

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America  
Insurance Company in Rehabilitation

No. 1 PEN 2009

AND

In Re: American Network  
Insurance Company in Rehabilitation

No. 1 ANI 2009

**APPLICATION FOR APPROVAL OF FORM OF NOTICE OF APPLICATION FOR  
APPROVAL OF SECOND AMENDED PLAN OF REHABILITATION AND FOR  
SCHEDULING ORDER**

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) ("Penn Treaty") and American Network Insurance Company (In Rehabilitation) ("ANIC"), hereby applies to this Court for (i) approval of the form of notice (the "Form of Notice") attached hereto as Exhibit A as the formal notice to all Interested Parties (as defined herein) of the Rehabilitator's filing of the Application for Approval of Second Amended Plan of Rehabilitation for Penn Treaty and ANIC (the "Plan Application"), of deadlines and procedures for making objections thereto, and of other court filings, orders, deadlines, and updates related to this rehabilitation proceeding, and (ii) the entry of a scheduling order, and in support thereof, avers the following:

1. Substantially contemporaneously with the filing herein of the Plan Application, the Rehabilitator is placing a copy of the Plan Application, including its exhibits, on Penn Treaty's website, [www.penn treaty.com](http://www.penn treaty.com) (the "Site"), thereby providing initial notice to Interested Parties. This Application addresses more robust notice proposed by the Rehabilitator of the filing of the Plan Application and related proceedings. The Rehabilitator believes the proposed Form of Notice is reasonably calculated to fairly, adequately and timely apprise the Interested

Parties (as defined herein) of the filing in this Court by the Rehabilitator of the Plan Application, of deadlines and procedures for making objections thereto and of other court filings, orders, deadlines, and updates related to this rehabilitation proceeding, while keeping the method of notice effective, reasonably cost efficient and orderly given the large number of Interested Parties.

2. The Rehabilitator believes that notice of the Plan Application and proceedings thereon should be provided to all persons identified on the Master Service List; to all known policyholders and certificate holders having policies or other coverage in force with Penn Treaty or ANIC on the date of the mailing, all known Penn Treaty or ANIC insurance agents and all known creditors of Penn Treaty or ANIC (in each case addressed to their last known address as shown on the electronic books and records of Penn Treaty, ANIC or the Rehabilitator); to the insurance regulatory authorities, the life and health insurance guaranty associations, and the taxing authorities of the various states where Penn Treaty or ANIC has policies or other coverage in force at the time of mailing the notice; and to the National Association of Insurance Commissioners and the National Organization of Life and Health Insurance Guaranty Associations (the "Interested Parties") in accordance with the attached form of Order which is incorporated herein by reference. The Second Amended Plan of Rehabilitation provides instructions for Interested Parties to provide informal comments to the Rehabilitator. This Application seeks approval of a schedule and procedures for formal objections to the Plan.

3. The Rehabilitator requests approval of the Form of Notice and that an Order be entered, in the form attached hereto, establishing (a) the method for providing notice of the Plan Application and other filings, orders, deadlines, and updates related to this rehabilitation proceeding to the Interested Parties and (b) a schedule and procedures for objections to and other comments on the Plan Application and a pre-hearing conference on the Plan Application.

4. The Rehabilitator requests that (a) a deadline at least sixty (60) days after the delivery of the notice be established for any person interested in supporting, objecting to or

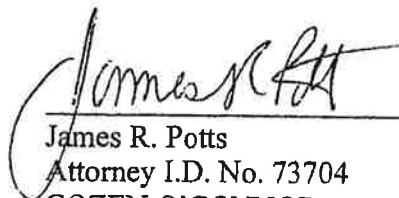
otherwise commenting on the Plan Application (“Commenters”) to file and serve on the Rehabilitator any objections to or other comments on the Plan Application; (b) a pre-hearing conference be held before the Court at a date established by the Court after the deadline for objection and comments, at 10:00 a.m. in Courtroom 3002 of the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania, to consider the schedule for a hearing, the exchange of witness lists and documents and all other matters relevant to a hearing on the proposed Second Amended Plan of Rehabilitation, all in accordance with the requirements contained in the form of Order attached hereto.

5. The Rehabilitator requests that the hearing on the Plan Application be consolidated with any hearing concerning the proposed liquidation of Penn Treaty as provided in the Second Amended Plan of Rehabilitation.

6. The Rehabilitator reserves the right to proffer additional evidence and arguments in support of this Application.

**WHEREFORE**, the Rehabilitator respectfully requests that the Court grant the relief requested herein and enter the Order attached hereto.

Respectfully submitted,



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James R. Potts  
Attorney I.D. No. 73704  
COZEN O’CONNOR  
1900 Market Street  
Philadelphia, PA 19103  
(215) 665-2000

Counsel for Applicant,  
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, Patrick Cantilo, hereby verify that the facts set forth in the foregoing application and exhibits are true and correct to the best of my knowledge, information, and belief. This statement is subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



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Patrick Cantilo  
Special Deputy Rehabilitator

Dated: October 8, 2014

# **EXHIBIT A**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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In Re: Penn Treaty Network America  
Insurance Company in Rehabilitation

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No. 1 PEN 2009

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In Re: American Network  
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No. 1 ANI 2009

NOTICE OF APPLICATION FOR APPROVAL OF SECOND AMENDED PLAN OF  
REHABILITATION

TO: All Interested Parties

PLEASE TAKE NOTICE that Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) (Penn Treaty) and American Network Insurance Company (In Rehabilitation) (ANIC), has filed an Application for Approval of a Second Amended Plan of Rehabilitation for Penn Treaty and ANIC with the Commonwealth Court of Pennsylvania, which application includes a Disclosure Statement, a proposed Second Amended Plan of Rehabilitation and supporting exhibits (hereinafter "Plan Documents").

THE PROPOSED SECOND AMENDED PLAN OF REHABILITATION IS SUBJECT TO REVIEW BY THE COURT AND THE COURT'S APPROVAL, DISAPPROVAL OR MODIFICATION. NEITHER THE PROPOSED SECOND AMENDED PLAN OF REHABILITATION NOR ANY MODIFICATION TO THE PROPOSED SECOND AMENDED PLAN WILL BE EFFECTIVE OR IMPLEMENTED UNLESS APPROVED BY THE COURT. IF APPROVED BY THE COURT, THE PROPOSED SECOND AMENDED

PLAN OF REHABILITATION WILL AFFECT THE RIGHTS OF AND BENEFITS OF PENN TREATY'S AND ANIC'S POLICYHOLDERS, CREDITORS AND OTHERS. ALL PERSONS INTERESTED IN THE PROPOSED SECOND AMENDED PLAN OF REHABILITATION FOR PENN TREATY AND ANIC SHOULD READ THE PLAN DOCUMENTS CAREFULLY AND CONSULT WITH THEIR LEGAL, BUSINESS, FINANCIAL, TAX AND OTHER ADVISORS ABOUT THE PLAN DOCUMENTS.

The Plan Documents are available for viewing, downloading and/or printing at [www.penn treaty.com](http://www.penn treaty.com) (Site) under the rehabilitation section of the Site. The Site contains a link to all documents filed with the Court by the Rehabilitator, appearing in Adobe PDF format.

If any person receiving this Notice does not have access to a computer or is otherwise unable to view, download or print materials at the Site, he may receive a "hard copy" of all Court orders and filings by submitting a written request to the following address: Penn Treaty Network America Insurance Company (In Rehabilitation) / American Network Insurance Company (In Rehabilitation), 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to [msl@penn treaty.com](mailto:msl@penn treaty.com). The request should be signed and contain the following statement:

***In making this request, I hereby affirm to the Commonwealth Court of Pennsylvania that I do not have regular access to a computer or other device providing me internet access to the Site or I am otherwise unable to view, download or print documents from the Site related to this matter.***

A pre-hearing conference on the proposed Second Amended Plan of Rehabilitation for Penn Treaty and ANIC will be conducted by the Court on \_\_\_\_\_, 2015, at 10:00 a.m., in Courtroom 3002 in the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg,

Pennsylvania. The hearing on the proposed Second Amended Plan of Rehabilitation will be scheduled by the Court by separate Order.

Informal Comments in support of or in objection to the proposed Second Amended Plan of Rehabilitation may be sent to the Statutory Rehabilitator at the following address; Penn Treaty / American Network Rehabilitation Comments, 3440 Lehigh Street, Allentown, PA 18103 or by email to [PlanComments@penn treaty.com](mailto:PlanComments@penn treaty.com).

Formal Comments in support of or in objection to the proposed Second Amended Plan of Rehabilitation shall be filed with the Court on or before \_\_\_\_\_, 20\_\_ . Formal Comments shall state with specificity the facts on which the comments are based and any suggested modifications to the proposed Second Amended Plan of Rehabilitation. A person may submit Formal Comments without participating in the hearing on the proposed Second Amended Plan of Rehabilitation. A Commenter who intends to participate in the hearing must notify the Court of that intention in his Formal Comments.

Formal Comments to the proposed Second Amended Plan of Rehabilitation shall be filed with the Court at the following address:

Office of Chief Clerk  
Commonwealth Court of Pennsylvania  
Pennsylvania Judicial Center  
601 Commonwealth Avenue, Suite 2100  
Harrisburg, PA 17106

Formal Comments must be served on the Statutory Rehabilitator's Counsel and the Special Deputy Rehabilitator at the following electronic addresses:

***Counsel***

[planservice@cozcn.com](mailto:planservice@cozcn.com)

***Special Deputy Rehabilitator***

[service@cb-firm.com](mailto:service@cb-firm.com)



If unable to make service by electronic delivery, the Commenter shall file an affirmation with the Court of that inability. In that case, the Commenter may make service by first-class mail or overnight delivery service to the Statutory Rehabilitator's Counsel and the Special Deputy Rehabilitator at the following addresses:

James R. Potts, Esquire  
Cozen O'Connor  
1900 Market Street  
Philadelphia, PA 19103

Patrick H. Cantilo  
Cantilo & Bennett L.L.P.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

All other dates and requirements established by the Court relevant to the hearing on the proposed Second Amended Plan of Rehabilitation, including any changes to the dates and procedures set forth in this Notice, will be posted to the Site and shall not be delivered by mail or other means except as provided in this Notice.

Those submitting Formal Comments may do so individually or as a group of policyholders or agents with common interests. Those persons may request the Court to recognize the formation of a policyholder committee or agents committee to present their Formal Comments and to represent their interests in the hearing on the proposed Second Amended Plan of Rehabilitation.

The Statutory Rehabilitator may, in his discretion, provide policyholders and other interested parties supplemental information concerning the proposed Second Amended Plan of Rehabilitation and related proceedings, including Summaries and Questions and Answers about the Second Amended Plan of Rehabilitation and the proceedings, by mail or by posting information on the Site and by operating a call center. ALL INTERESTED PARTIES ARE ADVISED TO CHECK THE SITE FREQUENTLY FOR UPDATED INFORMATION AND DEADLINES.

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**CASE MANAGEMENT ORDER  
FOR COMMENTS AND HEARING  
ON THE PROPOSED SECOND AMENDED PLAN OF REHABILITATION**

AND NOW, this            day of            , 2014, upon consideration of the request of Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Rehabilitator of Penn Treaty Network America Insurance Company (In Rehabilitation) (Penn Treaty) and American Network Insurance Company (In Rehabilitation) (ANIC), to establish a timetable and procedure for a hearing on the Statutory Rehabilitator's proposed Second Amended Plan of Rehabilitation for Penn Treaty and ANIC, it is hereby ORDERED as follows:

1. The Court directs the Statutory Rehabilitator to use the Notice attached to this Order as Exhibit A to advise the public of (a) the filing with this Court of the proposed Second Amended Plan of Rehabilitation for Penn Treaty and ANIC and (b) the procedures for offering comments on the proposed Second Amended Plan of Rehabilitation and participating in the hearing thereon, which hearing date will be scheduled by the Court by separate Order.

2. As soon as reasonably practical, the Statutory Rehabilitator shall send by U.S. mail a copy of the attached Notice to all persons identified on the Master Service List; to all known policyholders and certificate holders having Penn Treaty or ANIC coverage in force on

the date of the mailing; to all known Penn Treaty or ANIC insurance agents who have received commissions from Penn Treaty or ANIC in the twelve months prior to the date of mailing; all known creditors of Penn Treaty or ANIC; state insurance departments; state life and health insurance guaranty associations; the taxing authorities of the various states where Penn Treaty or ANIC has policies or other coverage in force; the National Association of Insurance Commissioners; and the National Organization of Life and Health Insurance Guaranty Associations (hereinafter, Interested Parties).

3. The Notice will be mailed to the Interested Parties at the address shown in the records of Penn Treaty, ANIC or of the Statutory Rehabilitator. The Notice will not be mailed to potential creditors who were notified of the Rehabilitation proceeding but have not made claims against Penn Treaty or ANIC; to holders of Penn Treaty or ANIC policies that were assumed by another non-affiliated carrier before or during rehabilitation; or to holders of the Medicare supplement insurance policies that are the subject of the Assumption and Indemnity Reinsurance Agreement between Penn Treaty and Unified Life Insurance Company approved by the Court by Order dated March 12, 2013.

4. The Statutory Rehabilitator shall continue to maintain the website addressed at [www.penn treaty.com](http://www.penn treaty.com) (the Site) and post the Application for Approval of the Second Amended Plan of Rehabilitation for Penn Treaty and ANIC, a copy of this Order and such other documents that are from time to time required by PA. R.A.P. 3779 or provide a link to such documents. Updates to the Site shall serve as official notice of filings, orders, deadlines and hearings. The official website of the Pennsylvania Insurance Department, [www.insurance.pa.gov](http://www.insurance.pa.gov), shall include a link to the Site.

5. As soon as reasonably practical, the Statutory Rehabilitator shall publish a copy of the Notice, or an abbreviated version thereof, in the Wall Street Journal, USA Today, the

Philadelphia Inquirer, the Pittsburgh Post-Gazette, the Allentown Morning Call, and the Harrisburg Patriot-News, twice in each publication over a two week period.

6. The Statutory Rehabilitator shall maintain a "hard copy" service list for Interested Parties who notify the Rehabilitator that they lack regular access to a computer or are unable to view, download or print the applicable documents. These Interested Parties may obtain "hard copies" of all Court orders and filings in this matter by submitting a written request by first-class mail to Penn Treaty Network America Insurance Company (In Rehabilitation) / American Network Insurance Company (In Rehabilitation), 3440 Lehigh Street, Allentown, PA 18103, Attention: Jane Bagley, Esquire; by facsimile to the attention of Jane Bagley, Esquire at the following number: 610-967-1098; or by email to [mssl@penntreaty.com](mailto:mssl@penntreaty.com). The written request should be signed and contain the following statement:

***In making this request, I hereby affirm to the Commonwealth Court of Pennsylvania that I do not have regular access to a computer or other device providing me internet access to the Site or I am otherwise unable to view, download or print documents from the Site related to this matter.***

7. Informal Comments in support of or in objection to the proposed Second Amended Plan of Rehabilitation may be submitted to the Statutory Rehabilitator without complying with the procedures set forth in this Order. Informal Comments may be sent to the Statutory Rehabilitator at the following address: Penn Treaty / American Network Rehabilitation Comments, 3440 Lehigh Street, Allentown, PA 18103 or by email to [PlanComments@penntreaty.com](mailto:PlanComments@penntreaty.com).

8. Formal Comments in support of or in objection to the proposed Second Amended Plan of Rehabilitation may be filed with the Court and will be made part of the record.

9. Formal Comments on the proposed Second Amended Plan of Rehabilitation shall be filed with the Court on or before \_\_\_\_\_, 20\_\_\_. Formal Comments shall state with

specificity the facts on which the comments are based and offer any suggested modifications to the proposed Second Amended Plan of Rehabilitation.

10. A person may submit Formal Comments without participating in the hearing on the proposed Second Amended Plan of Rehabilitation. A Commenter who intends to participate in the hearing must notify the Court of that intention in their Formal Comments.

11. Formal Comments shall be filed with the Office of Chief Clerk of the Commonwealth Court of Pennsylvania, Pennsylvania Judicial Center, 601 Commonwealth Avenue, Suite 2100, Harrisburg PA 17106.

12. Formal Comments must be served on the Statutory Rehabilitator by electronic delivery at the following electronic addresses: [planservice@cozen.com](mailto:planservice@cozen.com) and [service@cb-firm.com](mailto:service@cb-firm.com). If a Commenter is unable to make service on the Statutory Rehabilitator by electronic means, the Commenter shall file an affirmation with the Court of that inability. In that case, the Commenter may serve the Statutory Rehabilitator by first-class mail or overnight delivery service to the Statutory Rehabilitator's counsel and the Special Deputy Rehabilitator at the following addresses:

James R. Potts, Esquire  
Cozen O'Connor  
1900 Market Street  
Philadelphia, PA 19103

Patrick H. Cantilo  
Cantilo & Bennett L.L.P.  
11401 Century Oaks Terrace, Suite 300  
Austin, TX 78758

13. A pre-hearing conference shall be held before the Court on \_\_\_\_\_, 2015, at 10:00 a.m. in Courtroom 3002 of the Pennsylvania Judicial Center, 601 Commonwealth Avenue, Harrisburg, Pennsylvania, to consider the schedule for a hearing, the exchange of witness lists and documents and all other matters relevant to a hearing on the proposed Amended Plan of Rehabilitation.

14. A Commenter who has complied with the procedures set forth in this Order shall have the right to participate in the hearing, including the examination of any witness proffered in support of or opposition to the proposed Second Amended Plan of Rehabilitation. Evidence presented by a Commenter may be subject to cross-examination by the Statutory Rehabilitator, Intervener or other Commenter. Such participation will be limited as needed to ensure an orderly proceeding, as determined by the Court.

15. A failure by anyone to respond to Informal or Formal Comments shall not have any evidentiary significance.

16. All other dates and requirements established by the Court relevant to the proceedings concerning the proposed Second Amended Plan of Rehabilitation, including any changes to the dates and procedures set forth in this Order, will be posted to the Site and shall not be delivered by mail or other means except as otherwise provided herein.

17. This Case Management Order governs the procedures for the presentation of comments to, and the hearing on, the proposed Second Amended Plan of Rehabilitation. All other orders, injunctions, and stays issued by this Court in this matter shall continue in full force and effect except as modified by this Order.

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MARY HANNAH LEAVITT, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America  
Insurance Company in Rehabilitation

No. 1 PEN 2009

AND

In Re: American Network  
Insurance Company in Rehabilitation

No. 1 ANI 2009

**CERTIFICATE OF SERVICE**

I, James R. Potts, hereby certify that a Notice of Filing of the foregoing Application is being served on all parties listed on the Master Service List by electronic mail or facsimile, or by First Class Mail where no electronic mail address or facsimile number was available, and that an electronic copy of the foregoing Application is being posted on the Penn Treaty website at [www.penntreaty.com](http://www.penntreaty.com), all in accordance with the Court's July 9, 2009 Order regarding procedures for filing and service. I further certify that on October 8, 2014, I served a true and correct copy of the foregoing Application upon the following person via electronic mail and First Class Mail:

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

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

  
JAMES R. POTTS