Filed in the District Court
Of Travis County, Texas
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Velva L. Price, District Clerk

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

THE STATE OF TEXAS *Plaintiff,*	§	IN THE DISTRICT COURT OF
V.	§	TRAVIS COUNTY, TEXAS
CAPSON PHYSICIANS INSURANCE COMPANY, *Defendant.*	§	250TH JUDICIAL DISTRICT

SPECIAL DEPUTY RECEIVER'S APPLICATION TO APPROVE COMMUTATION AND RELEASE AGREEMENT
[Hannover Ruck SE]

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 [Hannover Ruck SE]* (the "Application") and shows the following:

I. INTRODUCTION

1.1 The SDR seeks approval of a commutation of the obligations between and among CPIC, Hannover Ruck SE ("Hannover"), and Granite State Insurance Company ("GSIC") relating to several reinsurance contracts (the "Contracts") identified in Schedule A of the Commutation and Release Agreement (the "Agreement") attached to Exhibit 1 of this Application as Exhibit 1.1. The Contracts were between CPIC and Hannover and contained a "cut-through" endorsement in favor of GSIC. 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 Hannover pursuant to the Contracts by the payment of $1,200,000 to the SDR. The Agreement provides for Hannover to make payment to the SDR of $1,200,000, 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 AGREEEMENT

3.1 Beginning effective June 1, 2011, CPIC and Hannover entered into a series of contracts by which CPIC agreed to cede, and Hannover agreed to reinsure, certain business as set forth in and subject to the terms of those contracts. The final one of those contracts was scheduled to end September 30, 2019. GSIC, in turn, had "cut-through" rights under the Treaties. These contracts have been collectively referred to herein as "Contracts."

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

(1) Hannover will pay the SDR $1,200,000;

(2) the SDR and Hannover will commute and terminate their respective rights and obligations under the Contracts; and

(3) all claims between the SDR, Hannover, and GSIC relating to the Contracts 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 Hannover will owe on the Contracts 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

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Attorney for CANTILO & BENNETT, LLP,
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Capson Physicians Insurance Company

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 [Hannover Ruck SE]* is hereby set for written submission before the Master, Tom Collins, on **June 22, 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

CERTIFICATE OF SERVICE

I certify that on June 8, 2026, a true and correct copy of the foregoing *Special Deputy Receiver's Application to Approve Commutation and Release Agreement [Hannover Ruck SE]* 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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/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), and I am duly authorized to make this affidavit on behalf of the SDR.

3. I have reviewed the *Special Deputy Receiver's Application to Approve Commutation and Release Agreement [Hannover Ruck SE] (the "Application")* 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.

4. I further state that Exhibit 1-1 to the Application is part of the records of the Capson Receivership and is a true and correct copy of these records.

5. The collection of assets is a critical component of the SDR's liquidation activities. Accordingly, the SDR of CPIC recommends this commutation agreement to be in the best interest of the Capson Receivership and its creditors."

FURTHER AFFIANT SAYETH NOT.

JOSEPH N. WEST

SUBSCRIBED AND SWORN TO BEFORE ME on June 4, 2026, by Joseph N. West, partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Capson Physicians Insurance Company.

Notary Public, State of Texas

KELLY REED
NOTARY PUBLIC
STATE OF TEXAS
MY COMM. EXP. 03/13/29
NOTARY ID 135503382

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 ("Effective Date"), 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 **HANNOVER RÜCK SE** (hereinafter referred to as "Hannover"), and **GRANITE STATE INSURANCE COMPANY** (hereinafter "Granite"). As used herein, "Party" means the SDR, Capson, Hannover, and Granite individually, and "Parties" means the SDR, Capson, Hannover, and Granite 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 Hannover were parties to certain reinsurance agreements identified in **EXHIBIT A** (hereinafter "Reinsurance Agreements"), whereby Hannover, in consideration of the payment of premium, committed to reinsure certain risks insured by Capson. The Reinsurance Agreements contained cut-through endorsements between Hannover, Capson, and Granite, whereby Hannover agreed to provide retrocession coverage for certain policies issued by Granite and reinsured by Capson (the "Cut-Through Endorsements"). For the avoidance of doubt, the term "Reinsurance Agreements"

Exhibit 1.1

includes the reinsurance agreements identified in **EXHIBIT A**, the Cut-Through Endorsements, and all amendments, endorsements, and addenda thereto;

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

WHEREAS, Hannover has offered to pay, and the SDR has agreed to accept, the sum of One Million Two Hundred Thousand Dollars and zero cents (US $1,200,000) (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 Hannover receives notice from Capson that the Receivership Court has affirmatively refused to approve this Commutation

Agreement, Capson and Granite will temporarily cease any request for, or collection of, any amounts claimed from Hannover under the Reinsurance Agreements.

ARTICLE B - PAYMENTS

1. On or before the later of fourteen (14) working days following Hannover receiving a copy of an Order entered by the Receivership Court approving this Commutation Agreement and Hannover being provided with a copy of the fully executed Commutation Agreement, Hannover 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 Hannover to Capson and Granite and from Granite and Capson to Hannover 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, Capson and/or Granite hereby fully and unconditionally release, acquit, and forever discharge Hannover, 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 (including any amendments, endorsements,

addenda, or cut-through provisions), whether currently existing or arising in the future, which the SDR, Capson and/or Granite, and its successors and assigns, now have, or hereafter may have, whether grounded in law or equity, in contract or tort, against Hannover by reason of any matter whatsoever arising out of Hannover's past, present and future obligations and liabilities whether known or unknown under or related to the Reinsurance Agreements, 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 Hannover to the Receiver and/or the SDR, and/or Capson and/or Granite under the Reinsurance Agreements.

2. Simultaneously with payment of the Commutation Amount, Hannover fully and unconditionally releases, acquits, and forever discharges the SDR, Capson, and Granite, 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 (including any amendments, endorsements, addenda, or cut-through provisions), whether currently existing or arising in the future, which Hannover, and its successors and assigns ever had, now have, or hereafter may have, whether grounded in law or equity, in contract or tort, against the SDR, Capson, and/or Granite by reason of any matter whatsoever arising out of the SDR's, Capson's, and/or Granite's past, present and future obligations and liabilities whether known or unknown under or related to the Reinsurance Agreements 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 Hannover under the Reinsurance Agreements.

3. To the extent any cut-through beneficiary has or may have direct rights or benefits under any Reinsurance Agreement or related endorsement, such beneficiary shall be deemed included in this full and final Commutation Agreement. Once this Commutation becomes effective (through both receipt of the Commutation Amount by Capson and approval by the Receivership Court), any and all cut-through rights or direct claims against Hannover, Capson, the SDR, or

Granite relating to the Reinsurance Agreements shall be deemed fully satisfied, extinguished, and/or released.

4. Immediately upon the SDR's receipt of the Commutation Amount, the Reinsurance Agreements (including any amendments, endorsements, or ancillary agreements) shall be deemed commuted, terminated, and of no further force or effect between the Parties.

5. 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.

6. 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.

7. 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.

8. As of the Effective Date, Hannover acknowledges and agrees that its Proof of Claim ("POC") in the Capson receivership, which the SDR has labeled as POC No. 0262, shall be and hereby is withdrawn with prejudice and no further adjudication of POC No. 0262 is required. Hannover expressly waives all rights to object to or to appeal the withdrawal of POC No. 0262. Hannover agrees that it shall not file any other POCs in the Capson estate.

ARTICLE D - REPRESENTATIONS AND WARRANTIES

1. The SDR, Capson and Granite, subject to Receivership Court approval, each represent and warrant to Hannover 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 and consummation of the transactions contemplated herein will not violate any provision of any law or conflict with 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 Cut-Through Endorsements or any claims arising therefrom that would conflict with the releases given herein.

2. Hannover represents and warrants to Capson and Granite 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 Cut-Through Endorsements 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 Granite:

J. Marcus Doran, CPCU, Are
Global Head of Legacy Solutions
American International Group, Inc. (AIG)
One Logan Square – 24th Floor
Philadelphia, PA 19103
Email: marcus.doran@aig.com

Notice to Hannover:

Dr. Holger Ette
General Manager, PCS ROS
Hannover Rück SE
Karl-Wiechert-Allee 50
30625 Hannover
Germany
Email: Holger.Ette@hannover-re.com

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, parents, shareholders, affiliates, officers, directors, employees, liquidators, rehabilitators, receivers, trustees, 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 or Cut-Through Endorsements.

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 email from one Party to the others and this Commutation as so signed and exchanged shall constitute the binding agreement of the Parties.

12. It is further understood and agreed that all rights under Section 1542 of the California Civil Code and/or any similar laws of any state or territory of the United States or foreign country are hereby expressly waived by the Parties. Section 1542 of the California Civil Code provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

13. If any term or provision of this Commutation Agreement shall be held void, illegal or unenforceable, the validity of the remaining portions or provisions shall not be affected thereby

unless the Parties would not have concluded this Commutation Agreement without the provision held to be void, illegal or unenforceable.

Remainder of page intentionally blank

Signature page follow immediately

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: _____ DATE: _____
Joseph N. West
Partner

GRANITE STATE INSURANCE COMPANY

BY: _____ DATE: _____
David A. Bronocco
Attorney-in-Fact

HANNOVER RÜCK SE

BY: _____ DATE: _____
Alexander Piehl
Team Manager

BY: _____ DATE: _____
Luca Lange
Associate Run Off Specialist

SCHEDULE A

REINSURANCE AGREEMENTS ENTERED INTO BETWEEN
CAPSON PHYSICIANS INSURANCE COMPANY AND
HANNOVER RÜCK SE

Hannover Contract#	Coverage Type	Incept Date	Expiry Date
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	06/01/11	09/30/12
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/12	09/30/13
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/13	09/30/14
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/14	09/30/15
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/15	09/30/16
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/16	09/30/17
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/17	09/30/18
3014171	Medical Professional Liability Excess of Loss Reinsurance Contract	10/01/18	09/30/19
9009428	Medical Professional Liability Quota Share Reinsurance Contract	10/01/17	09/30/18
9009428	Medical Professional Liability Quota Share Reinsurance Contract	10/01/18	09/30/19

SCHEDULE B

CAPSON PHYSICIANS INSURANCE COMPANY AND HANNOVER RÜCK SE
Receivership Court Order