

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel Ario,
Insurance Commissioner of the
Commonwealth of Pennsylvania,
Plaintiff

v.

American Network
Insurance Company
Defendant

No. 4 M.D. 2009

ORDER

AND NOW, this day of , 2010, it is hereby ORDERED that all litigation, court actions, arbitrations and mediations currently or hereafter pending against American Network Insurance Company are hereby STAYED up to and until September 27, 2010..

Further, the Rehabilitator is directed to petition all courts and tribunals outside of the Commonwealth of Pennsylvania for a 180-day stay of all court actions, arbitrations and mediations currently pending against American Network Insurance Company until September 27, 2010.

BY THE COURT:

MARY HANNAH LEAVITT

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel Ario,
Insurance Commissioner of the
Commonwealth of Pennsylvania,
Plaintiff

v.

No. 4 M.D. 2009

American Network
Insurance Company
Defendant

MOTION FOR EXTENSION AND CONTINUATION OF STAY

AND NOW, the plaintiff, Joel Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, and court-appointed Statutory Rehabilitator of American Network Insurance Company ("ANIC"), hereby moves this Court for a 180-day extension of the previous stay issued by this Court on September 30, 2009, and the entry of an injunction, and avers the following:

1. Plaintiff, Joel Ario, is the Insurance Commissioner of the Commonwealth of Pennsylvania.
2. On January 6, 2009, this Court entered an Order appointing plaintiff as Statutory Rehabilitator for ANIC.
3. This Court's Order of January 6, 2009 granted the following 90-day stay of all litigation against ANIC:

12. All court actions, arbitrations and mediations currently or hereafter pending against American Network in the Commonwealth of Pennsylvania are stayed for ninety (90) days from the effective date of this Order and such additional time as the Rehabilitator may request, to allow the Rehabilitator an opportunity to review litigation and where appropriate retain new counsel.

13. The Rehabilitator is directed to review all litigation pending outside the courts of the Commonwealth of Pennsylvania and petition these other courts or tribunals for a ninety (90) day stay of litigation where necessary to protect the estate of American Network.

4. By Order entered April 3, 2009, this Court extended this stay for a period of 180 days, until September 30, 2009.

5. By Order entered September 30, 2009, this Court extended this stay for an additional period of 180 days, until March 29, 2010.

6. The stay Orders are consistent with the provisions of Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended* (the "Act"), and in particular Section 517 (40 P.S. § 221.17).

7. ANIC and its parent corporation, Penn Treaty Network America Insurance Company ("PTNA"), are insolvent in that their liabilities exceed its admitted assets.

8. The Rehabilitator accordingly filed Petitions for Liquidation of ANIC and PTNA on October 2, 2009.

9. On March 4, 2010 the Court stayed all action on and consideration of the Petition for Liquidation of PTNA to permit the Rehabilitator and Penn Treaty Network American Corporation ("PTAC"), the parent corporation PTNA, to work together to explore whether rehabilitation of PTNA and ANIC is feasible.

10. If litigation proceeds while the Petitions for Liquidation or development of or decision on a plan for rehabilitation is pending, it will result in unnecessary expense to ANIC's estate and could result in preferences and unequal treatment of creditors.

11. In addition to the authorization of stay of litigation provided by Section 517(a) of the Act (40 P.S. § 221.17(a)), Section 505 of the Act (40 P.S. § 221.5) authorizes this Court, upon application of any receiver, to grant "such restraining orders, preliminary and permanent injunctions, and other orders as may be deemed necessary to prevent: . . . (iii) interference with the receiver or with the proceeding; (iv) waste of the insurer's assets; . . . (vi) the institution or further prosecution of any actions or proceedings; (vii) the obtaining of preferences, judgments, attachments, garnishments, or liens against the insurer, its assets or its policyholders; (viii) the levying of execution against the insurer, its assets or policyholders; . . . or (xi) any other threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of the proceeding."

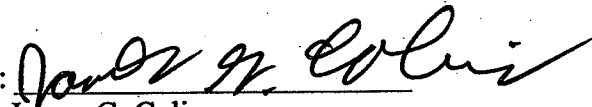
12. As of the date of the filing of this motion, there is pending litigation against ANIC in Jefferson Parish, Louisiana. In this matter, ANIC is denying payment due to the fact that the policy is not an ANIC policy.

WHEREFORE, petitioner requests that this Court stay all court actions, arbitrations and mediations currently or hereafter pending against American Network Insurance Company in the Commonwealth of Pennsylvania for 180 days from the effective date of this Order and direct the Rehabilitator to petition all courts and tribunals outside of the Commonwealth of Pennsylvania

for a 180-day stay of all court actions, arbitrations and mediations currently pending against American Network Insurance Company.

Respectfully submitted,

By:



James G. Colins

James R. Potts

Virginia Lynn Hogben

Attorney I.D. Nos. 10089, 73704, 32378

Cozen O'Connor

1900 Market Street

Philadelphia, Pennsylvania 19103

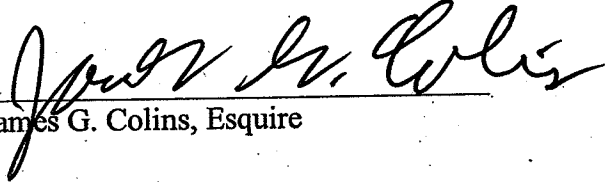
215.665.2000

Counsel for Plaintiff, JOEL ARIO, Insurance
Commissioner of the Commonwealth of
Pennsylvania as Rehabilitator of AMERICAN
NETWORK INSURANCE COMPANY

VERIFICATION

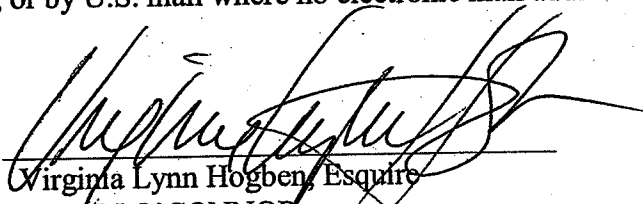
I, James G. Colins, hereby state that I am the attorney for the Statutory Rehabilitator and, as such, I am authorized to take this verification on movant's behalf. The statements made in the foregoing pleading are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are made subject to the penalties of 18 Pa. C.S.A. §4904 relating to unsworn falsification to authorities.

Date: 03/17/10


James G. Colins, Esquire

CERTIFICATE OF SERVICE

I, Virginia Lynn Hogben, hereby certify that on this date I served a Notice of Filing of the foregoing Motion for Extension and Continuation of Stay 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.



Virginia Lynn Hogben, Esquire

COZEN O'CONNOR

Attorney I.D. No: 32378

1900 Market Street

The Atrium – Fourth Floor

Philadelphia, PA 19103

(215) 665-2000

Date: March 17, 2010