

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
(JUNE 1, 2023 THROUGH AUGUST 31, 2023)

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 June 1, 2023 to August 31, 2023. 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 September 15, 2023, a true and correct copy of the foregoing SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (JUNE 1, 2023 TO AUGUST 31, 2023) 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
08/31/23**

	Total June	Total July	Total Aug	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney	24,222.00	35,178.00	32,318.00	91,718.00
Partner/Attorney	20,086.00	31,328.00	19,184.00	70,598.00
Partner/Attorney	88.00	154.00	88.00	330.00
Associate	6,018.00	6,749.00	9,707.00	22,474.00
Associate	442.00	238.00	629.00	1,309.00
Associate	34.00	136.00	51.00	221.00
Legal Assistant	0.00	2,112.50	12,967.50	15,080.00
Expenses	80.40	15.57	8.82	104.79
Total SDR Billing	50,970.40	75,911.07	74,953.32	201,834.79
SDR Subcontractors - Legal				
Inquest Resources				
Paralegal	0.00	16.00	8.00	24.00
Receivership Specialist I	136.00	128.00	40.00	304.00
Receivership Specialist II	10.00	0.00	10.00	20.00
Expenses	10.24	0.00	0.00	10.24
Total Billing	156.24	144.00	58.00	358.24
Greg Pierce-Attorney at Law				
Attorney	2,225.00	2,125.00	6,925.00	11,275.00
Expenses	4.24	0.00	0.00	4.24
Total Billing	2,229.24	2,125.00	6,925.00	11,279.24
Total Legal Subcontractors	2,385.48	2,269.00	6,983.00	11,637.48
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/ C.P.A.	846.00	414.00	1,998.00	3,258.00
Staff Accountant	913.50	976.50	798.00	2,688.00
Staff Accountant	0.00	31.50	0.00	31.50
Expenses	40.98	37.19	13.70	91.87
Total Billing	1,800.48	1,459.19	2,809.70	6,069.37
EMKAY Associates				
Claims and IT	1,225.50	494.00	2,251.50	3,971.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	1,225.50	494.00	2,251.50	3,971.00
Tharp and Associates				
Reinsurance and Forensic Consultant	0.00	8,606.25	18,056.25	26,662.50
Expenses	0.00	0.00	0.00	0.00
Total Billing	0.00	8,606.25	18,056.25	26,662.50
Milford Consulting				
Receivership Specialist I	7,042.00	3,738.00	6,356.00	17,136.00
Receivership Specialist III	3,096.00	1,503.00	3,609.00	8,208.00
Receivership Specialist II	2,047.00	57.50	345.00	2,449.50
Receivership Specialist III	999.00	819.00	675.00	2,493.00
IT Specialist	693.50	503.50	674.50	1,871.50
Expenses	61.94	59.58	59.58	181.10
Total Billing	13,939.44	6,680.58	11,719.08	32,339.10

**Capson Physicians Insurance Company
Statement of Expenses**

**For Period Ending
08/31/23**

	Total June	Total July	Total Aug	Total Quarter
Total Other SDR Subcontractors	16,965.42	17,240.02	34,836.53	69,041.97
Receivership Service Providers				
Echo Ridge Partners iCat Maintenance	2,083.00	2,083.00	2,083.00	6,249.00
Integris/MyITpros	3,943.89	3,943.89	4,018.05	11,905.83
Rackspace-Email service	290.63	258.40	258.40	807.43
Inventory/Moving/Storage-Safesite	85.00	85.00	85.00	255.00
Pay Pal Charges-Verification receipts	3.48	17.40	13.92	34.80
Operating Account Bank Fees	45.00	60.00	15.00	120.00
Texas Treasury-Non Restricted	69.52	66.92	68.18	204.62
Total Other	6,520.52	6,514.61	6,541.55	19,576.68
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	76,841.82	101,934.70	123,314.40	302,090.92
Liquidation Oversight Allocation				
RLO Allocation	7,417.34	6,470.80	9,183.01	23,071.15
Special Master's Fees	206.16	0.00	76.67	282.83
Total RLO & SM Expense	7,623.50	6,470.80	9,259.68	23,353.98
Total Expenses	84,465.32	108,405.50	132,574.08	325,444.90

Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
08/31/23

Line		08/31/23
Cash		
1	Cash	
	Cash - Unrestricted	3,320,371
	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	
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	6,939,545
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	10,287,804

NOTES

Ref No.

13	Reinsurance Recoverables on Paid Losses	301,263
	Allowance for Uncollectible	(301,263)
	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>

Capson Physicians Insurance Company
Statement of Net Assets

For the Period Ending
08/31/23

17 Premiums Receivable	63,844
Amounts Due From Agents-Unearned Commissions	2,421
Allowance for Uncollectible	(66,265)
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)
New Mexico Ancillary Receiver Gross	80,000
Allowance for Uncollectible	(80,000)
Oregon Ancillary Receiver Gross	424,250
Allowance for Uncollectible	(424,250)
Guaranty Fund Assessment	4,534
Total	<u>4,534</u>

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

8/31/2023

Line		05/31/23	8/31/2023	Change
Cash				
1	Cash			
	Cash - Unrestricted	3,491,686	3,320,371	(171,315)
	APF Funds (Loan proceeds)	0	0	0
Investments				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
Restricted Assets				
10	Statutory Deposits	0	0	0
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
	Funds Held at Chase Bank-LOC Collateral	0	0	0
	Funds Held for Others - Granite State Insurance Co (Draw Down on LOC)	0	0	0
	Funds Held for Others - Texas Treasury Acct-Granite State Insurance Co	0	0	0
	Funds Held for Others - PCF Surcharge Refunds	23,354	23,354	0
Reinsurance Receivable				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
Other Receivables				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	6,939,545	6,939,545	0
20	Other Receivables	0	0	0
		0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	4,534	4,534	0
	Total Assets	10,459,119	10,287,804	(171,315)

Capson Physicians Insurance Company
Statement of Net Liabilities

For Period Ending
08/31/23

Line		08/31/23
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	117,031
	Liquidation Oversight	9,183
	Special Master's Fees	77
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	3,969,430
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	9,015,365
	LAE Reserves	1,482,420
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	11,365,794
	Loss Claims Reserves	3,250,608
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	7,344,029
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	1,041,812
11	Unearned & Advance Premium Claims - Other	22,219
Other Liabilities		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	1,961,795
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078
16	Class 6 Claims	107
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	75,432
	Total Liabilities	42,582,380
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(32,294,576)
	Total Liabilities & Equity	10,287,804

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:
Unsecured Creditors-POCs received not yet adjudicated

29,705

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

**For Period Ending
08/31/23**

Unsec Creditors-LAE Atty Fees-POCs received not yet adjudicated	1,932,090
Totals	<u>1,961,795</u>

22 Other Liabilities are as follows:

Funds Held for Others-PCF Surcharge Refunds	23,354
Outstanding Items-Pre Receivership Bank Accounts	52,078
Totals	<u>75,432</u>

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

8/31/2023

Line		05/31/23	08/31/23	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	83,081	117,031	33,950
	Liquidation Oversight	3,861	9,183	5,322
	Special Master's Fees	0	77	77
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	3,866,557	3,969,430	102,873
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	8,708,319	9,015,365	307,046
	LAE Reserves	1,712,066	1,482,420	(229,646)
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	10,969,594	11,365,794	396,200
	Loss Claims Reserves	3,901,809	3,250,608	(651,201)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	9,971,633	7,344,029	(2,627,604)
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	1,041,812	1,041,812	0
11	Unearned & Advance Premium Claims - Other	22,219	22,219	0
Other Liabilities				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	1,961,795	1,961,795	0
15	Class 5 Reinsurance Related Unsecured Claims	2,852,078	2,852,078	0
16	Class 6 Claims	107	107	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	75,000	75,000	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			0
	Funds Held for Others-PCF Surcharge Refunds	23,354	23,354	
	Outstanding Items-Pre Receivership Bank Accounts	52,078	52,078	
	Total Liabilities	45,245,363	42,582,380	(2,662,983)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(34,786,244)	(32,294,576)	2,491,668
	Total Liabilities & Equity	10,459,119	10,287,804	(171,315)

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

**For Period Ending
08/31/23**

	Qtr Ending Aug-23
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	68,168
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	2,200
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	70,368
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	44,413
Total Cash Receipts	114,781
Disbursements	
SDR Fees & Expenses	189,252
Subcontractor Legal Fees & Expenses	6,747
Subcontractor Other Fees & Expenses	52,609
Non-Subcontractor Fees & Expenses	0
Other Expenses	19,532
RLO Fees & Expenses	17,956
Total Disbursements for Operations	286,096
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	286,096
Net Increase(Decrease) in Cash	(171,315)
Cash at Beginning of Period	3,491,686
Cash at End of Period	3,320,371