RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

May 1, 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:**	July 31, 2026

ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE:

- Obtained Receivership Court approval of XL Reinsurance America, Inc. ("XL Re") commutation agreement and completed recovery of commutation funds regarding same.

- Finalized the commutation agreement with Hannover Rueck SE ("Hannover Re") and filed same with the Receivership Court for approval.

- Reached agreement with Catalina General Insurance, Ltd. ("Catalina General") regarding the commutation value of its treaty obligations to the CPIC estate and currently working to finalize a commutation agreement regarding same.

- Issued determinations on four (4) POC's which included two (2) claims filed by insureds or third-party claimants, and two (2) claims filed by reinsurers.

- Filed 2025 Income Tax Return with the Internal Revenue Service.

ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER:

- Obtain Receivership Court approval of Hannover Re commutation agreement and complete recovery of commutation funds regarding same.

- Complete a commutation agreement with Catalina General and obtain Receivership Court approval of same followed by the recovery of commutation funds.

- Complete commutation agreements with SCOR Re and all Lloyd's Syndicates and obtain Receivership Court approval followed by the recovery of commutation funds regarding same.

- Complete determinations on the remaining twenty-six (26) POCs which include fourteen (14) filed by P&C guaranty associations, three (3) filed by insureds and third-party claimants, and nine (9) filed by reinsurers.

- Complete and file Application to Make Final Distribution and Destroy Records.

- Complete and file Final Accounting and Application to Terminate Receivership and Discharge Receiver and Special Deputy Receiver.

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 March 31, 2026

Statement of Assets and Liabilities as of March 31, 2026

Total Assets:	$ 10,185,216
Cash & Invested Assets:	$ 3,540,099
Non-Cash Assets:	$ 6,645,117
Total Liabilities:	$ 35,791,774
Negative Equity:	($25,606,558)

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 four (4) POC's since the last status conference as it awaits completion of the associated claims filed with the guaranty associations. Therefore, as of March 31, 2026, 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 March 31, 2026, claim determinations have

been issued on four hundred ninety-six (496) POCs leaving twenty-six (26) remaining for determination and consisting of fourteen (14) Class 1 and 2 POCs filed by the insurance guaranty associations, three (3) Class 2 POCs filed by insureds and third-party claimants, and nine (9) 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 March 31, 2026, 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	03/31/26	$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	03/31/26	$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	02/28/26	$182,061.65	$166,146.46	$0.00	$0.00	$24,792.00
IN	02/28/26	$362,001.00	$126,260.35	$0.00	$0.00	$272.11
KY	03/31/26	$900,000.00	$611,102.56	$0.00	$81,655.80	$28,672.60
LA	03/31/26	$429,900.00	$586,587.12	$75,000.00	$19,494.75	$19,181.07
MD	08/31/21	$0.00	$0.00	$0.00	$0.00	$23,030.65
MO	02/28/26	$988,380.49	$285,448.43	$0.00	$0.00	$123,766.15
MS	02/28/26	$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	02/28/26	$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	03/31/26	$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	02/28/26	$287,499.99	$315,870.52	$0.00	$0.00	$0.00
TX	03/31/26	$3,569,849.86	$3,231,478.70	$400,002.00	$108,875.96	$486,135.02
WA	02/28/26	$40,000.00	$59,890.75	$00.00	$1,000.00	$17,036.69
WV	03/31/26	$1,075,000.00	$990,716.68	$300,000.00	$9,706.36	$109,368.15
AZ Adjustment	06/30/25		($339.30)			
Total	**03/31/26**	**$13,443,791.80**	**$10,041,340.91**	**$775,002.00**	**$220,732.87**	**$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 March 31, 2026, total $2,356,330. In December 2025, the SDR and XL Re executed a commutation agreement and on January 30, 2026, this agreement was filed with the Receivership Court for approval. On February 27, 2026, the XL Re commutation agreement was approved by the Receivership Court and on March 18, 2026, the estate recovered $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. On or about April 7, 2026, the parties reached agreement on the terms of the commutation agreement, and we are currently working to file an application for approval of the agreement with the Receivership Court in the near term.

Recently, the SDR and Catalina General reached agreement to set the commutation value of its contract with Capson at $15,138. The parties are now working to finalize the terms of a commutation agreement to be filed with the Receivership Court for approval. Commutation discussions remain ongoing with four Lloyd's Syndicates and SCOR Re. The SDR continues to follow up with these reinsurers on a regular basis to ensure all issues are addressed as they arise and is working with AON, the reinsurance intermediary, to complete recoveries on these remaining contracts before May 31, 2026.

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: July 31, 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.