

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA,**

---

In Re: Penn Treaty Network America  
Insurance Company in Rehabilitation

DOCKET NO. 1 PEN 2009

In Re: American Network Insurance  
Company in Rehabilitation

DOCKET NO. 1 ANI 2009

---

**THE REHABILITATOR'S APPLICATION FOR RELIEF SEEKING  
ENTRY OF AN ORDER HOLDING ALL DISCOVERY IN ABEYANCE  
PENDING RESOLUTION OF THE EXPEDITED APPLICATIONS**

Pennsylvania Acting Insurance Commissioner Teresa D. Miller, in her capacity as statutory rehabilitator ("Rehabilitator") of Penn Treaty Network America Insurance Company ("PTNA") and American Network Insurance Company ("ANIC"), hereby requests that the Court enter an order holding discovery in abeyance pending decision on four (now three) applications<sup>1</sup> that

---

<sup>1</sup> The three pending applications are: (1) Intervenor's Application for Relief for an Order Rejecting the Rehabilitator's Plan or, in the Alternative, Requiring the Rehabilitator to Provide Certain Explanations in Advance of the Hearing; (2) Health Insurers' Application for Relief to Modify the Plan to Eliminate the Payment of Agent Commissions on Company A Policies; and (3) Health Insurers' Application for Relief to Modify the Plan to Eliminate the Use of Estate Assets to Pay "Uncovered Benefits" Claims Made Under Policies Terminated Pursuant to 40 P.S. §§ 221.20 and 221.21. On April 17, 2015, the Court decided a fourth application, the Policyholders' Committee's Application to Strike the Formal Comments of the Health Insurers.

remain pending before the Court, briefing on which has been expedited and oral argument on which will be held on May 11, 2015, and in support, states:

On March 27, 2015, the Rehabilitator filed an application for a protective order in respect of discovery requests served by the Intervenors. By her application, the Rehabilitator seeks to limit the scope of discovery to matters pertaining to express provisions of the Second Amended Plan of Rehabilitation (the "Plan") or to the methods used by the Rehabilitator, acting through the Special Deputy Rehabilitator, to develop the Plan and, further, to only such of those matters as were timely raised with the Court through Formal Objections. That application has been fully briefed, but the Court has stayed decision on it pending resolution of the expedited applications.

During a status conference on April 6, 2015, the Court held all depositions in abeyance pending decision on the expedited applications. The Court further stated that the scope of discovery will not be determined until after the expedited applications have been resolved. The Court directed that the Rehabilitator and the Intervenors continue in the interim to seek resolution of their disputes over the scope of discovery. Counsel have worked diligently to resolve that dispute, but to date certain disagreements remain; counsel are continuing to meet and confer.

Discovery has mounted quickly and substantially. The Intervenors recently issued additional requests for admission, interrogatories and requests for

production. The Health Insurers also have issued their own requests for admission, interrogatories and requests for production, as well as notices and subpoenas *duces tecum* for deposition. Collectively, the Rehabilitator has been served with discovery requests that now number in the hundreds (including subparts) and call for weeks of deposition testimony. The Rehabilitator will be objecting to many of such requests and will be filing an amended application for protective order to address such discovery.

The Rehabilitator respectfully submits that responding to written discovery requests before the proper scope of discovery has been determined would not be an efficient use of estate resources, nor will it effectively narrow the fact issues to be tried at the July hearing on the Plan.

Accordingly, the Rehabilitator respectfully requests that the Court hold in abeyance all discovery, including written discovery, pending resolution of the three expedited applications.

**CERTIFICATE OF SERVICE**

I certify that I will cause the foregoing Application for Relief Seeking Entry of an Order Holding All Discovery in Abeyance to be posted to the Companies' Rehabilitation website, and that a Notice of Filing of the same will be served on all parties listed on the Master Service List. I further certify that on April 30, 2015, I caused the foregoing Application for Relief to be served via email on the following counsel of record:

Douglas Y. Christian  
Benjamin M. Schmidt  
Ballard Spahr LLP  
1735 Market Street, 51st Floor  
Philadelphia, PA 19103-7300  
christiand@ballardspahr.com  
schmidtB@ballardspahr.com

Elizabeth J. Goldstein  
Dilworth Paxson, LLP  
112 Market Street, Suite 800  
Harrisburg, PA 17101  
egoldstein@dilworthlaw.com

James R. Potts  
Cozen O'Connor  
1900 Market Street – Fourth Floor  
Philadelphia, PA 19103  
JPotts@cozen.com

Stephen H. Warren  
O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, CA 90071  
swarren@omm.com

Paul M. Hummer  
Saul Ewing LLP  
Centre Square West  
1500 Market Street, 38th Floor  
Philadelphia, PA 19102-2186  
PHummer@saul.com

Harold S. Horwich  
Benjamin J. Cordiano  
Morgan Lewis LLP  
One State Street  
Hartford, CT 06103-3178  
harold.horwich@morganlewis.com  
benjamin.cordiano@morganlewis.com

Charles T. Richardson  
Caryn M. Glawe  
Faegre Baker Daniels  
1050 K Street NW, Suite 400  
Washington, DC 20001-4448  
charlie.richardson@FaegreBD.com  
caryn.glawe@FaegreBD.com

Thomas A. Leonard  
Richard P. Limburg  
Obermayer Rebmann Maxwell &  
Hippel LLP  
One Penn Center, 19th Floor  
1617 John F. Kennedy Blvd.  
Philadelphia, PA 19103-1895  
thomas.leonard@obermayer.com  
richard.limburg@obermayer.com



---

Carl M. Buchholz  
DLA PIPER LLP (US)  
One Liberty Place  
1650 Market Street, Suite 4900  
Philadelphia, PA 19103-7300  
Telephone: 215.656.3300  
Facsimile: 215.656.3301

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

---

In Re: Penn Treaty Network America  
Insurance Company in Rehabilitation

: DOCKET NO. 1 PEN 2009  
:

In Re: American Network Insurance  
Company in Rehabilitation

: DOCKET NO. 1 ANI 2009  
:  
:  
:  
:

**ORDER**

AND NOW, this \_\_\_\_ day of \_\_\_\_\_, 2015,  
upon consideration of the Acting Statutory Rehabilitator Teresa D. Miller's  
Application for Relief Seeking an Order Holding All Discovery in Abeyance, it is  
hereby ORDERED that the Application for Relief is GRANTED. It is further  
ORDERED that all discovery is held in abeyance pending resolution of the  
expedited applications currently pending before the Court.

---

HON. MARY HANNAH LEAVITT  
Judge of the Commonwealth Court