

Velva L. Price
District Clerk
Travis County
D-1-GN-19-000723
Victoria Benavides

Cause No. D-1-GN-19-000723

THE STATE OF TEXAS,
Plaintiff

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

250th JUDICIAL DISTRICT

v.

CAPSON PHYSICIANS INSURANCE
COMPANY
Defendant

**PLAINTIFF'S ORIGINAL PETITION,
APPLICATION FOR ORDER APPOINTING REHABILITATOR
AND REQUEST FOR INJUNCTIVE RELIEF**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW the State of Texas, Plaintiff, by and through the Office of the Attorney General of Texas, at the request of the Texas Commissioner of Insurance (Commissioner), complaining of Capson Physicians Insurance Company, Defendant, and would respectfully show the Court as follows:

I. DISCOVERY LEVEL

1.1 Plaintiff intends to conduct discovery under Level 2 of the TRCP Rule 190.

II. NATURE OF SUIT

2.1 Defendant is a Texas domiciled property and casualty stock insurer that provides medical malpractice coverage in 26 states and the District of Columbia. This suit is brought at the request of the Commissioner pursuant to TEX. INS. CODE Chapter 443, the *Insurer Receivership Act*, seeking an order designating the Commissioner as Rehabilitator of Defendant under TEX. INS. CODE § 443.101 *et seq.*

2.2 Plaintiff further seeks to obtain a Permanent Injunction pursuant to TEX. INS. CODE § 443.008(a), restraining Defendant from conducting business, except as directed by the



Rehabilitator, and restraining other parties from taking any actions against Defendant or its property.

2.3 Plaintiff further seeks to recover from Defendant all fees, taxes, fines, penalties, and forfeitures provided by law, subject to the provisions of the Insurer Receivership Act.

III. SERVICE OF PROCESS

3.1 Defendant has waived citation and service of process, and has consented to the entry of this Order in accordance with TEX. INS. CODE § 443.057(20).

IV. JURISDICTION AND VENUE

4.1 This Court has jurisdiction over this action pursuant to Texas Constitution Article IV, Section 22, and TEX. INS. CODE § 443.005.

4.2 This suit must be brought against Defendant in Travis County, Texas pursuant to TEX. INS. CODE § 443.005(g).

V. FACTS

5.1 Defendant is authorized to engage in business as a property and casualty stock insurer under TEX. INS. CODE Chapter 822. Under TEX. INS. CODE § 822.054(a), Defendant is required to have capital stock in an amount of at least \$2.5 million and surplus in an amount of at least \$2.5 million, for a total of \$5 million. Attached as Exhibit 1 is a true and correct copy of a financial statement provided by Defendant as of December 31, 2018. Defendant reported that it had policyholder surplus of \$4,628,535 as of December 31, 2018, which is below the minimum required capital and surplus.

VI. GROUNDS FOR ORDER OF REHABILITATION

6.1 Defendant is a "Covered Person" as is defined in TEX. INS. CODE § 443.003. The following grounds exist to place Defendant into rehabilitation pursuant to TEX. INS. CODE § 443.057:



- a) Grounds exist under § 443.057(1), as Defendant is impaired as it does not have admitted assets at least equal to all its liabilities together with the minimum surplus required to be maintained under the Insurance Code as defined in § 443.004(a)(12).
- b) Grounds exist under § 443.057(4), as Defendant has become impaired and has neglected or refused to comply with an order of the Commissioner to make good within the time prescribed a deficiency in its required capital and minimum surplus.
- c) Grounds exist under § 443.057(20), as Defendant has consented to rehabilitation.

6.2 Pursuant to TEX. INS. CODE § 443.058, if any of the grounds provided in Section 443.057 are established, the court shall issue the order of rehabilitation requested in the petition.

VII. APPOINTMENT OF REHABILITATOR

7.1 TEX. INS. CODE § 443.101(a) provides that an order of rehabilitation must appoint the Commissioner as the Rehabilitator. Pursuant to TEX. INS. CODE § 443.101 *et seq* Plaintiff requests that this Court issue an order appointing the Commissioner as Rehabilitator of Defendant, and grant him all powers under the statutes and the common law of the State of Texas, including but not limited to TEX. INS. CODE § 443.101 *et seq*, to conduct the business of the Defendant, and take any other actions as he deems necessary. Pursuant to TEX. INS. CODE § 443.008(m), Plaintiff further requests that the Rehabilitator not be required to file a bond.

7.2 Plaintiff further requests that, pursuant to TEX. INS. CODE § 443.101(a), this Court issue an order finding that all of Defendant's property of any kind or nature, wherever situated, whether real, personal, or mixed, and whether held in Defendant's name or for Defendant's benefit,



including but not limited to cash, accounts, funds, stocks, bonds, statutory deposits (including deposits made by Defendant with any agency of a state or the federal government), trust funds, letters of credit, safe deposit boxes, notes, books, records, documents, furniture, equipment, real estate, retainages and retainers, and rights or causes of actions of any kind, including but not limited to, accounts receivables, contract rights, premiums, insurance and reinsurance proceeds, and all licenses held by Defendant, be vested in the Rehabilitator.

VIII. STAY OF PROCEEDINGS

8.1 Pursuant to TEX. INS. CODE § 443.008(c), the commencement of this proceeding operates as a stay against the commencement or continuation of a judicial, administrative, or other action or proceeding or process against Defendant or its property. Further, pursuant to TEX. INS. CODE § 443.008 (d), the commencement of this proceeding operates as a stay with respect to actions against insureds of Defendant for 90 days after the date of the order appointing the Rehabilitator, or such further time ordered by this Court. Plaintiff requests that this Court enter any additional stays under TEX. INS. CODE § 443.008(a) as may be necessary.

IX. INJUNCTIVE RELIEF

9.1 This Court may grant injunctive relief as necessary or appropriate to carry out the provisions of the Insurer Receivership Act pursuant to TEX. INS. CODE § 443.008 (a). Plaintiff requests that this Court enter a Permanent Injunction as set forth herein pursuant to TEX. INS. CODE § 443.008(a) to prevent immediate and irreparable injury, loss and damage to the State of Texas, the general public, and Defendant's creditors.

9.2 Plaintiff would show that, unless restrained by this Court, Defendant will continue to operate in a hazardous financial condition. Plaintiff therefore requests that this Court enter an order enjoining Defendant's current and former officers, directors, underwriters, managers, employees and contractors (including but not limited to Maury L. Magids, Jody A. Heins, Sandra



Coultriss Wilson, Douglas S. Colosky, Jon M. Foster, John A. Dieck, Jr., Nancy S. Dunlap, William H. Rice, Matthew J. Downs, Chasity D. Norman, Michelle L. Wise, Daniel Jensen, Laura A. Cook, Gary Fortin, Scott A. Artman, Dawn A. Liesmann, Sharon L. Addicks, Beth W. Kropf, Julie A. Gibson, Travis Hurosky, Brianne N. Bailey, Joseph C. Phillips, Sandra L. Erwin, Mandi Shahvandi, Sarah R. Moses, Cindy Corbett, Jay Staub, Sharon Wilson, Gurpreet Khasriya, Wanda J. Harris, W. Thomas Cotten, Perr & Knight, Aon, Calhoun Thompson and Matza, Thompson & Coe, 9 Gauge, 360 Internet Marketing (dba Apogee), Creative Circle, Raymond James, and Jay Tidy); owners and affiliates (including but not limited to Maury L. Magids, Lisa M. Magids, Beazley Investment, Ltd., BlueCross BlueShield Venture Partners, L.P., Sandbox Co-Investment Fund I, L.P., Capson Healthcare Services, Inc. (dba Capson Tech), Capson Physicians Insurance Agency, Inc., and Capson Corp); local recording agents, managing general agents, agents, third party administrators, representatives, associates, servants, adjusters, attorneys and accountants (including but not limited to those acting in concert with them) from conducting business on behalf of Defendant, except as directed by the Rehabilitator, and from wasting, transferring, selling, assigning, canceling, concealing, claiming, hypothecating or disposing of, in any manner, any of Defendant's property. Plaintiff further requests that this Court order Defendant and Defendant's agents to cooperate with the Rehabilitator as required by TEX. INS. CODE § 443.010.

9.3 Plaintiff would further show that all financial institutions and depositories (including but not limited to JP Morgan Chase and US Bank) and any other parties that receive actual notice should be restrained from taking unauthorized actions in connection with Defendant's property. Plaintiff therefore requests that this Court issue an order pursuant to TEX. INS. CODE § 443.008 (a) enjoining any parties from releasing, transferring, concealing, withdrawing, allowing to be withdrawn, or affecting, in any manner, any of Defendant's property, as further described herein, or other asset to the credit of Defendant on deposit with them or in their possession, except



as authorized by the Rehabilitator or his designees, and that such parties be ordered to produce and deliver to the Rehabilitator or his designees such assets, money, deposits, or other items they have in their custody.

9.4 Plaintiff would further show that to avoid the dissipation or loss of Defendant's assets or records and prevent any creditors or claimants from obtaining any preferences in violation of the Insurer Receivership Act, an injunction should be issued against all parties asserting claims or causes of action of any kind against Defendant. Plaintiff therefore requests that this Court enjoin any parties from commencing or prosecuting any action against the Rehabilitator or Defendant, including but not limited to, arbitration, administrative proceedings, lawsuits or appeals, and from obtaining any preference, judgment, attachment, garnishment, lien or levy against the Rehabilitator, Defendant or Defendant's property, except by doing so as permitted by the Insurer Receivership Act. Plaintiff further requests that this Court order that the United States Postmaster deliver to the Rehabilitator any items addressed to Defendant.

X. OTHER RELIEF

10.1 Plaintiff requests that this Court award it all fees, taxes, fines, penalties and forfeitures provided by law, and all investigative costs, court costs and reasonable attorneys' fees, subject to TEX. INS. CODE § 443.301(a).

10.2 Plaintiff requests that this Court appoint a master under Texas Rules of Civil Procedure Rule 171 to make recommendations to this Court regarding matters requiring this Court's approval under Insurer Receivership Act.

10.3 Plaintiff requests that this Court order that anyone over the age of 18 who is not a party to nor interested in this cause may serve citations, writs and notices in this cause.



PRAYER

WHEREFORE, PREMISES CONSIDERED, Plaintiff prays that the Court grant the relief requested, and any further relief to which the Plaintiff may be entitled.

Respectfully submitted,

KEN PAXTON
Attorney General of Texas

JEFFREY C. MATEER
First Assistant Attorney General

BRANTLEY STARR
Deputy First Assistant Attorney General

DARREN L. MCCARTY
Deputy Attorney General for Civil Litigation

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ATTORNEYS FOR PLAINTIFF



AFFIDAVIT

STATE OF TEXAS

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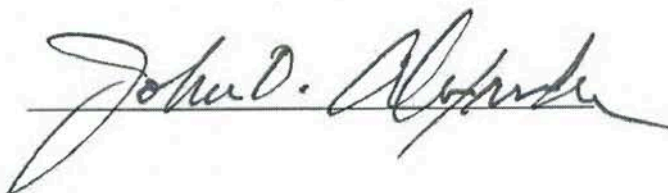
COUNTY OF TRAVIS

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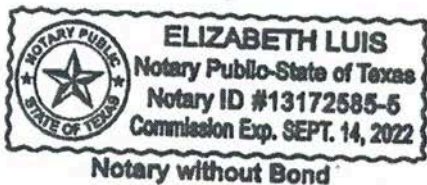
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BEFORE ME, the undersigned authority, on this day personally appeared John O. Alexander, the Director of Supervisory Interventions for the Texas Department of Insurance, who, after by me being duly sworn, upon oath deposed and said:

“I am over the age of eighteen, have never been convicted of a felony, and am competent to make this affidavit. I am the Director for Supervisory Interventions for the Texas Department of Insurance. I have carefully read the allegations contained in the foregoing *Plaintiff's Original Petition, Application for Order Appointing Rehabilitator and Request for Injunctive Relief*, and state that each and every one of the allegations of facts is true and correct and is made on my personal knowledge.”



SUBSCRIBED AND SWORN to before me this the 11 day of February, 2019to certify which, witness my hand and seal of office.



Notary Public in and for the State of Texas

MONTHLY STATEMENT

OF THE

Capson Physicians Insurance Company

TO THE

Insurance Department

OF THE

**STATE OF
Texas**

**FOR THE MONTH ENDED
December 31, 2018**

PROPERTY AND CASUALTY

2018

EXHIBIT

1



STATEMENT AS OF DECEMBER 31, 2018 OF THE Capson Physicians Insurance Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	7,662,090		7,662,090	8,885,530
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 3,378,133), cash equivalents (\$ 1,424,862) and short-term investments (\$)	4,802,996		4,802,996	1,167,011
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets			0	0
9. Receivables for securities	0		0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	12,465,086	0	12,465,086	10,052,541
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	60,494		60,494	72,020
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	153,217		153,217	73,056
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	3,314,000		3,314,000	5,158,048
15.3 Accrued retrospective premiums (\$ 2,947,727) and contracts subject to redetermination (\$)	2,947,727		2,947,727	2,347,730
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,467,534		2,467,534	5,075,686
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	1,753,574		1,753,574	569,373
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	3,248,116	3,248,116	0	0
19. Guaranty funds receivable or on deposit	4,534		4,534	4,534
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	3,510,959	3,356,687	154,272	322,949
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	226,183	220,208	5,975	5,000,000
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	30,151,424	6,825,011	23,326,413	28,865,907
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	30,151,424	6,825,011	23,326,413	28,865,907
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1188. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1188)(Line 11 above)	0	0	0	0
2501. Prepaid Marketing & Licenses Fees	220,208	0	220,208	0
2502. Prepaid Premium Taxes	5,975	220,208	(214,233)	0
2503. Surplus Contribution from Parent	0	0	0	5,000,000
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	226,183	220,208	5,975	5,000,000



STATEMENT AS OF DECEMBER 31, 2018 OF THE Capson Physicians Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$)	9,050,673	11,084,647
2. Reinsurance payable on paid losses and loss adjustment expenses		0
3. Loss adjustment expenses	2,831,925	5,378,092
4. Commissions payable, contingent commissions and other similar charges	99,747	95,534
5. Other expenses (excluding taxes, licenses and fees)	64,478	108,945
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	0	60,972
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$7,191,667 and including warranty reserves of \$1,035,340 and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	6,156,327	6,260,035
10. Advance premium	34,550	357,285
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	368,822	303,000
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others	91,355	715
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ certified)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives	0	0
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	18,697,877	23,649,225
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	18,697,877	23,649,225
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	2,500,000	2,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		
34. Gross paid in and contributed surplus	20,550,000	20,550,000
35. Unassigned funds (surplus)	(18,421,465)	(18,033,318)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	4,628,535	5,016,682
38. Totals (Page 2, Line 28, Col. 3)	23,326,413	28,665,907
DETAILS OF WRITE-INS		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298)(Line 32 above)	0	0



STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Month to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 11,372,431)	12,824,631	11,849,700	14,338,799
1.2 Assumed (written \$ 3,031,459)	1,891,507	1,545,758	352,457
1.3 Ceded (written \$ 4,459,537)	4,068,377	3,496,095	2,654,136
1.4 Net (written \$ 9,944,053)	10,647,761	9,899,363	12,635,120
DEDUCTIONS:			
2. Losses incurred (current accident year \$)::			
2.1 Direct	6,292,010	4,242,158	5,046,623
2.2 Assumed	82,000	82,000	11,000
2.3 Ceded	5,507,574	4,141,034	(481,949)
2.4 Net	836,436	183,124	5,539,572
3. Loss adjustment expenses incurred	3,660,452	3,890,659	4,878,295
4. Other underwriting expenses incurred	5,511,941	5,027,240	5,277,240
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	10,008,829	9,101,023	15,695,107
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	638,932	798,340	(3,059,987)
INVESTMENT INCOME			
9. Net investment income earned	175,763	154,280	194,961
10. Net realized capital gains (losses) less capital gains tax of \$ 0	(11,382)	(11,382)	(3,848)
11. Net investment gain (loss) (Lines 9 + 10)	164,381	142,898	191,113
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	0	0	0
13. Finance and service charges not included in premiums	1,307	4,305	3,501
14. Aggregate write-ins for miscellaneous income	0	0	0
15. Total other income (Lines 12 through 14)	1,307	4,305	3,501
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	804,620	945,543	(2,865,373)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 18 minus Line 17)	804,620	945,543	(2,865,373)
19. Federal and foreign income taxes incurred			
20. Net Income (Line 18 minus Line 19)(to Line 22)	804,620	945,543	(2,865,373)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	5,016,682	5,016,682	5,166,441
22. Net income (from Line 20)	804,620	945,543	(2,865,373)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains (losses) less capital gains tax of \$			
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	(2,330,052)	(2,280,052)	1,257,345
27. Change in nonadmitted assets	1,137,286	1,132,270	(3,541,731)
28. Change in provision for reinsurance			0
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in	0		5,000,000
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	(388,146)	(202,239)	(149,759)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	4,628,535	4,814,443	5,016,682
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above)	0	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. Totals (Lines 3701 through 3703 plus 3798)(Line 37 above)	0	0	0



STATEMENT AS OF DECEMBER 31, 2018 OF THE Capson Physicians Insurance Company

CASH FLOW

	1 Current Year To Date	2 Prior Month To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	11,451,030	10,381,965	11,547,514
2. Net investment income	226,704	219,005	258,708
3. Miscellaneous income	1,307	4,305	3,501
4. Total (Lines 1 to 3)	11,679,041	10,605,275	11,809,723
5. Benefit and loss related payments	2,058,489	2,315,170	3,754,017
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	11,280,347	10,648,261	9,924,194
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	(179,675)
10. Total (Lines 5 through 9)	13,336,836	12,963,431	13,496,536
11. Net cash from operations (Line 4 minus Line 10)	(1,657,795)	(2,358,156)	(1,686,814)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	3,283,309	3,233,710	4,661,160
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,283,309	3,233,710	4,661,160
13. Cost of investments acquired (long-term only):			
13.1 Bonds	2,110,666	2,083,801	1,908,486
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,110,666	2,083,801	1,908,486
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,172,643	1,149,909	2,752,674
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	5,000,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	4,121,137	4,169,404	(6,254,782)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	4,121,137	4,169,404	(1,254,782)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,635,985	2,961,157	(190,922)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	1,167,011	1,187,011	1,357,933
19.2 End of period (Line 18 plus Line 19.1)	4,802,996	4,128,168	1,167,011

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

MONTHLY STATEMENT

AS OF DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

Capson Physicians Insurance Company

NAIC Group Code 0000 (Current) (Prior) NAIC Company Code 19348 Employer's ID Number 74-6017951

Organized under the Laws of Texas, State of Domicile or Port of Entry TX

Country of Domicile United States of America

Incorporated/Organized 03/09/1981 Commenced Business 04/08/1981

Statutory Home Office 2901 Via Fortuna, Suite 510 Austin, TX, US 78746
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2901 Via Fortuna, Suite 510
(Street and Number) Austin, TX, US 78746 512-609-7900
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2901 Via Fortuna, Suite 510 Austin, TX, US 78746
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2901 Via Fortuna, Suite 510
(Street and Number) Austin, TX, US 78746 512-609-7910
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.capson.com

Statutory Statement Contact Maury L. Magids 512-609-7904
(Name) (Area Code) (Telephone Number)
mrmagids@capson.com 512-609-7909
(E-mail Address) (FAX Number)

OFFICERS

President Maury Lenard Magids Treasurer _____
Secretary Sandra Coultress Wilson

OTHER

DIRECTORS OR TRUSTEES

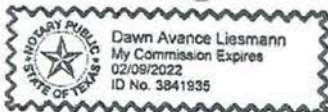
Maury Lenard Magids William Hamilton Rice
John Anthony Dieck Jr. Matthew John Downs
Douglas Steven Colosky
Nancy Schubert Dunlay

State of TEXAS SS:
County of Travis

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Maury Lenard Magids Sandra Coultress Wilson
President Secretary

Subscribed and sworn to before me this 31st day of January, 2019
Dawn Awan Heimann
a. Is this an original filing? Yes [X] No []
b. If no, 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____



I, **VELVA L. PRICE**, District Clerk,
Travis County, Texas, do hereby certify that this is
a true and correct copy as same appears of
record in my office. Witness my hand and seal of
office on 2-11-19



VELVA L. PRICE
DISTRICT CLERK
By Deputy: [Signature]

