

RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

May 2, 2025

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

Special Deputy Receiver (“SDR”):	CANTILO & BENNETT, L.L.P.	TX Guaranty Assoc.:	TPCIGA
SDR Responsible Person:	Joseph N. West	Receiver’s Counsel:	David Ashton
SDR’s Counsel:	Greg Pierce and Christopher Fuller	Est’d Closing Date:	December 31, 2025

ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Reached agreement with Markel Global Re (“Markel”) regarding the commutation value of its treaty obligations to the CPIC estate and the SDR is currently working to finalize the commutation agreement regarding same.
- Continued to respond to remaining reinsurer requests for additional information and to advance commutation discussions with remaining reinsurers who have advised that the SDR’s updated reinsurance accounting has been provided to their claims managers for review.
- Issued claim determinations on three (3) Proofs of Claim (“POCs”).

ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER:

- Complete commutation agreements with reinsurers, Markel, XL Re America, SCOR Re, Hannover Rueck SE, and all Lloyd’s Syndicates and obtain approval of the Receivership Court regarding same.
- Continue work towards completion of claim determinations on the remaining thirty-six (36) POCs which include fifteen (15) filed by P&C Guaranty Associations, nine (9) filed by insureds and third-party claimants, and twelve (12) filed by reinsurers to be resolved as part of the commutation process.

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 March 31, 2025

Statement of Assets and Liabilities as of March 31, 2025

Total Assets:	\$ 10,538,840
Cash & Invested Assets:	\$ 3,571,407
Non-Cash Assets:	\$ 6,967,433
Total Liabilities:	\$ 35,629,702
Negative Equity:	(\$25,090,862)

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.

Claims Activity

POC Process: As of March 31, 2025, claimants have filed approximately five-hundred twenty-one (521) POCs (excluding any companion POCs arising from the same medical incident) with the CPIC receivership estate. As of March 31, 2025, claim determinations have been issued on four-hundred eighty-five (485) POCs leaving thirty-six (36) remaining for determination and consisting of fifteen (15) Class 1 and two (2) POCs filed by the insurance guaranty associations, nine (9) 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.

Determination of the Illinois Insurance Guaranty Fund (“IIGF”) POC: On February 7, 2025, the SDR issued its determination of the IIGF POC, approving amounts claimed for Class 1 expense payments totaling \$166,146.46 and Class 2 loss and unearned premium payments totaling \$182,061.65 and \$24,792.00, respectively. The SDR’s determination also denied amounts claimed for unallocated administrative expenses totaling \$407,531.29.

In the POC determination, the SDR advised the IIGF that its claim for unallocated administrative expenses was denied because the SDR was not able to establish that these expenses were reasonable. The SDR had previously requested, but did not receive adequate justification from the IIGF supporting these expenses. As a result of the SDR's denial of the IIGF's claim for unallocated administrative expenses, early access distributions to the IIGF of \$460,573.51 have exceeded the \$166,146.46 approved Class 1 claim by a total of \$294,427.05. The SDR advised the IIGF in the POC determination that it is required to refund the \$294,427.05 overpayment to the CPIC estate for distribution among the other Class 1 creditors. The deadline for objection to the SDR's determination of the IIGF POC was on or before March 24, 2025, and as of the date of submission of this status report none has been received. The SDR's determination of the IIGF POC is now final and non-appealable.

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

Guaranty Association Reporting: As of March 31, 2025, 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	10/31/24	\$475,000.00	\$339,146.36	\$0.00	\$0.00	\$11,218.65
AL	03/31/25	\$340,000.00	\$304,172.02	\$0.00	\$0.00	\$21,588.00
AR	12/31/24	\$62,000.00	\$659,476.21	\$25,000.00	\$2,580.60	\$12,379.12
AZ	03/31/25	\$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	\$4,604.00
IL	02/28/25	\$182,061.65	\$166,146.46	\$0.00	\$0.00	\$24,792.00
IN	02/28/25	\$362,001.00	\$126,260.35	\$0.00	\$0.00	\$272.11
KY	03/31/25	\$699,455.80	\$582,400.91	\$100,000.00	\$37,388.65	\$28,672.60
LA	03/31/25	\$429,900.00	\$591,099.51	\$75,000.00	\$57,752.74	\$19,181.07
MD	08/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$23,030.65
MO	02/28/25	\$988,380.49	\$285,448.43	\$0.00	\$0.00	\$123,766.15
MS	02/28/25	\$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	02/28/25	\$1,937,500.00	\$1,054,633.17	\$0.00	\$0.00	\$44,081.95
NV	05/31/24	\$810,000.00	\$167,959.56	\$0.00	\$0.00	\$17,229.10
OK	03/31/25	\$1,240,086.81	\$550,020.96	\$0.00	\$0.00	\$34,623.77
OR	03/31/25	\$30,000.00	\$50,523.26	\$0.00	\$0.00	\$11,303.55

TN	02/28/25	\$287,499.99	\$315,870.52	\$0.00	\$0.00	\$0.00
TX	03/31/25	\$3,369,849.86	\$3,161,931.87	\$745,003.00	\$188,026.23	\$486,135.02
WA	03/31/25	\$40,000.00	\$55,591.61	\$20,000.00	\$42,149.86	\$17,036.69
WV	02/28/25	\$1,075,000.00	\$977,545.24	\$200,000.00	\$13,377.80	\$109,368.15
Total	03/31/25	\$13,043,535.60	\$9,845,609.73	\$1,165,003.00	\$341,275.88	\$1,074,607.07

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 March 31, 2025, total \$729,948 and \$2,226,891, respectively. The SDR is currently working with Granite State Insurance Company and Markel to finalize the terms of a commutation agreement whereby the CPIC estate is expected to recover approximately \$88,761. Once completed, the Markel

commutation agreement will be submitted to the receivership court for approval. Moreover, the SDR is working to issue a determination on the Hannover Re POC, thereby advancing action toward ultimate resolution and commutation of Hannover Re's treaty obligations to the CPIC estate. The SDR anticipates concluding the commutation process by August 31, 2025.

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, 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.