

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

JOEL ARIO, INSURANCE COMMISSIONER :
OF THE COMMONWEALTH OF :
PENNSYLVANIA, :

Plaintiff, :

v. :

AMERICAN NETWORK INSURANCE :
COMPANY, :

Defendant. :

DOCKET NO. 4 M.D. 2009

ORDER

AND NOW, this _____ day of _____, 2010, upon

consideration of the Rehabilitator's Amended Petition for Liquidation, the Response of
Intervenors Eugene J. Woznicki and Penn Treaty American Corporation, the testimony and
arguments presented at an evidentiary hearing, and the post-hearing briefing of the parties, it is
hereby ORDERED that the Amended Petition is DENIED in its entirety.

Mary Hannah Leavitt, Judge

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Benjamin M. Schmidt (I.D. No. 205096)
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1735 Market Street, 51st Floor
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*Attorneys for Intervenors
Eugene J. Woznicki and
Penn Treaty American Corporation*

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

JOEL ARIO, INSURANCE COMMISSIONER	:	
OF THE COMMONWEALTH OF	:	
PENNSYLVANIA,	:	
	:	
Plaintiff,	:	
	:	
v.	:	DOCKET NO. 4 M.D. 2009
	:	
AMERICAN NETWORK INSURANCE	:	
COMPANY,	:	
	:	
Defendant.	:	

RESPONSE OF INTERVENORS EUGENE J. WOZNICKI AND PENN TREATY AMERICAN CORPORATION TO THE AMENDED PETITION FOR LIQUIDATION

Eugene J. Woznicki and Penn Treaty American Corporation (“PTAC”) (collectively, “Intervenors”) respectfully request that this Court deny the Rehabilitator’s Amended Petition for Liquidation (“Petition”) of American Network Insurance Company (“ANIC”), and in response to each paragraph of the Petition state as follows:

1. Admitted.
2. Admitted.
3. The allegations of this paragraph are denied as conclusions of law.
4. Admitted.
5. Admitted.

6. Admitted.

7. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

8. Admitted.

9. Admitted.

10. Admitted.

11. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied. By way of further answer, the Intervenor deny that the Rehabilitator has undertaken a thorough analysis regarding the options available to him to avoid liquidation.

12. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of the second sentence of this paragraph; therefore, they are denied.

13. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

14. The Intervenor admit that an amended Milliman report, purporting to correct several hundred million dollars worth of errors, is attached to the Petition as Exhibit A. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

15. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

16. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

17. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

18. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

19. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

20. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

21. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied. The Intervenors admit that a copy of a communication from Ernst & Young LLP is attached to the Petition as Exhibit B.

22. The first sentence of this paragraph is denied as a conclusion of law. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of the second sentence of this paragraph; therefore, they are denied. The allegations of the third sentence of this paragraph are denied.

23. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied.

24. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

25. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

26. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

27. The allegations of this paragraph are denied as conclusions of law. By way of further answer, the Intervenor deny that an Order of Liquidation is warranted.

28. The allegations of the first, third and fourth sentences of this paragraph are denied. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of the second sentence of this paragraph; therefore, they are denied.

29. Admitted. By way of further answer, the Intervenor deny that any guaranty association protection is needed, as claims may continue to be paid.

30. Denied.

31. Denied.

32. After reasonable investigation, the Intervenor is without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied. By way of further answer, the Intervenor deny that the Rehabilitator has undertaken a thorough analysis regarding the options available to him to avoid liquidation.

33. Denied.

34. Denied.

35. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

36. The allegations of this paragraph are denied as conclusions of law.

37. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of the first sentence of this paragraph; therefore, they are denied. The allegations of the second sentence of this paragraph are admitted, except that the allegations of the last clause of that sentence is denied as a conclusion of law.

38. Denied, except that the Intervenors admit that many policyholders are elderly and that many have claims for payment of nursing and other care.

39. The referenced document is a writing that speaks for itself; therefore any allegations relating to the contents thereof are denied. By way of further answer, the Intervenors deny that an immediate suspension of commissions is warranted, and they deny that either of the Milliman reports represents an acceptable analysis of the financial condition of ANIC. They emphatically deny that such reports can or should be utilized by the Court to determine whether to terminate ANIC.

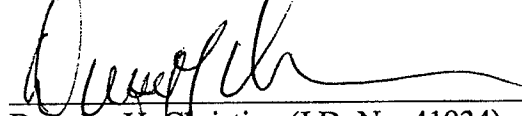
40. The allegations of this paragraph are denied as conclusions of law.

41. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

42. After reasonable investigation, the Intervenors are without knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph; therefore, they are denied.

For the reasons stated herein, Eugene J. Woznicki and Penn Treaty American Corporation respectfully request the Court to enter the attached Order denying the relief requested in the Petition.

Respectfully submitted,



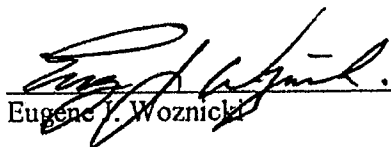
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*Attorneys for Intervenors
Eugene J. Woznicki and Penn Treaty American
Corporation*

Dated: July 30, 2010

VERIFICATION

I, EUGENE J. WOZNICKI, Chairman of the Boards of Directors of Penn Treaty American Corporation, Penn Treaty Network America Insurance Company, and American Network Insurance Company, state that I am authorized on behalf of the Boards of Directors of those companies to submit this verification of the facts stated in the Response to which this Verification is attached and that such facts are true and correct to the best of my knowledge, information and belief. I further understand that the statements made herein are made subject to the penalties of 18 Pa.C.S. Section 4904 relating to unsworn falsification to authorities.


Eugene J. Woznicki

Dated: July 30, 2010


CERTIFICATE OF SERVICE

I, Douglas Y. Christian, hereby certify that I have caused to be served today, via hand delivery, a copy of the Response of Intervenors Eugene J. Woznicki and Penn Treaty American Corporation to the Rehabilitator's Amended Petition for Liquidation on:

James Reeves Potts, Esquire
COZEN & O'CONNOR
1900 Market Street
Philadelphia, PA 19103

and via first-class mail, postage prepaid, on the persons listed on the attached Master Service List.

Date: July 30, 2010



Douglas Y. Christian

American Network Insurance Company (In Rehabilitation)
Master Service List
Updated: 6-28-10

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