

# RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

November 1, 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>	March 31, 2025

### ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Obtained Receivership Court approval of the Renaissance Re commutation agreement and recovered commutation funds regarding same.
- The SDR and Granite State Insurance Company (“GSIC”) have agreed to cooperate with each other in the commutation process, and that all recoveries under any commutation agreement with reinsurers shall be for the sole benefit of CPIC.
- Issued claim determinations on thirty (30) proofs of claim (“POCs”).

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

- Complete commutation agreements with reinsurers, Markel Global Re, XL Re America, SCOR Re, Hannover Rueck SE, and all Lloyd’s Syndicates.
- Continue work towards completion of claim determinations on the remaining forty-two (42) POCs.

## 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 September 30, 2024

Total Assets:	\$ 10,756,848
Cash & Invested Assets:	\$ 3,789,415
Non-Cash Assets:	\$ 6,967,433
Total Liabilities:	\$ 36,472,009
Negative Equity:	(\$25,715,161)

## 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 September 30, 2024, claimants have filed approximately five-hundred twenty (520) POCs (excluding any companion POCs arising from the same medical incident) with the CPIC receivership estate. As of September 30, 2024, claim determinations have been issued on four-hundred seventy-eight (478) POCs leaving forty-two (42) remaining for determination and consisting of sixteen (16) Class 1 and two (2) POCs filed by the insurance guaranty associations, fourteen (14) Class 2 POCs filed by insureds and third-party claimants, and twelve (12) Class 5 POCs filed by

reinsurers. The SDR anticipates that the reinsurer POCs 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 September 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	09/30/24	\$340,000.00	\$304,172.02	\$0.00	\$0.00	\$21,588.00
AR	06/30/24	\$62,000.00	\$616,286.16	\$25,000.00	\$3,501.57	\$12,379.12
AZ	09/30/24	\$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	08/31/24	\$182,061.65	\$166,146.46	\$0.00	\$0.00	\$24,792.00
IN	09/30/24	\$362,001.00	\$126,260.35	\$0.00	\$0.00	\$272.11
KY	09/30/24	\$700,000.00	\$526,057.52	\$105,001.00	\$112,852.95	\$28,672.60
LA	08/31/24	\$429,900.00	\$585,385.50	\$75,000.00	\$57,608.27	\$19,181.07
MD	08/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$23,030.65
MO	09/30/24	\$988,380.49	\$285,448.43	\$0.00	\$0.00	\$123,766.15
MS	09/30/24	\$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	09/30/24	\$1,837,500.00	\$987,598.21	\$100,000.00	\$1,600.99	\$44,081.95
NV	05/31/24	\$810,000.00	\$167,959.56	\$0.00	\$0.00	\$17,229.10
OK	08/31/24	\$1,240,086.81	\$550,020.96	\$0.00	\$0.00	\$34,623.77
OR	09/30/24	\$30,000.00	\$50,523.26	\$0.00	\$0.00	\$11,303.55
TN	08/31/24	\$287,499.99	\$315,870.52	\$0.00	\$0.00	\$0.00
TX	09/30/24	\$3,369,849.86	\$3,063,517.25	\$870,003.00	\$280,192.85	\$486,135.02
WA	08/31/24	\$40,000.00	\$54,541.61	\$20,000.00	\$43,199.86	\$17,036.69
WV	09/30/24	\$1,075,000.00	\$974,212.24	\$200,000.00	\$16,710.80	\$109,368.15
<b>Total</b>	<b>09/30/24</b>	<b>\$12,944,079.80</b>	<b>\$9,570,042.20</b>	<b>\$1,395,004.00</b>	<b>\$515,667.29</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 September 30, 2024, total \$728,139 and \$2,225,082, respectively. As previously reported, the SDR remains in discussions with CPIC reinsurers regarding the commutation of all reinsurance treaties. Recently, the SDR and representatives of GSIC agreed to cooperate with each other regarding commutations involving excess of loss (“XOL”) and quota share reinsurers associated with GSIC’s participation in the pre-receivership fronting arrangement with CPIC. Pursuant to the Settlement Agreement dated February 24, 2020, between the SDR and GSIC, GSIC retains its rights in the cut-through endorsements with CPIC XOL reinsurers (“Retrocession”) and shall have the right to pay the XOL reinsurers any related Retrocession premium. However, the SDR and GSIC have further agreed that any recoveries under the commutations between CPIC and the XOL reinsurers shall be for the sole benefit of CPIC. The SDR is working to conclude the commutation process by year-end 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:** March 31, 2025

**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.