

# RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

August 2, 2024

## R-561 Capson Physicians Insurance Company (“CPIC”)

<b>Special Deputy Receiver:</b>	CANTILO & BENNETT, L.L.P.	<b>TX Guaranty Assoc.:</b>	TPCIGA
<b>SDR Responsible Person:</b>	Joseph N. West	<b>Receiver’s Counsel:</b>	David Ashton
<b>SDR’s Counsel:</b>	Greg Pierce and Christopher Fuller	<b>Est’d Closing Date:</b>	December 31, 2024

### ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Finalized reinsurance commutation agreement with Renaissance Re and filed application for approval of same with the Receivership Court.
- Completed analysis of Granite State Insurance Company (“GSIC”) fronting arrangement and determination of amounts due to CPIC under same.
- Issued Claim Determinations on twelve (12) POC’s.
- Filed 2023 US Property and Casualty Insurance Company Tax Return for CPIC on or about June 7, 2024.

### ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER:

- Obtain Receivership Court approval of the Renaissance Re commutation agreement and recover commutation funds regarding same.
- Complete recovery of amounts due from GSIC under pre-receivership reinsurance fronting arrangement.
- Complete commutation agreements with reinsurers, Markel Global Re, XL Re America, SCOR Re, Hannover Rueck SE, and all Lloyd’s Syndicates.

## Background on Receivership

- Date of Permanent Injunction (Rehabilitation/Liquidation): February 11, 2019/June 28, 2019
- Date of SDR Rehabilitation Appointment: February 11, 2019
- Date of Conversion to Liquidation: June 28, 2019
- Claims Filing Deadline: December 28, 2020
- States Where Licensed: TX, AL, AK, AZ, AR, D.C., ID, IL, IN, KY, LA, MD, MS, MO, MT, NE, NV, NM, ND, OK, OR, SD, WA, WV, WI
- Lines of Business: Medical Malpractice
- Texas Property and Casualty Insurance Guaranty Association Triggered: June 28, 2019
- Early Access Distribution: \$6,935,545 as of June 30, 2023

## Statement of Assets and Liabilities as of June 30, 2024

Total Assets:	\$ 10,148,912
Cash & Invested Assets:	\$ 3,181,479
Non-Cash Assets:	\$ 6,967,433
Total Liabilities:	\$36,845,096
Negative Equity:	(\$26,696,184)

## Status and Activity Since Last Status Conference

### General Matters

**Administrative Operations:** The SDR continues to conduct receivership operations utilizing video conferencing for all meetings of the receivership staff, as well as most other meetings required for administration of the receivership estate.

**Federal Waiver:** On April 21, 2023, the SDR filed its request for federal waiver with the U.S. Department of Justice. Receipt of response from the U.S. Department of Justice regarding this matter is not expected for several months and thus may impact the ultimate date for closure of the receivership estate.

### Claims Activity

**Proof of Claim (“POC”) Process:** As of June 30, 2024, claimants have filed approximately 495 POCs (excluding any companion POC’s arising from the same medical incident) with the CPIC receivership estate. As of June 30, 2024, claim determinations have been issued on four-hundred forty-eight (448) POC’s leaving forty-seven (47) remaining for determination and consisting of seventeen (17) Class 1 and 2 POC’s filed by the insurance guaranty associations, eighteen (18) Class 2 POC’s filed by insureds and third-party claimants, and twelve (12) Class 5 POC’s filed by reinsurers. The SDR anticipates that the reinsurer POC’s will be resolved as part of the commutation process.

**Claim Litigation:** There were no new lawsuits filed against CPIC and/or the SDR during the last quarter.

**Guaranty Association Reporting:** As of June 30, 2024, the Guaranty Associations have submitted the loss reports summarized below.

State	Report Date	Loss Payments	Expense Payments	Loss Reserves	Expense Reserves	Paid Unearned Premium
AK	01/31/23	\$475,000.00	\$338,658.86	\$0.00	\$0.00	\$11,218.65
AL	06/30/24	\$340,000.00	\$304,172.02	\$0.00	\$0.00	\$21,588.00
AR	03/31/24	\$62,000.00	\$613,952.37	\$25,000.00	\$5,835.36	\$12,379.12
AZ	06/30/24	\$714,800.00	\$446,948.48	\$0.00	\$0.00	\$44,970.40
DC	05/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$8,203.50
IA	12/31/19	\$0.00	\$0.00	\$0.00	\$0.00	\$180.00
ID	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$4,604
IL	05/31/24	\$182,061.65	\$166,146.46	\$0.00	\$0.00	\$24,792.00
IN	05/31/24	\$362,001.00	\$126,180.35	\$3,000.00	\$11,057.37	\$272.11
KY	06/30/24	\$700,000.00	\$526,057.52	\$105,001.00	\$112,852.95	\$28,672.60
LA	06/30/24	\$429,900.00	\$582,554.64	\$75,000.00	\$58,114.00	\$19,181.07
MD	08/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$23,030.65
MO	05/31/24	\$988,380.49	\$285,448.43	\$0.00	\$0.00	\$123,766.15
MS	05/31/24	\$0.00	\$10,434.81	\$0.00	\$0.00	\$18,536.09
MT	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$6,203.00
NE	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$7,231.50
NM	05/31/24	\$1,737,500.00	\$985,905.96	\$200,000.00	\$1,691.96	\$44,081.95
NV	02/29/24	\$810,000.00	\$167,959.56	\$0.00	\$25,000.00	\$17,229.10
OK	04/30/24	\$1,240,086.81	\$550,020.96	\$0.00	\$0.00	\$34,623.77
OR	03/31/24	\$30,000.00	\$50,523.26	\$0.00	\$0.00	\$11,303.55
TN	05/31/24	\$287,499.99	\$315,870.52	\$0.01	\$118.00	\$0.00
TX	05/31/24	\$3,189,849.86	\$2,969,748.43	\$870,003.00	\$305,506.92	\$486,135.02
WA	05/31/24	\$40,000.00	\$54,534.11	\$20,000.00	\$43,207.36	\$17,036.69
WV	05/31/24	\$1,075,000.00	\$965,112.24	\$200,000.00	\$117,305.80	\$109,368.15
<b>Total</b>	<b>06/30/24</b>	<b>\$12,664,079.80</b>	<b>\$9,460,228.98</b>	<b>\$1,498,004.00</b>	<b>\$680,689.72</b>	<b>\$1,074,607.07</b>

## **Asset Recovery Activity**

**Reinsurance:** The SDR continues to report to reinsurers as required under CPIC's reinsurance agreements. Reinsurance recoveries for the current fiscal year and from inception through June 30, 2024, total \$44,791 and \$1,496,943 respectively. As previously reported, the SDR is in discussions with CPIC reinsurers regarding the commutation of all reinsurance treaties. Recently, the SDR reached an agreement with Renaissance Re for the commutation of all treaty obligations that will result in a significant recovery for CPIC once approved by the Receivership Court. The SDR also remains in discussions with GSIC to reach agreement regarding amounts due from GSIC under the pre-receivership reinsurance fronting arrangement between GSIC and CPIC. The SDR continues to anticipate concluding the commutation process by end of the third quarter 2024.

## **General Legal Activities**

**Litigation:** No first party lawsuits involving CPIC exist at this time.

**Regulatory Action:** CPIC's license has been suspended or revoked in Alabama, Alaska, Arkansas, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maryland, Missouri, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Washington, and West Virginia.

**Closing Date of Receivership Estate:** December 31, 2024

**Identification of Factors Affecting Closing Date and Final Distribution:** Completion of the POC process. Completion of the commutation process for all CPIC reinsurance treaties. Securing federal waiver for the CPIC receivership estate.