

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 :

ORDER

AND NOW, this day of , 2013, 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 16, 2013.
3. The Rehabilitator is directed to review all litigation now or hereafter pending outside the courts of the Commonwealth of Pennsylvania and petition these other courts or tribunals for an additional one hundred eighty (180) day stay of litigation or until September 16, 2013, where necessary to protect the estates of Penn Treaty and American Network.

MARY HANNAH LEAVITT, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America : No. 1 PEN 2009
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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 14, 2012, 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. By Orders dated April 3, 2009, this Court extended these stays for a period of 180 days, until September 30, 2009.

6. By Orders dated September 30, 2009, this Court extended these stays for an additional period of 180 days, until March 29, 2010.

7. By Orders dated March 22, 2010, this Court extended these stays for an additional period of 180 days, until September 27, 2010.

8. By Order dated September 22, 2010, this Court extended these stays for an additional period of 180 days, until March 28, 2011.

9. By Order dated March 25, 2011, this Court extended these stays for an additional period of 180 days, until September 21, 2011.

10. By Order dated September 22, 2011, this Court extended these stays for an additional period of 180 days, until March 20, 2012.

11. By Order dated March 20, 2012, the Court extended these stays for an additional period of 180 days until September 17, 2012.

12. By Order dated September 14, 2012, the Court extended these stays for an additional period of 180 days until March 18, 2013.

13. 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).

14. PTNA and ANIC are insolvent.

15. The Rehabilitator filed Petitions for Liquidation of PTNA and ANIC on October 2, 2009.

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

17. By Order dated May 3, 2012, the Court denied the Petitions for Liquidation and Ordered, *inter alia*, the Rehabilitator to develop and submit to the Court a Plan of Rehabilitation for PTNA and ANIC.

18. If litigation against PTNA and ANIC proceeds while the Plan of Rehabilitation is being developed and pending, it will result in unnecessary expense to PTNA’s and ANIC’s estates.

19. 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."

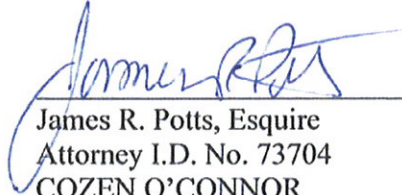
20. As of the date of the filing of this motion, there is pending litigation against PTNA in Luzerne County, Pennsylvania, Philadelphia County, Pennsylvania, Alameda County, California, Sacramento County, California, Charlotte County, Florida, Marion County, Florida, the Eastern District of Pennsylvania, and Tangipahoa Parish, Louisiana, 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. One matter is related to an alleged injury that occurred on the company's premises, and one matter is related to allegations made by a former employee.

21. 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 or hereafter pending against Penn Treaty Network America Insurance Company and American Network Insurance Company.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James R. Potts", is written over a horizontal line.

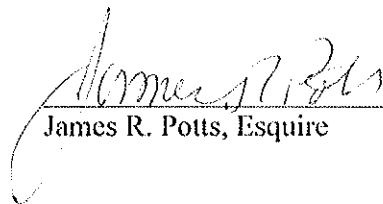
James R. Potts, Esquire
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1900 Market Street
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Counsel for Plaintiff,
MICHAEL F. CONSEDINE, Insurance
Commissioner of the Commonwealth of
Pennsylvania as Rehabilitator of PENN TREATY
NETWORK AMERICA INSURANCE
COMPANY and AMERICAN NETWORK
INSURANCE COMPANY

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: March 5, 2013



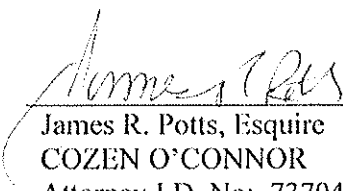
James R. Potts, Esquire

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 March 5, 2013 and that I on March 5, 2013 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
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1735 Market Street, 51st Floor
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Counsel for Intervenor Penn Treaty American Corporation and
Eugene J. Woznicki



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REHABILITATOR'S NOTICE OF FILING

The Statutory Rehabilitator of Penn Treaty Network America Insurance Company and American Network Insurance Company in Rehabilitation, by and through his undersigned counsel, pursuant to the Order of this Court dated June 9, 2009, gives notice to all interested persons currently on the Master Service List that he filed the following document:

MOTION FOR EXTENSION AND CONTINUATION OF STAY

A copy of this filing will be available for viewing, downloading and/or printing on the Penn Treaty Network America Insurance Company in Rehabilitation website. The website contains a link to all documents filed by the Rehabilitator, appearing in Adobe PDF format.

If any person on the Master Service List does not have access to a computer or is otherwise unable to view, download, or print the filing at the Penn Treaty Network America Insurance Company website, a copy of this filing may be obtained by calling the general Penn Treaty Network America Insurance Company hotline at 1-800-222-3469, extension 3635, or the undersigned counsel for the Rehabilitator.

Respectfully submitted,



JAMES R. POTTS, ESQUIRE
COZEN O'CONNOR
1900 Market Street
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(215) 665-2000

Date: March 5, 2013