

QUESTIONS & ANSWERS ABOUT REHABILITATION

1. Are Penn Treaty Network America Insurance Company (PTNA) and American Network Insurance Company (ANIC) in liquidation?

No, the companies are in rehabilitation. On January 6, 2009, the Commonwealth Court of Pennsylvania issued an order of rehabilitation for both companies and appointed the Pennsylvania Insurance Commissioner as Rehabilitator. On October 2, 2009, the Rehabilitator filed petitions recommending liquidation of the companies with the Commonwealth Court of Pennsylvania. On May 3, 2012, the court issued an order denying the liquidation petitions of the companies. Therefore, the companies will remain in rehabilitation under the supervision of the Rehabilitator.

2. Do maximum benefit coverage limits apply to my policy?

The contractual limits stated in your policy continue to apply. Guaranty Association coverage limits do not apply to any PTNA or ANIC policies at this time because the companies are not in liquidation.

3. What is rehabilitation and how does it work?

Rehabilitation is a legal step taken by the Court to protect policyholders by preserving the company's assets. On January 6, 2009, the Commonwealth Court of Pennsylvania issued an order of rehabilitation for both companies. The Insurance Commissioner was named the rehabilitator and:

- Assumes management of the company
- Attempts to correct existing problems
- Continues operations
- Maintains policyholder accounting
- Develops a Plan of Rehabilitation or petitions the Court for liquidation

The court recently issued an order and opinion directing the Rehabilitator to develop a rehabilitation plan for the companies in the next few months. The Rehabilitator is reviewing these documents and looking at its options regarding appeal rights. The Rehabilitator remains in charge of the operations of the company and will continue to seek the best result for policyholders.

4. Should I keep paying my premiums?

You must continue to pay your policy premium to the company, when due, to continue the coverage afforded by your policy. All claims will continue to be paid in accordance with the benefit provisions of your policy.

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5. Will my claim be paid if I need to use my policy benefits?

We are currently paying claims in accordance with the terms of your policy.

6. Who do I call if I have questions?

Contact Policyholder Services at 800-362-0700, x3190 for policy or claim information. If you have questions related to rehabilitation, please contact x3270.

7. What type of coverage did the companies offer?

PTNA and ANIC offered mostly long-term care insurance. In addition, the companies wrote policies for disability income, Medicare supplement and accidental death and dismemberment coverage.

8. How many states did PTNA and ANIC sell business in?

An informal review of the 2007 annual reports and other official documents indicate PTNA and ANIC together sold or had licenses to sell policies in up to 49 states and the District of Columbia.

9. How does rehabilitation affect a policyholder's pending or open claim?

The Rehabilitator has decided that for both PTNA and ANIC, claims for policy benefits will continue to be processed and paid in the normal course of business. Policyholders do not need to take any special action or file anything special with respect to current pending or open claims. Policyholders should continue to interact and communicate with the companies in the same manner that they have in the past. If there is any change in the future, policyholders will be notified.

10. What if there is a new claim? Can it still be submitted to PTNA or ANIC?

Yes. Policyholders should follow the provisions in their policies that explain how to file a claim or contact our policyholder services department at 1-800-362-0700, ext. 3190.

11. Will PTNA and ANIC write new business?

PTNA and ANIC stopped accepting new business in October 2008 and there is no plan for the companies to write new business.