

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)
CAPSON PHYSICIANS INSURANCE COMPANY) NOTICE OF HAZARDOUS FINANCIAL
NAIC # 19348) CONDITION AND ORDER

Now comes the Iowa Insurance Division (“Division”) pursuant to the provisions of the Iowa Code § 505.8 and Iowa Administrative Rules chapter 191-110 Standards and Commissioner’s Authority for Companies Deemed to be in Hazardous Financial Condition, and makes the following Findings of Fact, Conclusions of Law and Orders as follows:

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Doug Ommen (the “Commissioner”), pursuant to Iowa Code § 505.8 (2017), administers and enforces Iowa Administrative Rules chapter 191-110 Standards and Commissioner’s Authority for Companies Deemed to be in Hazardous Financial Condition. The Commissioner has appointed James N. Armstrong as Deputy Commissioner.
2. Capson Physicians Insurance Company (“Capson Physicians”) is a Texas domicile insurer with a last known mailing address of Attn: Maury Magids, President, 221 W. 6th St., Suite 301, Austin, TX 78701.
3. Capson Physicians is and has been issued a Certificate of Authority with the Division since December 29, 1995 and authorized to transact property and casualty insurance in Iowa.
4. The Commissioner has jurisdiction over this matter pursuant to Iowa Code § 505.8 (2017).

II. FINDINGS OF FACT

5. The Division issued Capson Physicians a Certificate of Authority on December 29, 1995 and assigned NAIC number 19348.
6. Capson Physicians filed a Uniform Consent to Service of Process (the "Consent") on October 5, 2010. In submitting the Consent, Capson Physicians designated the Commissioner as an agent for service of process.
7. Certain standards may be considered by the Commissioner to determine whether the continued operation of an insurer transacting an insurance business in this state might be deemed to be hazardous to its policyholders, creditors, or the general public. 191 IAC 110.4.
8. One standard is the financial condition of the insurer as reported to the National Association of Insurance Commissioners' ("NAIC") Insurance Regulatory Information System and its financial analysis solvency tools and reports. 191 IAC 110.4(2).
9. At December 31, 2017, Capson Physicians had reported to the NAIC a Risk Based Capital Ratio of 175.8% and triggers a Company Action Level event as defined in Iowa Code § 521E.3 (2017).
10. A second standard is whether the insurer's operating loss in the last 12-month period or any shorter period of time, including, but not limited to, new capital gain or loss, change in nonadmitted assets, and cash dividends paid to shareholders, is greater than 50 percent of the insurer's remaining surplus as regards policyholders in excess of the minimum required. 191 IAC 110.4(5).
11. At December 31, 2017, Capson Physicians had \$5,016,682 surplus as regards policyholders and was in hazardous financial condition due to an operating loss of \$2,865,373, an amount which exceeded fifty percent (50%) of the insurer's remaining surplus as regards policyholders.

III. CONCLUSIONS OF LAW

12. Paragraphs 1-11 are incorporated by reference.
13. The continued operation of Capson Physicians in Iowa is hazardous to its policyholders pursuant to the standards set forth in Iowa Administrative Rule 191-110.4.
14. Pursuant to Iowa Administrative Rule 191-110.5, the Commissioner shall notify the insurer of the Commissioner's determination of hazardous financial condition and furnish the insurer with a written list of requirements to abate the Commissioner's finding.
15. Because the insurer is in hazardous financial condition, the Commissioner is authorized to require Capson Physicians to take any action specified in Iowa Administrative Rule 191-110.5.

IV. ORDER

IT IS THEREFORE ORDERED, pursuant to Iowa Code § 505.8 (2017) and Iowa Administrative Rule 191-110.5(2) that:

- A. Capson Physicians shall not solicit or issue new policies of insurance, renew policies of insurance or assume any Iowa risk.
- B. Capson Physicians shall file its annual financial statement and pay any fees and taxes required to be paid under Iowa law.
- C. Capson Physicians shall service any existing policies of insurance issued to persons residing in Iowa.

Dated this 10th day of August, 2018.

Iowa Insurance Division

/s/

JAMES N. ARMSTRONG
Deputy Commissioner of Insurance
Iowa Insurance Division

NOTICE

Failure to comply with the provisions of this Order shall be grounds for further administrative action under Iowa Code Chapter 505 and other applicable insurance code chapters and administrative rules, or for injunctive relief in district court.

If you fail to request a hearing within 30 days of the date of this Order, the Order shall be a final Order of the Commissioner of Insurance and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

The failure to request a hearing can constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order, pursuant to Iowa Code Chapter 17A, after the Order becomes final. The Order becomes final 30 days after it is issued if you do not timely request a contested case hearing, or 30 days following any ruling from a contested case hearing.

NOTICE OF RIGHT TO REQUEST HEARING

NOTICE IS HEREBY GIVEN that Capson Physicians Insurance Company may request a hearing to review this Order. This request must be in writing and must be filed within 30 calendar days of the date of this Order, with Robert Koppin, Company Regulation Counsel, 601 Locust St., Fourth Floor, Des Moines, Iowa 50309. A notice of the hearing shall be prepared and served upon the insurer pursuant to 191-3.12(17A). Unless mutually agreed between the Commissioner and the insurer, the hearing shall occur not less than 10 days nor more than 30 days after notice is served and shall be in Polk County, Iowa. The Commissioner shall hold all hearings privately, unless the insurer requests a public hearing, in which case the hearing shall be public.

CERTIFICATE OF SERVICE

County of Polk)
)
State of Iowa)

The undersigned affiant certifies pursuant to the laws of Iowa, on the 10th day of August, 2018, the foregoing order was delivered to the United States Postal Service, postage prepaid, for certified and regular first class mail to:

Capson Physicians Insurance Company
Attn: Maury Magids, President
2901 Via Fortuna, Suite 510
Austin, TX 78746

/s/

Natalie Savage
Iowa Insurance Division