

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In re: Penn Treaty Network America Insurance Company	1 PEN 2009
And	And
In re: American Network Insurance Company	1 ANI 2009

**RESPONSE OF THE POLICYHOLDERS COMMITTEE
TO THE COMMISSIONER'S APPLICATION TO APPROVE
RESTRUCTURING OF INSURANCE LIABILITIES IN LIQUIDATION**

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The Policyholders Committee, by the undersigned counsel, hereby responds to the application of Commissioner Theresa May to approve her statement regarding the restructuring of the insurance liabilities of Penn Treaty and ANIC in liquidation and to authorize such restructuring.

1. The Committee understands that the restructuring is intended to mitigate potentially significant adverse tax consequences for the Companies and their policyholders and supports the proposed restructuring in that respect.

2. The Committee draws attention to the language at pages 7 and 8 of the restructuring statement, indicating that the Guaranty Associations may assume or guarantee the Companies' policies.

3. On its own behalf and on behalf of all policyholders, the Committee reserves the right to question whether assuming or guaranteeing the policies on a piecemeal basis without notice and policyholder consent will entitle Guaranty Associations to seek premium increases or corresponding benefit reductions under the terms of the policies.

4. The Committee has previously represented that it is satisfied with the existing claims administration system and would regard any changes as likely to be of very great concern to policyholders. On its own behalf and on behalf of all policyholders, the Committee reserves the right to question any changes to the existing claims administration system.

5. The Committee reserves the right to seek intervention with respect to future applications affecting the rights of policyholders in liquidation.

6. The Committee takes this opportunity to reiterate that there is a significant cost to policyholders of delaying liquidation. The liquidation date is the date as of which policyholder claims for breach of their policies will be determined, and as of which the portion of estate assets allocable to claims that exceed Guaranty Association limits will be determined. The longer liquidation is delayed, the fewer assets there will be to be allocated. Accordingly, the Committee believes a liquidation order should be entered without delay.

WHEREFORE, the Policyholders Committee respectfully joins in the Commissioner's request to authorize the restructuring of the policies as proposed in the Commissioner's restructuring statement.

Respectfully submitted,

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Dated: January 4, 2017

CERTIFICATE OF SERVICE

I certify that on January 4, 2017, I caused a true and correct copy of the foregoing document to be served on the following persons by email at the email addresses indicated below:

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