



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 :

**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 March 20, 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 entered April 3, 2009, this Court extended these stays for a period of 180 days, until September 30, 2009.

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

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

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

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

10. By Order entered September 19, 2011, this Court extended these stays for an additional period of 180 days, until March 19, 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. The stay Orders are 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).

13. PTNA and its wholly-owned subsidiary ANIC are insolvent in that their liabilities exceed their admitted assets by a very substantial amount.

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

15. On March 4, 2010 the Court stayed all action on and consideration of the Petition for Liquidation of PTNA to permit the Rehabilitator and PTNA's parent corporation, Penn Treaty American Corporation ("PTAC"), to work together to explore whether rehabilitation of PTNA is feasible.

16. Following a conference with the Court on May 7, 2010, that stay was lifted and the parties to the liquidation petitions proceeded with discovery on both the PTNA and ANIC liquidation petitions.

17. On August 13, 2010, this Court consolidated the PTNA and ANIC proceedings.

18. Following discovery, the hearing on the Petitions for Liquidation of PTNA and ANIC commenced on January 31, 2011. Twenty- Nine days of testimonial hearings on the Petitions for Liquidation were held through November 2, 2011, Findings of Facts and Conclusions of Law were filed by the Parties on December 30, 2011 and replies thereto were filed on February 6, 2012. Closings arguments were conducted on September 21 and 22, 2012.

The Court has denied the Petition to Liquidate and Ordered, *inter alia*, the Commissioner to file a Plan of Rehabilitation.

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

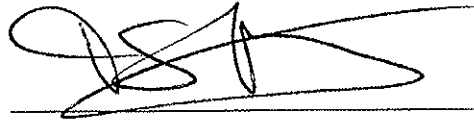
20. In addition to the authorization of stay of litigation provided by Section 517(a) of the Act (40 P.S. § 221.17(a)), Section 505 of the Act (40 P.S. § 221.5) authorizes this Court, upon application of any receiver, to grant "such restraining orders, preliminary and permanent injunctions, and other 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."

21. 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, Jefferson Parish, Louisiana, and Tangipahoa Parish, Louisiana, including cases which will be placed on the active trial list unless a further stay is issued. In 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.

22. As of the date of the filing of this motion, there is pending litigation against ANIC in Jefferson Parish, Louisiana. In this matter, ANIC is denying payment due to the fact that the policy is not an ANIC policy.

WHEREFORE, petitioner 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,



---

Thomas Harty  
James R. Potts  
Attorney I.D. Nos. 49987, 73704  
COZEN O'CONNOR  
1900 Market Street  
Philadelphia, PA 19103  
(215) 665-2000

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, Thomas S. Harty 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: 8/16/12

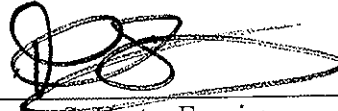
  
Thomas S. Harty Esquire

**CERTIFICATE OF SERVICE**

I, Thomas S. Harty 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 8/16, 2012 and that I on 8/16, 2012 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  
Philadelphia, PA 19103  
christian@ballardspahr.com

Counsel for Intervenor Penn Treaty American Corporation and  
Eugene J. Woznicki



---

Thomas S. Harty, Esquire  
COZEN O'CONNOR  
Attorney I.D. No: 32378  
1900 Market Street  
The Atrium – Fourth Floor  
Philadelphia, PA 19103  
(215) 665-2000