RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

November 6, 2026

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	**Est'd Closing Date:**	February 28, 2027

ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Issued determinations on the remaining nine (9) POCs which include six (6) filed by P&C Insurance Guaranty Associations and three (3) filed by insureds and third-party claimants.

- Recovered early access claw back refunds from the Oklahoma, Illinois, and Mississippi Insurance Guaranty Associations.

- Completed recovery of Hannover Re commutation funds totaling $1,200,000.

- Obtained Receivership Court approval of the Lloyd's Syndicate 1458 commutation agreement and working to complete recovery of commutation funds regarding same.

- Reached agreement with Lloyd's Syndicate 5678 regarding the commutation value of all underlying treaty obligations and working to complete commutation agreement regarding same.

- Reached agreement with SCOR Re regarding the commutation value of all underlying treaty obligations and working to complete commutation agreement regarding same.

ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER:

- Complete commutation agreements with Lloyd's 5678 and SCOR Re followed by the recovery of commutation funds regarding same.

- Reach agreement with Lloyd's Syndicates 0623 and 2623 regarding the commutation value of all underlying treaty obligations or the scheduling of arbitration proceedings regarding same.

- Resolve the pending objection filed by third-party claimants regarding the SDR's determination setting the classification of the claim as Class 2.

- On completion of reinsurance recoveries, complete and file (1) Application to Make Final Distribution and Destroy Records, and (2) Final Accounting and Application to Terminate Receivership and Discharge Receiver and Special Deputy Receiver.

Background for 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: $6,600,281 as of September 30, 2026

Statement of Assets and Liabilities as of September 30, 2026

Total Assets:	$ 11,635,398
Cash & Invested Assets:	$ 4,563,883
Non-Cash Assets:	$ 7,071,515
Total Liabilities:	$ 34,495,265
Negative Equity:	($22,859,867)

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: The SDR has processed the final nine (9) POC's since the last status conference. Therefore, as of September 30, 2026, claimant filings with the CPIC receivership estate remain at approximately five-hundred twenty-two (522) POCs, excluding any companion POCs arising from the same medical incident. As of September 30, 2026, claim determinations have been issued on all five hundred twenty-two (522) POCs. However, it is important to note that on August 27, 2026, attorney for third-party

claimants filed an objection to the SDR's determination of POC 263 classifying claims underlying a medical malpractice action against CPIC insureds as Class 2 claims. The SDR has found no merit in the objection and is working to reach agreement with counsel for claimants on a withdrawal of the objection, or to schedule a hearing in the Receivership Court.

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, 2026, 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	$338,603.86	$0.00	$0.00	$11,218.65
AL	05/31/26	$340,000.00	$304,172.02	$0.00	$0.00	$21,588.00
AR	09/30/25	$61,712.00	$744,340.02	$0.00	$0.00	$12,379.12
AZ	05/31/26	$714,800.00	$446,609.18	$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	04/30/26	$182,061.65	$166,146.46	$0.00	$0.00	$24,792.00
IN	04/30/26	$362,001.00	$126,260.35	$0.00	$0.00	$272.11
KY	05/31/26	$900,000.00	$611,102.56	$0.00	$0.00	$28,672.60
LA	05/31/26	$429,900.00	$587,605.12	$75,000.00	$18,851.22	$19,181.07
MD	08/31/21	$0.00	$0.00	$0.00	$0.00	$23,030.65
MO	04/30/26	$988,380.49	$285,448.43	$0.00	$0.00	$123,766.15
MS	04/30/26	$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	05/31/26	$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	04/30/26	$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	04/30/26	$287,499.99	$315,870.52	$0.00	$0.00	$0.00
TX	05/31/26	$3,756,893.95	$3,232,460.70	$212,957.91	$108,169.46	$486,135.02
WA	04/30/26	$40,000.00	$59,890.75	$00.00	$0.00	$17,036.69
WV	04/30/26	$1,075,000.00	$990,716.68	$300,000.00	$9,706.36	$109,368.15
Total	**09/30/26**	**$13,630,835.89**	**$10,042,798.41**	**$587,957.91**	**$136,727.04**	**$1,074,607.07**

Asset Recovery Activity

Reinsurance: The SDR continues to report to reinsurers as required under CPIC's reinsurance agreements. Reinsurance recoveries from inception through September 30, 2026, total $3,572,000. On July 31, 2026, the SDR completed recovery of Hannover Re commutation funds totaling $1.2 million. It is important to note that the SDR recently obtained Receivership Court approval of the Lloyd's Syndicate 1458 commutation agreement, and we are now working to complete recovery of the $121,152 due under same. It is also important to note that the SDR has reached agreement with Lloyd's Syndicate 5678 and SCOR Re regarding the commutation values for all treaty obligations and is now working to complete commutation agreements and the recovery of commutation funds totaling $222,788 and $202,572 respectively.

As previously discussed, on June 29, 2026, the SDR issued claim determinations on the Lloyd's 0623 and 2623 contracts finding CPIC is due $38,566 and $175,693 respectively. The SDR received no response or objection from the reinsurers regarding these determinations, and as such, on or about August 13, 2026, these determinations became final and non-appealable. On September 22, 2026, the SDR, in correspondence to their legal counsel, made demand on these reinsurers for payment and is now working to compel arbitration of the matter per the terms of the reinsurance treaties.

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: February 28, 2027

Identification of Factors Affecting Closing Date and Final Distribution: Completion of the commutation and/or arbitration processes for all remaining CPIC reinsurance treaties.