

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America :
Insurance Company in Rehabilitation : 1 PEN 2009

**CASE MANAGEMENT ORDER
FOR COMMENTS AND HEARING
ON THE PROPOSED PLAN OF REHABILITATION**

AND NOW, this 5th day of June, 2013, upon consideration of the request of Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) (Penn Treaty), to establish a timetable and procedures for a hearing on the Statutory Rehabilitator's proposed Plan of Rehabilitation for Penn Treaty, it is hereby ORDERED as follows:

1. The Court directs the Statutory Rehabilitator to use the Notice attached to this Order as Exhibit A to advise the public of (a) the filing with this Court of the proposed Plan of Rehabilitation for Penn Treaty and (b) the procedures for offering comments on the proposed Plan of Rehabilitation and participating in the hearing thereon, which hearing date will be scheduled by the Court by separate Order.

2. As soon as reasonably practical, the Statutory Rehabilitator shall send by U.S. mail a copy of the attached Notice to all persons identified on the Master Service List; to all known policyholders and certificate holders having Penn Treaty coverage in force on the date of the mailing; to all known Penn Treaty insurance agents who have received commissions from Penn Treaty in the twelve months prior to the date of mailing; all known creditors of Penn Treaty; state insurance departments; state life and health insurance guaranty associations; the

taxing authorities of the various states where Penn Treaty has policies or other coverage in force; the National Association of Insurance Commissioners; and the National Organization of Life and Health Insurance Guaranty Associations (hereinafter, Interested Parties).

3. The Notice will be mailed to the Interested Parties at the address shown in the records of Penn Treaty or of the Statutory Rehabilitator. The Notice will *not* be mailed to potential creditors who were notified of the Rehabilitation proceeding but have not made claims against Penn Treaty; to holders of Penn Treaty policies that were assumed 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.

4. The Statutory Rehabilitator shall continue to maintain the website addressed at www.penn treaty.com (the Site) and post the Application for Approval of the Plan of Rehabilitation for Penn Treaty, 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 to such documents. 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, shall include a link to the Site.

5. As soon as reasonably practical, the Statutory Rehabilitator shall publish a copy of the Notice, or an abbreviated version thereof, in the Wall Street Journal, USA Today, the Philadelphia Inquirer, the Pittsburgh Post-Gazette, the Allentown Morning Call, and the Harrisburg Patriot-News, twice in each publication over a two week period.

6. The Statutory Rehabilitator shall maintain a “hard copy” service list for Interested Parties who notify the Rehabilitator that they lack regular access to a computer or are unable to view, download or print the applicable documents. These Interested Parties may obtain “hard copies” of all Court orders and filings in this matter by submitting a written request by first-class mail to Penn Treaty Network America Insurance Company (In Rehabilitation), 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to msl@penntreaty.com. The written 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.

7. Informal Comments in support of or in objection to the proposed Plan of Rehabilitation may be submitted to the Statutory Rehabilitator without complying with the procedures set forth in this Order. Informal Comments may be sent to the Statutory Rehabilitator at the following address: Penn Treaty Rehabilitation Comments, 3440 Lehigh Street, Allentown, PA 18103 or by email to PlanComments@penntreaty.com.

8. Formal Comments in support of or in objection to the proposed Plan of Rehabilitation may be filed with the Court and will be made part of the record.

9. Formal Comments on the proposed Plan of Rehabilitation shall be filed with the Court on or before August 30, 2013. Formal Comments shall

state with specificity the facts on which the comments are based and offer any suggested modifications to the proposed Plan of Rehabilitation.

10. A person may submit Formal Comments without participating in the hearing on the proposed Plan of Rehabilitation. A Commenter who intends to participate in the hearing must notify the Court of that intention in their Formal Comments.

11. Formal Comments shall be filed with the Office of Chief Clerk of the Commonwealth Court of Pennsylvania, Pennsylvania Judicial Center, 601 Commonwealth Avenue, Suite 2100, Harrisburg PA 17106.

12. Formal Comments must be served on the Statutory Rehabilitator by electronic delivery at the following electronic addresses: planservice@cozen.com and service@cb-firm.com. If a Commenter is unable to make service on the Statutory Rehabilitator by electronic means, the Commenter shall file an affirmation with the Court of that inability. In that case, the Commenter may serve the Statutory Rehabilitator by first-class mail or overnight delivery service to the Statutory 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

13. A pre-hearing conference shall be held before the Court on September 24, 2013, at 10:00 a.m. in Courtroom 3002 of the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania, to consider the schedule for a hearing, the exchange of witness lists and documents and all other matters relevant to a hearing on the proposed Plan of Rehabilitation.

14. A Commenter who has complied with the procedures set forth in this Order shall have the right to participate in the hearing, including the examination of any witness proffered in support of or opposition to the proposed Plan of Rehabilitation. Evidence presented by a Commenter may be subject to cross-examination by the Statutory Rehabilitator, Intervenor or other Commenter. Such participation will be limited as needed to ensure an orderly proceeding, as determined by the Court.

15. A failure by anyone to respond to Informal or Formal Comments shall not have any evidentiary significance.

16. All other dates and requirements established by the Court relevant to the proceedings concerning the proposed Plan of Rehabilitation, 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. This Case Management Order governs the procedures for the presentation of comments to, and the hearing on, the proposed Plan of Rehabilitation. All other orders, injunctions, and stays issued by this Court in this matter shall continue in full force and effect except as modified by this Order.



MARY HANNAH LEAVITT, Judge

Certified from the Record

JUN 05 2013

And Order Exit

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America :
Insurance Company in Rehabilitation : 1 PEN 2009

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 Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) (Penn Treaty), has filed an Application for Approval of a Plan of Rehabilitation for Penn Treaty with the Commonwealth Court of Pennsylvania, which application includes a Disclosure Statement, a proposed Plan of Rehabilitation and supporting exhibits (hereinafter "Plan Documents").

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

The Plan Documents are available for viewing, downloading and/or printing at www.penntreaty.com (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 materials at the Site, he may receive a "hard copy" of all Court orders and filings by submitting a written request to the following address: Penn Treaty Network America Insurance Company (In Rehabilitation), 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to mssl@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.

A pre-hearing conference on the hearing on the proposed Plan of Rehabilitation for Penn Treaty will be conducted by the Court on September 24, 2013, at 10:00 a.m., in Courtroom 3002 in the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania. The hearing on the proposed Plan of Rehabilitation will be scheduled by the Court by separate Order.

Informal Comments in support of or in objection to the proposed Plan of Rehabilitation may be sent to the Statutory Rehabilitator at the following

address: Penn Treaty Rehabilitation Comments, 3440 Lehigh Street, Allentown, PA 18103 or by email to PlanComments@penntreaty.com.

Formal Comments in support of or in objection to the proposed Plan of Rehabilitation shall be filed with the Court on or before August 30, 2013. Formal Comments shall state with specificity the facts on which the comments are based and any suggested modifications to the proposed Plan of Rehabilitation. A person may submit Formal Comments without participating in the hearing on the proposed Plan of Rehabilitation. A Commenter who intends to participate in the hearing must notify the Court of that intention in his Formal Comments.

Formal Comments to the proposed Plan of Rehabilitation shall be filed with the Court at the following address:

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

Formal Comments must be served on the Statutory Rehabilitator's Counsel and the Special Deputy Rehabilitator at the following electronic addresses:

Counsel
planservice@cozen.com

Special Deputy Rehabilitator
service@cb-firm.com

If unable to make service by electronic delivery, the Commenter shall file an affirmation with the Court of that inability. In that case, the Commenter may make service by first-class mail or overnight delivery service to the Statutory Rehabilitator's Counsel and the Special Deputy Rehabilitator at the following addresses:

Counsel

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

Special Deputy Rehabilitator

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

All other dates and requirements established by the Court relevant to the hearing on the proposed Plan of Rehabilitation, 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 in this Notice.

Those submitting Formal Comments may do so individually or as a group of policyholders or agents with common interests. Those persons may request the Court to recognize the formation of a policyholder committee or agents committee to present their Formal Comments and to represent their interests in the hearing on the proposed Plan of Rehabilitation.

The Statutory Rehabilitator may, in his discretion, provide policyholders and other interested parties supplemental information concerning the proposed Plan of Rehabilitation and related proceedings, including Summaries and Questions and Answers about 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.