

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.

250TH JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(DECEMBER 1, 2020 THROUGH FEBRUARY 28, 2021)**

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, 2020 to February 28, 2021. 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 March 15, 2021, a true and correct copy of the foregoing *Special Deputy Receiver's Quarterly Financial Report and Summary Statement of Expenses (December 1, 2020 to February 28, 2021)* 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
02/28/21**

	Total Dec	Total Jan	Total Feb	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	21,934.00	20,152.00	18,150.00	60,236.00
Partner/Attorney	24,728.00	19,294.00	14,344.00	58,366.00
Partner/Attorney	374.00	176.00	220.00	770.00
Associate	11,271.00	9,197.00	12,648.00	33,116.00
Associate	6,035.00	6,494.00	10,829.00	23,358.00
Associate	1,309.00	1,887.00	901.00	4,097.00
Legal Assistant	0.00	52.00	0.00	52.00
Expenses	1,346.51	16.85	4.59	1,367.95
Total SDR Billing	66,997.51	57,268.85	57,096.59	181,362.95
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	16.00	16.00	8.00	40.00
Receivership Specialist I	256.00	144.00	0.00	400.00
Receivership Specialist II	15.00	10.00	10.00	35.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	287.00	170.00	18.00	475.00
Greg Pierce-Attorney at Law				
Attorney	9,200.00	5,100.00	1,700.00	16,000.00
Expenses	3.33	0.00	0.00	3.33
Total Billing	9,203.33	5,100.00	1,700.00	16,003.33
Total Legal Subcontractors	9,490.33	5,270.00	1,718.00	16,478.33
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	846.00	1,026.00	792.00	2,664.00
Staff Accountant	1,417.50	1,743.00	1,333.50	4,494.00
Staff Accountant	147.00	535.50	210.00	892.50
Expenses	62.40	44.34	16.87	123.61
Total Billing	2,472.90	3,348.84	2,352.37	8,174.11
EMKAY Associates				
Claims and IT	1,444.00	1,130.50	1,007.00	3,581.50
Expenses	0.00	0.00	0.00	0.00
Total Billing	1,444.00	1,130.50	1,007.00	3,581.50
Milford Consulting				
Receivership Specialist I	6,888.00	10,024.00	7,658.00	24,570.00
Reinsurance Specialist	8,475.00	7,912.50	8,312.50	24,700.00
Receivership Specialist III	2,808.00	5,040.00	4,635.00	12,483.00
Receivership Specialist II	690.00	1,322.50	1,679.00	3,691.50
Receivership Specialist III	3,105.00	7,254.00	3,213.00	13,572.00
IT Specialist	8,702.00	8,474.00	4,161.00	21,337.00
Expenses	57.16	58.34	58.34	173.84
Total Billing	30,725.16	40,085.34	29,716.84	100,527.34
Total Other SDR Subcontractors	34,642.06	44,564.68	33,076.21	112,282.95

**Capson Physicians Insurance Company
Statement of Expenses**

**For Period Ending
02/28/21**

	Total Dec	Total Jan	Total Feb	Total Quarter
Receivership Service Providers				
Flaherty Sensabaugh Bonasso-Legal services requested by SDR	125.00	0.00	0.00	125.00
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
MyITpros	4,678.84	4,678.84	4,678.84	14,036.52
Rackspace-Email service	324.49	324.49	324.49	973.47
Inventory/Moving/Storage-Safesite	85.00	85.00	85.00	255.00
Pay Pal Charges-Verification receipts	50.95	35.20	35.20	121.35
Chase Bank Operating Fees	160.18	165.18	160.19	485.55
Operating Account Bank Fees-Frost (Includes Dec. Stop Payment Fee)	27.00	12.00	12.00	51.00
Texas Treasury-Non Restricted	219.26	223.99	222.28	665.53
Total Other	7,753.72	7,607.70	7,601.00	22,962.42
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	118,883.62	114,711.23	99,491.80	333,086.65
Liquidation Oversight Allocation				
RLO Allocation	7,941.64	6,108.30	4,183.12	18,233.06
Special Master's Fees	21.37	0.00	0.00	21.37
Total RLO & SM Expense	7,963.01	6,108.30	4,183.12	18,254.43
Total Expenses	126,846.63	120,819.53	103,674.92	351,341.08

Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
02/28/21

Line		02/28/21
Cash		
1	Cash	
	Cash - Unrestricted	12,392,345
	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	424,250
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	330,000
20	Other Receivables	
	Due from Ag Workers-Charter Sale	
	Eshares Inc-Unauthorized Debit to be reimbursed	
Other Assets		
21	FF&E	
22	Other Assets	4,534
	Total Assets	13,174,483

Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
02/28/21

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses	519,573
	Allowance for Uncollectible	(519,573)
	Net Amount	0
14	Reinsurance Recoverables on Unpaid Losses & LAE-Gross	5,590,723
	Allowance for Uncollectible	(5,590,723)
	Net Amount	0
17	Premiums Receivable	66,665
	Amounts Due From Agents-Unearned Commissions	7,166
	Allowance for Uncollectible	(73,831)
	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)
	Deferred Tax Asset	3,298,116
	Allowance for Uncollectible Deferred Tax Asset	(3,298,116)
	Guaranty Fund Assessment	4,534
	Total	4,534

Capson Physicians Insurance Company
Statement of Net Liabilities

For Period Ending
02/28/21

Line		02/28/21
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	92,215
	Liquidation Oversight	4,183
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	2,775,870
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	4,186,520
	LAE Reserves	6,007,273
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	4,010,230
	Loss Claims Reserves	11,765,229
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	34,460,201
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	981,507
11	Unearned & Advance Premium Claims - Other	307,142
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	2,517,114
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078
16	Class 6 Claims	16,886
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	3,419,118
	Total Liabilities	73,395,566
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(60,221,083)
	Total Liabilities & Equity	13,174,483

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

**For Period Ending
02/28/21**

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	56,887
Unsecured Creditors-POCs received not yet adjudicated	119,735
Unsec Creditors-LAE Atty Fees-POCs received not yet adjudicated	2,340,492
Totals	2,517,114

22 Other Liabilities are as follows:

Funds Held for Others-PCF Surcharge Refunds	23,354
Ceded Reinsurance Premium Payables	3,343,686
Outstanding Items-Pre Receivership Bank Accounts	52,078
Totals	3,419,118

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

2/28/2021

Line		11/30/20	02/28/21	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	92,816	92,215	(601)
	Liquidation Oversight	8,447	4,183	(4,264)
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	2,014,123	2,775,870	761,747
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	3,332,844	4,186,520	853,676
	LAE Reserves	6,517,550	6,007,273	(510,277)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	2,919,500	4,010,230	1,090,730
	Loss Claims Reserves	12,559,650	11,765,229	(794,421)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	18,760,201	34,460,201	15,700,000
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	961,690	981,507	19,817
11	Unearned & Advance Premium Claims - Other	326,959	307,142	(19,817)
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	1,562,614	2,517,114	954,500
15	Class 5 Reinsurance Related Unsecured Claims	0	2,852,078	2,852,078
16	Class 6 Claims	16,886	16,886	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	0	0	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	3,419,118	3,419,118	0
		0	0	0
		0	0	0
	Total Liabilities	52,492,398	73,395,566	20,903,168
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(39,031,321)	(60,221,083)	(21,189,762)
	Total Liabilities & Equity	13,461,077	13,174,483	(286,594)

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**Capson Physicians Insurance Company
Sources & Uses of Cash**

**For Period Ending
02/28/21**

	Qtr Ending Feb-21
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	62,971
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	6,776
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	69,747
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	814
Total Cash Receipts	70,561
Disbursements	
SDR Fees & Expenses	181,984
Subcontractor Legal Fees & Expenses	20,030
Subcontractor Other Fees & Expenses	108,690
Non-Subcontractor Fees & Expenses	22,934
Other Expenses	0
RLO Fees & Expenses	22,517
Total Disbursements for Operations	356,155
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	356,155
Net Increase(Decrease) in Cash	(285,594)
Cash at Beginning of Period	12,677,939
Cash at End of Period	12,392,345

Automated Certificate of eService

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Greg Pierce on behalf of Greg Pierce
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gpierce@gpiercelaw.com
Envelope ID: 51484133
Status as of 3/15/2021 5:01 PM CST

Case Contacts

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