

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America  
Insurance Company in Liquidation

No. 1 PEN 2009

AND

In Re: American Network Insurance  
Company in Liquidation

No. 1 ANI 2009

**SUPPLEMENTAL MEMORANDUM OF LAW IN FURTHER SUPPORT  
OF APPLICATION OF THE HEALTH INSURERS FOR LIMITED  
INTERVENTION AND DETERMINATION OF AUTHORITY TO USE  
ESTATE ASSETS TO PAY “UNCOVERED BENEFITS” IN LIQUIDATION**

Aetna Life Insurance Company, Anthem, Inc., Cigna Corporation, HM Life Insurance Company, Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey, QCC Insurance Company, United Concordia Life and Health Insurance Company, United Concordia Insurance Company and UnitedHealthcare Insurance Company (collectively, the “Health Insurers”), through their undersigned counsel, hereby submit this supplemental memorandum of law in further support of their application in order to bring to the Court’s attention the attached letter from the Illinois Life & Health Insurance Guaranty Association dated May 3, 2017. In the attached letter, the Association states that it “believes the applicability of Warrantech to the Penn Treaty and ANIC liquidations

should be resolved on the merits and not on the technicality of whether the guaranty associations or the paying health insurers are the proper party.” Further, the Association states that it reserves the right to seek to intervene as a party if “it appears that the proper party issue may preclude a decision on the merits.”

Respectfully submitted,

Dated: May 10, 2017

MORGAN, LEWIS & BOCKIUS LLP

By: /s/ John P. Lavelle, Jr.

John P. Lavelle, Jr.  
MORGAN, LEWIS & BOCKIUS LLP  
1701 Market Street  
Philadelphia, PA 19103  
Telephone : 215.963.5000

Harold S. Horwich  
Benjamin J. Cordiano  
MORGAN, LEWIS & BOCKIUS LLP  
One State Street  
Hartford, Connecticut 06103-3178  
Telephone: 860.240.2700  
Facsimile: 860.240.2800

*Attorneys for Aetna Life Insurance Company; Anthem, Inc.; Cigna Corporation; HM Life Insurance Company; Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey; QCC Insurance Company; United Concordia Life and Health Insurance Company; United Concordia Insurance Company; and UnitedHealthcare Insurance Company*

**ILLINOIS  
LIFE & HEALTH INSURANCE  
GUARANTY ASSOCIATION**

1520 Kensington Road, Suite 112, Oak Brook, Illinois 60523-2140  
(773) 714-8050    [jpotter@illinoisga.org](mailto:jpotter@illinoisga.org)

May 3, 2017

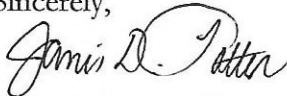
Mr. Benjamin J. Cordiano  
Morgan Lewis & Bockius LLP  
One State Street  
Hartford, Connecticut 06103

Dear Mr. Cordiano:

The Illinois Life and Health Guaranty Association has been advised that you are counsel to the principal health insurance companies that will be assessed to cover the cost of obligations of Penn Treaty and ANIC in liquidation. We further understand that your clients have taken court action seeking to require the liquidator to apply a Pennsylvania statute and a related court decision, referred to as "Warrantech", to (i) cut off all policyholder claims against estate assets that accrue more than 30 days after the liquidation date and (ii) transfer any remaining estate assets to participating guaranty associations to reduce the cost of the guaranty associations' liability to policyholders. The Association has also been advised that the liquidator has argued that the guaranty associations, rather than the health insurers, are the proper parties to assert that claim. The Association further understands that resolution of that claim in favor of the health insurers would have an economic benefit to the Association, the Association's members, and Illinois insureds.

The Association believes the applicability of Warrantech to the Penn Treaty and ANIC liquidations should be resolved on the merits and not on the technicality of whether the guaranty associations or the paying health insurers are the proper party. With that in mind, the Association has been directed by its Board of Directors to reserve the right to take further action, including intervention as a party, if it appears that the proper party issue may preclude a decision on the merits.

Sincerely,



Janis D. Potter, CPA, MBA  
Executive Director

cc: Kelvin Schill, Chair, Illinois Life & Health Insurance Guaranty Association  
Jill Wolowitz, Vice Chair, Illinois Life & Health Insurance Guaranty Association  
Leonard Karpowich, Secretary, Illinois Life & Health Insurance Guaranty Association  
John Mathews, Immediate Past Chair, Illinois Life & Health Insurance Guaranty Assoc.  
Frank O'Loughlin, Lewis Roca Rothgerber LLP  
Cindy Oliver, Lewis Roca Rothgerber LLP



## **CERTIFICATE OF SERVICE**

I certify that on May 10, 2017, I caused a true and correct copy of the foregoing document 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)

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

Charles T. Richardson  
Caryn M. Glawe  
Faegre Baker Daniels  
1050 K Street NW, Suite 400  
Washington, DC 20001-4448  
[charlie.richardson@faegrebd.com](mailto:charlie.richardson@faegrebd.com)  
[caryn.glawe@faegrebd.com](mailto:caryn.glawe@faegrebd.com)

Paul M. Hummer  
James S. Gkonos  
Saul Ewing LLP  
Centre Square West  
1500 Market Street, 38th Floor  
Philadelphia, PA 19102-2186  
[phummer@saul.com](mailto:phummer@saul.com)  
[jgkonos@saul.com](mailto:jgkonos@saul.com)

John B. Consevage  
Dilworth Paxson LLP  
Penn National Insurance Plaza  
2 North 2nd Street  
Suite 1101  
Harrisburg, PA 17101  
[jconsevage@dilworthlaw.com](mailto:jconsevage@dilworthlaw.com)

Andrew Parlen  
Gary Svirsky  
O'Melveny & Myers, LLP  
Times Square Tower  
7 Times Square  
New York, NY 10036  
[aparlen@omm.com](mailto:aparlen@omm.com)  
[gsvirsky@omm.com](mailto:gsvirsky@omm.com)

Stephen Warren  
O'Melveny & Myers, LLP  
400 South Hope Street  
Los Angeles, CA 90071  
[swarren@omm.com](mailto:swarren@omm.com)

James R. Potts  
Michael J. Broadbent  
Cozen O'Connor  
1650 Market Street, Suite 2800  
Philadelphia, PA 19103  
[jpotts@cozen.com](mailto:jpotts@cozen.com)  
[mbroadbent@cozen.com](mailto:mbroadbent@cozen.com)

James J. Rodgers  
Dilworth Paxson LLP  
1500 Market St., 3500E  
Philadelphia, PA 19102  
[jrogers@dilworthlaw.com](mailto:jrogers@dilworthlaw.com)

Thomas A. Leonard, Esq.  
Richard Limburg, Esq.  
Obermayer, Rebmann, Maxwell &  
Hippel LLP  
One Penn Center – 19th Floor  
1617 John F. Kennedy Blvd.  
Philadelphia, PA 19103  
[thomas.leonard@obermayer.com](mailto:thomas.leonard@obermayer.com)  
[richard.limburg@obermayer.com](mailto:richard.limburg@obermayer.com)

Mark D. Bradshaw  
Stevens & Lee  
17 North Second Street, 16th Floor  
Harrisburg, PA 17101  
[mdb@stevenslee.com](mailto:mdb@stevenslee.com)

James J. Black, III  
Jeffrey B. Miceli  
Mark Drasnin  
Ivan I. Mihailov  
Black & Gerngross, P.C.  
1617 John F. Kennedy Boulevard  
Suite 1575  
Philadelphia, PA 19103  
[jblack@blackgern.com](mailto:jblack@blackgern.com)  
[jmiceli@blackgern.com](mailto:jmiceli@blackgern.com)  
[mdrasnin@blackgern.com](mailto:mdrasnin@blackgern.com)  
[imihailov@blackgern.com](mailto:imihailov@blackgern.com)

*/s/ John P. Lavelle, Jr.*

\_\_\_\_\_  
John P. Lavelle, Jr.