

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

THE STATE OF TEXAS
Plaintiff,

v.

CAPSON PHYSICIANS INSURANCE
COMPANY,
Defendant.

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

250TH JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER’S APPLICATION TO APPROVE
COMMUTATION AND RELEASE AGREEMENT**
[XL Reinsurance America, Inc.]

TO THE HONORABLE JUDGE OF SAID COURT:

CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company (the “SDR” and “CPIC,” respectively) files this *Application to Approve Commutation and Release Agreement [XL Reinsurance America, Inc.]* (the “Application”) and shows the following:

I. INTRODUCTION

1.1 The SDR seeks approval of a commutation of the obligations between CPIC and XL Reinsurance America, Inc. (“XL”) relating to a reinsurance contract (the “Contract”) identified in Schedule A of the Commutation and Release Agreement (the “Agreement”) attached to Exhibit 1 of this Application as Exhibit 1-1. The Contract was between CPIC and XL. The SDR seeks this Court’s approval of the Agreement under TEX. INS. CODE § 443.154(y). The Agreement provides for resolution of all claims and obligations between the SDR and XL pursuant to the Contract by the payment of \$40,678.00 to the SDR. The Agreement provides for XL to make payment to the SDR of \$40,678.00, and for the parties to otherwise release all claims against each other. The Agreement is in the best interests of the receivership estate and its policyholders and creditors and has been approved by the Receiver.

II. BACKGROUND AND JURISDICTION

2.1 CPIC was placed in receivership for rehabilitation in this proceeding on February 11, 2019. The Receiver designated CANTILO & BENNETT, L.L.P. as SDR on that same date. Subsequently, on June 28, 2019, the Court entered its *Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay* (the "Permanent Injunction"), placing CPIC into liquidation.

2.2 This Court has jurisdiction over the subject matter of this Application and of the parties and property affected herein pursuant to TEX. INS. CODE § 443.005. The Court has personal jurisdiction over all claimants against the assets of the receivership estate of CPIC ("Claimants") because this is a civil proceeding arising under and related to a delinquency proceeding under Chapter 443 of the Texas Insurance Code (the "Code"), the transactions and occurrences which form the basis for the proceeding occurred, in whole or in part, in this state, because the Claimants fall under the Court's statutory personal jurisdiction set out in TEX. INS. CODE § 443.005(d) and TEX. CIV. PRAC. & REM. Code Chapter 17, alternatively, because the Claimants reside and/or conduct business in this state that is directly related to the subject matter of this proceeding, and because the exercise of jurisdiction over any non-resident Claimant comports to customary standards of fair play and substantial justice and complies with the protections of the Constitutions of the United States of America and the State of Texas.

2.3 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.154(y).

2.4 The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the *Order of Reference to Master*

entered on February 21, 2019, and Paragraph II of the *Supplemental Order of Reference to Master* entered on September 18, 2019 (collectively, the “Order of Reference”).

III. THE COMMUTATION AGREEMENT

3.1 Beginning effective June 1, 2011, CPIC and XL entered into the Contract by which CPIC agreed to cede, and XL agreed to reinsure, certain business as set forth in and subject to the terms of the Contract. The Contract’s coverage ended September 20, 2012.

3.2 The proposed Agreement resolves all claims and obligations of the parties to the Contract, as follows:

- (1) XL will pay the SDR \$40,678.00;
- (2) the SDR and XL will commute and terminate their respective rights and obligations under the Contract; and
- (3) all claims between the SDR and XL relating to the Contract would be released.

3.3 The proposed Agreement is in the best interest of the CPIC estate, its policyholders, and creditors. This resolution represents a fair estimate of the liability that XL will owe on the Contract for both closed and open claims. Resolution of this treaty will further reduce administrative costs of the estate for reporting and calculation of reinsurance claims.

IV. NOTICE

4.1 The SDR provided notice of the filing of this Application to all persons who have requested notice in the receivership estate in accordance with TEX. INS. CODE § 443.007 and the Order of Reference. The Special Deputy Receiver also noticed all parties in interest as that term is defined in TEX. INS. CODE § 443.004(a)(17) and as shown on the certificate of service. The SDR sent notice by email or such other method as is described in the certificate of service.

V. OFFER OF PROOF AND VERIFICATION

5.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) by Joseph N. West, Partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company. This affidavit and certification is incorporated by reference as if fully set out into this Application as Exhibit 1.

VI. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

6.1 Pursuant to the *Order Granting Special Deputy Receiver's Application to Require Electronic Service of Pleadings and Notices* entered on April 3, 2019, all pleadings filed in response to this Application or in regard to the estate shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company prays that the Court enter an order as follows:

1. Accepting Exhibit 1, including Exhibit 1-1 thereto, into evidence;
2. Finding that the Agreement is in the best interest of the CPIC liquidation, its policyholders and creditors;
3. Approving the Application;
4. Approving the Agreement;
5. Authorizing the SDR to enter into the Agreement.
6. Authorizing the SDR to perform any and all actions necessary to perform pursuant to the Agreement;
7. Authorizing the SDR to take any action necessary to carry out the Order;
8. Finding that the Order constitutes a final judgment 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;

9. Ordering any disputes relating directly or indirectly to the Agreement to be heard in this proceeding and referred to the Master appointed by this Court in accordance with the Order of Reference;
10. Finding that the Order shall not affect in any way, the Receiver's and the SDR's immunities from suit and shall not give rise to any right to sue or create any causes of action against the Receiver or the SDR;
11. Finding that the Permanent Injunction and the automatic stay under TEX. INS. CODE § 443.008 remain in effect; and
12. Granting the SDR such other and further relief to which it may be justly entitled.

Respectfully submitted,

/s/ Greg Pierce
Gregory A. Pierce
State Bar No. 15994250
P.O. Box 40
Austin, Texas 78767
Tel: (512) 474-2154
gpierce@gpiercelaw.com

**Attorney for CANTILO & BENNETT, LLP,
Special Deputy Receiver of
Capson Physicians Insurance Company**

CERTIFICATE OF SERVICE

I certify that on January 30, 2026, a true and correct copy of the foregoing *Special Deputy Receiver's Application to Approve Commutation and Release Agreement [XL Reinsurance America, Inc.]* 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.

Via Email: specialmasterclerk@tdi.texas.gov

Tom Collins, Receivership Master
c/o Special Master's Clerk
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: John.Walker@tdi.texas.gov

John Walker
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: David.Ashton@tdi.texas.gov

David Ashton
TEXAS DEPARTMENT OF INSURANCE
P.O. Box 149104
Austin, TX 78714-9104

Via e-Service: Edwin.Hartsfield@tdi.texas.gov

Edwin Hartsfield
TEXAS DEPARTMENT OF INSURANCE
PO Box 149104
Austin, TX 78714-9104

Via Email: Vane.Hugo@tdi.texas.gov

Vane Hugo
TEXAS DEPARTMENT OF INSURANCE
P.O. Box 149104
Austin, TX 78714-9104

Via e-Service: Kimberly.Gdula@oag.texas.gov

Kimberly Gdula
Assistant Attorney General
General Litigation Division
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548, Mail Stop 01901
Austin, TX 78711-2548
Counsel for Texas Department of Insurance

Via e-Service: eburbach@foley.com

Via e-Service: jsepheri@foley.com

Via e-Service: nbeaird@foley.com

Edward D. Burbach
FOLEY LARDNER LLP
600 Congress Avenue, Ste 3000
Austin, TX 78701
Counsel for Granite State Insurance Company

Via e-Service: marcus.doran@aig.com

Via e-Service: todd.abalos@aig.com

Marcus Doran & Todd Abalos
AIG
Reinsurance | AIG Property Casualty
1271 Avenue of the Americas, 35th Floor
New York, NY 10020

Via Email:

Ryan.Donaldson@insurance.alabama.gov

Ryan Donaldson
Chief Receiver
ALABAMA DEPARTMENT OF INSURANCE
P.O. Box 303353
Montgomery, AL 36130-3353

Via Email: alentine@alaigna.com

Andrea Lentine
Executive Director
ALABAMA INSURANCE GUARANTY ASSOCIATION
2020 Canyon Road, Suite 200
Birmingham, AL 35216

Via Email: david.phifer@alaska.gov

David Phifer
Chief Financial Examiner
ALASKA DIVISION OF INSURANCE
Robert B. Atwood Building
550 W. 7th Ave., Ste 1560
Anchorage, AK 99501-3567

Via Email: sdaniels@nadj.com

Susan Daniels
Fund Administrator
ALASKA INSURANCE GUARANTY ASSOCIATION
C/O NORTHERN ADJUSTERS, INC.
1401 Rudakoff Circle, Suite 100
Anchorage, AK 99508

Via Email: LNestor@azinsurance.gov

Lori Nestor
Executive Director
ARIZONA INSURANCE GUARANTY FUNDS
1110 West Washington, Suite 270
Phoenix, AZ 85007

Via Email: AMinor@arkansas.gov

Amanda Minor
ARKANSAS PROPERTY & CASUALTY
GUARANTY FUND
1023 W. Capitol Avenue, Suite 2
Little Rock, AR 72201

Via Email: michelle.mathis@dc.gov

Michelle Mathis
DISTRICT OF COLOMBIA DEPARTMENT OF
INSURANCE, SECURITIES AND BANKING
1050 First Street, NE, 801
Washington, DC 20002

Via Email: blaw@gfms.org

Barbara Law
GUARANTY FUND MANAGEMENT SERVICES
One Bowdoin Square
Boston, MA 02114-2916

Via Email: Kim.Cross@iid.iowa.gov

Kim Cross
IOWA INSURANCE DIVISION
330 Maple St.
Des Moines, IA 50319-0065

Via Email: augspurger.steven@bradshawlaw.com

Steven Augspurger
General Counsel
IOWA INSURANCE GUARANTY ASSOCIATION
801 Grand Avenue, Suite 3700
Des Moines, IA 50309-8004

Via Email: eric.fletcher@doi.idaho.gov

Eric Fletcher
IDAHO DEPARTMENT OF INSURANCE
P.O. Box 83720
Boise, ID 83720-0043

Via Email: canderson@wgfs.org

Chad Anderson
President
IDAHO INSURANCE GUARANTY ASSOCIATION
C/O WESTERN GUARANTY FUND SERVICES
1720 S Bellaire Street, #408
Denver, WA 80222

Via Email: marcy.savage@illinois.gov

Marcy Savage
Assistant Deputy Director of Corporate
ILLINOIS DEPARTMENT OF INSURANCE
222 Merchandise Mart Plaza, Suite 960
Chicago, IL 60654

Via Email: tschotke@iigf.org

Tim Schotke
Executive Director
ILLINOIS INSURANCE GUARANTY FUND
150 South Wacker Drive, Suite 2970
Chicago, IL 60606

Via Email: Liz@in-solv.com
Elizabeth Lovette
INDIANA DEPARTMENT OF INSURANCE
311 West Washington St.
Indianapolis, IN 46204-2787

Via Email: abarbera@quadassoc.org
Amanda Barbera
Executive Director
INDIANA INSURANCE GUARANTY ASSOCIATION
251 East Ohio Street, Suite 1070
Indianapolis, IN 46204-2143

Via Email: Sharron.Burton@ky.gov
Sharron Burton
General Counsel
KENTUCKY OFFICE OF INSURANCE
215 W. Main St.
Frankfort, KY 40601

Via Email: kim.west@kyinsuranceguaranty.com
Kim West
Executive Director
KENTUCKY INSURANCE GUARANTY ASSOCIATION
10605 Shelbyville Road, Suite 101
Louisville, KY 40223

Via Email: walt.corey@ldi.la.gov
Walter Corey
LOUISIANA DEPARTMENT OF INSURANCE
P.O. Box 94214
Baton Rouge, LA 70802

Via Email: jwells@laiga.org
John Wells
Director of Operations & Logistics
LOUISIANA INSURANCE GUARANTY ASSOCIATION
2142 Quail Run Drive
Baton Rouge, LA 70808-4126

Via Email: lynn.beckner@maryland.gov
Lynn Beckner
Chief Financial Analyst
MARYLAND INSURANCE ADMINISTRATION
200 St. Paul Place, Suite 2700
Baltimore, MD 21202

Via Email: dprice@pcigc.com
Deborah Price, Acting President
MARYLAND PROPERTY & CASUALTY
INSURANCE GUARANTY CORPORATION
305 Washington Avenue, Suite 600
Towson, MD 21204-4715

Via Email: shelley.forrest@insurance.mo.gov
Shelley Forrest
Receivership Counsel, Legal Section
MISSOURI DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS & PROF.
REGISTRATION
PO Box 690
Jefferson City, MO 65102-0690

Via Email: tkopp@mo-iga.org
Tamara Kopp
Executive Director
MISSOURI PROPERTY & CASUALTY INSURANCE
GUARANTY ASSOCIATION
630 Bolivar Street, Ste 204
Jefferson City, MO 65101

Via Email: donna.whitley@mid.state.ms.us
Donna Whitley
MISSISSIPPI DEPARTMENT OF INSURANCE
501 North West St
Jackson, MS 39201

Via Email: arussell@msiga.net
Arthur Russell
Executive Director
MISSISSIPPI INSURANCE GUARANTY ASSOCIATION
713 South Pear Orchard Road, Ste 200
Ridgeland, MS 39157

Via Email: smatthews@mt.gov
Steve Matthews
Insurance Division
MONTANA STATE AUDITOR'S OFFICE
840 Helena Ave.
Helena, MT 59601

Via Email: canderson@wgfs.org
Chad Anderson
President
MONTANA INSURANCE GUARANTY ASSOCIATION
C/O WESTERN GUARANTY FUND SERVICES
1720 S Bellaire Street, #408
Denver, WA 80222

Via Email: mattfischer@nd.gov
Matt Fischer
NORTH DAKOTA INSURANCE DEPARTMENT
600 E. Boulevard Ave.
Bismarck, ND 58505

Via Email: jsc46@bis.midco.net
Jeffrey J. Cahill
Managing Secretary
NORTH DAKOTA INSURANCE GUARANTY
ASSOCIATION
P.O. Box 2634
Bismarck, ND 58502-2634

Via Email: peg.jasa@nebraska.gov
Peggy Jasa
NEBRASKA DEPARTMENT OF INSURANCE
941 "O" Street, Suite 400
Lincoln, NE 68508-3639

Via Email: ldf3436p@aol.com
L. Dean Fletcher
Administrator
NEBRASKA PROPERTY & LIABILITY INSURANCE
GUARANTY ASSOCIATION
P.O. Box 57006, Station C
Lincoln, NE 68505

Via Email: mickey.vancuren@state.nm.us
Mickey VanCuren
Deputy Superintendent
NEW MEXICO INSURANCE DIVISION
P.O. Box 1269
Santa Fe, NM 87504-1269

Via Email: debbiel@integriongroup.com
Via Email: sharil@integriongroup.com
Debbie Luera
Executive Director
Shari Lucero
NEW MEXICO INSURANCE GUARANTY
ASSOCIATION / INTEGRION GROUP
P.O. Box 27815
Albuquerque, NM 87125

Via Email: finances@doi.nv.gov
NEVADA DIVISION OF INSURANCE
1818 E. College Pkwy., Suite 103
Carson City, NV 89706

Via Email: bgilbert@niga-pc.org
Bruce W. Gilbert
Executive Director
NEVADA INSURANCE GUARANTY ASSOCIATION
3821 West Charleston Boulevard, Suite 100
Las Vegas, NV 89102-1859

Via Email: kelley.callahan@oid.ok.gov
Kelley Callahan
Asst. General Counsel
OKLAHOMA DEPARTMENT OF INSURANCE
2401 N.W. 23rd, Suite 28
Oklahoma City, OK 73152-3408

Via Email: jcannon@opciga.org
Jessica Cannon
Accounting Administrator
OKLAHOMA PROPERTY & CASUALTY INSURANCE
GUARANTY ASSOCIATION
2601 Northwest Expressway, Suite 330E
Oklahoma City, OK 73112

Via Email: ryan.w.keeling@oregon.gov
Ryan Keeling
Manager/Chief Examiner
OREGON DIVISION OF INSURANCE
PO Box 14480
Salem, OR 97309-0405

Via Email: ckatter@oregoniga.org
Chuck Katter
Administrator
OREGON INSURANCE GUARANTY ASSOCIATION
10700 Southwest Beaverton Hwy, Suite 426
Beaverton, OR 97005

Via Email: c-cmcdonal@pa.gov
Crystal McDonald
Liquidations Project Dir.
PENNSYLVANIA DEPARTMENT OF INSURANCE
901 North 7th Street
Harrisburg, PA 17102

Via Email: rbauso@ppciga.org
Raymond Bauso
Executive Director
PENNSYLVANIA PROPERTY & CASUALTY
INSURANCE GUARANTY ASSOCIATION
One Penn Center, Suite 1850
1617 John F. Kennedy Boulevard
Philadelphia, PA 19103

Via Email: Johanna.Nickelson@state.sd.us
Johanna Nickelson
SOUTH DAKOTA DIVISION OF INSURANCE
445 East Capitol Avenue
Pierre, SD 57501

Via Email: eevans@ehhlawyers.com
Edwin F. Evans
SOUTH DAKOTA PROPERTY & CASUALTY
INSURANCE GUARANTY ASSOCIATION
EVANS, HAIGH & HINTON, LLP
P.O. Box 1030
Sioux Falls, SD 57101-1030

Via Email: bill.huddleston@tn.gov
Bill Huddleston
Insurance Division
TENNESSEE DEPARTMENT OF COMMERCE
AND INSURANCE
500 James Robertson Pkwy., 4th Fl.
Nashville, TN 37243

Via Email: knations@tiga.net
Kerry Nations
Administrator
TENNESSEE INSURANCE GUARANTY ASSOCIATION
3100 West End Avenue, Suite 670
Nashville, TN 37203

Via Email: rstroud@tpciga.org

Via Email: slang@tpciga.org

Rachel Stroud & Sara Lang
TEXAS PROPERTY CASUALTY INSURANCE
GUARANTY ASSOCIATION (TPCIGA)
8911 N. Capital of Texas Hwy, Ste 2200
Austin, TX 78759

Via Email: MelanieA@oic.wa.gov

Melanie Anderson
Acting Deputy Deputy Commissioner
WASHINGTON OFFICE-INS COMMISSIONER
5000 Capitol Boulevard
Tumwater, WA 98501

Via Email: marysue.gilardi@wisconsin.gov

Mary Sue Gilardi
WISCONSIN OFFICE OF THE INSURANCE
COMMISSIONER
P.O. Box 7873
Madison, WI 53707-7873

Via Email: mary.j.lewis@wv.gov

Mary Jo Lewis
WEST VIRGINIA INSURANCE COMMISSION
P.O. Box 50540
Charleston, WV 25305-0540

Via Email: jblatt@ncigf.org

John Blatt
THE NATIONAL CONFERENCE OF
INSURANCE GUARANTY FUNDS
300 North Meridian St., Suite 1020
Indianapolis, IN 46204

Via First Class Mail

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

Via Email: mtsutsui@tpciga.org

Via Email: aevans@tpciga.org

Mark Tsutsui, Executive Director
Annette Evans, Claims Director
TEXAS PROPERTY AND CASUALTY INSURANCE
GUARANTY ASSOCIATION (TPCIGA)
8911 N. Capital of Texas Hwy, Ste 2200
Austin, TX 78759

Via Email: canderson@wgfs.org

Chad Anderson
WASHINGTON INSURANCE GUARANTY ASSOC.
C/O WESTERN GUARANTY FUND SERVICES
1720 S Bellaire Street, #408
Denver, WA 80222

Via Email: allan@wisf-madison.org

Allan Patek
Executive Director
WISCONSIN INSURANCE SECURITY FUND
2820 Walton Commons West, Suite 135
Madison, WI 53718-6797

Via Email: sonni.peterson@ohioga.org

Sonni Peterson
President
WEST VIRGINIA INSURANCE GUARANTY
ASSOCIATION
5005 Horizons Drive, Suite 200
Columbus, OH 46220

Via First Class Mail

INTERNAL REVENUE SERVICE
Centralized Insolvency Operation
P.O. Box 7346
Philadelphia, PA 19101-7346

Via e-Service: anthony@icenoglefirm.com

Anthony Icenogle
ICENOGL & BOGGINS, P.L.L.C.
6907 N. Capital of Texas Hwy., Ste 220
Austin, Texas 78731
Counsel for Shareholders

Via Email: hancock@amhfirm.com

Via Email: wallace@amhfirm.com

Julia Hancock
Tonya Wallace, Financial Director
ANDERSON, MURPHY & HOPKINS
400 W. Capitol Avenue, Suite 2400
Little Rock, AR 72201

Via Email: pmc@madisonlaw.com

Paul M. Cash
MADISON, MROZ, STEINMAN & DEKLEVA, P.A.
201 3rd Street NW, Suite 1600
Albuquerque, NM 87102

Via Email: mail@holealvarez.com

Ronald G. Hole
HOLE & ALVAREZ, LLP
Water Tower Centre
612 W. Nolana, Suite 370
McAllen, TX 78504

Via Email: chris@getclawfirm.com

Via Email: sherra@getclawfirm.com

Chris Tardio
GIDEON, ESSARY TARDIO & CARTER, PLC
315 Deaderick Street, Ste 1100
Nashville, TN 37238

Via Email: swoodley@grgpc.com

Stephen R. Woodley
GRAY, RITTER & GRAHAM, P.C.
701 Market Street, Suite 800
St. Louis, Missouri 63101

Via Email: mgrumley@kentuckylawyers.com

Via Email: acain@kentuckylawyers.com

Miller Grumley
Adrienne Cain
BRADLEY, FREED & GRUMLEY, P.S.C
1634 Broadway
Paducah, KY 42002

Via Email: mroth@eichhorn-law.com

Michael Roth
EICHHORN & EICHHORN, LLP
9101 North Wesleyan Road, Ste 401
Indianapolis, IN 46268

Via Email: kwildenfels@bluewilliams.com

Karen Wildenfels
BLUE WILLIAMS, LLP
3421 North Causeway Blvd.
Metairie, LA 70002

Via Email: pamstutz@scottdoug.com

Paige Arnette Amstutz
SCOTT, DOUGLASS & MCCONNICO, LLP
303 Colorado Street, Suite 2400
Austin, TX 78701

Via Email: dcyrus@shumanlaw.com

Dwayne E. Cyrus
SHUMAN, MCCUSKEY & SLICER, PLLC
Suite 200, 1411 Virginia Street, East
Post Office Box 3953
Charleston, WV 25339

Via Email: bmalkmus@malkmuslaw.com

Brian Malkmus
MALKMUS LAW FIRM
305 Park Central W
Springfield, MO 65806

Via Email: rjones@flahertylegal.com

Richard D. Jones, Esquire
FLAHERTY SENSABAUGH BONASSO
200 Capitol Street
Charleston, WV 25301

/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 Special Deputy Receiver's *Application to Approve Commutation and Release Agreement [XL Reinsurance America, Inc.]* is hereby set for written submission before the Master, Tom Collins, on **February 16, 2026**.

The 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

EXHIBIT 1

COMMUTATION AND RELEASE AGREEMENT

This **COMMUTATION AND RELEASE AGREEMENT** (hereinafter the “Commutation” or “Commutation Agreement”), is made effective upon execution by all parties, by and between Cantilo & Bennett, L.P. (“Cantilo”), acting solely in its capacity as the Special Deputy Receiver of **CAPSON PHYSICIANS INSURANCE COMPANY** (hereinafter the “SDR” and “Capson”, respectively), and **XL REINSURANCE AMERICA, INC.** (hereinafter referred to as “XL Reinsurance”). As used herein, “Party” means the SDR, Capson, and XL Reinsurance individually, and “Parties” means the SDR, Capson, and XL Reinsurance collectively.

WITNESSETH:

WHEREAS, Capson was placed into receivership on February 11, 2019, in the matter styled *The State of Texas v. Capson Physicians Insurance Company* in the 250th Judicial District Court, Travis County, Texas, and the Commissioner of Insurance for the State of Texas was appointed Rehabilitator (“Receiver”);

WHEREAS, the Receiver, appointed Cantilo as the SDR for Capson on February 11, 2019;

WHEREAS, on June 28, 2019, Capson was placed into liquidation by order of the District Court of Travis County, Texas, 250th Judicial District (Cause No.: D-1-GN-19-000723) (the “Receivership Court”);

WHEREAS, prior to being placed into liquidation, Capson and XL Reinsurance were parties to certain reinsurance agreements identified in **EXHIBIT A** (hereinafter “Reinsurance Agreements”), whereby XL Reinsurance, in consideration of the payment of premium, committed to reinsure certain risks insured by Capson. For the avoidance of doubt, the term “Reinsurance Agreements” means the reinsurance agreements identified in **EXHIBIT A**;

WHEREAS, the Parties seek to satisfy their rights, duties, and obligations pursuant to the Reinsurance Agreements;

Exhibit

1-1

WHEREAS, XL Reinsurance has offered to pay, and the SDR has agreed to accept, the sum of Forty Thousand Six Hundred Seventy-Eight Dollars and zero cents (US \$40,678.00) (the “Commutation Amount”), in accordance with the terms set forth herein in full and final satisfaction of the past, present, and future liabilities and/or obligations relating to or arising out of the Reinsurance Agreements.

NOW THEREFORE, intending to be legally bound, in consideration of the mutual covenants contained herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE A – Approval of Receivership Court

1. The Parties acknowledge and agree that all acts and obligations under this Agreement are contingent upon the issuance of an Order from the Receivership Court approving all terms and conditions of this Commutation Agreement. A copy of the Receivership Court Order approving this Commutation Agreement shall be attached to this Commutation Agreement as Exhibit B and shall be deemed to be incorporated herein by reference. The Parties acknowledge that should the Receivership Court not approve this Commutation Agreement, the Commutation Agreement and all agreements and representations regarding this Commutation Agreement made by the Parties shall be null and void.

2. If the Receivership Court enters an Order disapproving this Commutation Agreement, then for the period of sixty (60) days from the date on which XL Reinsurance receives notice from Capson that the Receivership Court has affirmatively refused to approve this Commutation Agreement, Capson will temporarily cease any request for, or collection of, any amounts claimed from XL Reinsurance under the Reinsurance Agreements.

ARTICLE B - PAYMENTS

1. On or before the later of fourteen (14) working days following XL Reinsurance receiving a copy of an Order entered by the Receivership Court approving this Commutation

Agreement and XL Reinsurance being provided with a copy of the fully executed Commutation Agreement, XL Reinsurance shall pay the SDR, and the SDR shall accept, the Commutation Amount, said payment to be made by wire transfer to:

TEX COMPT AUSTIN
ABA Routing Number: 114900164
BNF: TTSTC AC 44047401
REF: Texas Department of Insurance
R-561 Capson Physicians Insurance Company
Account 3389

2. Payment of the Commutation Amount is in full and final settlement of any and all amounts claimed to be due by XL Reinsurance to Capson and from Capson to XL Reinsurance relating to or arising out of the Reinsurance Agreements, and shall act as a full, final and complete accord, satisfaction, settlement, release, discharge and commutation of all of the liability and obligations of the Parties under, arising out of and/or in respect of the Reinsurance Agreements.

ARTICLE C - RELEASES

1. Simultaneous with SDR's receipt of the Commutation Amount, the SDR hereby fully and unconditionally release, acquit, and forever discharge XL Reinsurance, its predecessors, successors, heirs, assigns, and its past, present, and future officers, directors, shareholders, employees, agents, receivers, trustees, attorneys, and legal representatives, from any and all liabilities, obligations, claims, demands, causes of action, costs, disbursements, fees, attorneys' fees, expenses, damages, and injuries of every kind, nature, and description, whether known or unknown, liquidated or unliquidated, suspected or claimed, fixed or contingent, arising out of or in respect of the Reinsurance Agreements whether currently existing or arising in the future, it being the intention of the Parties that this Commutation Agreement operates as a full and final settlement of any current and future liabilities owed by XL Reinsurance to the SDR, and/or Capson under the Reinsurance Agreements.

2. Simultaneously with payment of the Commutation Amount, XL Reinsurance fully and unconditionally releases, acquits, and forever discharges the SDR, and Capson, their affiliates, predecessors, successors, heirs, assigns, and their respective past, present, and future officers, directors, shareholders, employees, agents, receivers, trustees, attorneys, and legal representatives,

from any and all liabilities, obligations, claims, demands, causes of action, costs, disbursements, fees, attorneys' fees, expenses, damages, and injuries of every kind, nature, and description, whether known or unknown, liquidated or unliquidated, suspected or claimed, fixed or contingent, arising out of or in respect of the Reinsurance Agreements whether currently existing or arising in the future, it being the intention of the Parties that this Commutation Agreement operates as a full and final settlement of any current and future liabilities owed by Capson, the Receiver, and/or the SDR to the Reinsurer under the Reinsurance Agreements.

3. Immediately upon the SDR's receipt of the Commutation Amount, the Reinsurance Agreements shall be deemed commuted, terminated, and of no further force or effect between the Parties.

4. There is no outstanding request from the SDR or Capson to draw down any Letter of Credit or Trust through and including the date of execution of this Commutation. The Parties hereby agree to promptly execute any and all supplemental agreements, releases, affidavits, waivers, and other documentation of any kind, and to take all such other action to effectuate a termination of any applicable letters of credit, if necessary.

5. The Parties absolutely and unconditionally covenant and warrant with each other, and their respective successors and assigns, that after the effective date of the Commutation Agreement, no Party will hereafter for any reason whatsoever, demand, claim or file suit or initiate arbitration proceedings against the other in respect of any matters relating to the Reinsurance Agreements, except as provided herein.

6. The Parties agree to promptly execute any and all supplemental agreements, releases, affidavits, waivers, and other documentation of any kind, and to take all such other actions to effectuate the terms and objectives of this Commutation.

ARTICLE D - REPRESENTATIONS AND WARRANTIES

1. The SDR, and Capson subject to Receivership Court approval, each represent and warrant to XL Reinsurance that:

(a) Each has the full legal right, power, and authority (corporate and otherwise) to execute, deliver, and perform this Commutation;

(b) Each, and the individual executing this Commutation on each's behalf, has the full legal right, power and authority (corporate and otherwise) to execute, deliver and perform this Commutation;

(c) All corporate action necessary for its execution, delivery, and performance of this Commutation has been or will be duly taken by it;

(d) This Commutation when executed and delivered will constitute a valid and legally binding obligation of Each;

(e) No action, consent, or approval of any person, entity, court, or other governmental authority is required for the lawful execution or delivery of this Commutation or the lawful performance of the transactions contemplated hereby, other than approval by the Receivership Court;

(f) There are no pending agreements, transactions, or negotiations to which such Party is a party that would render this Commutation or any part thereof void, voidable, or unenforceable;

(g) The execution and delivery of this Commutation and the performance of the transactions contemplated herein will not violate any provision of law, their organizational documents, or any order of any court or governmental authority; and

(h) It has not assigned, sold, or transferred any interest in the Reinsurance Agreements or any claims arising therefrom that would conflict with the releases given herein.

2. XL Reinsurance represents and warrants to Capson that:

- (a) It is a corporation duly incorporated, validly existing and in good standing;
- (b) It, and the individual executing this Commutation on its behalf, each has the full legal right, power and authority (corporate and otherwise) to execute, deliver and perform this Commutation;
- (c) All corporate action necessary for its execution, delivery, and performance of this Commutation has been or will be duly taken by it;
- (d) This Commutation when executed and delivered will constitute a valid and legally binding obligation of it;
- (e) No action, consent, or approval of any person, entity, court, or other governmental authority is required for the lawful execution or delivery of this Commutation or the lawful performance of the transactions contemplated hereby, other than approval by the Supervising Court;
- (f) There are no pending agreements, transactions, or negotiations to which it is a party that would render this Commutation or any part thereof void, voidable, or unenforceable;
- (g) The execution and delivery of this Commutation and the performance and consummation of the transactions contemplated herein will not violate any provision of any law or conflict with its Articles of Incorporation, By-laws or any substantively similar document or any order, writ, injunction or decree of any court or other governmental authority;
- (h) It has not assigned, sold, or transferred any interest in the Reinsurance Agreements or any claims arising therefrom that would conflict with the releases given herein.

ARTICLE E - DELIVERY OF NOTICE

1. All notices required hereunder shall be in writing and shall be given by personal delivery, overnight courier or registered or certified mail, return receipt requested, postage prepaid to the addresses set forth in Section 2 of this Article and shall be deemed given upon receipt. In addition, notice may be given by electronic mail transmission and shall be deemed given upon the receipt of the transmission and the mailing of a hard copy of the transmission.

2. Notices to the Parties shall be addressed as follows:

Notice to Capson:

Joseph N. West
CANTILO & BENNETT, L.L.P.
Special Deputy Receiver of
Capson Physicians Insurance Company
11401 Century Oaks Terrace, Suite 300
Austin, TX 78758
Email: jnwest@cb-firm.com

Notice to Subscribing Reinsurer:

XL Reinsurance America, Inc.
Steven Agosta
SVP and General Counsel
One Star Point
333 Ludlow Street
North Tower – 4th Floor
Stamford, CT 06902

ARTICLE G - GENERAL

1. This Commutation constitutes the entire understanding by and between the Parties hereto, superseding all negotiations, prior discussions, representations, promises and understandings, oral or written, expressed or implied, made prior to or contemporaneous with its execution.

2. This Commutation may only be modified or amended by a written instrument executed by all Parties.

3. This Commutation and any of the rights and/or obligations herein may not be assigned in whole or in part by either Party hereto without prior written approval of the other Party hereto.

4. This Commutation shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, assigns, heirs, executors and administrators.

5. Waiver by either Party of any term, provision or condition of this Commutation shall not be construed to be a waiver of any other term, provision or condition hereof, nor shall such waiver be deemed a waiver of any subsequent breach of the same term, provision or condition.

6. The failure of either Party to enforce any of the provisions herein shall not be construed to be a waiver of the right of such Party to enforce any such provisions.

7. The Parties to this Commutation are entering into it in good faith, at arm's length and in the regular course of business and that this Commutation is valid and enforceable (subject to Receivership Court approval).

8. The Parties agree that this Commutation Agreement sets forth a compromise and never at any time for any purpose shall it be considered an admission of liability, an admission of responsibility or a waiver of any position on the part of any Party hereto regarding any aspect of the Reinsurance Agreements.

9. The Parties agree that this Commutation Agreement and the negotiations and proceedings leading to this Commutation Agreement shall not be used in any litigation or other

proceeding in any manner between the Parties or form the basis for any claim by either against the other, except with respect to an action to or enforcement of this Commutation Agreement.

10. This Commutation shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas, without regard to its conflict-of-law principles that would cause the application of the laws of any jurisdiction other than Texas. The Parties agree that the Receivership Court shall have exclusive jurisdiction over disputes arising from or related to this Commutation, and the Parties hereby consent to the personal jurisdiction of that court.

11. This Commutation may be executed in multiple counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute one and the same Commutation. This Commutation may be signed and exchanged in counterpart by facsimile or by the sending of a signed copy by e-mail from one Party to the others and this Commutation as so signed and exchanged shall constitute the binding agreement of the Parties.

IN WITNESS WHEREOF the Parties hereto have executed this Commutation as of the date(s) set forth below.

CANTILO & BENNETT, LLP, IN ITS CAPACITY AS SPECIAL DEPUTY RECEIVER FOR CAPSON PHYSICIANS INSURANCE COMPANY, IN LIQUIDATION, BY ITS AUTHORIZED REPRESENTATIVE

BY: _____
Joseph N. West
Partner

DATE: _____

XL REINSURANCE AMERICA, INC.

BY:  _____
Mark DiTaranto
Global Head of Reinsurance Claims

DATE: 19 NOV 25

SCHEDULE A

**REINSURANCE AGREEMENTS ENTERED INTO BETWEEN
CAPSON PHYSICIANS INSURANCE COMPANY AND
XL REINSURANCE AMERICA**

XL Reinsurance Deal#	XL Reinsurance Contract#	Coverage Type	Broker	Incept Date	Expiry Date
	242771-1- 2011-1	Medical Professional Liability Excess of Loss Reinsurance Contract	AON Contract Reference: COBL- 201001- 111001	06/01/11	09/30/12

EXHIBIT B

**ORDER OF THE RECEIVERSHIP COURT
APPROVING COMMUTATION AGREEMENT**

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 110847132

Filing Code Description: Motion (No Fee)

Filing Description: SPECIAL DEPUTY RECIVER'S APPLICATION TO APPROVE COMMUTATION AND RELEASE AGREEMENT

Status as of 2/9/2026 4:33 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Paige Amstutz	796136	pamstutz@scottdoug.com	2/4/2026 1:03:34 PM	SENT
Ronald Hole	9834200	Mail@HoleAlvarez.com	2/4/2026 1:03:34 PM	SENT
Kimberly Gdula	24052209	kimberly.gdula@oag.texas.gov	2/4/2026 1:03:34 PM	SENT
Anthony Icenogle	10382948	anthony@icenoglefirm.com	2/4/2026 1:03:34 PM	SENT
Patricia Muniz		pmuniz@inquestresources.com	2/4/2026 1:03:34 PM	SENT
Brian Falligant		bfalligant@inquestresources.com	2/4/2026 1:03:34 PM	SENT
Special Master Clerk		specialmasterclerk@tdi.texas.gov	2/4/2026 1:03:34 PM	SENT
John Walker		John.Walker@tdi.texas.gov	2/4/2026 1:03:34 PM	SENT

Associated Case Party: GRANITE STATE INSURANCE COMPANY

Name	BarNumber	Email	TimestampSubmitted	Status
Edward Burbach	3355250	eburbach@foley.com	2/4/2026 1:03:34 PM	SENT
Nanette Beaird	1949800	nbeaird@foley.com	2/4/2026 1:03:34 PM	SENT

Associated Case Party: TEXAS PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Name	BarNumber	Email	TimestampSubmitted	Status
Rachel Stroud		rstroud@tpciga.org	2/4/2026 1:03:34 PM	SENT