

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

ORDER APPOINTING A TECHNICAL ADVISOR

AND NOW, this 16th day of April, 2015, upon consideration of Statutory Rehabilitator Teresa D. Miller's Second Amended Plan of Rehabilitation ("the Amended Plan") for Penn Treaty Network America ("PTNA") and American Network Insurance Company ("ANIC," and, collectively with PTNA, "the Companies"), and it appearing that the Amended Plan presents multiple complex regulatory, business and financial issues, the Court finds it appropriate to appoint a technical advisor to assist the Court in evaluating those issues. Accordingly, it is hereby ORDERED as follows:

1. **Appointment of Technical Advisor.** Ronald E. Chronister (Technical Advisor) is APPOINTED to provide assistance to the Court in the above-captioned matters in a manner consistent with the provisions of this Order.

a. **Conditions of Appointment.** Technical Advisor's appointment is contingent upon execution of a declaration in the form attached as Appendix A, in which he agrees to comply with all provisions of this Order and to submit to the Court's jurisdiction for purposes of its enforcement. Technical Advisor

shall return the executed version of that declaration to the Chief Clerk, who shall file it on the docket.

b. *Interest of Technical Advisor.* Because the engagement is not for legal services, the Pennsylvania Rules of Professional Conduct are not applicable to Technical Advisor's work. Technical Advisor shall have no ideological, financial or professional interest in the outcome of the litigation. Should Technical Advisor become aware of the development of a personal or professional interest, he shall inform the Court immediately. In such event, the Court will inform the parties and seek their comments.

2. **Technical Advisor's Duties.**

a. *Scope of Duties.* Technical Advisor's role will be limited to assisting the Court in understanding regulatory, business and financial issues posed by the Amended Plan. The Court may also request that Technical Advisor review drafts of its memoranda and orders for technical accuracy.

b. *Limits on Duties.* Technical Advisor will not (i) provide legal advice to the Court regarding the Amended Plan, (ii) render conclusions of law, (iii) engage in any independent investigation of factual or legal issues involved in the receivership, or (iv) be called as a witness. The Court will not rely upon Technical Advisor's opinions or statements as evidence for any ruling issued by the Court.

c. *Non-Delegation of Duties by the Technical Advisor.* Technical Advisor shall personally carry out the duties

described in Subparagraph 2.a or that may hereinafter be assigned by the Court. Technical Advisor shall not discuss or delegate those duties to any other individuals, including to attorneys with whom Technical Advisor is affiliated through a law firm. If Technical Advisor requires assistance from any other individuals or entities, he shall submit a written request to the Court identifying the individuals to assist him and describing their credentials. He shall simultaneously provide a copy of the request to the Statutory Rehabilitator, who shall post it on the website for the receivership maintained by the Companies (“the Receivership Website”). Any interested party may object to the request within 20 days after it is posted on the Receivership Website, with responses to any objections to be filed within seven days thereafter. Objections and responses shall not exceed seven pages in length. The Rehabilitator shall ensure that objections and responses are posted to the Receivership Website. The assignment of an assistant to Technical Advisor shall not take effect until (i) the Court grants Technical Advisor’s request and (ii) the individual executes and files with the Chief Clerk a declaration in the form attached as Appendix A. Thereafter, the provisions of this Order shall apply to such individual to the same extent as they apply to Technical Advisor, with the exception that the hourly rate applicable under Paragraph 6 shall be separately established by the Court for each such individual. Notwithstanding any other provision of this Subparagraph 2.c, Technical Advisor and anyone approved to assist him need not obtain Court approval

to use support staff employed by his law firm to prepare invoices and perform administrative tasks related to his retention, such as making travel arrangements, maintaining a calendar, and the like.

3. **Materials to be Consulted.** Technical Advisor may review any documents of record and may attend any court proceedings, regardless of whether those proceedings are held on the public record. Technical Advisor may consult statutes, regulations, the NAIC Accounting Practices and Procedures Manual and other relevant treatises.

4. **Confidentiality; Notices of Communication with the Court.** The following provisions shall govern Technical Advisor's communications with the Court:

a. *Ex Parte Communications.* Technical Advisor's communications with the Court, whether oral or written, shall be *ex parte* unless the Court orders otherwise.

b. *Confidentiality.* Except as provided in Subparagraph 4.c or as otherwise ordered by the Court, all communications and other information exchanged between Technical Advisor and the Court or the Court's staff shall be confidential. Except for good cause shown, such communications or other information shall not be disclosed and shall not be discoverable by any other person or party to this receivership or any other proceeding. Technical Advisor shall not seek to benefit from any confidential information that he may acquire during the

course of this proceeding. The provisions of this Subparagraph 4.b shall survive the termination of receivership proceedings.

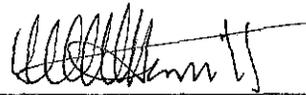
c. *Summary Log.* No later than the 5th day of each month (or on the first business day after such day, if it falls on a weekend or legal holiday), Technical Advisor shall submit to the Court a summary log reflecting the date and subject matter of Technical Advisor's communications with the Court during the preceding month. The log should identify the subjects discussed but should not contain any opinion expressed by the Court or the Court's staff during those communications. The Court will preserve the log for review if the role of Technical Advisor becomes an issue on appeal. The log will not be available to the public.

d. *Formal Reports Prepared by Technical Advisor.* In the unlikely event that the Court requests that Technical Advisor prepare a formal written report for admission into the record, the Court will provide a copy to the parties for their review and response. A formal written report does not include Technical Advisor's comments on the technical accuracy of the Court's draft memoranda or orders, or any written or electronic correspondence between the Court and Technical Advisor relating to the technical advice sought by the Court.

5. **Contact with the Parties.** There shall be no contact concerning this receivership between Technical Advisor and the parties or any of their counsel, experts, or consultants without prior Court approval. If the need for such communication arises, the individual seeking to

initiate it shall file a statement requesting permission for the communication and describing the reasons therefor. The Court will then enter an appropriate order, after which the communication may proceed to the extent the Court allows. This paragraph shall not apply to any communication necessary to provide payment to Technical Advisor as described in Paragraph 6.

6. **Compensation.** Technical Advisor shall be compensated at a rate of \$400 per hour and shall be reimbursed for all reasonable expenses, including any necessary travel, meals, and lodging. All compensation and reimbursements shall be paid out of the assets of the Companies' estates. The charges shall be split between the estates of PTNA and ANIC in the same proportion as other costs of rehabilitation. Technical Advisor shall submit a monthly statement to the Court showing the hours expended and a detailed description of the tasks performed. After review and approval, the Court will submit Technical Advisor's invoice(s) to the Statutory Rehabilitator with all detail as to the tasks performed redacted. The Statutory Rehabilitator shall ensure that payment is made to Technical Advisor's firm within 45 days after the Rehabilitator's receipt of any invoice(s).



MARY HANNAH LEAVITT, Judge

Certified from the Record

APR 17 2015

And Order Exit

APPENDIX A

DECLARATION AND
ACKNOWLEDGEMENT OF ORDER
APPOINTING A TECHNICAL ADVISOR

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America Insurance Company in Rehabilitation	:	1 PEN 2009
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I, _____, hereby declare that:

1. I have received a copy of the Order Appointing a Technical Advisor entered by the Commonwealth Court of Pennsylvania in the above-captioned matters on April 16, 2015. I have carefully read and understand the provisions of that Order.

2. I agree to comply with the terms of the Order (including, without limitation, the confidentiality provisions contained in Paragraph 4.b), and to submit to the jurisdiction of the Commonwealth Court of Pennsylvania for purposes of enforcement of the Order.

Pursuant to 18 Pa. C.S. § 4904(b), I state under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Date

Signature