



May 7, 2013

Dear Policyholders and Agents,

In our May 2012 letter updating policyholders on rehabilitation matters, we provided notification that the Commonwealth Court of Pennsylvania had denied the liquidation petitions of Penn Treaty Network America Insurance Company (PTNA) and American Network Insurance Company (ANIC), which had been filed by the Pennsylvania Insurance Commissioner as statutory rehabilitator of the companies. As part of that court order, the Pennsylvania Insurance Commissioner as statutory rehabilitator was required to develop rehabilitation plans (the "Plans") for the companies to submit to the court for approval.

Proposed rehabilitation plans were prepared and filed with the court on April 30, 2013. You can find copies of the proposed rehabilitation plans on our website, [www.PennTreaty.com](http://www.PennTreaty.com), in the rehabilitation section. The Plans propose various policy modifications which could affect individual policies differently. Specific modifications to any particular policy would be determined after complex calculations that would occur only after the Plans are approved by the court. These are only proposed Plans, and are subject to change. The Plans will not be implemented prior to the court's approval.

Unless the court orders otherwise, the companies will remain in rehabilitation and you are not required to take any action unless you choose to submit comments or file formal objections to the Plans. Pending any rehabilitation or other order by the court, as long as policyholders continue to pay premiums for coverage as the premiums become due, policies will remain in force. New and existing claims will continue to be processed as usual at this time.

We are preparing communications to help you understand the information that is included in the Plans. We expect to mail those communications to you within the next several weeks. Please read through that information carefully when you receive it, as it will include important details about how the rehabilitation plans may affect you and any response you may wish to communicate to the court or the company.

We anticipate that the court will establish a procedure for interested persons to submit formal objections to the Plans. We will provide notice of any opportunity to provide such formal objections as established by the court, including procedures and deadlines, as and when directed by the court. In addition, you are invited to submit any informal comments to the Plans on or before July 15, 2013, by sending such comments to Penn Treaty Rehabilitation Comments, 3440 Lehigh Street, Allentown, PA 18103 or by e-mail to [PlanComments@penn treaty.com](mailto:PlanComments@penn treaty.com). The rehabilitator will review all such comments and take

them into account in his recommendations and decisions regarding implementation of the Plans as approved by the court.

Please note that we do not have any additional rehabilitation plan information to share with you at this time. We appreciate your patience as we prepare additional communications for you regarding the proposed plans.

If you need clarification on any rehabilitation-related information, please call 1-800-362-0700, ext. 3270. For claim or policy inquiries that are unrelated to rehabilitation, please call Policyholder Services at 1-800-362-0700, ext. 3190.

Sincerely,

Patrick Cantilo  
Special Deputy Rehabilitator