

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America : No. 1 PEN 2009
Insurance Company in Liquidation :

**SUPPLEMENTAL MEMORANDUM OF LAW IN FURTHER SUPPORT
OF THE STATUTORY LIQUIDATOR’S APPLICATION FOR
APPROVAL OF SALE OF INFRASTRUCTURE ASSETS**

Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, acting as Statutory Liquidator (the “Liquidator”) of Penn Treaty Network America Insurance Company (in Liquidation) (“PTNA”), respectfully submits this supplemental memorandum of law in further support of her Application for Approval of the Sale of the Infrastructure Assets of Penn Treaty Network America Insurance Company (in Liquidation) to TriPlus Services Inc. (“TriPlus”), specifically to bring to the Court’s attention the attached letter from the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) and the guaranty associations’ captive insurance company, LTC Reinsurance PCC (“LTC Re”), dated August 12, 2019. In the attached letter, NOLGHA and LTC Re express their support for the sale of PTNA’s infrastructure assets to TriPlus, stating that they “believe the sale of PTNA’s infrastructure to TriPlus sets the stage for the best possible transition of administration from PTNA to TriPlus.” Further, speaking on behalf of the “largest creditors of the estates,” NOLHGA and LTC Re state that

they support the Liquidator's plan as stated in the Application and that they have "no concern about the fairness or reasonableness of the consideration to be paid by TriPlus for the purchased assets."

Dated: August 21, 2019

Respectfully submitted,

/s/ James R. Potts

James R. Potts

Michael J. Broadbent

COZEN O'CONNOR

One Liberty Place

1650 Market Street, Suite 2800

Philadelphia, PA 19103

Tel: 215.665.2000

Fax: 215.701.2102

Leslie Miller Greenspan

TUCKER LAW GROUP, LLC

Ten Penn Center

1801 Market Street, Suite 2500

Philadelphia, PA 19103

Tel: 215.875.6609

Fax: 215-559-6209

*Attorneys for Jessica K. Altman, Insurance
Commissioner of Pennsylvania, in her
capacity as Statutory Liquidator of PTNA*

LTC Reinsurance PCC
1050 Connecticut Avenue, NW, Suite 700
Washington, D.C. 20036

National Organization of Life and Health Insurance
Guaranty Associations
13873 Park Center Road, Suite 505
Herndon, VA 20171

August 12, 2019

Robert L. Robinson
Chief Liquidation Officer
Penn Treaty Network America Insurance Company
3440 Lehigh Street
Allentown, PA 18103

RE: Sale of Penn Treaty Infrastructure

Dear Mr. Robinson:

We are writing in regard to the *Application for Approval of the Sale of the Infrastructure Assets of Penn Treaty Network Insurance Company (in Liquidation) to TriPlus Services, Inc.* that was filed by the Liquidator on July 31, 2019 (the "Application"). As noted in the Application, Penn Treaty Network America Insurance Company ("PTNA") has been providing policy and claims administration services on behalf of most of the guaranty associations statutorily triggered by the liquidations of PTNA and American Network Insurance Company ("ANIC") since the liquidation date. LTC Reinsurance PCC ("LTC Re"), the captive insurance company formed by the guaranty associations to reinsure and collectively manage their covered PTNA/ANIC policies, engaged PTNA on behalf of the forty-four guaranty associations who have reinsured their covered obligations to LTC Re. The National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") engaged PTNA on behalf of four guaranty associations that did not reinsure their covered obligations to LTC Re. (The other two affected guaranty associations are administering their covered obligations in-house.) The guaranty associations are the primary creditors of the PTNA and ANIC estates and, collectively, are the largest creditors of the estates.

The servicing arrangement with PTNA was intended, by all parties, to be an interim arrangement. LTC Re and NOLHGA have worked together to select a third-party administrator ("TPA") that could service the PTNA/ANIC policies on behalf of the guaranty associations for the long-term. Ultimately, LTC Re and NOLHGA selected TriPlus Services, Inc. ("TriPlus") and have entered into a TPA Agreement with TriPlus ("Services Agreement"). We sought to coordinate our selection of a long-term TPA with the Liquidator's sale of the PTNA infrastructure to ensure continuity of service for the policyholders. Our selection of TriPlus and the sale of the PTNA infrastructure to TriPlus do just that. Pursuant to the Asset Purchase Agreement (submitted as Exhibit A to the Application), TriPlus will acquire certain IT systems and software that are used to administer the PTNA/ANIC policies. TriPlus also will make offers of employment to a majority of PTNA employees.

We believe the sale of PTNA's infrastructure to TriPlus sets the stage for the best possible transition of administration from PTNA to TriPlus. For that reason, LTC Re and NOLHGA support the Liquidator's plan to sell the PTNA infrastructure to TriPlus. Based on the information provided in the Application, LTC Re and NOLHGA have no concern about the fairness or reasonableness of the consideration to be paid by TriPlus for the purchased assets.

LTC Re and NOLHGA intend for their Services Agreement with TriPlus to go into effect concurrently with or shortly after the closing of the sale of the PTNA infrastructure assets to TriPlus. LTC Re and NOLHGA are prepared for that transition to take place as soon as possible. We look forward to working with the PTNA and TriPlus teams on the transition.

As discussed, we authorize you to share this letter with the Commonwealth Court in support of the Application.

LTC REINSURANCE PCC

DocuSigned by:
Eric Rangen
By: _____
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Eric S. Rangen, President

**NATIONAL ORGANIZATION OF LIFE AND
HEALTH INSURANCE GUARANTY ASSOCIATIONS**

By: 
Richard W. Klipstein, Executive Vice President and COO

CERTIFICATE OF SERVICE

I certify that, on August 21, 2019, I caused courtesy copies of the foregoing document to be served on the counsel listed below. I further certify that the foregoing document was posted to the PTNA receivership website and served in accordance with the Court's order governing service on parties appearing on the Master Service List.

Counsel for NOLHGA

Caryn M. Glawe
Jane D. Wilson
FAEGRE BAKER DANIELS
300 N. Meridian Street, Suite 2700
Indianapolis, IN 46204

Mark D. Bradshaw
STEVENS & LEE
17 North Second Street, 16th Floor
Harrisburg, PA 17101

Counsel for the Intervenors, Certain Health Insurers

Harold S. Horwich
Michael C. D'Agostino
Benjamin J. Cordiano
MORGAN, LEWIS & BOCKIUS LLP
One State Street
Hartford, CT 06103-3178

John P. Lavelle, Jr.
MORGAN, LEWIS & BOCKIUS LLP
1701 Market Street
Philadelphia, PA 19103

/s/Michael J. Broadbent