

CAUSE NO. D-1-GN-19-000723

THE STATE OF TEXAS
Plaintiff,

v.

CAPSON PHYSICIANS INSURANCE
COMPANY,
Defendant.

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

250TH JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(DECEMBER 1, 2022 THROUGH FEBRUARY 28, 2023)**

TO THE HONORABLE DISTRICT COURT:

CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver of Capson Physicians Insurance Company (the “SDR” and “Capson” respectively), files this Financial Report and Summary Statement of Expenses of the Capson receivership estate for the period of December 1, 2022 to February 28, 2023. The attached report is filed pursuant to TEX. INS. CODE ANN., §§ 443.015(g) and 443.016(a) and the Court's Order Approving the SDR's Application for Approval of Fees and Expenses, entered on March 25, 2019.

The Special Deputy Receiver has served this Quarterly Financial Report to all known parties at interest, as shown in the certificate of service.

Respectfully submitted,

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Special Deputy Receiver of
Capson Physicians Insurance Company**

CERTIFICATE OF SERVICE

I certify that on March 15, 2023, a true and correct copy of the foregoing *Special Deputy Receiver's Quarterly Financial Report and Summary Statement of Expenses (DECEMBER 1, 2022 TO FEBRUARY 28, 2023)* was served pursuant to the Order of Reference to Master, the Texas Rules of Civil Procedure and TEX. INS. CODE 443.007(d) on the following by email, except as specifically otherwise noted.

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**Capson Physicians Insurance Company
Statement of Expenses**

**For Period Ending
02/28/23**

	Total Dec	Total Jan	Total Feb	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	19,976.00	26,906.00	19,030.00	65,912.00
Partner/Attorney	14,520.00	23,958.00	21,076.00	59,554.00
Partner/Attorney	242.00	198.00	66.00	506.00
Associate	10,727.00	5,440.00	15,232.00	31,399.00
Associate	1,309.00	969.00	5,831.00	8,109.00
Associate	187.00	1,904.00	1,462.00	3,553.00
Expenses	9.12	99.39	26.53	135.04
Total SDR Billing	46,970.12	59,474.39	62,723.53	169,168.04
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	24.00	16.00	184.00	224.00
Receivership Specialist I	152.00	104.00	280.00	536.00
Receivership Specialist II	10.00	20.00	20.00	50.00
Expenses	0.00	2.20	0.00	2.20
Total Billing	186.00	142.20	484.00	812.20
Greg Pierce-Attorney at Law				
Attorney	550.00	3,125.00	7,150.00	10,825.00
Expenses	4.24	0.00	8.48	12.72
Total Billing	554.24	3,125.00	7,158.48	10,837.72
Total Legal Subcontractors	740.24	3,267.20	7,642.48	11,649.92
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	414.00	594.00	648.00	1,656.00
Staff Accountant	1,407.00	1,102.50	1,333.50	3,843.00
Staff Accountant	0.00	220.50	0.00	220.50
Accounting Clerical Staff	0.00	31.50	0.00	31.50
Expenses	19.63	48.70	18.30	86.63
Total Billing	1,840.63	1,997.20	1,999.80	5,837.63
EMKAY Associates				
Claims and IT	1,045.00	560.50	883.50	2,489.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	1,045.00	560.50	883.50	2,489.00
Milford Consulting				
Receivership Specialist I	4,242.00	5,418.00	5,194.00	14,854.00
Reinsurance Specialist	687.50	787.50	862.50	2,337.50
Receivership Specialist III	3,555.00	4,014.00	4,662.00	12,231.00
Receivership Specialist II	655.50	356.50	115.00	1,127.00
Receivership Specialist III	972.00	1,026.00	864.00	2,862.00
IT Specialist	845.50	2,118.50	912.00	3,876.00
Expenses	62.19	63.15	63.20	188.54
Total Billing	11,019.69	13,783.65	12,672.70	37,476.04
Total Other SDR Subcontractors	13,905.32	16,341.35	15,556.00	45,802.67

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Capson Physicians Insurance Company
Statement of Expenses

For Period Ending
02/28/23

	Total Dec	Total Jan	Total Feb	Total Quarter
Receivership Service Providers				
IMA Colorado Division--SDR Bond	0.00	1,200.00	0.00	1,200.00
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
Integris/MyITpros	3,943.89	3,943.89	3,943.89	11,831.67
Rackspace-Email service	79.31	79.31	222.29	380.91
Inventory/Moving/Storage-Safesite	85.00	85.00	85.00	255.00
Pay Pal Charges-Verification receipts	11.94	19.90	0.00	31.84
Operating Account Bank Fees	15.00	15.00	15.00	45.00
Texas Treasury-Non Restricted	75.16	75.96	74.83	225.95
Total Other	6,293.30	7,502.06	6,424.01	20,219.37
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	67,908.98	86,585.00	92,346.02	246,840.00
Liquidation Oversight Allocation				
RLO Allocation	7,057.58	5,504.35	5,894.20	18,456.13
Special Master's Fees	0.00	11.67	108.33	120.00
Total RLO & SM Expense	7,057.58	5,516.02	6,002.53	18,576.13
Total Expenses	74,966.56	92,101.02	98,348.55	265,416.13

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**Capson Physicians Insurance Company
Statement of Net Assets**

**For the Period Ending
02/28/23**

Line		02/28/23
Cash		
1	Cash	
	Cash - Unrestricted	3,714,479
	APF Funds (Loan proceeds)	
Investments		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
Restricted Assets		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	Funds Held for Others - Granite State Insurance Co (Draw Down on LOC)	
	Funds Held for Others - Texas Treasury Acct-Granite State Insurance Co	
	Funds Held for Others - PCF Surcharge Refunds	23,354
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	0
18	Receivable from Parents, Subsidiaries & Affiliates-Agents Balances	
19	Receivable from Guaranty Associations - Early Access Payments	6,939,545
20	Other Receivables	
	Due from Ag Workers-Charter Sale	
	Eshares Inc-Unauthorized Debit to be reimbursed	
Other Assets		
21	FF&E	
22	Other Assets	4,534
	Total Assets	10,681,912

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Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
02/28/23

NOTES

Ref No.

13 Reinsurance Recoverables on Paid Losses	301,263
Allowance for Uncollectible	(301,263)
Net Amount	<u>0</u>
14 Reinsurance Recoverables on Unpaid Losses & LAE-Gross	5,590,723
Allowance for Uncollectible	(5,590,723)
Net Amount	<u>0</u>
17 Premiums Receivable	63,844
Amounts Due From Agents-Unearned Commissions	2,421
Allowance for Uncollectible	(66,265)
Net Amount	<u>0</u>
22 Other Assets are as follows:	
Prepaid Expenses	140,650
Allowance for Uncollectible Amounts	(140,650)
Policy Admin Software	60,124
Allowance for Uncollectible Amounts	(60,124)
New Mexico Ancillary Receiver Gross	80,000
Allowance for Uncollectible	(80,000)
Oregon Ancillary Receiver Gross	424,250
Allowance for Uncollectible	(424,250)
Guaranty Fund Assessment	4,534
Total	<u>4,534</u>

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**Capson Physicians Insurance Company
Statement of Net Liabilities**

**For Period Ending
02/28/23**

Line		02/28/23
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	86,145
	Liquidation Oversight	5,894
	Special Master's Fees	108
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	3,729,303
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	8,266,345
	LAE Reserves	1,913,983
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	10,677,094
	Loss Claims Reserves	4,141,815
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	13,671,633
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	1,041,812
11	Unearned & Advance Premium Claims - Other	22,219
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	1,961,795
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078
16	Class 6 Claims	107
17	Class 7 Claims	
18	Class 8 Claims	75,000
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	75,432
	Total Liabilities	48,520,763
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(37,838,851)
	Total Liabilities & Equity	10,681,912

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**Capson Physicians Insurance Company
Statement of Net Liabilities**

**For Period Ending
02/28/23**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

See Accompanying Notes to Financial Statements

14 Class 5 General Unsecured Creditor Claims are as follows:

Agents Commissions Payable	0
Unsecured Creditors-POCs received not yet adjudicated	29,705
Unsec Creditors-LAE Atty Fees-POCs received not yet adjudicated	1,932,090
Totals	<u>1,961,795</u>

22 Other Liabilities are as follows:

Funds Held for Others-PCF Surcharge Refunds	23,354
Ceded Reinsurance Premium Payables	0
Outstanding Items-Pre Receivership Bank Accounts	52,078
Totals	<u>75,432</u>

Capson Physicians Insurance Company
Changes in Net Liabilities for the Quarter Ending

2/28/2023

Line		11/30/22	02/28/23	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
Administrative Claims - Class 1				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	71,150	86,145	14,995
	Liquidation Oversight	6,441	5,894	(547)
	Special Master's Fees	72	108	36
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	3,680,673	3,729,303	48,630
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	8,099,133	8,266,345	167,212
	LAE Reserves	2,040,471	1,913,983	(126,488)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	10,477,094	10,677,094	200,000
	Loss Claims Reserves	4,253,714	4,141,815	(111,899)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	15,451,208	13,671,633	(1,779,575)
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	1,041,812	1,041,812	0
11	Unearned & Advance Premium Claims - Other	246,837	22,219	(224,618)
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	2,022,564	1,961,795	(60,769)
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078	2,852,078	0
16	Class 6 Claims	16,993	107	(16,886)
17	Class 7 Claims	0	0	0
18	Class 8 Claims	75,000	75,000	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	0	0	0
22	Other Liabilities	3,419,118	75,432	(3,343,686)
	Total Liabilities	53,754,358	48,520,763	(5,233,595)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(42,863,116)	(37,838,851)	5,024,265
	Total Liabilities & Equity	10,891,242	10,681,912	(209,330)

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Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
02/28/23

	Qtr Ending Feb-23
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	1,350
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	1,350
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	40,252
Total Cash Receipts	41,602
Disbursements	
SDR Fees & Expenses	158,363
Subcontractor Legal Fees & Expenses	5,138
Subcontractor Other Fees & Expenses	48,021
Non-Subcontractor Fees & Expenses	0
Other Expenses	20,323
RLO Fees & Expenses	19,087
Total Disbursements for Operations	250,932
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	250,932
Net Increase(Decrease) in Cash	(209,330)
Cash at Beginning of Period	3,923,809
Cash at End of Period	3,714,479

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Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 73700674

Filing Code Description: No Fee Documents

Filing Description: SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES

Status as of 3/16/2023 12:09 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Jay AThompson		JThompson@thompsoncoe.com	3/15/2023 4:04:39 PM	SENT
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Associated Case Party: GRANITE STATE INSURANCE COMPANY

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