

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, 2025 THROUGH MAY 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 March 1, 2025 to May 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 June 16, 2025, a true and correct copy of the foregoing SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (MARCH 1, 2025 TO MAY 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
05/31/25**

	Total Mar	Total April	Total May	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	22,946.00	25,894.00	23,320.00	72,160.00
Partner/Attorney	2,134.00	3,058.00	1,804.00	6,996.00
Partner/Attorney	154.00	198.00	88.00	440.00
Associate	289.00	1,717.00	1,411.00	3,417.00
Associate	221.00	493.00	493.00	1,207.00
Associate	51.00	102.00	204.00	357.00
Legal Assistant	0.00	0.00	97.50	97.50
Expenses	4.83	8.97	4.83	18.63
Total SDR Billing	25,799.83	31,470.97	27,422.33	84,693.13
SDR Subcontractors - Legal				
Inquest Resources				
Receivership Specialist I	160.00	72.00	0.00	232.00
Receivership Specialist II	20.00	0.00	0.00	20.00
Expenses	8.42	0.00	0.00	8.42
Total Billing	188.42	72.00	0.00	260.42
Greg Pierce-Attorney at Law				
Attorney	2,000.00	3,500.00	8,125.00	13,625.00
Expenses	4.24	4.24	0.00	8.48
Total Billing	2,004.24	3,504.24	8,125.00	13,633.48
Total Legal Subcontractors	2,192.66	3,576.24	8,125.00	13,893.90
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	702.00	1,026.00	846.00	2,574.00
Staff Accountant	1,522.50	1,711.50	1,092.00	4,326.00
Staff Accountant	0.00	84.00	441.00	525.00
Expenses	23.34	22.92	55.96	102.22
Total Billing	2,247.84	2,844.42	2,434.96	7,527.22
EMKAY Associates				
Claims and IT	931.00	1,463.00	304.00	2,698.00
Expenses	376.42	0.00	44.34	420.76
Total Billing	1,307.42	1,463.00	348.34	3,118.76
Tharp and Associates				
Reinsurance and Forensic Consultant	4,702.50	0.00	0.00	4,702.50
Expenses	0.00	0.00	0.00	0.00
	4,702.50	0.00	0.00	4,702.50
Culmination Consulting Group				
Reinsurance and Forensic Consultant	0.00	5,625.00	2,452.50	8,077.50
Expenses	0.00	0.00	0.00	0.00
	0.00	5,625.00	2,452.50	8,077.50
Milford Consulting				
Receivership Specialist I	854.00	2,688.00	1,175.00	4,717.00
Receivership Specialist III	558.00	2,340.00	693.00	3,591.00
Receivership Specialist II	0.00	230.00	0.00	230.00
Receivership Specialist III	288.00	558.00	396.00	1,242.00
IT Specialist	712.50	579.50	532.00	1,824.00

Expenses	0.00	0.00	0.00	0.00
	2,412.50	6,395.50	2,796.00	11,604.00
Total Other SDR Subcontractors	10,670.26	16,327.92	8,031.80	35,029.98
Receivership Service Providers				
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
Integris/MylTpros	1,540.48	3,210.24	2,889.90	7,640.62
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	25.86	3.48	29.34
Operating Account Bank Fees	15.15	15.15	15.15	45.45
Texas Treasury-Non Restricted	65.69	70.74	68.22	204.65
Total Other	4,048.35	5,749.02	5,403.78	15,201.15
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	42,711.10	57,124.15	48,982.91	148,818.16
Liquidation Oversight Allocation				
RLO Allocation	4,086.31	4,096.34	5,524.01	13,706.66
Special Master's Fees	528.00	0.00	0.00	528.00
Total RLO & SM Expense	4,614.31	4,096.34	5,524.01	14,234.66
Total Expenses	47,325.41	61,220.49	54,506.92	163,052.82

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Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
05/31/25

Line		05/31/25
Cash		
1	Cash	
	Cash - Unrestricted	3,490,888
	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	
Other Assets		
21	FF&E	
22	Other Assets	4,534
	Total Assets	10,458,321

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Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
05/31/25

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses		2,317,190
	Allowance for Uncollectible		(2,317,190)
	Net Amount		<u>0</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

5/31/2025

Line		02/28/25	05/31/25	Change
Cash				
1	Cash			
	Cash - Unrestricted	3,601,550	3,490,888	(110,662)
	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
		0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	4,534	4,534	0
	Total Assets	10,568,983	10,458,321	(110,662)

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Capson Physicians Insurance Company
Statement of Net Liabilities

For Period Ending
05/31/25

Line

05/31/25

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	46,729
	Liquidation Oversight	5,524
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	4,303,100
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	9,980,958
	LAE Reserves	248,216
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	75,433
	Total Liabilities	35,557,441
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,099,120)
	Total Liabilities & Equity	10,458,321

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

**For Period Ending
05/31/25**

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	23,354
Outstanding Items-Pre Receivership Bank Accounts	52,079
Totals	<u>75,433</u>

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

5/31/2025

Line		02/28/25	05/31/25	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	35,128	46,729	11,601
	Liquidation Oversight	4,391	5,524	1,133
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	4,256,962	4,303,100	46,138
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	9,842,085	9,980,958	138,873
	LAE Reserves	349,456	248,216	(101,240)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	13,043,536	13,043,792	256
	Loss Claims Reserves	1,165,003	995,003	(170,000)
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	868,480	929,646	61,166
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	75,433	0
	Funds Held for Others-PCF Surcharge Refunds	0	0	0
	Outstanding Items-Pre Receivership Bank Accounts	0	0	0
	Total Liabilities	35,569,514	35,557,441	(12,073)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,000,531)	(25,099,120)	(98,589)
	Total Liabilities & Equity	10,568,983	10,458,321	(110,662)

Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
05/31/25

	Qtr Ending May-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	1,000
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	1,000
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	38,657
Total Cash Receipts	39,657
Disbursements	
SDR Fees & Expenses	74,381
Subcontractor Legal Fees & Expenses	5,769
Subcontractor Other Fees & Expenses	39,450
Non-Subcontractor Fees & Expenses	0
Other Expenses	12,311
RLO Fees & Expenses	18,408
Total Disbursements for Operations	150,319
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	150,319
Net Increase(Decrease) in Cash	(110,662)
Cash at Beginning of Period	3,601,550
Cash at End of Period	3,490,888