

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
(MARCH 1, 2023 THROUGH MAY 31, 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 March 1, 2023 to May 31, 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 June 15, 2023, a true and correct copy of the foregoing SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (MARCH 1, 2023 TO MAY 31, 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
05/31/23

	Total Mar	Total April	Total May	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	27,126.00	21,186.00	33,044.00	81,356.00
Partner/Attorney	25,476.00	12,122.00	21,296.00	58,894.00
Partner/Attorney	242.00	44.00	22.00	308.00
Associate	13,753.00	10,608.00	6,103.00	30,464.00
Associate	4,267.00	748.00	1,462.00	6,477.00
Associate	425.00	272.00	119.00	816.00
Legal Assistant	617.50	325.00	325.00	1,267.50
Expenses	1,433.56	1,305.96	0.00	2,739.52
Total SDR Billing	73,340.06	46,610.96	62,371.00	182,322.02
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	8.00	80.00	8.00	96.00
Receivership Specialist I	168.00	232.00	0.00	400.00
Receivership Specialist II	10.00	20.00	10.00	40.00
Expenses	7.96	2.20	0.00	10.16
Total Billing	193.96	334.20	18.00	546.16
Greg Pierce-Attorney at Law				
Attorney	7,850.00	4,925.00	2,075.00	14,850.00
Expenses	4.24	0.00	0.00	4.24
Total Billing	7,854.24	4,925.00	2,075.00	14,854.24
Total Legal Subcontractors	8,048.20	5,259.20	2,093.00	15,400.40
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	1,116.00	522.00	882.00	2,520.00
Staff Accountant	913.50	1,123.50	1,774.50	3,811.50
Staff Accountant	84.00	63.00	21.00	168.00
Expenses	32.24	8.70	15.28	56.22
Total Billing	2,145.74	1,717.20	2,692.78	6,555.72
EMKAY Associates				
Claims and IT	855.00	769.50	864.50	2,489.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	855.00	769.50	864.50	2,489.00
Tharp and Associates				
Reinsurance and Forensic Consultant	0.00	1,181.25	2,531.25	3,712.50
Expenses	0.00	0.00	0.00	0.00
Total Billing	0.00	1,181.25	2,531.25	3,712.50
Milford Consulting				
Receivership Specialist I	5,152.00	5,026.00	7,182.00	17,360.00
Reinsurance Specialist	712.50	0.00	0.00	712.50
Receivership Specialist III	3,780.00	1,962.00	2,196.00	7,938.00
Receivership Specialist II	609.50	218.50	1,023.50	1,851.50
Receivership Specialist III	900.00	792.00	702.00	2,394.00
IT Specialist	864.50	1,187.50	1,149.50	3,201.50
Expenses	63.15	61.94	61.94	187.03
Total Billing	12,081.65	9,247.94	12,314.94	33,644.53
Total Other SDR Subcontractors	15,082.39	12,915.89	18,403.47	46,401.75

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Capson Physicians Insurance Company
Statement of Expenses

For Period Ending
05/31/23

	Total Mar	Total April	Total May	Total Quarter
Receivership Service Providers				
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	213.63	213.63	213.63	640.89
Inventory/Moving/Storage-Safesite	85.00	85.00	85.00	255.00
Pay Pal Charges-Verification receipts	31.84	14.43	10.94	57.21
Operating Account Bank Fees	15.00	15.00	15.00	45.00
Texas Treasury-Non Restricted	67.49	72.20	68.93	208.62
Total Other	6,439.85	6,427.15	6,420.39	19,287.39
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	102,910.50	71,213.20	89,287.86	263,411.56
Liquidation Oversight Allocation				
RLO Allocation	7,662.46	6,381.71	3,861.29	17,905.46
Special Master's Fees	0.00	0.00	0.00	0.00
Total RLO & SM Expense	7,662.46	6,381.71	3,861.29	17,905.46
Total Expenses	110,572.96	77,594.91	93,149.15	281,317.02

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

**For the Period Ending
05/31/23**

Line		05/31/23
Cash		
1	Cash	
	Cash - Unrestricted	3,491,686
	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	10,459,119

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

**For the Period Ending
05/31/23**

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses	301,263
	Allowance for Uncollectible	(301,263)
	Net Amount	0
14	Reinsurance Recoverables on Unpaid Losses & LAE-Gross	5,590,723
	Allowance for Uncollectible	(5,590,723)
	Net Amount	0
17	Premiums Receivable	63,844
	Amounts Due From Agents-Unearned Commissions	2,421
	Allowance for Uncollectible	(66,265)
	Net Amount	0
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	4,534

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

5/31/2023

Line		02/28/23	05/31/23	Change
Cash				
1	Cash			
	Cash - Unrestricted	3,714,479	3,491,686	(222,793)
	APF Funds (Loan proceeds)	0	0	0
Investments				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
Restricted Assets				
10	Statutory Deposits	0	0	0
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
	Funds Held at Chase Bank-LOC Collateral	0	0	0
	Funds Held for Others - Granite State Insurance Co (Draw Down on LOC)	0	0	0
	Funds Held for Others - Texas Treasury Acct-Granite State Insurance Co	0	0	0
	Funds Held for Others - PCF Surcharge Refunds	23,354	23,354	0
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
Other Receivables				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	6,939,545	6,939,545	0
20	Other Receivables	0	0	0
	Investment Income Due & Accrued	0	0	0
		0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	4,534	4,534	0
	Total Assets	10,681,912	10,459,119	(222,793)

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

**For Period Ending
05/31/23**

Line		05/31/23
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	83,081
	Liquidation Oversight	3,861
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	3,866,557
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	8,708,319
	LAE Reserves	1,712,066
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	10,969,594
	Loss Claims Reserves	3,901,809
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	9,971,633
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	45,245,363
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(34,786,244)
	Total Liabilities & Equity	10,459,119

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

**For Period Ending
05/31/23**

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:

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

22 Other Liabilities are as follows:

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

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

5/31/2023

Line		02/28/23	05/31/23	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	86,145	83,081	(3,064)
	Liquidation Oversight	5,894	3,861	(2,033)
	Special Master's Fees	108	0	(108)
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	3,729,303	3,866,557	137,254
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	8,266,345	8,708,319	441,974
	LAE Reserves	1,913,983	1,712,066	(201,917)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	10,677,094	10,969,594	292,500
	Loss Claims Reserves	4,141,815	3,901,809	(240,006)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	13,671,633	9,971,633	(3,700,000)
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	22,219	22,219	0
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	1,961,795	1,961,795	0
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078	2,852,078	0
16	Class 6 Claims	107	107	0
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	75,432	75,432	0
	Total Liabilities	48,520,763	45,245,363	(3,275,400)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(37,838,851)	(34,786,244)	3,052,607
	Total Liabilities & Equity	10,681,912	10,459,119	(222,793)

Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
05/31/23

	Qtr Ending May-23
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	18,377
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	1,900
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	20,277
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	43,451
Total Cash Receipts	63,728
Disbursements	
SDR Fees & Expenses	182,675
Subcontractor Legal Fees & Expenses	20,949
Subcontractor Other Fees & Expenses	43,554
Non-Subcontractor Fees & Expenses	0
Other Expenses	19,296
RLO Fees & Expenses	20,047
Total Disbursements for Operations	286,521
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	286,521
Net Increase(Decrease) in Cash	(222,793)
Cash at Beginning of Period	3,714,479
Cash at End of Period	3,491,686

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Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 76672901

Filing Code Description: No Fee Documents

Filing Description: SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (MARCH 1, 2023 THROUGH MAY 31, 2023)

Status as of 6/16/2023 3:43 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
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Associated Case Party: GRANITE STATE INSURANCE COMPANY

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