

RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

February 6, 2026

R-561 Capson Physicians Insurance Company (“CPIC”)

Special Deputy Receiver (“SDR”):	CANTILO & BENNETT, L.L.P.	TX Guaranty Assoc.:	TPCIGA
SDR Responsible Person:	Joseph N. West	Receiver’s Counsel:	David Ashton
SDR’s Counsel:	Greg Pierce	Est’d Closing Date:	June 30, 2026

ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Finalized the commutation agreement with XL Reinsurance America, Inc. and filed same with the Receivership Court for approval.
- Reached agreement with Hannover Rueck SE (“Hannover Re”) regarding the commutation value of its treaty obligations to the CPIC estate and currently working to finalize a commutation agreement regarding same.

ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER:

- Obtain Receivership Court approval of XL Reinsurance America, Inc. commutation agreement and complete recovery of commutation funds regarding same.
- Complete a commutation agreement with Hannover Re and obtain Receivership Court approval of same followed by the recovery of commutation funds.
- Complete commutation agreements with SCOR Re, Catalina General Insurance, Ltd. (“Catalina General”) and all Lloyd’s Syndicates and obtain Receivership Court approval followed by the recovery of commutation funds regarding same.
- Continue work towards completion of claim determinations on the remaining thirty (30) POCs which include fourteen (14) filed by P&C Guaranty Associations, five (5) filed by insureds and third-party claimants, and eleven (11) filed by reinsurers to be resolved as part of the commutation process.

Background for Receivership

- Date of Permanent Injunction (Rehabilitation/Liquidation): February 11, 2019/June 28, 2019
- Date of SDR Rehabilitation Appointment: February 11, 2019
- Date of Conversion to Liquidation: June 28, 2019
- Claims Filing Deadline: December 28, 2020
- States Where Licensed: TX, AL, AK, AZ, AR, D.C., ID, IL, IN, KY, LA, MD, MS, MO, MT, NE, NV, NM, ND, OK, OR, SD, WA, WV, WI
- Lines of Business: Medical Malpractice
- Texas Property and Casualty Insurance Guaranty Association Triggered: June 28, 2019
- Early Access Distribution: \$6,645,117 as of September 30, 2025

Statement of Assets and Liabilities as of December 31, 2025

Total Assets:	\$ 10,279,201
Cash & Invested Assets:	\$ 3,625,702
Non-Cash Assets:	\$ 6,653,499
Total Liabilities:	\$ 35,711,358
Negative Equity:	(\$25,432,157)

Status and Activity Since Last Status Conference

General Matters

Administrative Operations: The SDR continues to conduct receivership operations utilizing video conferencing for all meetings of the receivership staff, as well as most other meetings required for administration of the receivership estate.

Claims Activity

POC Process: The SDR has processed one (1) POC since the last status conference as it awaits completion of the associated claims filed with the guaranty associations. Therefore, as of December 31, 2025, claimant filings with the CPIC receivership estate remain at approximately five-hundred twenty-two (522) POCs, excluding any companion POCs arising from the same medical incident. As of December 31, 2025, claim determinations have been issued on four hundred ninety-two (492) POCs leaving thirty (30) remaining for determination and consisting of fourteen (14) Class 1 and 2 POCs filed by the insurance guaranty associations, five (5) Class 2 POCs filed by insureds and third-party claimants, and eleven (11) Class 5 POCs filed by reinsurers. The SDR anticipates that many of the reinsurer POCs will be resolved as part of the commutation process.

Claim Litigation: There were no new lawsuits filed against CPIC and/or the SDR during the last quarter.

Guaranty Association Reporting: As of December 31, 2025, the guaranty associations have submitted the loss reports summarized below.

State	Report Date	Loss Payments	Expense Payments	Loss Reserves	Expense Reserves	Paid Unearned Premium
AK	10/31/24	\$475,000.00	\$339,146.36	\$0.00	\$0.00	\$11,218.65
AL	12/31/25	\$340,000.00	\$304,172.02	\$0.00	\$0.00	\$21,588.00
AR	09/30/25	\$61,712.00	\$744,340.02	\$0.00	\$0.00	\$12,379.12
AZ	11/30/25	\$714,800.00	\$446,948.48	\$0.00	\$0.00	\$44,970.40
DC	05/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$8,203.50
IA	12/31/19	\$0.00	\$0.00	\$0.00	\$0.00	\$180.00
ID	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$4,604.00
IL	11/30/25	\$182,061.65	\$166,146.46	\$0.00	\$0.00	\$24,792.00
IN	11/30/25	\$362,001.00	\$126,260.35	\$0.00	\$0.00	\$272.11
KY	12/31/25	\$900,000.00	\$610,511.11	\$0.00	\$82,047.75	\$28,672.60
LA	11/30/25	\$429,900.00	\$586,427.12	\$75,000.00	\$19,654.75	\$19,181.07
MD	08/31/21	\$0.00	\$0.00	\$0.00	\$0.00	\$23,030.65
MO	11/30/25	\$988,380.49	\$285,448.43	\$0.00	\$0.00	\$123,766.15
MS	11/30/25	\$0.00	\$10,434.81	\$0.00	\$0.00	\$18,536.09
MT	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$6,203.00
NE	06/30/24	\$0.00	\$0.00	\$0.00	\$0.00	\$7,231.50
NM	11/30/25	\$1,937,500.00	\$1,054,633.17	\$0.00	\$0.00	\$44,081.95
NV	05/31/24	\$810,000.00	\$167,959.56	\$0.00	\$0.00	\$17,229.10
OK	12/31/25	\$1,240,086.81	\$550,020.96	\$0.00	\$0.00	\$34,623.77
OR	03/31/25	\$30,000.00	\$50,523.26	\$0.00	\$0.00	\$11,303.55
TN	11/30/25	\$287,499.99	\$315,870.52	\$0.00	\$0.00	\$0.00
TX	12/31/25	\$3,369,849.86	\$3,217,103.83	\$600,002.00	\$122,806.33	\$486,135.02
WA	12/31/25	\$40,000.00	\$59,865.75	\$20,000.00	\$37,875.72	\$17,036.69
WV	12/31/25	\$1,075,000.00	\$990,391.68	\$200,000.00	\$531.36	\$109,368.15
AZ Adjustment	06/30/25		(\$339.30)			
Total	12/31/25	\$13,243,791.80	\$10,025,864.59	\$895,002.00	\$262,915.91	\$1,074,607.07

Asset Recovery Activity

Reinsurance: The SDR continues to report to reinsurers as required under CPIC's reinsurance agreements. Reinsurance recoveries from inception through December 31, 2025, total \$2,315,652. The SDR's Application to Approve the Markel Commutation was filed with the Receivership Court on August 15, 2025, and the Court's order approving the commutation agreement was entered on September 18, 2025. On October 8, 2025, Markel wired \$88,761 to the estate's account at the Texas Treasury. Recently, the SDR and XL Re executed a commutation agreement whereby on approval of the agreement by the Receivership Court, the CPIC estate will recover \$40,678.

On November 7, 2025, the SDR issued its Notice of Claim Determination disallowing Hannover Re's POC and finding claimant to owe \$1,366,436 to CPIC under applicable reinsurance contracts. A recent reconciliation of premium data supported an increase of amounts due from Hannover Re to \$1,381,058 and the SDR has advised Hannover Re of this required adjustment. On December 22, 2025, Hannover Re filed a timely objection of the SDR's determination; however, settlement discussions have continued and recently, the parties reached agreement to commute all reinsurance obligations under the contracts for \$1.2 million. The SDR and Hannover Re are currently working to complete a commutation agreement that will be filed with the Receivership Court for approval.

Commutation discussions remain ongoing with four Loyd's Syndicates, SCOR Re, and Catalina General. The SDR follows up with reinsurers on a regular basis to ensure all issues are addressed as they arise in a timely manner. The SDR anticipates concluding the commutation process sometime before the next status conference.

General Legal Activities

Litigation: No first-party lawsuits involving CPIC exist at this time.

Regulatory Action: CPIC's license has been suspended or revoked in Alabama, Alaska, Arkansas, Idaho, Illinois, Iowa, Kentucky, Louisiana, Maryland, Missouri, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Washington, and West Virginia.

Closing Date of Receivership Estate: June 30, 2026

Identification of Factors Affecting Closing Date and Final Distribution: Completion of the POC process. Completion of the commutation process for all CPIC reinsurance treaties.