

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

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
<i>Plaintiff,</i>	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
CAPSON PHYSICIANS INSURANCE	§	
COMPANY,	§	
<i>Defendant.</i>	§	250 TH JUDICIAL DISTRICT

SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(JUNE 1, 2025 THROUGH AUGUST 31, 2025)

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 June 1, 2025 to August 31, 2025. 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 September 15, 2025, a true and correct copy of the foregoing SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (JUNE 1, 2025 TO AUGUST 31, 2025) 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
08/31/25**

	Total June	Total July	Total Aug	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	16,236.00	18,480.00	22,396.00	57,112.00
Partner/Attorney	2,706.00	3,080.00	3,146.00	8,932.00
Partner/Attorney	88.00	132.00	154.00	374.00
Associate	1,394.00	1,683.00	1,054.00	4,131.00
Associate	510.00	374.00	442.00	1,326.00
Associate	85.00	204.00	0.00	289.00
Legal Assistant	188.50	32.50	0.00	221.00
Expenses	8.97	11.56	83.70	104.23
Total SDR Billing	21,216.47	23,997.06	27,275.70	72,489.23
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	0.00	24.00	0.00	24.00
Receivership Specialist I	216.00	344.00	216.00	776.00
Receivership Specialist II	15.00	20.00	0.00	35.00
Expenses	4.24	14.94	5.67	24.85
Total Billing	235.24	402.94	221.67	859.85
Greg Pierce-Attorney at Law				
Attorney	1,850.00	2,300.00	1,925.00	6,075.00
Expenses	4.24	8.48	4.24	16.96
Total Billing	1,854.24	2,308.48	1,929.24	6,091.96
Total Legal Subcontractors	2,089.48	2,711.42	2,150.91	6,951.81
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	1,584.00	1,476.00	684.00	3,744.00
Staff Accountant	1,081.50	1,344.00	1,113.00	3,538.50
Staff Accountant	157.50	0.00	94.50	252.00
Expenses	86.31	22.08	10.80	119.19
Total Billing	2,909.31	2,842.08	1,902.30	7,653.69
EMKAY Associates				
Claims and IT	266.00	266.00	684.00	1,216.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	266.00	266.00	684.00	1,216.00
Culmination Consulting Group				
Reinsurance and Forensic Consultant	0.00	12,150.00	3,892.50	16,042.50
Expenses	0.00	0.00	0.00	0.00
	0.00	12,150.00	3,892.50	16,042.50
Milford Consulting				
Receivership Specialist I	2,170.00	1,512.00	1,078.00	4,760.00
Receivership Specialist III	936.00	1,116.00	369.00	2,421.00
Receivership Specialist II	379.50	126.50	0.00	506.00
Receivership Specialist III	477.00	450.00	315.00	1,242.00
IT Specialist	532.00	1,007.00	883.50	2,422.50
Expenses	0.00	0.00	0.00	0.00
	4,494.50	4,211.50	2,645.50	11,351.50
Total Other SDR Subcontractors	7,669.81	19,469.58	9,124.30	36,263.69
Receivership Service Providers				
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
Integris/MyITpros	2,889.90	2,889.90	2,894.23	8,674.03
Rackspace-Email service	259.03	259.03	259.03	777.09
Inventory/Moving/Storage-Safesite	85.00	85.00	85.00	255.00
Pay Pal Charges-Verification receipts	0.00	13.92	0.00	13.92
Operating Account Bank Fees	15.15	15.15	15.15	45.45
Texas Treasury-Non Restricted	69.53	71.52	73.32	214.37
Total Other	5,401.61	5,417.52	5,409.73	16,228.86

Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	36,377.37	51,595.58	43,960.64	131,933.59
Liquidation Oversight Allocation				
RLO Allocation	4,649.81	3,810.66	5,137.43	13,597.90
Special Master's Fees	344.45	0.00	37.78	382.23
Total RLO & SM Expense	4,994.26	3,810.66	5,175.21	13,980.13
Total Expenses	41,371.63	55,406.24	49,135.85	145,913.72

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Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
08/31/25

Line		08/31/25
Cash		
1	Cash	
	Cash - Unrestricted	3,691,828
	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	3,848
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	88,761
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	6,645,117
20	Other Receivables	
Other Assets		
21	FF&E	
22	Other Assets	4,534
	Total Assets	10,434,088

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Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
08/31/25

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses		2,117,027
	Allowance for Uncollectible		(2,028,266)
	Net Amount		<u>88,761</u>
17	Premiums Receivable		63,844
	Allowance for Uncollectible		(63,844)
	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)
	Guaranty Fund Assessment		4,534
	Total		<u>4,534</u>

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

8/31/2025

Line		05/31/25	08/31/25	Change
Cash				
1	Cash			
	Cash - Unrestricted	3,490,888	3,691,828	200,940
	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	3,848	(19,506)
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	88,761	88,761
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	6,645,117	(294,428)
20	Other Receivables	0	0	0
		0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	4,534	4,534	0
	Total Assets	10,458,321	10,434,088	(24,233)

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

**For Period Ending
08/31/25**

Line

08/31/25

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	38,810
	Liquidation Oversight	5,137
	Special Master's Fees	38
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	4,324,394
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	9,980,170
	LAE Reserves	239,352
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	13,043,792
	Loss Claims Reserves	995,003
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	2,717,531
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	1,074,607
11	Unearned & Advance Premium Claims - Other	
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	929,646
16	Class 6 Claims	107
17	Class 7 Claims	
18	Class 8 Claims	175,000
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	55,927
	Total Liabilities	35,541,309
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,107,221)
	Total Liabilities & Equity	10,434,088

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

**For Period Ending
08/31/25**

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	29,705
Unsecured Creditors-POCs received not yet adjudicated	
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	3,848
Outstanding Items-Pre Receivership Bank Accounts	52,079
Totals	<u>55,927</u>

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

8/31/2025

Line		05/31/25	08/31/25	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	46,729	38,810	(7,919)
	Liquidation Oversight	5,524	5,137	(387)
	Special Master's Fees	0	38	38
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	4,303,100	4,324,394	21,294
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	9,980,958	9,980,170	(788)
	LAE Reserves	248,216	239,352	(8,864)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	13,043,792	13,043,792	0
	Loss Claims Reserves	995,003	995,003	0
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	2,717,531	2,717,531	0
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	1,074,607	1,074,607	0
11	Unearned & Advance Premium Claims - Other	0	0	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	929,646	929,646	0
16	Class 6 Claims	107	107	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	175,000	175,000	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	75,433	55,927	(19,506)
	Funds Held for Others-PCF Surcharge Refunds	0	0	0
	Outstanding Items-Pre Receivership Bank Accounts	0	0	0
Total Liabilities		35,557,441	35,541,309	(16,132)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,099,120)	(25,107,221)	(8,101)
Total Liabilities & Equity		10,458,321	10,434,088	(24,233)

Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
08/31/25

	Qtr Ending Aug-25
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	600
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	600
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	40,589
Total Cash Receipts	41,189
Disbursements	
SDR Fees & Expenses	72,635
Subcontractor Legal Fees & Expenses	12,926
Subcontractor Other Fees & Expenses	35,172
Non-Subcontractor Fees & Expenses	0
Other Expenses	19,120
RLO Fees & Expenses	14,329
Total Disbursements for Operations	154,182
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA - Recovery of previously paid early access from Illinois IGA	(294,427)
PCF liability	(19,506)
Total Cash Distributions	(313,933)
Total Cash Disbursements & Distributions	(159,751)
Net Increase(Decrease) in Cash	200,940
Cash at Beginning of Period	3,490,888
Cash at End of Period	3,691,828

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Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpierceclaw.com

Envelope ID: 105613367

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Filing Description: SPECIAL DEPUTY RECEIVER'S QUARTERLY

FINANCIAL REPORT AND SUMMARY STATEMENT OF

EXPENSES(JUNE 1, 2025 THROUGH AUGUST 31, 2025)

Status as of 9/16/2025 5:23 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Jay AThompson		JThompson@thompsoncoe.com	9/15/2025 6:19:51 PM	SENT
Paige Amstutz	796136	pamstutz@scottdoug.com	9/15/2025 6:19:51 PM	SENT
Ronald Hole	9834200	Mail@HoleAlvarez.com	9/15/2025 6:19:51 PM	SENT
Anthony Icenogle	10382948	anthony@icenoglefirm.com	9/15/2025 6:19:51 PM	SENT
Patricia Muniz		pmuniz@inquestresources.com	9/15/2025 6:19:51 PM	SENT
Brian Falligant		bfalligant@inquestresources.com	9/15/2025 6:19:51 PM	SENT
Special Master Clerk		specialmasterclerk@tdi.texas.gov	9/15/2025 6:19:51 PM	SENT
John Walker		John.Walker@tdi.texas.gov	9/15/2025 6:19:51 PM	SENT

Associated Case Party: GRANITE STATE INSURANCE COMPANY

Name	BarNumber	Email	TimestampSubmitted	Status
Edward Burbach	3355250	eburbach@foley.com	9/15/2025 6:19:51 PM	SENT
Nanette Beaird	1949800	nbeaird@foley.com	9/15/2025 6:19:51 PM	SENT

Associated Case Party: THE STATE OF TEXAS

Name	BarNumber	Email	TimestampSubmitted	Status
Zachary Rhines	24116957	zachary.rhines@oag.texas.gov	9/15/2025 6:19:51 PM	SENT

Associated Case Party: TEXAS PROPERTY AND CASUALTY INSURANCE
GUARANTY ASSOCIATION

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Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 105613367

Filing Code Description: No Fee Documents

Filing Description: SPECIAL DEPUTY RECEIVER'S QUARTERLY
FINANCIAL REPORT AND SUMMARY STATEMENT OF
EXPENSES(JUNE 1, 2025 THROUGH AUGUST 31, 2025)

Status as of 9/16/2025 5:23 AM CST

Associated Case Party: TEXAS PROPERTY AND CASUALTY INSURANCE
GUARANTY ASSOCIATION

Name	BarNumber	Email	TimestampSubmitted	Status
Rachel Stroud		rstroud@tpciga.org	9/15/2025 6:19:51 PM	SENT