

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America
Insurance Company in Rehabilitation

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DOCKET NO. 1 PEN 2009

**PRAECIPE TO SUBSTITUTE PETITION FOR LIQUIDATION OF
PENN TREATY NETWORK AMERICA INSURANCE CO.**

On July 27, 2016, Teresa D. Miller, Insurance Commissioner of Pennsylvania, in her capacity as statutory receiver of Penn Treaty Network America Insurance Company (“PTNA”), filed a Verified Petition to Convert Rehabilitation to Liquidation as to that Company. The filing submitted to the Court inadvertently set forth the Verified Petition for American Network Insurance Company (“ANIC”), rather than for PTNA. Nonetheless, the correct Petition seeking liquidation of PTNA was properly served on all counsel of record on July 27, 2016. Accordingly, the Commissioner hereby requests that the Court substitute the attached Verified Petition as to PCNA for the inadvertently filed Verified Petition as to ANIC. For the Court’s convenience, the Commissioner’s proposed order of liquidation as to PTNA is also attached hereto.

Respectfully submitted,

Dated: August 2, 2016

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IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America Insurance Company in Rehabilitation	: : : : :	DOCKET NO. 1 PEN 2009
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**VERIFIED PETITION TO CONVERT
REHABILITATION TO LIQUIDATION**

Petitioner Teresa Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Rehabilitator of Penn Treaty Network America Insurance Company (“PTNA”), hereby seeks conversion and an order of liquidation pursuant to Sections 518(a) and 520 of Article V of the Insurance Department Act of 1921 (the “Act”), 40 P.S. §§ 221.18(a), 221.20.

JURISDICTION AND VENUE

1. Jurisdiction and venue are proper here pursuant to 42 Pa.C.S. § 761(a)(3) and 40 P.S. § 221.4(d).

PARTIES

2. Teresa Miller (the “Commissioner”) is the Insurance Commissioner of the Commonwealth of Pennsylvania and statutory Rehabilitator of PTNA. The Commissioner maintains her principal office at 1326 Strawberry Square, Harrisburg, Pennsylvania 17120.¹ Patrick Cantilo is the Special Deputy Rehabilitator, appointed with all the powers granted under 40 P.S. § 221.16.

3. PTNA is a stock insurance company organized and existing under the laws of the Commonwealth of Pennsylvania, and was previously licensed in 43 states to issue annuities and life, accident and health insurance policies. PTNA maintains a principal place of business at 3440 Lehigh Street, Allentown, Pennsylvania, 18103. It is a wholly owned subsidiary of Penn Treaty American Corporation (“PTAC”), formerly a publicly traded holding company (and an intervenor in the underlying rehabilitation proceedings).

4. PTNA wholly owns another insurance company organized and existing under the laws of the Commonwealth of Pennsylvania, American Network

¹ Throughout this petition, “Commissioner” refers both to Commissioner Miller and her predecessors, and, as the context may require, her Special Deputy Rehabilitator, attorneys, advisers and consultants, agents and representatives.

Insurance Company (“ANIC”). (Together, PTNA and ANIC are referred to as “the Companies.”)

BACKGROUND

5. PTNA was placed into rehabilitation by Order of this Court entered on January 6, 2009, directing that the Commissioner rehabilitate the business of PTNA. The Commissioner has served as PTNA’s Rehabilitator since that time.

6. On April 6, 2009, the Commissioner presented a preliminary proposal for rehabilitation of the Companies.

7. Thereafter, the Commissioner determined both that further attempts to rehabilitate PTNA would substantially increase the risk of loss to its policyholders, creditors, and the public, and that such attempts would be futile. On October 2, 2009, the Commissioner petitioned the Court to convert the existing rehabilitation to a liquidation.

8. In May 2012, this Court denied the Commissioner’s conversion petition. The Court found, however, that the statutory grounds for insolvency were present, as PTNA’s “admitted assets d[id] not exceed its liabilities plus the greater of (i) any capital and surplus required by law for its organization, or (ii) its authorized and issued capital stock,” *Consedine v. Penn Treaty Network Am. Ins.*

Co., 63 A.3d 368, 441 (Pa. Commw. Ct. 2012) (citing 40 P.S. § 221.3). The Court directed the Commissioner to file a plan of rehabilitation.²

9. In April 2013, the Commissioner proposed separate plans of rehabilitation for both PTNA and ANIC (“the April 2013 Plans”). Through those plans, the Commissioner sought to rehabilitate the business of the Companies by, among other things, (i) imposing temporary insurance policy modifications, (ii) suspending payment of agent commissions, premium taxes and guaranty association assessments, (iii) developing additional sources of revenue such as through the potential sale of certain assets and administrative services, and (iv) restoring policy benefits if possible. Public notice was provided of the filing of the April 2013 Plans and, during the summer of 2013, hundreds of comments containing objections were filed with the Court.

10. In October 2013, the Commissioner convened a Multi-Party Rehabilitation Group (“MPRG”) to consider potential modifications or alternatives to the April 2013 Plans in order to resolve objections. Through the MPRG, the Commissioner brought together several interested parties to examine, consider, and debate ways to rehabilitate the business of PTNA and ANIC. Status conferences with the Court were held throughout the MPRG process.

² The Commissioner took an appeal from the May 2012 decision to the Pennsylvania Supreme Court. In a *per curiam* opinion, the Supreme Court affirmed the May 2012 Order, but clarified the standard by which this Court must adjudge a petition to convert an insurer rehabilitation to a liquidation.

11. As a result of MPRG discussions, the Commissioner determined that obtaining approval of the April 2013 Plans would require extensive litigation, that it would require the Court to overrule the many remaining objections, and that proposal of an alternative plan was a more viable approach.

12. In August 2014, the Commissioner filed with the Court and posted to the Penn Treaty website an alternative proposal. In October 2014, the amended proposal was formalized and presented to the Court as the Second Amended Rehabilitation Plan (the “Second Amended Plan”). The Second Amended Plan involved a business division approach, under which the Companies’ “self-sustaining” policies would be placed into “Company A”—ANIC for run-off, sale or independent operation—and the Companies’ non-self-sustaining policies would be placed into “Company B”—PTNA for liquidation.

13. Public notice of the filing of the Second Amended Plan was provided in a form and by means approved by the Court. Hundreds of formal and informal comments and objections were submitted or subsequently raised, including objections to the feasibility of implementing and limited benefits afforded by the Second Amended Plan.

14. The Commissioner considered all comments and objections, and attempted to resolve all issues. Ultimately, all issues could not be resolved, and it became evident that the time and expense that would be necessary to invest in

litigation to support the proposed plan, and then to implement the plan, would not be in the best interests of the policyholders, creditors, or the public.

15. The Commissioner has concluded that there are sufficient grounds for liquidation of PTNA, and that the rehabilitation should be converted to a liquidation. Contemporaneous with the filing of this Petition, the Commissioner has filed a notice of withdrawal of the Second Amended Plan.

LEGAL STANDARD

A. GROUNDS FOR LIQUIDATION

16. Sections 221.14(1) and (12) and 221.19 of the Act establish that insolvency, hazardous condition, and consent are each grounds for liquidation.

17. It is undisputed that PTNA remains insolvent. Its liabilities (plus the greater of (i) any capital and surplus required by law for its organization, or (ii) its authorized and issued capital stock) continue to exceed its admitted assets. As of May 2016, PTNA has admitted assets of less than \$454 million, liabilities exceeding \$4.28 billion, and a resulting surplus deficit of more than \$3.82 billion. The Company is insolvent by more than \$3.82 billion and that insolvency will deepen over time. PTNA is projected to run out of assets in 2018. And as the Pennsylvania Supreme Court observed in July 2015, “[g]rounds for liquidation existed, because both [PTNA and ANIC] indisputably were and are insolvent . . .” *In re Penn Treaty Network Am. Ins. Co.*, 119 A.3d 313, 319 (2015). Accordingly,

PTNA is in such condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, and the public.

18. Additionally, PTNA's Board of Directors has agreed to consent and will not oppose liquidation of PTNA, when the currently pending Application for Approval of a Settlement Agreement with PTAC is approved and the "Effective Date" referenced therein is reached.

B. BASES FOR CONVERSION

19. Conversion is proper when the Commissioner, in the sound exercise of her discretion, "has reasonable cause to believe that further attempts to rehabilitate [that] insurer would substantially increase the risk of loss to creditors, policy and certificate holders, or the public, *or* would be futile." 40 P.S. § 221.18(a) (emphasis added).

20. "[J]udicial review of a statutory rehabilitator's decision to seek conversion under Section 518(a) generally is to be undertaken with due deference to the rehabilitator," *In re Penn Treaty*, 119 A.3d at 322, who exercises her unique administrative expertise in the regulation and oversight of the insurance industry. *Foster v. Mutual Fire*, 614 A.2d 1086, 1093 (1992).

21. One of the two bases set forth in § 518(a) is alone sufficient to justify conversion to liquidation. Both bases exist in this case.

1. The Commissioner Has Reasonable Cause to Believe That Further Attempts to Rehabilitate PTNA Would Substantially Increase the Risk of Loss to Creditors, Policy and Certificate Holders, or the General Public

22. PTNA currently has insufficient assets to pay all policyholder claims in full, and the costs associated with continued attempts to rehabilitate will further deplete those assets.

23. Further contested rehabilitation efforts will deplete the very limited assets of PTNA and erode its ability to fund claims. Such efforts will increase the risk of loss to policyholders. The depletion of these assets will also reduce the amount that PTNA will be able to transfer to guaranty associations or another insurer that will assume the Companies' policy obligations upon or within 30 days following entry of the order of liquidation within the meaning of Section 521 of the Act, 40 P.S. § 221.21.

24. Continued rehabilitation does not offer a viable alternative to liquidation, as demonstrated by, *inter alia*, the 2014 PricewaterhouseCoopers actuarial report previously provided to the Court and the interested parties. The actuarial analysis supports the conclusion that a rehabilitation plan is not feasible with respect to timing of implementation, cash-flow projections, and liability projections based on, among other things, reasonable projections of morbidity and mortality. The Commissioner will present the report, or an updated version, at the time of the hearing on this petition.

25. In liquidation, all claimants would receive payment according to a statutory priority and distribution scheme. *See* 40 P.S. § 221.44. In continued rehabilitation, first-in-time creditors and policyholder claimants will inequitably receive a greater percentage and amount of their claims than those whose claims arise at a later date.

26. Reduction of PTNA's assets will also harm the general public, insofar as it will increase the unfunded liabilities to be assumed by state GAs, with much of that cost eventually assumed by taxpayers and consumers through premium tax offsets or premium surcharges.

27. For each of the foregoing reasons, the Commissioner has reasonable cause to believe that further attempts to rehabilitate PTNA would substantially increase the risk of loss to creditors, policy and certificate holders, or the public.

2. The Commissioner Has Reasonable Cause to Believe That Further Attempts to Rehabilitate PTNA Would Be Futile.

28. The Commissioner also has reasonable cause to believe that further attempts to rehabilitate PTNA would be futile.

29. As demonstrated above, the Commissioner considered numerous rehabilitation options and attempted to proceed with two plans of rehabilitation. Each plan was met by many objections.

30. The Commissioner has determined that the Second Amended Plan is no longer viable due to past and anticipated future delays and expenses resulting

from the ongoing objections to the plan. At this point, the cost of rehabilitating the surviving business under the Second Amended Plan exceeds the projected value that could be realized by a small percentage of the Companies' policyholders.

31. The Commissioner has reviewed and considered the comments and other responses to the proposed plans for rehabilitation. The Commissioner has concluded that she will not be able to resolve all objections. Continued pursuit of the Second Amended Plan would entail costly and lengthy litigation, further and substantially depleting PTNA's assets.

32. The substantial objections to the Second Amended Plan make remote the probability that it can be implemented before PTNA's assets are fully depleted. The Commissioner does not believe that there is sufficient time to design, obtain approval for, and implement any other rehabilitation approach before PTNA exhausts its assets.

33. Moreover, the Commissioner has determined that the projected size of the surviving, rehabilitated business under the Second Amended Plan would not be viable.

34. Since the Court's May 2012 Order, and given the financial condition and performance of PTNA, the Commissioner has not received (i) any offer from a solvent entity to purchase PTNA or assume its policies; or (ii) any alternative offer involving new capital or reinsurance. The Commissioner does not believe that

there is a reasonable probability that such offers could be developed even if she were to engage in efforts to do so.

35. The Commissioner has not identified any other rehabilitation strategy that reasonably could be expected to materially improve PTNA's financial condition or rehabilitate any portion of PTNA's business.

36. As the Intervenors known as the Health Insurers have most recently declared, "it cannot be seriously maintained that there would be a basis on which to challenge the Rehabilitator's judgment to seek liquidation."

37. For each of the foregoing reasons, the Commissioner has reasonable cause to believe that further attempts to rehabilitate PTNA would be futile.

**TRANSFER OF POLICY OBLIGATIONS
TO GUARANTY ASSOCIATIONS**

38. Upon entry of the proposed Order of Liquidation, state guaranty associations are triggered and become obligated, to the extent of their statutory coverage, for payment of the claims of PTNA's insureds.

39. In order to ensure the uninterrupted continued payment of policyholder claims while the handling and funding of such claims is facilitated through the guaranty associations, the Commissioner seeks the Court's approval to continue to process and pay policyholder claims in a timely fashion in accordance with the various guaranty association obligations for period not to exceed one year from the effective date of the Order of Liquidation. Such payments would be

treated as an advance of funds from the estate of PTNA to the guaranty associations for the payment of such claims and deemed to be made in accordance with Section 536(a) of the Act 40 P.S. § 221.36(a). Thereafter, no disbursements would be made to guaranty associations except in accordance with Section 536 of the Act, 40 P.S. § 221.36. PTNA has sufficient funds to make these payments pending the guaranty associations' assumption of their obligations and making such payments is consistent with the Act's first and foremost purpose to protect policyholders.

40. PTNA policyholders who are elderly and whose claims are for payment of nursing and other care would be severely prejudiced by any delay in processing and payment of their claims.

STAY OF LITIGATION

41. Section 526 of the Act, 40 P.S. § 221.26, provides that upon entry of an Order appointing the Commissioner liquidator of a domestic insurer, all existing actions brought against the insurer are prohibited from continuing.

42. The Commissioner requests that the Order of Liquidation provide that all actions pending against PTNA, in the Commonwealth of Pennsylvania or elsewhere, be stayed indefinitely and bar the bringing of any actions against PTNA, its Rehabilitator or any of their officers or employees, including any liquidation or rehabilitation officer, or special deputy.

EFFECTIVE DATE

43. For ease of administration, the Commissioner requests that the Order of Liquidation be entered and effective on the first day of the next month.

WHEREFORE, the Commissioner respectfully requests that this Court grant this Petition and enter an Order of Liquidation in the form submitted with this petition.

Respectfully submitted,

/s/ Stephen W. Schwab

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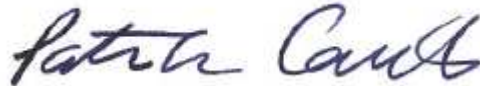
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VERIFICATION

I hereby affirm that that the facts set forth in the foregoing Petition are, to the best of my knowledge, information, and belief, true and correct. In executing this verification, I have relied upon my personal knowledge as well as information provided at my request, upon which I have relied for completeness, truth, and accuracy. This Verification is made in satisfaction of the Pennsylvania Rules of Civil Procedure, and it is subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities.

Dated: July 27, 2016

A handwritten signature in black ink, appearing to read "Patrick Cantilo". The signature is written in a cursive style with some loops and flourishes.

Patrick Cantilo, Special Deputy Rehabilitator

CERTIFICATE OF SERVICE

I certify that I will cause the foregoing Notice to be posted to the Companies' Rehabilitation website. I further certify that on July 27, 2016, I caused the foregoing Notice to be served via PAC-File on the following counsel of record:

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IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America	:	DOCKET NO. 1 PEN 2009
Insurance Company in Rehabilitation	:	
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ORDER OF LIQUIDATION

AND NOW, this ___ day of _____, upon consideration of the Verified Petition of Teresa Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, to Convert Rehabilitation to Liquidation, filed on July 27, 2016, [and of the certificate executed by the Board of Directors of Penn Treaty Network America Insurance Company (“PTNA”) expressing no opposition to the Petition,] it is hereby **ORDERED** that:

1. PTNA is hereby declared insolvent and ordered to be **LIQUIDATED** pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, 40 P.S. §§ 221.1 – 221.63 (“Article V”).

2. The rehabilitation of PTNA is hereby **TERMINATED**, and all orders entered during the rehabilitation, to the extent inconsistent with this Order, are **VACATED**.

3. The Commissioner and her successors in office are hereby **APPOINTED** Statutory Liquidator of PTNA (“the Liquidator”) and directed to

take possession of PTNA's property, business, and affairs in accordance with Article V.

4. The Liquidator is hereby **VESTED** with all the powers, rights, and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

5. The Liquidator is vested with title to all property, assets, contracts, and rights of actions ("assets") of PTNA of whatever nature and wherever located, as of the date of filing of the Petition for Liquidation, and shall have the exclusive authority to exercise any and all rights with respect to any such assets. All assets of PTNA are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) exclusive *in rem* jurisdiction over all assets of PTNA wherever they may be located and regardless of whether they are held in the name of PTNA or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to PTNA or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against PTNA; and (d) exclusive jurisdiction over the determination of the priority of all claims against PTNA.

6. The filing or recording of this Order with the Clerk of the Commonwealth Court or with the Recorder of Deeds of Lehigh County, in which PTNA's principal office or place of business is located, shall impart the same

notice as is imparted by any deed, bill of sale, or other evidence of title duly filed or recorded with that Recorder of Deeds.

7. The Liquidator is directed to take possession of all assets that are the property of PTNA. Specifically, the Liquidator is directed to:

(a) Instruct all banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of PTNA, unless otherwise instructed by the Liquidator, to deliver the possession of the same immediately to the Liquidator, and not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

(b) Instruct all producers and other persons having sold policies of insurance issued by PTNA to account for and pay all earned commissions and premiums, collected or uncollected, for the benefit of PTNA directly to the Liquidator within 30 days of notice of this Order and that no producer, reinsurance intermediary or other person shall disburse or use any monies which come into their possession and are owed to, or claimed by PTNA for any purpose other than payment to the Liquidator.

(c) Instruct any premium finance company that has entered into a contract to finance a policy (if any) that has been issued by PTNA to pay any and all premium owed to PTNA to the Liquidator.

(d) Instruct all attorneys employed or retained by PTNA or performing legal services for PTNA as of the date of this Order that, within 30 days of notification, they must report to the Liquidator, to the extent not previously reported to the Rehabilitator, the name, company claim number (if applicable) and status of each matter they are handling on behalf of PTNA; the full caption, docket number, and name and address of opposing counsel in each case; an accounting of any funds received from or on behalf of PTNA for any purpose, in any capacity; and, further, that the Liquidator need not make payment for any unsolicited report.

(e) Instruct any entity that has custody or control of any data processing information and records (including but not limited to source documents, all types of electronically stored information, or other recorded information) relating to PTNA to transfer custody and control of such documents, in a form readable by the Liquidator, to the Liquidator as of the date of this Order, upon request.

(f) Instruct any entity furnishing claims processing or data processing services to PTNA to maintain such services and transfer any such accounts to the Liquidator as of the date of this Order, upon request.

8. All individuals and entities receiving instructions from the Liquidator pursuant to the preceding paragraph are hereby directed to take the action(s) described therein.

9. The Liquidator is authorized and directed to continue such services as she deems reasonably necessary for the conduct of the liquidation and to make reasonable arrangements for such services.

10. PTNA's directors, officers, and employees, to the extent that the following obligations have not been satisfied in the course of PTNA's rehabilitation, shall: (a) surrender peaceably to the Liquidator the premises where PTNA conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes; (c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of PTNA or any password or authorization code or access code required for access to data processing equipment; and (d) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of PTNA in their possession or control, wherever located,

and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

11. PTNA's directors, officers, and employees are enjoined from taking any action without approval of the Liquidator to transact further business on behalf of PTNA. They are further enjoined from taking any action that would waste the assets of PTNA or would interfere with the Liquidator's efforts to wind up the affairs of PTNA.

12. Pursuant to Section 523(11) of Article V, 40 P.S. § 221.23(11), the Liquidator may affirm or disavow executory contracts to which PTNA is a party as of the effective date of this Order.

13. All persons and entities are enjoined from disposing of or destroying any records pertaining to PTNA.

14. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation, regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to an insured or other creditor of PTNA shall not diminish the reinsurer's obligation to PTNA, except to the extent provided by law.

TRANSFER OF POLICY OBLIGATIONS
TO GUARANTY ASSOCIATIONS

15. Not later than thirty (30) days from the date of the effective date of this Order, the Liquidator shall have made arrangements with state guaranty

associations and/or another insurer for the transfer and guarantee of policy obligations, including the continued payment of claims and coverage arising under PTNA's policies. The Liquidator may make PTNA's facilities, computer systems, books, records, and third-party administrators (to the extent possible) available to any guaranty association (and to states and state officials holding statutory deposits for the benefit of such claimants).

16. For a period not to exceed one year from the effective date of this Order, the Liquidator is authorized to advance funds from the estate of PTNA for the payment of claims, and such advances will be deemed to be made in accordance with Section 536(a) of Article V, 40 P.S. § 221.36(a). Thereafter, no disbursements shall be made to guaranty associations except in accordance with Section 536 of Article V, 40 P.S. § 221.36.

PROOF OF CLAIM FILING

17. No person shall participate in any distribution of the assets of PTNA unless his, her, or its claim has been filed with and approved by the Liquidator in accordance with the time limit established by the Liquidator and pursuant to subsequent Orders of this Court, subject to the provisions for the late filing of claims pursuant to Section 537 of Article V, 40 P.S. § 221.37.

18. No judgment or order against PTNA or its insureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against

PTNA or its insureds entered at any time by default or by collusion, will be considered as evidence of liability or quantum of damages by the Liquidator in evaluating a claim against the estate of PTNA.

19. In addition to the notice requirements of Section 524 of Article V, 40 P.S. § 221.24, the Liquidator shall publish notice in newspapers of general circulation where PTNA has its principal places of business, and in the national edition of the *Wall Street Journal*, that: (a) specifies the deadlines for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

20. Within thirty (30) days of giving notice of the order of liquidation and of the procedures for filing claims against the estate of PTNA, as set forth above, the Liquidator shall file a compliance report with the Court noting, in reasonable detail, the date that and manner by which these notices were given.

ADMINISTRATIVE EXPENSES

21. The Liquidator shall pay as costs and expenses of administration, pursuant to Section 544(a) of Article V, 40 P.S. § 221.44(a), the actual, reasonable, and necessary costs of preserving or recovering the assets of PTNA, and the costs of goods or services provided to and approved by the Rehabilitator or by this Court

during the period of PTNA's rehabilitation and that are unpaid as of the date of this Order.

22. Distribution of the assets of PTNA in payment of the costs and expenses of estate administration within the meaning of Section 544(a) of Article V, 40 P.S. § 221.44(a), and not otherwise covered by Sections 523 and 545(b) of Article V, 40 P.S. §§ 221.23 and 221.45(b), shall be made under the direction and approval of the Court.

STAY OF LITIGATION

23. Unless the Liquidator consents thereto in writing, no action at law or in equity, including, but not limited to, an arbitration or mediation, the filing of any judgment, attachment, garnishment, lien or levy of execution process against PTNA or its assets, shall be brought against PTNA or the Liquidator or against any of their employees, officers or rehabilitation or liquidation officers for acts or omissions in their capacity as employees, officers or rehabilitation or liquidation officers of PTNA or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the effective date of this Order. All above-enumerated actions currently pending against PTNA in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed; relief sought in these actions shall be pursued by filing a proof

of claim against the estate of PTNA pursuant to Section 538 of Article V, 40 P.S. § 221.38, or by applying to this Court to intervene in this proceeding.

24. All secured creditors or parties, pledges, lienholders, collateral holders or other person claiming secured, priority or preferred interests in any property or assets of PTNA are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of PTNA, except as provided in 40 P.S. § 221.43.

25. The Liquidator may request from the Court such further Orders as may be deemed necessary and proper for the conduct of the liquidation of PTNA in accordance with Article V and this Order.

26. The Court's prior orders shall remain in full force and effect to the extent they are not inconsistent with this Order.

MARY HANNAH LEAVITT, Judge

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CERTIFICATE OF SERVICE

I certify that I will cause the foregoing Praeceptum to be posted to the Companies' Rehabilitation website. I further certify that on August 2, 2016, I caused the foregoing Praeceptum along with all accompanying attachments to be served via PAC-File on the following counsel of record:

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