

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America Insurance Company in Rehabilitation	:	DOCKET NO. 1 PEN 2009
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In Re: American Network Insurance Company in Rehabilitation	:	DOCKET NO. 1 ANI 2009
	:	
	:	
	:	

**STIPULATIONS OF FACT
OF THE INTERESTED PARTIES**

Acting Insurance Commissioner Teresa D. Miller, in her capacity as statutory rehabilitator of Penn Treaty Network America Insurance Company (“PTNA”) and American Network Insurance Company (“ANIC,” and, collectively with PTNA, “the Companies”), together with the Interested Parties,¹ submits this stipulation of facts with regard to the hearing on the Application to Approve the Second Amended Plan of Rehabilitation for the Companies (“the Second Amended Plan”). The Interested Parties have agreed either to stipulate to or not to contest each of the facts set forth below.

¹ Unless otherwise noted, the Interested Parties joining this stipulation are the Rehabilitator, the Policyholders’ Committee, the National Organization of Life and Health Insurance Guaranty Associations, the agents who have appeared in this matter, Broadbill Partners LP, Eugene Woznicki, and the Penn Treaty American Corporation.

1. PTNA and ANIC are Pennsylvania domestic stock insurance companies that maintain their home and principal offices at 3440 Lehigh Street, Allentown, Pennsylvania.
2. PTNA and ANIC are engaged in the core business of long-term care (“LTC”) insurance.
3. LTC insurance helps pay for custodial or skilled care in a nursing home, assisted living facility, or a person’s home.
4. PTNA is a direct, wholly owned subsidiary of Penn Treaty American Corporation (“PTAC”), which was publicly traded on the New York Stock Exchange until October 2008, when trading was suspended.
5. ANIC is a direct, wholly owned subsidiary of PTNA.
6. American Independent Network Insurance Company of New York (“AINICNY”) is a New York domestic insurer and is a wholly-owned subsidiary of ANIC.
7. The Companies offered policies with varying eligibility triggers, elimination periods, benefit periods, and benefit levels.
8. A policy may be either tax-qualified or non-tax qualified. Depending on a policyholder’s individual circumstances, premiums for tax-qualified policies may qualify as medical expenses that are deductible from the policyholder’s adjusted gross income on their federal income tax return.

9. The term elimination period refers to the time period during which a policyholder's circumstances qualify for LTC insurance benefits but for which no such benefits are yet payable by the Companies. The Companies sold policies with elimination periods of between zero days and four years.

10. Policyholders were also able to purchase riders offering other types of protection, such as inflation protection, waiver of premium while on claim, and return of a portion of premiums less any claims paid for a specified period of time.

11. The Companies charged rates for each policy form that were approved by the insurance regulator in each applicable state.

12. On January 5, 2009, then-Insurance Commissioner Joel Ario filed petitions with the Commonwealth Court seeking entry of rehabilitation orders as to both Companies.

13. On January 6, 2009, the Commonwealth Court granted the petitions, entered orders of rehabilitation as to both Companies, and appointed the Commissioner as statutory rehabilitator of both entities.

14. All agreements between PTNA and its agents were terminated by letter dated June 5, 2009. All agreements between ANIC and its agents were terminated by letter dated October 6, 2009.

15. On October 2, 2009, the Rehabilitator filed petitions to liquidate both Companies, and filed amended petitions for liquidation on October 23, 2009.

16. On May 3, 2012, the Court issued an Opinion and Order denying the liquidation petitions.

17. On October 26, 2012, the Rehabilitator filed an appeal of that decision and the related entry of judgment to the Pennsylvania Supreme Court.²

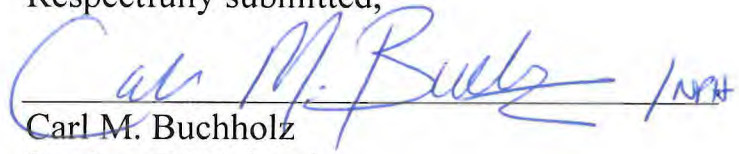
18. In July 2012, the Rehabilitator named Patrick H. Cantilo to serve as Special Deputy Rehabilitator for both Companies and engaged PricewaterhouseCoopers (“PwC”) as consulting actuaries.

19. The Rehabilitator filed proposed plans of rehabilitation for both Companies on April 30, 2013.

² That appeal remains pending with the Pennsylvania Supreme Court at docket nos. 94 MAP 2012 and 95 MAP 2012. The Rehabilitator does not intend the present stipulation of facts to take any position inconsistent with that taken in the appeal. To the extent that any inconsistency exists, the positions taken in the appeal control.

Dated: March 16, 2015

Respectfully submitted,



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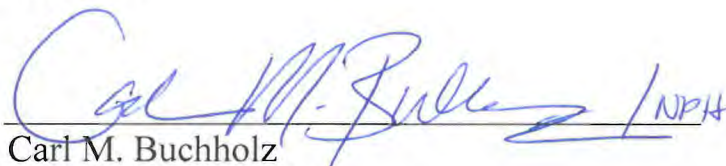
*Attorneys for Teresa D. Miller, Acting
Insurance Commissioner of Pennsylvania, in
her capacity as statutory rehabilitator of
Penn Treaty Network America Insurance Co.
and American Network Insurance Co.*

CERTIFICATE OF SERVICE

I certify that I will cause a Notice of Filing of the foregoing Stipulation of Facts to be served on all parties listed on the Master Service List by electronic mail or facsimile, or by U.S. Mail where no electronic mail address or facsimile number was available, and that, on March 16, 2015, I served the foregoing Stipulation of Facts upon Intervenors Penn Treaty American Corporation and Eugene J. Woznicki as follows:

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