

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
(DECEMBER 1, 2025 THROUGH FEBRUARY 28, 2026)**

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 December 1, 2025 through February 28, 2026. 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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**Attorney for CANTILO & BENNETT, LLP,
Special Deputy Receiver of
Capson Physicians Insurance Company**

CERTIFICATE OF SERVICE

I certify that on March 16, 2026, a true and correct copy of the foregoing SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (DECEMBER 1, 2025 THROUGH FEBRUARY 28, 2026) 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
2/28/26**

	Total Dec	Total Jan	Total Feb	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	19,118.00	22,858.00	22,506.00	64,482.00
Partner/Attorney Travel			165.00	165.00
Partner/Attorney	3,520.00	3,212.00	968.00	7,700.00
Partner/Attorney	132.00	220.00	154.00	506.00
Associate	595.00	986.00	1,224.00	2,805.00
Associate	136.00	306.00	34.00	476.00
Associate	119.00	0.00	34.00	153.00
Legal Assistant			1,007.50	1,007.50
Expenses	1,206.66	8.88	6.88	1,222.42
Total SDR Billing	24,826.66	27,590.88	26,099.38	78,516.92
SDR Subcontractors - Legal				
Inquest Resources				
Receivership Specialist I	160.00	176.00	104.00	440.00
Receivership Specialist II	35.00	0.00	20.00	55.00
Expenses	5.57	0.00	18.94	24.51
Total Billing	200.57	176.00	142.94	519.51
Greg Pierce-Attorney at Law				
Attorney	1,575.00	2,200.00	1,025.00	4,800.00
Expenses	4.24	8.48	4.24	16.96
Total Billing	1,579.24	2,208.48	1,029.24	4,816.96
Total Legal Subcontractors	1,779.81	2,384.48	1,172.18	5,336.47
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	720.00	918.00	2,016.00	3,654.00
Staff Accountant	1,123.50	1,249.50	1,197.00	3,570.00
Staff Accountant	63.00	94.50	84.00	241.50
Expenses	30.02	95.91	67.56	193.49
Total Billing	1,936.52	2,357.91	3,364.56	7,658.99
Brandon Murray				
Claims and IT	2,441.50	9,661.50	2,517.50	14,620.50
Claims and IT Travel	47.50	0.00		47.50
Expenses	282.85	0.00	905.94	1,188.79
Total Billing	2,771.85	9,661.50	3,423.44	15,856.79

R-561

**Capson Physicians Insurance Company
Statement of Expenses**

**For Period Ending
2/28/26**

	Total Dec	Total Jan	Total Feb	Total Quarter
Culmination Consulting Group				
Reinsurance and Forensic Consultant Expenses	3,352.50 0.00	7,740.00 0.00	3,757.50	14,850.00 0.00
	3,352.50	7,740.00	3,757.50	14,850.00
Milford Consulting				
Receivership Specialist I	882.00	1,568.00	1,666.00	4,116.00
Receivership Specialist III	207.00	315.00	909.00	1,431.00
Receivership Specialist II			92.00	92.00
Receivership Specialist III	207.00	513.00	729.00	1,449.00
IT Specialist Expenses	1,016.50 0.00	1,206.50 0.00	484.50	2,707.50 0.00
	2,312.50	3,602.50	3,880.50	9,795.50
Total Other SDR Subcontractors	10,373.37	23,361.91	14,426.00	48,161.28
Receivership Service Providers				
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
Integris/MyITpros	3,189.26	3,189.26		6,378.52
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			6.96	6.96
Operating Account Bank Fees	15.15	15.15	15.15	45.45
Texas Treasury-Non Restricted	70.35	71.75	71.09	213.19
Total Other	5,701.79	5,703.19	2,520.23	13,925.21
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	42,681.63	59,040.46	44,217.79	145,939.88
Liquidation Oversight Allocation				
RLO Allocation	4,735.70	4,263.75	6,847.50	15,846.95
Special Master's Fees	140.00	0.00	60.00	200.00
Total RLO & SM Expense	4,875.70	4,263.75	6,907.50	16,046.95
Total Expenses	47,557.33	63,304.21	51,125.29	161,986.83

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

**For the Period Ending
02/28/26**

Line		02/28/26
Cash		
1	Cash	
	Cash - Unrestricted	3,537,337
	APF Funds (Loan proceeds)	
Investments		
2	Short-Tem 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	
Reinsurance Receivable		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	40,678
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	0
	Total Assets	10,223,132

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

**For the Period Ending
02/28/26**

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses	2,028,266
	Allowance for Uncollectible	(1,987,588)
	Net Amount	40,678
17	Premiums Receivable	63,844
	Allowance for Uncollectible	(63,844)
	Net Amount	0
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	80,000
	Total	0

R-561

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

2/28/2026

Line		11/30/25	02/28/26	Change
Cash				
1	Cash			
	Cash - Unrestricted	3,663,510	3,537,337	(126,173)
	APF Funds (Loan proceeds)	0	0	0
Investments				
2	Short-Tem 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	3,848	0	(3,848)
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	40,678	40,678
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	6,645,117	6,645,117	0
20	Other Receivables	0	0	0
		0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	4,534	0	(4,534)
	Total Assets	10,317,009	10,223,132	(93,877)

R-561

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

**For Period Ending
02/28/26**

Line		02/28/26
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	35,050
	Liquidation Oversight	6,847.50
	Special Master's Fees	60
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	4,361,233
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	10,038,553
	LAE Reserves	223,445
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	13,443,792
	Loss Claims Reserves	775,002
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	52,079
	Total Liabilities	35,794,747
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,571,615)
	Total Liabilities & Equity	10,223,132

R-561

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

**For Period Ending
02/28/26**

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	1,932,090
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:

Outstanding Items-Pre Receivership Bank Accounts	52,079
Totals	<u>52,079</u>

R-561

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

2/28/2026

Line		11/30/25	02/28/26	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	35,350	35,050	(301)
	Liquidation Oversight	3,761	6,848	3,087
	Special Master's Fees	0	60	60
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	4,331,931	4,361,233	29,302
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	10,024,074	10,038,553	14,479
	LAE Reserves	264,622	223,445	(41,177)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	13,243,792	13,443,792	200,000
	Loss Claims Reserves	895,002	775,002	(120,000)
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	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	55,927	52,079	(3,848)
	Funds Held for Others-PCF Surcharge Refunds	0	0	0
	Outstanding Items-Pre Receivership Bank Accounts	0	0	0
Total Liabilities		35,713,145	35,794,747	81,602
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(25,396,136)	(25,571,615)	(175,479)
Total Liabilities & Equity		10,317,009	10,223,132	(93,877)

R-561

Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
02/28/26

	Qtr Ending Feb-26
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	200
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	3,848
Total Receipts from Assets/Receivables	4,048
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	32,767
Total Cash Receipts	36,815
Disbursements	
SDR Fees & Expenses	75,143
Subcontractor Legal Fees & Expenses	7,263
Subcontractor Other Fees & Expenses	46,762
Non-Subcontractor Fees & Expenses	0
Other Expenses	13,924
RLO Fees & Expenses	16,048
Total Disbursements for Operations	159,140
Loss Claims & LAE Expense Payments	0
Early Access Payments	0
Refunds & Other -Refund of PCF Funds	3,848
Total Cash Distributions	3,848
Total Cash Disbursements & Distributions	162,988
Net Increase(Decrease) in Cash	(126,173)
Cash at Beginning of Period	3,663,510
Cash at End of Period	3,537,337