

*[Handwritten Signature]*

MAY - 9 2019

4:00 P.M.

At Yelva L. Price, District Clerk

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

THE STATE OF TEXAS  
*Plaintiff,*

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IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

CAPSON PHYSICIANS INSURANCE  
COMPANY,  
*Defendant.*

250<sup>TH</sup> JUDICIAL DISTRICT

**ORDER GRANTING SPECIAL DEPUTY RECEIVER'S APPLICATION TO EXTEND  
THE STAY AND REQUEST FOR EXPEDITED HEARING**

On this date, the Court heard the *Application to Extend the Stay and Request for Expedited Hearing* (the "Application") filed by CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company (the "Special Deputy Receiver").

In accordance with the *Order of Reference to Master* entered February 21, 2019 ("Order of Reference"), the Application was referred to the Master appointed in this proceeding ("Special Master"). The Special Master conducted a hearing on the Application on May 8, 2019, and has issued a recommendation pursuant to Rule 171 of the Texas Rules of Civil Procedure, finding that:

1. The *Order of Reference* entered by this Court provides that applications filed pursuant to TEX. INS. CODE § 443.008 are referred to the Special Master appointed in this proceeding;
2. Expedited notice and consideration of the Application are appropriate in light of the SDR's ongoing negotiations to recover substantial assets to support the rehabilitation (versus liquidation) of CPIC and the prejudice to such negotiations should the automatic ninety (90) day stay expire as it is set to on May 12, 2019, and not be extended for an approximate forty-five (45)-day period during which such negotiations can continue and be concluded;

3. Expedited notice and consideration of the Application are appropriate because no substantial prejudice to affected parties would result from expedited consideration of the Application;
4. Upon questioning by the Special Master, counsel for the SDR reported that
  - (a) the SDR directly provided notice of the relief sought to 146 potentially-affected parties by serving the Application on defense counsel (“CPIC Insurance Defense Counsel”) representing Capson Physicians Insurance Company (“CPIC”) insureds (such counsel being listed with e-mail addresses on Exhibit “A” to the Application);”
  - (b) because this is a new Estate and no deadline has yet been set for the filing of Proofs of Claims by claimants in the Estate, the SDR lacked contact information for the plaintiffs and other parties (and/or their counsel) involved in proceedings against CPIC insureds;
  - (c) the SDR requested that CPIC Insurance Defense Counsel immediately forward the Application by e-mail to counsel for all other parties to proceedings against CPIC insureds;
  - (d) the SDR further requested that CPIC Insurance Defense Counsel provide the SDR with a copy of correspondence sent to other counsel, as well as any responses received from other counsel;
  - (e) the SDR is unaware of whether all CPIC Insurance Defense Counsel forwarded the Application as requested, but did receive confirmation that the Application had been forwarded to counsel in a least forty (40) different proceedings;
5. No formal objections to the Application have been filed;

6. Two plaintiff's counsel communicated by e-mail their opposition to the relief sought by the SDR, and such has been weighed by the Special Master who reports that (a) the prejudice to the Estate by not extending the stay for an additional forty-five (45) days as the important decision of rehabilitation versus liquidation of the Estate actively is pursued through negotiations outweighs the prejudice to potential claimants of a further 45-day stay of proceedings beyond the automatic 90-day stay, and (b) thus constitutes good cause to extend the stay as contemplated by Section 443.008(d) of the Texas Insurance Code;
7. The Court has jurisdiction over the Application and the parties affected hereunder; and,
8. The Application should be GRANTED in all respects.

Having considered the Application, the evidence submitted, and the Special Master's recommendation, the Court accepts the recommendation and grants the Application.

IT IS ORDERED, ADJUDGED AND DECREED that the Application to Extend Stay and Request for Expedited Hearing is hereby GRANTED.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the stay created by TEX. INS. CODE § 443.008(d) is extended for good cause shown pursuant to such Section until June 28, 2019.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Order constitutes a final order fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to TEX. INS. CODE Chapter 443.

SIGNED on this 9<sup>th</sup> day of May, 2019.

PROPER NOTICE GIVEN UNDER THE CIRCUMSTANCES  
 NO OBJECTION FILED. FORMALLY  
 HEARING HELD  
 RECOMMENDED  
 SIGNED ON 8<sup>th</sup> DAY OF May 2019  
Tom Collins  
 TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

[Signature]  
 HON. JUDGE TIM SULAK, PRESIDING