

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

RECEIVED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
2014 FEB 28 P 2:21

**MOTION FOR EXTENSION AND CONTINUATION OF STAY**

AND NOW, the plaintiff, Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, and court-appointed Statutory Rehabilitator of Penn Treaty Network America Insurance Company ("PTNA") and American Network Insurance Company ("ANIC"), hereby moves this Court for a 180-day extension of the previous stay issued by this Court in these matters on September 10, 2013, and the entry of an injunction, and avers the following:

1. Plaintiff, Michael F. Consedine, is the Insurance Commissioner of the Commonwealth of Pennsylvania.
2. On January 6, 2009, this Court entered Orders appointing the Insurance Commissioner of the Commonwealth of Pennsylvania as Statutory Rehabilitator for PTNA and ANIC.
3. This Court's Order of January 6, 2009 placing PTNA in rehabilitation granted the following 90-day stay of all litigation against PTNA:

12. All court actions, arbitrations and mediations currently or hereafter pending against Penn Treaty in the Commonwealth of Pennsylvania are stayed for ninety (90) days from the effective date of this Order and such additional time as the Rehabilitator may request, to allow the Rehabilitator an opportunity to review litigation and where appropriate retain new counsel.

13. The Rehabilitator is directed to review all litigation pending outside the courts of the Commonwealth of Pennsylvania

and petition these other courts or tribunals for a ninety (90) day stay of litigation where necessary to protect the estate of Penn Treaty.

4. This Court's Order of January 6, 2009 placing ANIC in rehabilitation granted the following 90-day stay of all litigation against ANIC:

12. All court actions, arbitrations and mediations currently or hereafter pending against American Network in the Commonwealth of Pennsylvania are stayed for ninety (90) days from the effective date of this Order and such additional time as the Rehabilitator may request, to allow the Rehabilitator an opportunity to review litigation and where appropriate retain new counsel.

13. The Rehabilitator is directed to review all litigation pending outside the courts of the Commonwealth of Pennsylvania and petition these other courts or tribunals for a ninety (90) day stay of litigation where necessary to protect the estate of American Network.

5. This Court consecutively extended these stays for periods of 180 days by Orders dated April 3, 2009; September 30, 2009; March 22, 2009; September 22, 2010; March 25, 2011; September 22, 2011; March 20, 2012; September 14, 2012; March 15, 2013; and September 10, 2013. The stays are currently extended until March 5, 2014.

6. The stay Order is consistent with the provisions of Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended* (the "Act"), and in particular Section 517 (40 P.S. § 221.17).

7. PTNA and ANIC remain insolvent because their respective liabilities exceed their respective assets.

8. By Order dated August 13, 2010, this Court consolidated the PTNA and ANIC proceedings.

9. By Order dated May 3, 2012, the Court directed the Rehabilitator to develop and submit to the Court a Plan of Rehabilitation for PTNA and ANIC.

10. On April 30, 2013, the Rehabilitator filed Plans of Rehabilitation for PTNA and ANIC, and is currently developing amendments to those plans.

11. If litigation against PTNA and ANIC proceeds while the Plans of Rehabilitation are pending, it will result in unnecessary expense to PTNA's and ANIC's estates.

12. In addition to the authorization of stay of litigation provided by Section 517(a) of the Act (40 P.S. § 221.17(a)), Section 505 of the Act (40 P.S. § 221.5) authorizes this Court, upon application of any receiver, to grant "such restraining orders, preliminary and permanent injunctions, and other orders as may be deemed necessary to prevent: . . . (iii) interference with the receiver or with the proceeding; (iv) waste of the insurer's assets; . . . (vi) the institution or further prosecution of any actions or proceedings; (vii) the obtaining of preferences, judgments, attachments, garnishments, or liens against the insurer, its assets or its policyholders; (viii) the levying of execution against the insurer, its assets or policyholders; . . . or (xi) any other threatened or contemplated action that might lessen the value of the insurer's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of the proceeding."

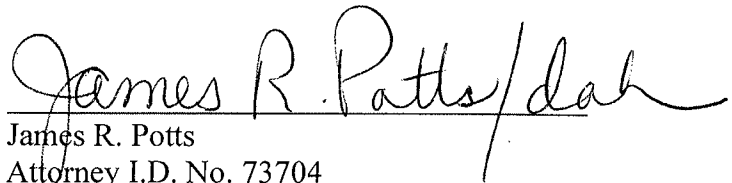
13. As of the date of the filing of this motion, there is pending litigation against PTNA in Luzerne County, Pennsylvania; Philadelphia County, Pennsylvania; Alameda County, California; Charlotte County, Florida; Marion County, Florida; Tangipahoa Parish, Louisiana; and Allen County, Indiana, including cases which will be placed on the active trial list unless a further stay is issued. In a number of these matters, PTNA is denying payment due to its belief that the policies were obtained through false representations, on the grounds that benefits are being sought which are not covered in the specific policies, on the grounds that the policy

benefits have been paid, or on the grounds that no payment is due, respectively. One matter is related to allegations made by a former employee.

14. As of the date of the filing of this motion, there is no pending litigation against ANIC.

WHEREFORE, the Rehabilitator requests that this Court stay all court actions, arbitrations and mediations currently or hereafter pending against Penn Treaty Network America Insurance Company and American Network Insurance Company in the Commonwealth of Pennsylvania for an additional period of 180 days and direct the Rehabilitator to petition all courts and tribunals outside of the Commonwealth of Pennsylvania for a further 180-day stay of all court actions, arbitrations and mediations currently pending against Penn Treaty Network America Insurance Company and American Network Insurance Company.

Respectfully submitted,



James R. Potts  
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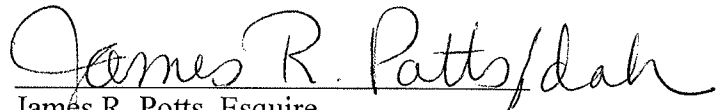
Counsel for Plaintiff,  
MICHAEL F. CONSEDINE, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania as Rehabilitator of PENN TREATY  
NETWORK AMERICA INSURANCE  
COMPANY and AMERICAN NETWORK  
INSURANCE COMPANY

Dated: February 28, 2014

**VERIFICATION**

I, James R. Potts, hereby state that I am one of the attorneys for the Statutory Rehabilitator and, as such, I am authorized to take this verification on movant's behalf. The statements made in the foregoing pleading are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are made subject to the penalties of 18 Pa. C.S.A. §4904 relating to unsworn falsification to authorities.

Date: February 28, 2014

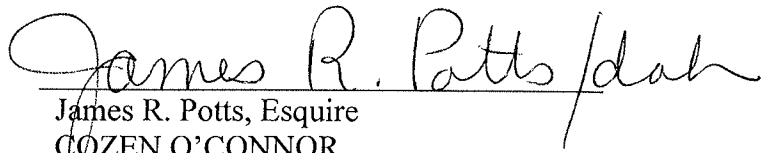
  
James R. Potts, Esquire

**CERTIFICATE OF SERVICE**

I, James R. Potts, hereby certify that I caused a Notice of Filing of the foregoing Motion for Extension and Continuation of Stay to be served on all parties listed on the Master Service List by electronic mail or facsimile, or by U.S. mail where no electronic mail address or facsimile number was available on February 28, 2014 and that I on February 28, 2014 served the foregoing Motion for Extension and Continuation of Stay on Intervenor Penn Treaty American Corporation and Eugene J. Woznicki by email and first-class mail as follows:

Douglas Y. Christian, Esquire  
Ballard Spahr LLP  
1735 Market Street, 51<sup>st</sup> Floor  
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christian@ballardspahr.com

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

A handwritten signature in cursive script that reads "James R. Potts / dah". The signature is written in black ink and is positioned above a horizontal line.

James R. Potts, Esquire  
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IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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In Re: American Network Insurance : No. 1 ANI 2009  
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**ORDER**

AND NOW, this            day of                           , 2014, upon consideration of the motion for extension and continuation of stay, filed by the Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) (Penn Treaty) and American Network Insurance Company (In Rehabilitation) (American Network), it is hereby ORDERED as follows:

1. The Motion for Extension and Continuation of Stay is GRANTED.
2. The stay set forth in paragraph 12 of this Court's rehabilitation orders dated January 6, 2009, is hereby extended for one hundred eighty (180) days from the effective date of this Order. All court actions, arbitrations and mediations currently or hereafter pending against Penn Treaty and American Network in the Commonwealth of Pennsylvania are stayed until September 2, 2014.
3. The Rehabilitator is directed to review all litigation pending outside the courts of the Commonwealth of Pennsylvania and petition these courts or tribunals for an additional one hundred eighty (180) day stay of litigation or until September 2, 2014, where necessary to protect the estates of Penn Treaty and American Network.

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MARY HANNAH LEAVITT, Judge