

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	

**AMENDED 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, possible modifications to the Plan and implementation thereof, and the possible resumption of settlement discussions, 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 rate of \$468.00.

3. The Committee filed its first application to approve additional hours for Mr. Bagshaw on October 24, 2014, at which time Mr. Bagshaw had billed a total of \$189,881.

4. By order dated January 5, 2015, this Court approved a further budget of \$200,000 for Mr. Bagshaw.

5. Mr. Bagshaw continued to render services to the Committee after January 2015, including extensive consultation during settlement discussions with the Health Insurers and NOLHGA, review of the 2013 PwC projections, and review of the experience study and assumptions for the 2014 update of the 2013 projections that will likely serve as the basis for implementing the Plan if it is approved this year.

6. At the end of 2015 and the beginning of 2016, Mr. Bagshaw prepared an expert report, which was served on all parties in accordance with paragraph I.D of the Court's scheduling order dated July 30, 2015. When Mr. Bagshaw later submitted his invoice, it became apparent that he had exceeded the budget previously approved by the Court. To date, the Court has authorized a total of \$387,200 for Mr. Bagshaw, and he has been paid \$380,265. He is currently owed \$38,189, of which he can be paid \$6,935 under the prior budget.

7. The Committee continues to need Mr. Bagshaw's services as an expert for the hearings on the Plan and as a consultant regarding proposals to modify the Plan.

8. The Committee requires Mr. Bagshaw's expert testimony with respect to whether self-sustaining policies that would be fully-covered in Company B should default to Company B rather than Company A. Mr. Bagshaw's services are further with respect to the expert actuarial reports served by NOLHGA and the Health Insurers. Finally, Mr. Bagshaw's services will be required with respect to Plan modifications proposed by various parties and in the event that settlement discussions resume.

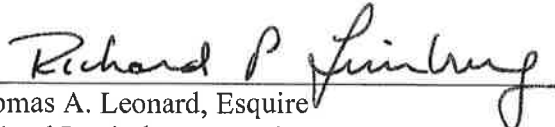
9. The Committee does not believe it can properly represent the interests of policyholders without Mr. Bagshaw's services as an expert witness and consultant, but lacks funds to continue his engagement unless PTNA and ANIC pay for his services to the Committee.

10. Mr. Bagshaw has indicated that an additional budget of \$100,000 will cover his expert report, deposition and trial testimony, as well as continued advice in connection with the Second Amended Plan and proposals for its modification. This equates to an additional 212 hours at Mr. Bagshaw's rate of \$468 per hour.

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

WHEREFORE, the Committee respectfully requests that the Court approve up to \$100,000 of additional consulting actuarial services by Mr. Bagshaw and Wakely Actuarial, at the expense of PTNA and ANIC, to provide expert witness to the Committee and continue to advise the Committee concerning the Second Amended Plan and proposals for its modification.

Respectfully submitted,

By: 
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Dated: April 21, 2016

CERTIFICATE OF SERVICE

I certify that on April 21, 2016, 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:

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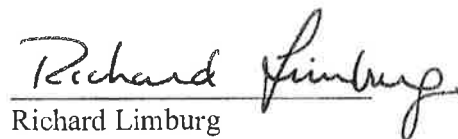
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Richard Limburg

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[PROPOSED] ORDER

AND NOW, this ____ day of _____, 2016, upon consideration of the Amended 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 Amended Application is GRANTED, and the Committee may continue to retain its consulting actuary for up to \$100,000 of additional actuarial consulting and expert witness services.

BY THE COURT:

Mary Hannah Leavitt, J.