

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Michael F. Consedine, Insurance Commissioner	1 PEN 2009
v.	1 ANI 2009
Penn Treaty Network America Insurance Company and American Network Insurance Company	

RECEIVED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
24 OCT 2014 12 10

**APPLICATION OF THE POLICYHOLDERS COMMITTEE  
TO APPROVE ADDITIONAL HOURS FOR ITS CONSULTING ACTUARY**

The Committee of Policyholders of Penn Treaty Network America Insurance Company (“PTNA”) and American Network Insurance Company (“ANIC”), by their undersigned counsel, seek leave from the Court to approve additional hours for its consulting actuary, at the expense of PTNA and ANIC, to continue to advise the Committee concerning the proposed Second Amended Plan for the rehabilitation of PTNA and ANIC and possible modifications thereto and implementation thereof, for the following reasons:

1. By order dated January 30, 2014, this Court authorized the Committee to retain a consulting actuary for up to four hundred hours, at the expense of PTNA and ANIC, to advise the Committee concerning the proposed rehabilitation plans or alternatives thereto. The order stated in part that “[t]he Policyholders Committee may request the Court’s approval of additional hours should it become necessary.”
2. Following the January 30, 2014 order, the Committee retained Ross Bagshaw of Wakely Actuarial Consulting, LLC, as its consulting actuary, at an hourly of \$468.00.
3. Mr. Bagshaw has rendered services to the Committee since February 2014, including attending meetings of the Multi-Party Rehabilitation Group and has reached the limit set by the Court.

4. The Committee continues to need Mr. Bagshaw's services.

5. The Rehabilitator filed an Amended Plan on August 8, 2014, and filed a Second Amended Plan on October 8, 2014. However, negotiations on certain aspects of the Second Amended Plan are ongoing. Those negotiations depend heavily on actuarial modeling and analysis, and the Committee needs Mr. Bagshaw's advice on such matters.

6. In September 2014, PWC shared the results of its work on projections as of December 31, 2013, although it has not yet released its written report. Mr. Bagshaw has not completed his review of PWC's December 31, 2013 projections and underlying assumptions and experience studies. The Committee needs Mr. Bagshaw to do so and to review PWC's written report when it is issued.

7. To implement the Plan, the Rehabilitator will need updated projections as of December 31, 2014 or a later date. The Committee will need Mr. Bagshaw to review any such projections.

8. The Committee does not believe it can properly represent the interests of policyholders without the advice of an independent actuary. The Committee lacks funds to retain an actuary unless PTNA and ANIC pay for the actuary's services.

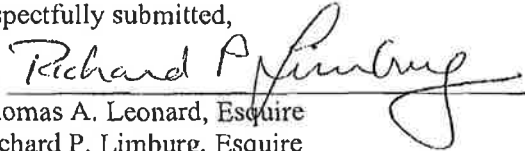
9. To date, Mr. Bagshaw and Wakely Actuarial have billed \$189,881 for 500.25 hours of actuarial services performed in part by Mr. Bagshaw at \$468 per hour, and in part by less senior employees at lower rates. The total amount billed is equivalent to 405 hours at Mr. Bagshaw's rate.

10. For the reasons stated above, the Committee asks the Court to approve up to \$200,000 of additional consulting actuarial services by Mr. Bagshaw and Wakely Actuarial, at the expense of PTNA and ANIC.

11. The Rehabilitator has been advised of this application and has no objection thereto.

WHEREFORE, the Committee respectfully requests that the Court approve up to \$200,000 of additional consulting actuarial services by Mr. Bagshaw and Wakely Actuarial, at the expense of PTNA and ANIC, to continue to advise the Committee concerning the proposed Second Amended Plan for the rehabilitation of PTNA and ANIC and possible modifications thereto and implementation thereof.

Respectfully submitted,

By: 

Thomas A. Leonard, Esquire  
Richard P. Limburg, Esquire  
Obermayer Rebmann Maxwell & Hippel LLP  
One Penn Center, 19th Floor  
1617 John F. Kennedy Blvd.  
Philadelphia, PA 19103-1895  
(215) 665-3000

Dated: October 24, 2014

**CERTIFICATE OF SERVICE**

I certify that on October 24, 2014, I caused a true and correct copy of the foregoing Application to be served on the following persons by email at the email addresses indicated below:

Patrick H. Cantilo  
Special Deputy Rehabilitator  
Cantilo & Bennett, LLP  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758  
[phcantilo@cb-firm.com](mailto:phcantilo@cb-firm.com)

Carl Buchholz  
DLA Piper LLP (US)  
One Liberty Place  
1650 Market Street  
Philadelphia, PA 19103-7300  
[carl.buchholz@dlapiper.com](mailto:carl.buchholz@dlapiper.com)

Stephen W. Schwab  
DLP Piper LLP (US)  
203 North LaSalle Street  
Suite 1900  
Chicago, IL 60601-1293  
[stephen.schwab@dlapiper.com](mailto:stephen.schwab@dlapiper.com)

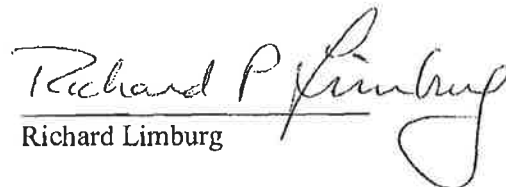
Douglas Y. Christian  
Ballard Spahr LLP  
1735 Market Street  
51<sup>st</sup> floor  
Philadelphia, PA 19103  
[christiand@ballardspahr.com](mailto:christiand@ballardspahr.com)

Charles T. Richardson  
Faegre Baker Daniels  
1050 K Street NW, Suite 400  
Washington, DC 20001-4448  
[crichardson@faegrebd.com](mailto:crichardson@faegrebd.com)

Paul M. Hummer  
Saul Ewing LLP  
Centre Square West  
1500 Market Street, 38<sup>th</sup> floor  
Philadelphia, PA 19102-2186  
[phummer@saul.com](mailto:phummer@saul.com)

Harold S. Horwich  
Bingham McCutchen LLP  
One State Street  
Hartford, CT 06103-3178  
[harold.horwich@bingham.com](mailto:harold.horwich@bingham.com)

Andrew Parlen  
O'Melveny & Myers, LLP  
1625 Eye Street, NE  
Washington, DC 20006  
[aparlen@omm.com](mailto:aparlen@omm.com)

  
Richard Limburg

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**[PROPOSED] ORDER**

AND NOW, this \_\_\_\_ day of \_\_\_\_\_, 2014, upon consideration of the Application of the Committee of Policyholders of PTNA and ANIC to Approve Additional Hours for its Consulting Actuary, and the responses thereto, it is hereby ORDERED that the Application is GRANTED, and the Committee may continue to retain its consulting actuary for up to \$200,000 of additional actuarial consulting services, to continue to advise the Committee concerning the proposed Second Amended Plan for the rehabilitation of PTNA and ANIC and possible modifications thereto and implementation thereof.

BY THE COURT:

\_\_\_\_\_  
Mary Hannah Leavitt, J.