

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 QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(MARCH 1, 2021 THROUGH MAY 31, 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 March 1, 2021 to May 31, 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 June 15, 2021, a true and correct copy of the foregoing *Special Deputy Receiver's Quarterly Financial Report and Summary Statement of Expenses (March 1, 2021 to May 31, 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
05/31/21**

	Total Mar	Total April	Total May	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	16,742.00	25,080.00	9,812.00	51,634.00
Partner/Attorney	17,776.00	20,262.00	9,086.00	47,124.00
Partner/Attorney	154.00	132.00	286.00	572.00
Associate	20,281.00	21,845.00	18,054.00	60,180.00
Associate	14,586.00	14,076.00	7,990.00	36,652.00
Associate	1,190.00	1,173.00	595.00	2,958.00
Expenses	711.04	147.15	446.30	1,304.49
Total SDR Billing	71,440.04	82,715.15	46,269.30	200,424.49
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	24.00	8.00	8.00	40.00
Receivership Specialist I	104.00	304.00	48.00	456.00
Receivership Specialist II	20.00	10.00	30.00	60.00
Expenses	7.60	9.90	0.00	17.50
Total Billing	155.60	331.90	86.00	573.50
Greg Pierce-Attorney at Law				
Attorney	3,825.00	4,850.00	1,625.00	10,300.00
Expenses	3.33	3.33	0.00	6.66
Total Billing	3,828.33	4,853.33	1,625.00	10,306.66
Total Legal Subcontractors	3,983.93	5,185.23	1,711.00	10,880.16
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	738.00	864.00	648.00	2,250.00
Staff Accountant	1,323.00	1,386.00	2,436.00	5,145.00
Staff Accountant	189.00	252.00	21.00	462.00
Expenses	15.89	47.18	139.53	202.60
Total Billing	2,265.89	2,549.18	3,244.53	8,059.60
EMKAY Associates				
Claims and IT	997.50	817.00	1,330.00	3,144.50
Expenses	0.00	0.00	0.00	0.00
Total Billing	997.50	817.00	1,330.00	3,144.50
Milford Consulting				
Receivership Specialist I	7,252.00	7,210.00	7,532.00	21,994.00
Reinsurance Specialist	7,287.50	7,937.50	5,262.50	20,487.50
Receivership Specialist III	2,061.00	3,483.00	4,140.00	9,684.00
Receivership Specialist II	1,000.50	1,817.00	1,472.00	4,289.50
Receivership Specialist III	3,816.00	2,358.00	3,303.00	9,477.00
IT Specialist	7,448.00	3,182.50	3,458.00	14,088.50
Expenses	58.34	58.76	58.76	175.86
Total Billing	28,923.34	26,046.76	25,226.26	80,196.36
Total Other SDR Subcontractors	32,186.73	29,412.94	29,800.79	91,400.46

**Capson Physicians Insurance Company
Statement of Expenses**

**For Period Ending
05/31/21**

	Total Mar	Total April	Total May	Total Quarter
Receivership Service Providers				
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
MyITpros	4,678.84	4,688.89	4,548.58	13,916.31
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	36.65	19.20	22.40	78.25
Chase Bank Operating Fees	160.22	160.32	460.33	780.87
Operating Account Bank Fees-Frost (April includes \$105 Stop Payment fees)	75.00	150.00	30.00	255.00
Texas Treasury-Non Restricted	200.53	219.23	211.08	630.84
Total Other	7,643.73	7,730.13	7,764.88	23,138.74
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	115,254.43	125,043.45	85,545.97	325,843.85
Liquidation Oversight Allocation				
RLO Allocation	5,529.59	6,457.72	7,711.47	19,698.78
Special Master's Fees	111.34	0.00	118.67	230.01
Total RLO & SM Expense	5,640.93	6,457.72	7,830.14	19,928.79
Total Expenses	120,895.36	131,501.17	93,376.11	345,772.64

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

**For the Period Ending
05/31/21**

Line		05/31/21
Cash		
1	Cash	
	Cash - Unrestricted	12,052,315
	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	12,834,453

Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
05/31/21

NOTES

Ref No.		
13	Reinsurance Recoverables on Paid Losses	509,230
	Allowance for Uncollectible	(509,230)
	Net Amount	<u>0</u>
14	Reinsurance Recoverables on Unpaid Losses & LAE-Gross	5,590,723
	Allowance for Uncollectible	(5,590,723)
	Net Amount	<u>0</u>
17	Premiums Receivable	66,665
	Amounts Due From Agents-Unearned Commissions	2,421
	Allowance for Uncollectible	(69,086)
	Net Amount	<u>0</u>
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	<u>4,534</u>

Capson Physicians Insurance Company
Statement of Net Liabilities

For Period Ending
05/31/21

Line		05/31/21
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	78,106
	Liquidation Oversight	7,711
	Special Master's Fees	119
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	3,021,351
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	4,809,604
	LAE Reserves	4,974,504
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	5,070,232
	Loss Claims Reserves	11,018,420
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	27,774,201
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	981,616
11	Unearned & Advance Premium Claims - Other	307,033
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	2,486,288
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078
16	Class 6 Claims	16,886
17	Class 7 Claims	
18	Class 8 Claims	75,000
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	3,419,118
	Total Liabilities	66,892,267
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(54,057,814)
	Total Liabilities & Equity	12,834,453

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

**For Period Ending
05/31/21**

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	2,309,666
Totals	2,486,288

22 Other Liabilities are as follows:

Capson Corp Property Tax Refund Deposited-Non Estate Asset	0
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

5/31/2021

Line		02/28/21	05/31/21	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	92,215	78,106	(14,109)
	Liquidation Oversight	4,183	7,711	3,528
	Special Master's Fees	0	119	119
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	2,775,870	3,021,351	245,481
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	4,186,520	4,809,604	623,084
	LAE Reserves	6,007,273	4,974,504	(1,032,769)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	4,010,230	5,070,232	1,060,002
	Loss Claims Reserves	11,765,229	11,018,420	(746,809)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	34,460,201	27,774,201	(6,686,000)
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	981,507	981,616	109
11	Unearned & Advance Premium Claims - Other	307,142	307,033	(109)
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	2,517,114	2,486,288	(30,826)
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078	2,852,078	0
16	Class 6 Claims	16,886	16,886	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	0	75,000	75,000
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	73,395,566	66,892,267	(6,503,299)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(60,221,083)	(54,057,814)	6,163,269
	Total Liabilities & Equity	13,174,483	12,834,453	(340,030)

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Capson Physicians Insurance Company
Sources & Uses of Cash

For Period Ending
05/31/21

	Qtr Ending May-21
Income	
Premium Receipts	0
Agents' Balances Received	4,745
Reinsurance Recoveries	10,343
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	6,012
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	21,100
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	212
Total Cash Receipts	21,312
Disbursements	
SDR Fees & Expenses	211,252
Subcontractor Legal Fees & Expenses	10,887
Subcontractor Other Fees & Expenses	94,676
Non-Subcontractor Fees & Expenses	0
Other Expenses	23,138
RLO Fees & Expenses	16,281
Total Disbursements for Operations	356,234
Loss Claims & LAE Expense Payments	5,108
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	5,108
Total Cash Disbursements & Distributions	361,342
Net Increase(Decrease) in Cash	(340,030)
Cash at Beginning of Period	12,392,345
Cash at End of Period	12,052,315

Automated Certificate of eService

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Greg Pierce on behalf of Greg Pierce
Bar No. 15994250
gpierce@gpiercelaw.com
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Status as of 6/15/2021 2:44 PM CST

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