

SPRING-SUMMER 2014

the GOOD LIFE

Living healthy longer.

INSIDE:

Your privacy
is important
to us

Protect
your policy

Preventing
joint pain

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www.penn treaty.com

Rehabilitation update

As we have previously communicated, in April 2013, the Rehabilitator filed proposed Rehabilitation Plans for Penn Treaty and American Network with the Commonwealth Court of Pennsylvania. In July 2013, a summary of the proposed Rehabilitation Plan was mailed to each policyholder along with directions for accessing the full Plan on the Company website.

Policyholders and other interested parties had the opportunity to submit comments concerning those Plans by August 2013. The comments submitted regarding the Plans were generally unfavorable.

In September 2013, the Court directed the Rehabilitator, a newly formed Policyholders Committee, and other interested parties to meet regularly to discuss the proposed Rehabilitation Plans. The other interested parties include representatives of Penn Treaty American Corporation (the parent

company), agents, investors, guaranty associations, and several health insurers.

As a result of these meetings with the multiple parties, discussions with the Court, and the comments received, the Rehabilitator is planning to propose amended Rehabilitation Plans. The Rehabilitator currently anticipates filing the amended Plans in August 2014.

The details of those Plans are still being developed, but the Rehabilitator expects that they will provide policyholders with a choice to be placed into either "Company A" or "Company B," based on whether the policies are adequately priced to support their currently projected benefits.

The Rehabilitator and company actuaries would identify policies that are adequately priced and place them in Company A. Policyholders whose policies are not

"Rehabilitation update" continued on back cover.



Who is authorized?

Many policyholders have family members, friends, or other advisors who help them understand their policy or assist with filing claims.

For privacy and security reasons, we are only able to discuss your insurance policy and claims with individuals whom you have authorized by completing the correct form and sending it to us. To give us permission to speak to specific people, you must complete and mail or fax the following forms and documents as needed:

Policyholder Authorization to Release Information form: This form gives Penn Treaty permission to provide information about your insurance policy and claim(s) to specific people. This form is available in the "Forms" section of www.PennTreaty.com, or can be requested from Policyholder Services by calling 1-800-362-0700.

Power of Attorney (POA) documents: If you have a legal representative who is authorized to make decisions as a POA about your finances or care, you must submit copies of the POA papers to us. POA documents can be faxed to 610-965-6962 or mailed to PO Box 7066, Allentown PA 18105-7066.

HIPAA-Compliant Authorization to Release Information form: When you sign this form at the time of claim, you are authorizing your physicians and care providers to release your personal health information to our company to assist us in processing your claim.

Protect your policy

If you forget or are unable to make a premium payment for your long-term care insurance policy, a third-party notification (TPN) can help keep you protected. If you designate a third party, such as a relative, friend or accountant, he/she can prompt you to make your premium payment to help ensure that your policy remains in force. Here's how it works:

Choose a representative. Designate a person to receive notice in the event your policy is about to lapse due to non-payment of premium. You may designate someone or change your designee at any time by calling Policyholder Services at 1-800-362-0700 and requesting a TPN form.

Complete the form. Complete and sign the one-page TPN form available from Policyholder Services. We must have a signed form for the TPN to be valid. Some states also require the signature of the designated individual.

Third Party is notified. If your premium remains due and unpaid for a period of 30 days, we will send a notice to you and the person you designated before canceling your policy. This gives your designated third party the opportunity to prompt you to make your premium payment to help ensure that your policy remains in force.

Review. Review your TPN designation yearly to make sure the information is current. Please contact us immediately if your third party's address or phone number changes.

When you or your authorized representative calls Policyholder Services, we will need the policyholder's date of birth, last four digits of the social security number, address and telephone number. Please have this information, along with the policy number, available when you call.

Joint pain: aging and osteoarthritis

Many people start to feel pain and stiffness in their bodies over time. Osteoarthritis was once considered a disorder in which joints simply wore out – the unavoidable result of a long and active life. But recent research has shown that osteoarthritis is a complex process with many causes. It is not an inevitable part of aging, but rather the result of a combination of factors, many of which can be modified or prevented.

About osteoarthritis

Osteoarthritis is the most common form of arthritis. This condition usually comes with age and most often affects the fingers, knees, and hips. Sometimes osteoarthritis follows an injury to a joint. Symptoms of osteoarthritis may include joint pain and progressive stiffness that develops gradually. Arthritis may be caused by inflammation of the tissue lining the joints. Some signs of inflammation include redness, heat, pain, and swelling. With arthritis, you might have trouble moving around.

Prevention

You can take steps that may help you avoid getting arthritis.

Maintain a Healthy Weight. Excess weight is one of the biggest risk factors for osteoarthritis. Extra pounds put additional pressure on weight-bearing joints, such as the hips and knees. Over time, the extra strain breaks down the cartilage that cushions these joints.

Exercise. Physical activity is one of the best ways to keep joints healthy in the first place. As little as 30 minutes of moderately-intense exercise five times a week helps joints stay limber and strengthens the muscles that support and stabilize your hips and knees. Exercise is also a key factor in weight control.

Ease your symptoms

If you have already developed osteoarthritis, there are things you can do to feel better and keep the damage from getting worse. Move around: do some gentle stretching exercises or take a walk. Take a warm shower or bath. Use an ice pack on the sore area, and rest the sore joint.

Treatment options

If you think you have osteoarthritis, speak with your doctor about treatment options. Your doctor may recommend prescription or over-the-counter medications to ease the pain, stiffness, and inflammation. Some people can also benefit from surgery, such as joint replacement. Ultimately, the best defense against any disease, including osteoarthritis, is a healthy lifestyle. Diet, exercise, sleep, stress management, smoking and alcohol can all have an influence on the health of your joints as well as your overall health.

This is not medical advice. Please consult your health care provider to determine the appropriateness of this information as it relates to your own health.



"Penn Treaty" is the brand name for Penn Treaty Network America Insurance Company (In Rehabilitation) (*dba* Penn Treaty Network America Life Insurance Company in California) and/or its subsidiaries, American Network Insurance Company (In Rehabilitation) and American Independent Network Insurance Company of New York.

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"Rehabilitation update" continued from front cover.

adequately priced would have the option to reduce their policy benefits and/or increase their premium to become adequately priced and to be placed in Company A. Company A would remain in rehabilitation with the possibility of being sold.

All inadequately priced Penn Treaty and American Network policies would be placed in Company B, which the Rehabilitator would ask the Court to place into liquidation, thereby triggering guaranty fund coverage for those policyholders. Company B policies would be subject to guaranty fund coverage limits, although some portion of claims over those limits may be funded to the extent of available assets.

It is likely that every policyholder will have the option of having his or her policy placed in either Company A or Company B regardless of the adequacy of pricing, although a policyholder may have to accept policy

modifications and/or rate increases in order to have his/her policy placed in Company A. It has not been determined which of Penn Treaty and American Network will be Company A and which will be Company B.

This update describes a proposed Rehabilitation Plan amendment. The company and our Call Center representatives do not have any additional information at this time. Policyholders and other interested parties will be notified of the details of the proposed amendment when the amended Rehabilitation Plans are filed with the Court, and will be provided the opportunity to submit comments to the Court and the Rehabilitator similar to the previous process last year.

The Court will ultimately decide whether to approve, disapprove or modify and approve any proposed Plans. Updates and court documents are posted at www.PennTreaty.com.