

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America : No. 1 PEN 2009  
Insurance Company in Rehabilitation :

**APPLICATION FOR APPROVAL OF FORM OF NOTICE OF APPLICATION FOR APPROVAL OF PLAN OF REHABILITATION AND FOR SCHEDULING ORDER**

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as statutory Rehabilitator of Penn Treaty Network America Insurance Company (“Penn Treaty”), hereby applies to this Court for (i) approval of the form of notice (the “Form of Notice”) attached hereto as Exhibit A as the formal notice to all Interested Parties (as defined herein) of the Rehabilitator’s filing of the Application for Approval of Plan of Rehabilitation for Penn Treaty (the “Plan Application”), of deadlines and procedures for making objections thereto, and of other court filings, orders, deadlines, and updates related to this rehabilitation proceeding, and (ii) the entry of a scheduling order, and in support thereof, avers the following:

1. Substantially contemporaneously with the filing herein of the Plan Application, the Rehabilitator is placing a copy of the Plan Application, including its exhibits, on Penn Treaty’s website, [www.penn treaty.com](http://www.penn treaty.com) (the “Site”), thereby providing initial notice to Interested Parties. This Application addresses more robust notice proposed by the Rehabilitator of the filing of the Plan Application and related proceedings. The Rehabilitator believes the proposed Form of Notice is reasonably calculated to fairly, adequately and timely apprise the Interested Parties (as defined herein) of the filing in this Court by the Rehabilitator of the Plan Application, of deadlines and procedures for making objections thereto and of other court filings, orders, deadlines, and updates related to this rehabilitation proceeding, while keeping the method of notice effective, reasonably cost efficient and orderly given the large number of Interested Parties.

2. The Rehabilitator believes that notice of the Plan Application and proceedings thereon should be provided to all persons identified on the Master Service List; to all known

policyholders and certificate holders having policies or other coverage in force with Penn Treaty on the date of the mailing, all known Penn Treaty insurance agents and all known creditors of Penn Treaty (in each case addressed to their last known address as shown on the electronic books and records of Penn Treaty); to the insurance regulatory authorities, the life and health insurance guaranty associations, and the taxing authorities of the various states where Penn Treaty has policies or other coverage in force at the time of mailing the notice; and to the National Association of Insurance Commissioners and the National Organization of Life and Health Insurance Guaranty Associations (the "Interested Parties") in accordance with the attached form of Order which is incorporated herein by reference. The Plan provides instructions for Interested Parties to provide informal comments to the Rehabilitator. This Application seeks approval of a schedule and procedures for formal objections to the Plan.

3. The Rehabilitator requests approval of the Form of Notice and that an Order be entered, in the form attached hereto, establishing (a) the method for providing notice of the Plan Application and other filings, orders, deadlines, and updates related to this rehabilitation proceeding to the Interested Parties and (b) a schedule and procedures for objections to the Plan Application and a hearing on the Plan Application.

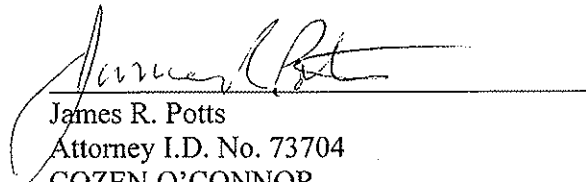
4. The Rehabilitator requests that (a) a July 15, 2013 deadline be established for any objector to the Plan Application ("Objectors") to file and serve on the Rehabilitator any objections to the Plan Application; (b) an August 16, 2013 deadline be established for Objectors to file and serve on the Rehabilitator pre-filed testimony for each witness the Objector intends to proffer at the hearing on the Plan Application and any exhibits the Objector intends to introduce at the hearing; (c) a September 20, 2013 deadline be established for the Rehabilitator to file with the Court any pre-filed testimony for each witness the Rehabilitator intends to proffer at the hearing; and (d) a hearing on the Plan Application commence on October 14, 2013, each in accordance with the requirements contained in the form of Order attached hereto.

5. The Rehabilitator requests that the hearing on the Plan Application be consolidated with any hearing on any similar application for approval of a Plan of Rehabilitation for American Network Insurance Company.

6. The Rehabilitator reserves the right to proffer additional evidence and arguments in support of this Application.

**WHEREFORE**, the Rehabilitator respectfully requests that the Court grant the relief requested herein and enter the Order attached hereto.

Respectfully submitted,

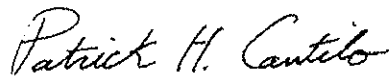


James R. Potts  
Attorney I.D. No. 73704  
COZEN O'CONNOR  
1900 Market Street  
Philadelphia, PA 19103  
(215) 665-2000

Counsel for Applicant,  
MICHAEL F. CONSEDINE, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania as Rehabilitator of PENN TREATY  
NETWORK AMERICA INSURANCE  
COMPANY

**VERIFICATION**

I, Patrick Cantilo, hereby verify that the facts set forth in the foregoing application and exhibits are true and correct to the best of my knowledge, information, and belief. This statement is subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



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Patrick Cantilo  
Special Deputy Rehabilitator

Dated: April 30, 2013

# **EXHIBIT A**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America : No. 1 PEN 2009  
Insurance Company in Rehabilitation :

NOTICE OF APPLICATION FOR APPROVAL OF PLAN OF REHABILITATION

TO: All Interested Parties

PLEASE TAKE NOTICE that Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as the statutory Rehabilitator of Penn Treaty Network America Insurance Company ("Penn Treaty"), has filed with the Commonwealth Court of Pennsylvania (the "Court") in the above-captioned matter an Application for Approval of a Plan of Rehabilitation for Penn Treaty (the "Application"), including a Disclosure Statement and Plan of Rehabilitation attached thereto (including all attachments and exhibits thereto, the "Plan Documents") which includes a plan of rehabilitation for Penn Treaty (the "Plan").

THE PLAN IS SUBJECT TO REVIEW BY THE COURT AND THE COURT'S APPROVAL, DISAPPROVAL OR MODIFICATION AND APPROVAL. NEITHER THE PLAN NOR ANY MODIFIED PLAN WILL BE EFFECTIVE OR IMPLEMENTED UNLESS APPROVED BY THE COURT. IF APPROVED BY THE COURT, THE PLAN WILL AFFECT SUBSTANTIALLY THE RIGHTS OF AND BENEFITS AFFORDED TO PENN TREATY'S POLICYHOLDERS, CREDITORS AND OTHERS. ALL PERSONS INTERESTED IN THE REHABILITATION OF PENN TREATY SHOULD READ THE PLAN DOCUMENTS CAREFULLY AND CONSULT WITH THEIR LEGAL, BUSINESS, FINANCIAL, TAX AND OTHER ADVISORS AS TO MATTERS CONCERNING THE PLAN DOCUMENTS.

A copy of the Application and the Plan Documents is available for viewing, downloading and/or printing at [www.penn treaty.com](http://www.penn treaty.com) (the "Site") under the rehabilitation section of the Site. The Site contains a link to all documents filed with the Court by the Rehabilitator, appearing in Adobe PDF format.

If any person receiving this notice does not have access to a computer or is otherwise unable to view, download or print the Application, Plan Documents or other court documents at the Site, they may be placed on the "hard copy" list and receive copies of all Court orders and filings by the Rehabilitator in this matter by making a written request, together with an affirmation to the Court as described below that they either do not have regular access to a computer or adequate device or are unable to view, download or print the applicable documents. Requests for placement on the "hard copy" service list should be made by writing to the following address: Penn Treaty Network America Insurance Company, 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; or by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to [msl@penn treaty.com](mailto:msl@penn treaty.com). The request should be signed and contain the following statement:

***In making this request, I hereby affirm to the Commonwealth Court of Pennsylvania that I do not have regular access to a computer or other device providing me internet access to the Site or I am otherwise unable to view, download or print documents from the Site related to this matter.***

A hearing shall be held before the Court commencing on \_\_\_\_\_, 2013, at \_\_\_\_\_ a.m./p.m. in Courtroom \_\_\_\_ in the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania, to consider approval of the Plan (the "Hearing").

The Plan explains how informal comments to the Plan may be sent to the Rehabilitator. It is not necessary to make a formal appearance in this proceeding in order to provide such informal comments to the Rehabilitator. The schedule and procedure detailed herein apply only to those wishing to make formal objections to the Plan in this proceeding

Any person wishing to object to the Plan (an "Objector") shall file with the Court and serve on the Rehabilitator on or before July 15, 2013, any written objections to the Plan ("Objections") stating the basis and nature of the objections and the facts on which they are based.

Additionally, any Objector who intends to call witnesses and/or introduce exhibits at the Hearing shall file with the Court and serve on the Rehabilitator on or before August 16, 2013, (i) pre-filed testimony consisting substantially of the direct testimony of each witness the Objector intends to proffer at the Hearing and (ii) the exhibits the Objector intends to introduce at the Hearing.

Filings by Objectors with the Court shall be made at:

Office of Chief Clerk of the Commonwealth Court of Pennsylvania  
Pennsylvania Judicial Center  
601 Commonwealth Avenue, Suite 2100  
Harrisburg, PA 17106

Service by Objectors on the Rehabilitator shall be made on the Rehabilitator by electronic delivery to the Rehabilitator's counsel and the Special Deputy Rehabilitator at the following electronic addresses:

***Counsel***  
planservice@cozen.com

***SDR***  
service@cb-firm.com

If an Objector is unable to make service on the Rehabilitator by electronic delivery as directed above, the Objector shall include with the materials served an affirmation to the Court that they are unable to make service on the Rehabilitator by electronic delivery and may serve the Rehabilitator by mail or overnight delivery service to the Rehabilitator's counsel and the Special Deputy Rehabilitator at the following addresses:

James R. Potts, Esquire  
Cozen O'Connor  
1900 Market Street  
Philadelphia, PA 19103

Patrick H. Cantilo  
Cantilo & Bennett L.L.P.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

Objectors failing to comply with the requirements hereof shall be prohibited from submitting Objections to the Plan or participating in the Hearing, and all Objections of such persons shall be considered waived and disregarded by the Court.

All other dates and requirements established by the Court relevant to the proceedings concerning the Plan, including any changes to the dates and procedures set forth in this notice, will be posted to the Site and shall not be delivered by mail or other means except as provided herein.

The Rehabilitator may, in his discretion, provide policyholders and other interested parties supplemental information concerning the Plan and the proceedings relating thereto, including summaries and Questions and Answers concerning the Plan and the proceedings, by mail or by posting information on the Site and by operating a call center. **ALL INTERESTED PARTIES ARE ADVISED TO CHECK THE SITE FREQUENTLY FOR UPDATED INFORMATION AND DEADLINES.**



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

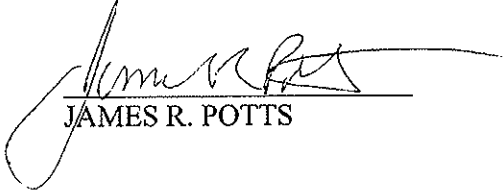
In Re: Penn Treaty Network America : No. 1 PEN 2009  
Insurance Company in Rehabilitation :

**CERTIFICATE OF SERVICE**

I, James R. Potts, hereby certify that a Notice of Filing of the foregoing Application is being served on all parties listed on the Master Service List by electronic mail or facsimile, or by First Class Mail where no electronic mail address or facsimile number was available, and that an electronic copy of the foregoing Application is being posted on the Penn Treaty website at [www.penntreaty.com](http://www.penntreaty.com), all in accordance with the Court's July 9, 2009 Order regarding procedures for filing and service. I further certify that on April 30, 2013, I served a true and correct copy of the foregoing Application upon the following person via electronic mail and First Class Mail:

Douglas Y. Christian, Esquire  
Ballard Spahr, LLP  
1735 Market Street, 51st Floor  
Philadelphia, PA 19103  
[christian@ballardspahr.com](mailto:christian@ballardspahr.com)

*Counsel for Penn Treaty American Corporation  
and Eugene J. Woznicki*

  
\_\_\_\_\_  
JAMES R. POTTS



addressed to their last known address as shown on the electronic books and records of Penn Treaty); to the insurance regulatory authorities, the life and health insurance guaranty associations, and the taxing authorities of the various states where Penn Treaty has policies or other coverage in force at the time of mailing the notice; and to the National Association of Insurance Commissioners and the National Organization of Life and Health Insurance Guaranty Associations (the "Interested Parties").

4. Notice is not required to be mailed to persons who have changed their addresses without notifying Penn Treaty and for whom the Rehabilitator, after a good faith effort, has been unable to establish a current address; to potential creditors who were notified of the Rehabilitation proceeding and who have not made claims against Penn Treaty; to holders of Penn Treaty policies that were assumed and reinsured by another carrier before or during rehabilitation; or to holders of the Medicare supplement insurance policies that are the subject of the Assumption and Indemnity Reinsurance Agreement between Penn Treaty and Unified Life Insurance Company approved by the Court by Order dated March 12, 2013.

5. The Rehabilitator shall continue to maintain the website addressed at [www.penn treaty.com](http://www.penn treaty.com) (the "Site") and post thereon the Application for Approval of the Plan of Rehabilitation for Penn Treaty Network America Insurance Company, a copy of this Order and such other documents that are from time to time required by Pa.R.A.P. 3779 or provide a link thereon to such documents. Absent further or other order by this Court, updates to the Site shall serve as official notice of filings, orders, deadlines and hearings. The official website of the Pennsylvania Insurance Department, [www.insurance.pa.gov](http://www.insurance.pa.gov), shall include a link to the Site.

6. As soon as reasonably practical, the Rehabilitator shall cause a copy of the Form of Notice, in substantially the form attached to the Notice Application, to be published in The Wall Street Journal, USA Today, The Philadelphia Inquirer, and the Harrisburg Patriot-News, twice in each publication over a two week period.

7. The Rehabilitator shall maintain a “hard copy” service list for those Interested Parties requesting hard copies of relevant documentation. Interested Parties who affirm that they either do not have regular access to a computer or are unable to view, download or print the applicable documents may be placed on the “hard copy” list and receive copies of all Court orders and filings by the Rehabilitator in this matter by making a request for placement on the “hard copy” service list. Requests for placement on the “hard copy” service list shall be made by sending a written request by mail to Penn Treaty Network America Insurance Company, 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; or by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to msl@penntreaty.com. The request should be signed and contain the following statement:

*In making this request, I hereby affirm to the Commonwealth Court of Pennsylvania that I do not have regular access to a computer or other device providing me internet access to the Site or I am otherwise unable to view, download or print documents from the Site related to this matter.*

8. Any person wishing to object to the Plan (an “Objector”) shall:

(a) On or before \_\_\_\_\_, 2013, file with the Court and serve on the Rehabilitator, written objections to the Plan (“Objections”) stating the basis and nature of the Objections and the facts on which they are based.

(b) If the Objector intends to call witnesses and/or introduce exhibits at the Hearing, that Objector shall, on or before \_\_\_\_\_, 2013, file with the Court and serve on the Rehabilitator (i) pre-filed testimony consisting substantially of the direct testimony of each witness the Objector intends to proffer at the Hearing and (ii) the exhibits the Objector intends to introduce at the Hearing.

9. The Plan explains how informal comments to the Plan may be sent to the Rehabilitator. It is not necessary to make a formal appearance in this proceeding in order to

provide the Rehabilitator such informal comments. The schedule and procedure detailed herein apply only to those wishing to make formal Objections to the Plan in this proceeding.

10. Filings by Objectors with the Court shall be made at the Office of Chief Clerk of the Commonwealth Court of Pennsylvania, Pennsylvania Judicial Center, 601 Commonwealth Avenue, Suite 2100, Harrisburg, PA 17106. Service by Objectors on the Rehabilitator shall be made on the Rehabilitator by electronic delivery to the Rehabilitator's counsel and the Special Deputy Rehabilitator at the following electronic addresses: planservice@cozen.com and service@cb-firm.com. If an Objector is unable to make service on the Rehabilitator by electronic delivery as directed above, the Objector shall include with the materials served an affirmation to the Court that they are unable to make service on the Rehabilitator by electronic delivery and may serve the Rehabilitator by mail or overnight delivery service to the Rehabilitator's counsel and the Special Deputy Rehabilitator at the following addresses:

James R. Potts, Esquire  
Cozen O'Connor  
1900 Market Street  
Philadelphia, PA 19103

Patrick H. Cantilo  
Cantilo & Bennett L.L.P.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

11. Objectors failing to comply with the requirements of this Order shall be prohibited from submitting Objections to the Plan or participating in the Hearing, and all Objections of such persons shall be considered waived and disregarded by the Court.

12. The Rehabilitator shall, on or before \_\_\_\_\_, 2013, file with the Court pre-filed testimony consisting substantially of the direct testimony of each witness the Rehabilitator intends to proffer at the Hearing.

13. A hearing shall be held before the Court commencing on \_\_\_\_\_, 2013, at \_\_\_ a.m./p.m. in Courtroom \_\_\_ in the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania, to consider approval of the Plan and all timely objections thereto (the "Hearing").

14. The Rehabilitator and any Objector shall have the right at the Hearing, upon request, to examine under oath any Objector and any witness whose testimony may be proffered by or in support of the Objector. Any Objector who appears at the Hearing and who has complied with this Order shall have the right at the Hearing, upon request, to examine under oath any witness whose testimony may be proffered by or in support of the Rehabilitator.

15. The Rehabilitator shall not be required to respond to Objections or other filings by Objectors pursuant to this Order and any failure to respond shall not constitute an admission or waiver by the Rehabilitator.

16. All other dates and requirements established by the Court relevant to the proceedings concerning the Plan, including any changes to the dates and procedures set forth in this Order, will be posted to the Site and shall not be delivered by mail or other means except as otherwise provided herein.

17. All objections to the Notice Application and Form of Notice are overruled.

18. This Order supersedes paragraphs 10 and 12 of this Court's June 9, 2009 Order and any provisions of the Pennsylvania Rules of Appellate Procedure that may be inconsistent with the terms of this Order. All other orders, injunctions, and stays issued by this Court in this matter shall continue in full force and effect except as modified hereby.

BY THE COURT:

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MARY HANNAH LEAVITT, Judge