmental agency), directly or indirectly, with respect to the actions or inactions of the Cell Insurer or the Company or any obligations of the Cell Insurer or the Company or under this Agreement against:
- a. any owner of a beneficial interest in the Company;
 - b. any partner, owner, beneficiary, director, officer, Participant, employee or agent of the Company in his, her or its individual capacity or any of their respective legal advisers, unless due to such parties' fraud, gross negligence, dishonesty or willful malfeasance.
- 3.3 Participant further covenants, acknowledges and agrees that it shall not take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organization or for the appointment of a receiver, administrator, administrative receiver,

trustee, liquidator, sequestrator or similar officer of the Company or the Cell Insurer or of any or all of the Company or the Cell Insurer revenues and assets or analogous proceedings in any jurisdiction domestic or foreign, unless due to fraud, gross negligence, dishonesty or willful malfeasance.

4. Indemnification

- 4.1 Participant agrees to indemnify and hold harmless the Company and their respective officers, directors, participants, shareholders, managers, employees, and their attorneys, affiliates and agents ("Indemnified Persons"), and hold each of them harmless from and against any error of judgment, and any and all loss, damage, claims, demands, or proceedings, liability or expense, including costs and reasonable attorneys' fees and expenses (together "Losses"), to which any Indemnified Person may be put or may incur by reason of or in connection with any misrepresentation made by Participant, any breach of Participant's representations and warranties Participant's failure to fulfill any of its covenants or agreements under this Agreement or any Losses suffered or sustained by an Indemnified Person by reason of such person's status as an Indemnified Person other than Losses which arise out of or relate to fraud, gross negligence, dishonesty or willful malfeasance of such Indemnified Person.

5. Undertakings, Representations and Warranties

- 5.1 Participant undertakes and represents and warrants to the Company that:
- a. it has had its own opportunity to investigate its participation and the terms and conditions of its participation and to obtain such legal, tax, accounting and other professional advice as it considers proper or appropriate and that it is not relying on any advice, representation or warranty from the Company, and specifically that it is aware of the provisions of the Oklahoma Law which relate to captive insurance companies, and specifically sponsored cell companies;
 - b. it has the legal capacity and authority and is permitted by applicable law to execute and deliver this Agreement;
 - c. it is not (i) a U.S. person from whom an investment would not qualify for an exemption under the U.S. Securities Act of 1933 or would require the Company to register this Agreement under the U.S. federal or state securities laws or causes the Company to become subject to the United States Investment Company Act of 1940; or (ii) a person in circumstances (whether directly or indirectly affecting the Participant and whether taken alone or in conjunction with any other person, connected or not, or any other circumstance appearing to the Company to be relevant) which in the opinion of the Company might result in the Company incurring any liability to taxation or suffering any other pecuniary, fiscal or regulatory disadvantage which the Company might not otherwise incur or suffer;
 - d. all consents required to be obtained and all legal requirements necessary to be complied with or observed in order for this Agreement or the participation to be lawful and valid under the laws, rules or regulations of any jurisdiction to which Participant is subject, have been obtained, complied with and observed;

- e. it will notify the Company immediately if it becomes aware that any of these undertakings, representations and warranties is no longer accurate and complete;
- f. its participation will not breach any applicable money laundering rules and regulations of any jurisdiction and that it has provided accurate verification of its identity;
- g. it acknowledges and agrees that Cell Insurer is obligated to pay the Company fees in relation to the administrative services provided by the Company and service providers, such as actuaries, accountants, attorneys, bankers, managers, and administrators to the Cell Insurer and that the Cell Insurer is to indemnify and hold harmless the Company in respect of any loss, claim or cost it may incur in the performance of its administrative services.
- h. It acknowledges and agrees that that the Company is only licensed in Oklahoma, its State of Domicile, and this Agreement is governed by the Oklahoma Captive Insurance Company Act, 36 O.S. § 6470.1, et seq and the Oklahoma Protected Cell Companies Act 36 O.S. § 1691, et seq., and the regulations promulgated thereunder, as may be amended from time to time.

6. Term

- 6.1 This Agreement will terminate when both the Company and the Cell Insurer have no further liabilities or obligations under or in respect of the Surety bond services. On termination of this Agreement, the Company shall redeem the Share held by Participant for an amount calculated in accordance with the Redemption provision set out in Part 2 of the above-referenced Schedule.
- 6.2 Each party's further rights and obligations cease immediately on termination of this Agreement, but termination does not affect a party's accrued rights and obligations at the date of termination. Participant's sole right to any payment on termination will be the amount, if any, calculated in accordance with the Redemption provision set out in Part 2 of the above-referenced Schedule.

7. Confidentiality

- 7.1 For the purposes of this Agreement, "Confidential Information" means all information disclosed (whether in writing or orally) by a party (the "Disclosing Party") to the other party (the "Receiving Party") whether before or after the date of this Agreement, including, without limitation, information relating to the Disclosing Party's products, operations, processes, plans or intentions, product information, know-how, market opportunities and business affairs.
- 7.2 Except as required by the laws of any relevant jurisdiction or by the requirements of its regulators during the term of this Agreement and after termination or expiration of this Agreement for any reason, the Receiving Party (a) may not use Confidential Information for a purpose other than the performance of its obligations under this Agreement and (b) may not disclose Confidential Information to a person (other than the employees, officers, directors, auditors, attorneys and other duly authorized agents of the Receiving Party) except with the prior written consent of the Disclosing Party. Notwithstanding the foregoing, either party may use Confidential Information (i) in the course of prosecuting or defending any claim or cause of action in any proceedings of any nature whatsoever,

including a threatened proceeding and in the event such records are sought by legal process in connection with a legal proceeding; (ii) in making any filings with or statements to any governmental agency of any nature whatsoever; (iii) to the extent either party in its sole discretion determines disclosure of Confidential Information may be required by or advisable under applicable law, rule, regulation, order, contract or agreement; (iv) in communicating with the respective parties, Participants, prospective Participants and creditors; and (v) as the parties deem reasonably necessary, or prudent, in their sole discretion, in connection with the operation or management of their respective businesses.

- 7.3 This restriction does not apply to Confidential Information which (a) at the date of this Agreement, or at any time after that date, becomes publicly known other than by the Receiving Party's breach of this Agreement; (b) was known by the Receiving Party before disclosure by the Disclosing Party to the Receiving Party, or (c) the disclosure of any Confidential Information in any legal proceedings relating to this Agreement.

8. Assignment

No party to this Agreement may assign or transfer or subcontract or purport to assign or transfer or subcontract any right or obligation under this Agreement without having first obtained the written consent the Company. Any proposed Assignment may also require regulatory approval by the Oklahoma Commissioner of Insurance.

9. Notices

- 9.1 All notices under or in connection with this Agreement shall be in writing and addressed to the Parties at the addresses set forth on the first page (or to such other address that may be designated by the receiving party from time to time in accordance with this Section). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees prepaid), email, facsimile (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only if (a) the receiving party has received the Notice and (b) the party giving the Notice has complied with the requirements of this Section.
- 9.2 In the absence of evidence of earlier receipt, a notice is deemed given, if delivered personally, when left at the address referred to above, or, if sent by email or fax, on confirmation of receipt.

10. General

- 10.1 This Agreement shall not be amended nor shall any provision of this Agreement be considered modified or waived unless evidenced in writing signed by Participant and the Company on its own behalf and on behalf of the Cell Insurer.
- 10.2 Participant shall have no authority to bind, obligate or represent the Company or the Cell Insurer in any respect. All Surety bond services contemplated by this Agreement shall not be effectuated without express written approval of the Company.
- 10.3 A failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement

or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

- 10.4 Participant shall be responsible for all its own costs relating to the negotiation, preparation, execution and implementation of this Agreement and of each document referred to in it.
- 10.5 This Agreement constitutes the entire agreement between the parties as to the subject matter of this Agreement and supersedes any previous agreement between the parties relating to the subject matter of this Agreement.
- 10.6 This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument, without necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

11. **Governing Law**

This Agreement and all matters arising out of or in connection with it shall be governed by and interpreted in accordance with the laws of Oklahoma. In the event of a dispute regarding this Agreement or the respective rights of the Parties hereunder, the Parties agree to submit such dispute exclusively to binding arbitration under Judicial Arbitration and Mediation Services (“JAMS”) or the American Arbitration Association (“AAA”), at the discretion of the Party filing such demand for arbitration, in Norman, Cleveland County, Oklahoma before a single professional arbitrator selected by the Parties or, if the Parties cannot agree on an arbitrator, appointed by JAMS or AAA, as relevant. Any such arbitration shall be commenced within fifteen (15) days of selection of the arbitrator and the discovery rules contained in the Oklahoma Rules of Civil Procedure shall apply to all such proceedings in the event the arbitrator does not set out alternative discovery rules. In the event that the Parties are required to take any action to enforce any provision of this Agreement, or litigation results from or arises out of this Agreement or the performance thereof, the Parties agree the arbitrator shall order all remedies permitted by law, including award attorney's fees and costs to the prevailing party, and require that the entire proceeding, including the existence of the proceeding, be held confidential by the Parties, and shall not be disclosed by any Party. Any and all orders issued by the arbitrator shall be enforced by a state court of competent jurisdiction located in Norman, Cleveland County, Oklahoma

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the Effective Date stated above.

PARTICIPANT:

Signature: _____

By: _____

Company Address:

Street:		
City:	State:	Zip:

Email: _____

SCHEDULE: DIVIDEND & REDEMPTION POLICY

Part 1

Dividends

Dividends can be requested at any time at the request of the Company to the Oklahoma Division of Insurance, out of the available net profits of the Cell Insurer, subject to any expenses due and any constraints imposed upon the Cell Insurer by the Oklahoma Division of Insurance (“ODOI”), a division of the Oklahoma Department of Business & Industry. Profits are defined as the excess of insurance and investment income over the insurance losses and administrative expenses of the Cell Insurer, as calculated in accordance with United States generally accepted accounting principles.

Part 2

Redemption

The consideration for the redemption of the share or shares for the Cell Insurer shall be the distribution to the holder of the assets of the Cell Insurer remaining available for distribution at the date of redemption in accordance with the terms of the Certificate of Incorporation and Bylaws of the Cell Insurer. In the event that there is more than one holder of Shares, the assets will be distributed pro rata to the holders of the Shares in accordance with the terms of the Certificate of Incorporation and Bylaws of the Cell Insurer.

CALCULATION OF PREMIUM FOR BOND

You can elect to pre-pay your bond premium of \$2,500.00/Yr. (If your application is denied for any reason, you will receive 100% refund of your bond premium) You can also pay via Invoice once approved.

Payment Section:

Choose Only one Payment Option:

_____ **Pay Option 1** – \$_____ - I am choosing to pay the Bond Premium for the remainder of the existing License period. This amount is pro-rated for the remaining number of days on my License.

_____ **Pay Option 2** – \$_____ - I am choosing to pay the Bond premium for the remainder of existing license period, plus 1-year additional renewal period.

_____ **Pay Option 3** – \$_____ - I am choosing to pay the Bond Premium for a one year period.

_____ Pay Now*

_____ I will Pay after Approved

*By pre-paying premium funds, you agree this does not constitute binding coverage regarding the bond applied for. In the event your application for bond is not approved by underwriting, 100% of funds submitted as part of the application process shall be promptly returned to the originating source. You acknowledge that while the return of said funds is conducted with due expediency, the timeframe for return of funds to the originating account may vary based on policies and procedures of the financial institutions involved. This delay in funds reinstatement is understood, and all parties agree to exercise patience during this transitional period.

Thank you and we look forward to working with you!