

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

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
<i>Plaintiff,</i>	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
CAPSON PHYSICIANS INSURANCE	§	
COMPANY,	§	
<i>Defendant.</i>	§	250 TH JUDICIAL DISTRICT

SPECIAL DEPUTY RECEIVER’S APPLICATION FOR APPROVAL OF CLAIM FILING DEADLINE, NOTICE TO CREDITORS, AND PROCEDURES FOR PROCESSING CLAIMS

TO THE HONORABLE JUDGE OF SAID COURT:

CANTILO & BENNETT, L.L.P., the Special Deputy Receiver (“SDR”) of Capson Physicians Insurance Company (“CPIC”), files this *Application for Approval of Claim Filing Deadline, Notice to Creditors, and Procedures for Processing Claims* (the “Application”).

I. INTRODUCTION

1.1 This Application is filed pursuant to TEX. INS. CODE (the “Code”) § 443.155. The SDR asks the Court to set December 28, 2020 as the deadline for creditors to file claims. In addition, the SDR requests that this Court approve how the SDR will provide notice of CPIC’s liquidation and claims filing deadline to potential creditors. The SDR submits for approval the proposed form and instructions that creditors will use to file claims. Furthermore, the SDR asks the Court to approve how the SDR will receive and process claims.

II. BACKGROUND

2.1 On February 11, 2019, the Court entered an *Agreed Order Appointing Rehabilitator, Permanent Injunction, and Notice of Automatic Stay* putting CPIC into rehabilitation. The Court appointed the Texas Commissioner of Insurance (the “Commissioner”)

as the Rehabilitator of CPIC. Effective February 11, 2019, the Rehabilitator appointed CANTILLO & BENNETT, L.L.P. as the SDR of CPIC. On June 28, 2019, the Court entered an Order Appointing Liquidator and Permanent Injunction, placing CPIC into liquidation.

2.2 The SDR is authorized to file this Application pursuant to § 443.155 of the Code, which provides the requirements for notice to creditors and others, and §443.008(a) of the Code, which authorizes this Court to issue any order necessary or appropriate to carry out the provisions of the *Insurer Receivership Act*. On February 21, 2019, the Court entered its Order of Reference to Master, appointing Mr. Tom Collins to act as the Special Master in this receivership (the “Master”). On September 18, 2019, the Court entered its *Supplemental Order of Reference to Master*. This Application has been referred to Mr. Collins in accordance with Paragraph III of those orders.

III. JURISDICTION AND STATUTORY AUTHORITY

3.1 Section 443.155 of the Code requires the Liquidator to give notice of the liquidation order as specified therein, unless this Court otherwise directs. The notice must state the deadline for filing claims (“claim filing deadline”) and the requirements for the proof of claim (“POC”) and include any other information the Liquidator or this Court deems appropriate.

3.2 In accordance with § 443.005 of the Code, this Court has exclusive subject matter jurisdiction over this Application.

3.3 This Court has personal jurisdiction over parties asserting claims (“Claimants”) directly against CPIC and/or property owned by CPIC pursuant to § 443.005 of the Code. Specifically, this Court has personal jurisdiction over all Claimants against CPIC and the property of the estate for one or more of the following reasons:

- a) CPIC is domiciled in the State of Texas;

- b) This is a civil proceeding arising under, and related to, this proceeding under Chapter 443 of the Code;
- c) All Claimants fall under the Court's statutory personal jurisdiction set out in § 443.005(d) of the Code and/or Chapter 17 of the Texas Civil Practice & Remedies Code; and/or
- d) The assertion of jurisdiction by the Court complies with the constitutions of the United States and State of Texas. In addition, the Court's assertion of jurisdiction meets the United States Supreme Court's requirement that jurisdiction comport with customary standards of fair play and substantial justice.

3.4 Pursuant to § 443.005(g) of the Code, exclusive and mandatory venue for this proceeding is in Travis County, Texas.

IV. RELIEF SOUGHT

A. NOTICE OF LIQUIDATION AND CLAIM FILING DEADLINE

4.1 Section 443.155 of the Code requires the SDR to give notice to potential Claimants of the fact that CPIC is in liquidation, and of the deadline and manner of filing claims. The form of the proposed notice, which includes instructions on how and when to file a POC, is attached as Exhibit 1 (the "Notice"). In addition, the Code requires the SDR to publish a notice of liquidation and the claim filing deadline in a newspaper of general circulation in the county in which CPIC has its principal place of business, and in any other locations the Liquidator deems appropriate. The form of the newspaper notice is attached as Exhibit 2. The SDR provided notice of the liquidation to all then-current CPIC insureds in early July 2019, when it served them with the notice of cancellation of all policies of insurance.

1. Statutory Requirements for Notice of Liquidation

4.2 Section 443.155 of the Code sets out the specific requirements for a notice of liquidation. This section describes the categories of persons who must receive notice, the means for providing notice, and the contents of the notice. Section 443.155 (a) of the Code requires

that, unless this Court directs otherwise, notice shall be given:

- (1) by first class mail or electronic communication . . . to:
 - (A) any guaranty association that is or may become obligated as a result of the liquidation and any national association of guaranty associations;
 - (B) all the insurer's agents, brokers, or producers of record with current appointments or current licenses to represent the insurer and all other agents, brokers, or producers as the liquidator deems appropriate at their last known address; and
 - (C) all persons or entities known or reasonably expected to have claims against the insurer, at their last known address as indicated by the records of the insurer, and all state and federal agencies with an interest in the proceedings; and
- (2) by publication in a newspaper of general circulation in the county in which the insurer has its principal place of business and in any other locations as the liquidator deems appropriate.

2. First Class Mail or Electronic Notice to Identifiable Claimants

4.3 The SDR proposes to give notice of CPIC's liquidation and claim filing deadline by first class mail or e-mail to potential Claimants listed below:

- First-party and third-party claimants, beneficiaries and their loss payees and/or their counsel who currently have claims and/or lawsuits pending for coverage for direct losses, unearned premium, or for defense or indemnity under CPIC policies;
- All CPIC policyholders having policies that were in force as of June 28, 2019;
- Insurance commissioners of states in which CPIC was licensed;
- All affected state insurance guaranty associations ("Guaranty Associations"), the National Conference of Insurance Guaranty Funds, and all affected state patient compensation funds;
- All former independent agents;
- All vendors (including service providers), identified in CPIC's accounts payable files from June 28, 2017 (2 years before liquidation) to present;
- CPIC's former officers and directors going back to January 1, 2014, its parent company

and affiliated entities;

- All financial institutions which held CPIC accounts, whose identity is reflected in the estate's books and records;
- All reinsurers and entities reinsured by CPIC;
- The U.S. Department of Treasury through the Internal Revenue Service; and
- To the extent not already described above, all parties who have requested, in writing or by e-mail, an opportunity to file a claim.

4.5 As required by law, the SDR intends to use the names and addresses found in CPIC's business records to serve the Notice, unless a different address has been provided in writing to the SDR. The SDR requests that this Court approve the manner of providing notice and the list of recipients as described above. Section 443.155(d) of the Code provides that the Liquidator has no duty to locate any claimants if no address for them is found in the insurer's records, or if mail delivered at the address shown in the insurer's records is returned. In this event, a certification that a notice with postage was deposited in the mail, or electronically transmitted, is prima facie evidence of mailing and receipt. The SDR further requests that this Court find that certification of the mailing or e-mailing of the Notice in such manner in compliance with Section 443.155(d) constitutes prima facie evidence of receipt by the recipient to whom the Notice is addressed.

3. Notice by Publication

4.6 Section 443.155(a)(2) requires publication of notice of the liquidation order in a newspaper of general circulation in the county in which the insurer has its principal place of business, and in any other locations the Liquidator deems appropriate. CPIC was licensed to sell insurance in 27 states. However, the vast majority of its policies were sold in ten states. Approximately 32% of its 2018 premiums were collected in Texas, with West Virginia accounting for around 11% and the remainder spread across other states. Overall, ten states account for more

than 85% of the business written in 2018 (in descending order): Texas, West Virginia, Nevada, New Mexico, Arizona, Missouri, Louisiana, Oklahoma, Illinois, Kentucky. Thus, the SDR proposes to publish notice of the liquidation, the claim filing deadline and procedures at least once in newspapers of general circulation in the major cities in these ten states. The SDR plans to publish notices in Houston, Dallas, San Antonio, Charleston, Las Vegas, Albuquerque, Phoenix, Kansas City, Baton Rouge, Tulsa, Chicago, and Louisville. The SDR will also publish notice in Austin, Texas because CPIC is a Texas corporation, and its office was located in Austin. The proposed form of publication notice is attached as Exhibit 2. The SDR requests that this Court enter an order approving notice in a form substantially similar to Exhibit 2, and authorizing the SDR to notice Claimants in this manner.

4.7 Section 443.155(d) of the Code provides that if mail is returned because of an inability to deliver it to the address shown in the insurer's records, notice of publication as required by Section 443.155(a)(2) is sufficient notice. The SDR requests the Court enter an order deeming that such notice by publication to unknown Claimants and to parties with changed addresses is sufficient to comply with the notice provisions of the *Insurer Receivership Act*.

4. Internet Notice

4.8 The SDR will post all notices, claim filing information, POC forms and other relevant information on its web site at www.capsonsd.com. The SDR will also ask the Guaranty Associations to post the POC filing information on their web sites.

5. Deemed Claims

4.9 The law allows the SDR to request authority from the Court to deem certain categories of claims as timely filed. If the SDR deems a claim, it does not have to be filed by the Claimant. The SDR requests authority to dispense with the requirements for filing a POC for

deductible claims and claims involving any fronting arrangements entered into by CPIC. Section 443.251(a) of the Code provides that:

The receivership court, only upon application of the liquidator, may allow alternative procedures and requirements for the filing of proofs of claim or for allowing or proving claims. Upon application, if the receivership court dispenses with the requirements of filing a proof of claim by a person or a class or group of persons, a proof of claim for the person, class, or group is deemed to have been filed for all purposes, except that the receivership court's waiver of proof of claim requirements does not impact guaranty association proof of claim filing requirements or coverage determinations to the extent the guaranty fund statute or filing requirements are inconsistent with the receivership court's waiver of proof.

4.10 The SDR requests authority to deem Guaranty Association deductibles or co-insurance as duly filed claims against the estate. Certain Guaranty Associations apply deductibles to their obligations to pay "covered claims" as defined by their enabling statutes including the refund of unearned premium ("UEP"). The SDR moves for authority to deem deductibles on "covered claims", including claims for UEP, as duly filed POCs against the estate in such circumstances. This relief would not apply to any policyholder deductibles, or other types of deductibles.

4.11 The SDR requests authority to deem claims involving fronting arrangements in order to ensure that the estate can continue to account for reinsurance. In 2016, CPIC entered into a fronting arrangement involving a third-party insurer. However, all of the policies were marketed, sold, and adjusted by CPIC, with CPIC serving as reinsurer to the third-party insurer. This arrangement involved further reinsurance integrated with the reinsurance program covering CPIC issued policies. In order to ensure that all reinsurance accounting and recoveries can be obtained in this combined program, the SDR seeks the authority to deem claims relating to the fronting arrangement as duly filed claims against the estate. The right to deem any such claims as duly filed

against the CPIC estate will not, however, alter or affect the classification of such claims or the ultimate allowance of any such claims.

6. Additional Notice

4.12 It is possible that, despite its best efforts and diligence, the SDR may miss sending the Notice to some Claimants or classes of Claimants. The SDR reserves the right to issue the Notice to such Claimants or classes of Claimants if it is warranted.

7. Proof of Claim Form

4.13 Section 443.252 of the Code requires that a POC contain the items described therein, and any other information required by the Liquidator. The Liquidator is also authorized to require that a prescribed POC form be used. The proposed POC form is attached as Exhibit 3. The SDR requests the Court to approve the form and authorize the SDR to use it or a form that is substantially similar.

B. CLAIM PROCESSING

1. Claim Filing Deadline

4.14 Section 443.251 of the Code provides that the claim filing deadline may not be later than 18 months after entry of the liquidation order, unless extended by this Court. The SDR requests that this Court set December 28, 2020, eighteen (18) months after the entry of the Liquidation Order, as the claim filing deadline. The SDR further asks that the Court require that all POCs be received at the address designated by the SDR on or before 11:59 p.m. C.D.T. on that date. If the SDR receives a POC that may be paid by a Guaranty Association, it will send that POC to the correct association. The SDR will process any part of those claims to the extent they are not paid by a Guaranty Association.

2. Guaranty Associations

4.15 The Guaranty Associations that are paying claims on CPIC policies will have claims against the receivership estate for certain expenses and claim payments. Section 443.252(d) of the Code provides that a Guaranty Association may submit a single POC combining all claims and related administrative expenses. The SDR proposes that each Guaranty Association be authorized to submit a single POC combining all claims and related administrative expenses, and to supplement the POC as needed.

3. Processing Claims

4.16 The SDR will process POCs under the provisions of the *Insurer Receivership Act*. The statute requires the SDR to pay each class of creditors in full or retain adequate funds for such payment before paying any other class of creditors. TEX. INS. CODE § 443.301(a).

4. Processing Class 1 and Class 2 Claims

4.17 The SDR proposes to adjudicate all claims with a priority of Class 1 and Class 2 under § 443.301 (a) and (b) of the Code in the manner specified in § 443.253 of the Code.

5. Class 3 and Lower Priority Class Claims

4.18 At this time, the SDR cannot predict how much money will be available to pay claims or how much the total claims will be. It would be a waste of money to fully process POCs for Claimants who, ultimately, will not be paid. Therefore, to preserve the assets of this estate, the SDR proposes that it not be required to adjudicate claims with a priority of Class 3 or lower at this time. Section 443.253(k) of the Code provides that:

[t]he liquidator is not required to process claims for any class until it appears reasonably likely that property will be available for a distribution to that class. If there are insufficient assets to justify processing all claims for any class listed in § 443.301, the liquidator shall report the facts to the receivership court and make such recommendations as may be appropriate for handling the remainder of the claims.

Until the SDR reasonably believes that there may be sufficient assets to pay all Class 2 claims in full, the SDR will classify all claims with a priority of Class 3 or lower, notify the Claimant of the classification, and take no further action. Such notification will be a final adjudication of the claim, subject to the SDR's later determination that sufficient assets exist to justify processing claims with a priority lower than Class 2.

6. Late Claims

4.19 The SDR expects that some POCs might be filed after the claim filing deadline. If a Claimant demonstrates that grounds exist to treat a late filed POC as timely filed under Section 443.251(b) of the Code, and the SDR determines that the payment of the claim will not prejudice the orderly administration of the liquidation, the POC may be accepted as a timely filed claim. The SDR will require an affidavit and other evidence to prove the facts specified by Section 443.251(b). If a claim is filed after the deadline and it does not meet the requirements discussed above, the claim shall be classified as a Class 8 claim, and the SDR shall not process it unless it appears that there is enough money to pay all Class 1 through Class 7 claims.

7. Contingent and Unliquidated Claims

4.20 Some Claimants will not be able to state the amount that is owed at the time of the claim filing deadline. These are "unliquidated" claims. Other Claimants may have "contingent" claims against CPIC that only become actual claims in the event something happens in the future. Claimants can file contingent or unliquidated claims. At some time in the future, the SDR will ask the Court to set a deadline by which all contingent and unliquidated claim must become liquidated or else they will be denied.

8. Waiver and Release of Claims against CPIC Insureds

4.21 Section 443.256(h) of the Code provides that if someone has a claim against an CPIC policyholder and files a POC with the SDR, that Claimant is deemed to have waived and released the claim against the CPIC policyholder. The waiver and release is effective only up to the amount of the CPIC policy. The law requires that a statement informing the Claimant of the waiver and release be included on the POC form. The SDR's proposed POC form (Exhibit 3) complies with the requirements in § 443.256(h)(4) of the Code. POCs that are deemed filed by the SDR are also subject to the waiver and release.

9. Determination of Claims

4.22 Section 443.257 of the Code provides that the SDR shall request a hearing before this Court if a claimant objects to the SDR's determination of a claim, and the SDR does not alter the determination. In accordance with the Supplemental Order of Reference to Master, the objection may be heard by the Master. Some information provided by a claimant with a POC may include sensitive data as defined in Rule 21c of the Texas Rules of Civil Procedure, or other information protected by privacy laws. If the SDR determines that documents containing such information must be filed in connection with a disputed claim, the SDR will either redact such information from the documents, or submit the documents to the Master or this Court under seal for in camera inspection in accordance with § 443.007(c) of the Code. The procedures in this section for sealing documents differ from the requirements of Rule 76a of the Texas Rules of Civil Procedure. As § 443.002 of the Code mandates that the Insurer Receivership Act prevails in the event of a conflict with any other law, the process of sealing documents filed in this proceeding shall be conducted under § 443.007(c).

4.23 Section 443.258 of the Code provides that the Liquidator shall present reports of claims that have been settled or determined to this Court for approval. A report must include information “identifying the claim” and the amount and priority class of the claim. As no other information is required in this report, the SDR may determine whether any additional information regarding an individual, such as a name and addresses, will be included in a report.

V. NOTICE

5.1 The SDR has served this Application by e-mail to everyone listed on the attached Certificate of Service. Certain state and federal agencies were served by mail or overnight delivery.

VI. OFFER OF PROOF AND VERIFICATION

6.1 This Application is verified by the affidavit and certification of Joseph N. West, designated representative of CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of CPIC, pursuant to § 443.017(b) of the Code.

VII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

7.1 Any party who responds to this Application must file their response with the Court and send it by e-mail to the SDR’s attorney and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of Capson Physicians Insurance Company, prays that this Court:

1. Grant this Application;
2. Approve the notices and POC forms as described in this Application, and find that they comply with the requirements of § 443.155 of the Code and due process;

3. Establish December 28, 2020, as the claim filing deadline;
4. Approve the SDR's proposed claim processing procedures, and
5. Order that Claimants who assert third-party claims against CPIC policyholders and who file, or are deemed to have filed, a POC with the SDR shall be deemed to have released and waived any such claim up to the amount of the CPIC policy limits under § 443.256(h) of the Code; and
6. Grant the SDR such other and further relief to which it may justly entitled.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on November 1, 2019, a true and correct copy of the foregoing *Application for Approval of Claim Filing Deadline, Notice to Creditors, and Procedures for Processing Claims* was served pursuant to the Supplemental 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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Kelley Callahan
Asst. General Counsel
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Jessica Cannon
Accounting Administrator
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Oklahoma City, OK 73112

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Ryan Keeling
Manager/Chief Examiner
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Doug Hartz
Deputy Commissioner
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Tumwater, WA 98501

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Mary Sue Gilardi
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Madison, WI 53707-7873

Via Email: jamie.o.taylor@wv.gov
Jamie Taylor
WEST VIRGINIA INSURANCE COMMISSION
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Charleston, WV 25305-0540

Via First Class Mail
INTERNAL REVENUE SERVICE
Special Procedures Branch
300 East 8th Street, Suite 352
Mail Stop 5026AUS
Austin, TX 78701

Via Email: bill.huddleston@tn.gov
Bill Huddleston
Insurance Division
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Via Email: Slang@tpciga.org
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Sara Lang
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Sonni Peterson
President
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Via First Class Mail
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Centralized Insolvency Operation
P.O. Box 7346
Philadelphia, PA 19101-7346

Via Email: jblatt@ncigf.org

John Blatt
THE NATIONAL CONFERENCE OF
INSURANCE GUARANTY FUNDS
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Indianapolis, IN 46204

Via Email: littleton@amhfirm.com

Via Email: wallace@amhfirm.com

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Via Email: acain@kentuckylawyers.com

Miller Grumley

Adrienne Cain

BRADLEY, FREED & GRUMLEY, P.S.C

1634 Broadway

Paducah, KY 42002

/s/ Greg Pierce
Gregory A. Pierce

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Supplemental Order of Reference to Master entered by the District Court in this cause, the SDR's *Application for Approval of Claim Filing Deadline, Notice to Creditors, and Procedures for Processing Claims* is hereby set for hearing before the Special Master, Tom Collins, on **November 18, 2019**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by e-mail by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Greg Pierce at gpierce@gpiercelaw.com; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Greg Pierce
Gregory A. Pierce

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION
PURSUANT TO TEX. INS.CODE ANN. §443.017(b)**

AFFIDAVIT OF JOSEPH N. WEST

STATE OF TEXAS

§

COUNTY OF TRAVIS

§

§

BEFORE ME, the undersigned authority appeared Joseph N. West, who after being by me duly sworn, stated the following under oath:

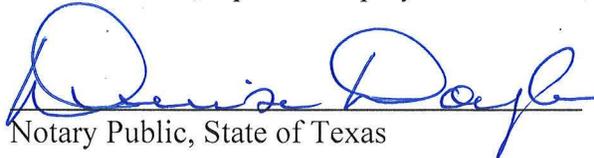
1. "My name is Joseph N. West. I am of sound mind, capable of making this affidavit, and am competent to testify to the matters contained in this affidavit.
2. I am a partner in CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Capson Physicians Insurance Company (the "SDR" and "CPIC" respectively), I am duly authorized to make this Affidavit on behalf of the SDR.
3. I have reviewed the *Application for Approval of Claim Filing Deadline, Notice to Creditors, and Procedures for Processing Claims* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with the staff and subcontractors.

FURTHER AFFIANT SAYETH NOT.



JOSEPH N. WEST

SUBSCRIBED AND SWORN TO BEFORE ME on October 31, 2019, by Joseph N. West, partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company.



Notary Public, State of Texas

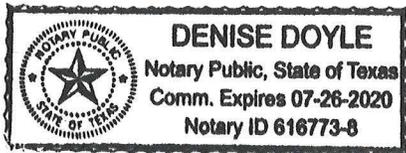


EXHIBIT 1

**Filing Deadline:
11:59 p.m. CDT
December 28, 2020**

NOTICE OF LIQUIDATION AND DEADLINE TO FILE PROOF OF CLAIM

Capson Physicians Insurance Company (“Capson”) was placed in liquidation by order of the 261st Travis County District Court (the “Receivership Court”). CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Capson (“SDR”), is handling the liquidation of Capson. This notice explains how claims against Capson can be filed.

Claims must be filed on a Proof of Claim form

A Proof of Claim (“POC”) is the claim form included with this notice. The contents of this form are required by law and include information that the SDR needs to process a claim.

A POC must be filed, unless an exception applies

If you have an unpaid claim that Capson was responsible for paying, you must file a POC to make a claim unless one of the exceptions described below applies. You do *not* need to file a POC if:

1. You had a claim under an insurance policy that was fully paid by a state insurance guaranty association (“Guaranty Fund”), or you settled your claim with a Guaranty Fund. You will not have an unpaid claim in the receivership, as your claim has been resolved.
2. You received a payment from a Guaranty Fund, but the payment was reduced by a deductible. If this happens, the Guaranty Fund will report the unpaid deductible to the SDR. The SDR will approve unpaid deductible claims reported by Guaranty Funds.
3. You have a claim for goods or services provided to Capson *on or after* February 11, 2019, and:
 - (a) the goods or services were provided at the request of the Rehabilitator, the Liquidator, or the SDR, and
 - (b) the Rehabilitator, the Liquidator, or the SDR approved the payment of goods or services.

If you do not know if one of these exceptions apply to your claim, you should file a POC.

Instructions on completing the POC

All applicable blanks on the POC form must be completed, and the form must be signed before a notary and notarized. You must provide sufficient information in your POC, and include any documents supporting your claim. A separate POC must be submitted for each person or each claim. If the POC form is submitted on behalf of another person, you must provide evidence that you are authorized to file the claim on behalf of that person. A POC form may be duplicated.

Filing deadline for POCs

The Receivership Court has established a deadline and procedure for filing claims against Capson. To file a claim, you must complete and return the POC form as described below so that it is received by the SDR **no later than 11:59 p.m. CDT on December 28, 2020** (the “Filing Deadline”).

You may send your POC to the SDR by U.S Mail, courier (delivery service) or hand delivery. If you mail your POC, it does not need to be sent by registered or certified mail, unless you want proof of receipt. You should keep a copy of your POC and any proof that it was mailed or delivered. You should allow sufficient time to ensure that your POC is received by the SDR by the Filing Deadline. A POC postmarked by the Filing Deadline but received after the Filing Deadline is not timely filed.

You cannot send a POC by e-mail or fax. Any POC received by e-mail or fax will not be accepted.

The POC must be addressed to the SDR to one of the addresses below:

BY MAIL:

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
Capson Physicians Insurance Company
P.O. Box 184
Austin, Texas 78767
ATTENTION: CLAIMS

BY COURIER OR HAND DELIVERY:

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
Capson Physicians Insurance Company
11401 Century Oaks Terrace, Suite 300
Austin, Texas 78758
ATTENTION: CLAIMS

What happens after you file your POC

The SDR will review your POC to determine if you have a claim against Capson. If your claim is payable by a Guaranty Fund, your POC will be sent to the Guaranty Fund responsible for your claim. If the SDR finds that you have a valid claim against Capson that is not payable by a Guaranty Fund, you will be notified.

Approved claims are paid according to their priority class. The SDR will notify you when it determines the priority class of your POC. A distribution on claims in a class can be made if there are funds available for that class. The SDR does not know whether there will be funds to pay claims, or when a distribution might be made. If your POC is approved, and funds are available to pay your claim, you will be notified.

It is important that you inform the SDR of any change to your address. If the SDR does not have your current address, you might not receive future notices or payments.

Additional information about the Capson receivership is available on the SDR’s web site, www.capsonsd.com. The website will be updated periodically.

EXHIBIT 2

**CAPSON PHYSICIANS INSURANCE COMPANY (“CAPSON”) NOTICE OF
LIQUIDATION AND CLAIMS FILING DEADLINE**

Capson has been placed in liquidation by court order. All insurance policies issued by Capson were cancelled as of July 28, 2019. The deadline for filing claims against the Capson receivership estate is **11:59 p.m. CDT, December 28, 2020**. See www.capsoncdr.com for information about the claim filing process, and to download claim forms. To request a claim form call (toll free) (888) 630-2742, e-mail claims@capson.com, or write CANTILO & BENNETT, L.L.P., P.O. Box 184, Austin, Texas 78767 ATTENTION: CLAIMS.

Exhibit

2

EXHIBIT 3

To Be Completed by SDR	
POC # _____	_____
Claim # _____	_____
Date Received _____	_____

Filing Deadline: December 28, 2020 11:59 p.m. CDT
--

CAPSON PHYSICIANS INSURANCE COMPANY PROOF OF CLAIM

Return this completed Proof of Claim form and any supporting documents. A Proof of Claim must be **received** by the SDR no later than **December 28, 2020 11:59 p.m. CDT** at one of the addresses shown below.

BY MAIL:
 CANTILO & BENNETT, L.L.P.
 Special Deputy Receiver
 Capson Physicians Insurance Company
 P.O. Box 184
 Austin, Texas 78767
 ATTENTION: CLAIMS

BY COURIER OR HAND DELIVERY:
 CANTILO & BENNETT, L.L.P.
 Special Deputy Receiver
 Capson Physicians Insurance Company
 11401 Century Oaks Terrace, Suite 300
 Austin, Texas 78758
 ATTENTION: CLAIMS

Please read the Proof of Claim instructions carefully before completing this Proof of Claim. Please print or type.

Name of Claimant	\$ _____
	Total Amount of Claim
Street Address	Soc. Sec. or Tax ID Number
City	Telephone Number
State	
Zip	
E-mail Address	Facsimile Number

If the claimant is represented by an attorney, please complete the following section, and attach a copy of the Power of Attorney:

Name of Attorney	State Bar No.
Name of Law Firm	Tax ID Number
Street Address	Telephone Number
City	Facsimile Number
State	
Zip	
E-mail Address	



Provide an explanation of your claim below, and state if there is any security on the claim or any payments that have been made on the claim. Attach additional pages if necessary.

NOTE: ATTACH DOCUMENTATION TO SUPPORT YOUR CLAIM

AFFIRMATION OF CLAIMANT

Texas law requires the following statement in a Proof of Claim

Unless otherwise stated in this proof of claim:

I alone am entitled to file this claim. No others have an interest in this claim. No payments have been made on the claim. No third party is liable on this debt. The sum claimed is justly owing, and there is no set-off counterclaim, or defense to the claim. I declare, under penalty of perjury, that all of the statements made in this Proof of Claim and all documents attached to this form are true, complete, and correct. If I am making a claim against a person insured by Capson Physicians Insurance Company, I understand that I am waiving any right to pursue the personal assets of that person, to the extent of the coverage and limits provided by the policy issued by Capson Physicians Insurance Company.

Signature

Print Name

State of _____

County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by _____, who has executed this instrument on such individual's own behalf, who is personally known to me or who has produced a Driver License or other information as identification.

Notary Public

Printed Name

My Commission Expires: _____

(NOTARY SEAL)