

**PENN TREATY NETWORK AMERICA INSURANCE COMPANY
AMERICAN NETWORK INSURANCE COMPANY
FREQUENTLY ASKED QUESTIONS**

(FOR GENERAL INFORMATIONAL PURPOSES ONLY-CONSULT STATE LAW FOR SPECIFIC PROTECTIONS PROVIDED BY YOUR GUARANTY ASSOCIATION)

Key Facts

- Penn Treaty (PTNA) and American Network (ANIC) are still in rehabilitation.
- Claims and policy administration continue to be run out of the PTNA/ANIC Allentown office.
- The Rehabilitator has asked the court to approve the liquidation of the companies.
- If the court orders liquidation, the state guaranty associations will provide coverage for covered policies and will begin administering the policies and claims.
- Policyholders must keep paying their premiums or their policies will lapse.

RECEIVERSHIP COURT PROCEEDINGS

1. What is the current status of the PTNA and ANIC rehabilitations?

PTNA and ANIC have been in court-supervised rehabilitation since early 2009. Policy and claim administration has continued under the supervision of the Rehabilitator (the Pennsylvania Insurance Commissioner) from the PTNA/ANIC office in Allentown, Pennsylvania. (For more information see www.penn treaty.com.) The Rehabilitator has now asked that the rehabilitations be converted to liquidations, and those petitions for liquidation are pending before the Court.

2. How are liquidation and rehabilitation different?

PTNA and ANIC are currently in rehabilitation; in rehabilitation, most activities of the companies have continued similar to operations prior to supervision actions by the Pennsylvania Insurance Commissioner. For more information on rehabilitation, visit the Penn Treaty website's Rehabilitation section at <http://www.penn treaty.com/Rehabilitation.aspx>. If the companies are placed into liquidation with a finding of insolvency, that will activate (trigger) the state life and health insurance guaranty associations to provide statutorily-specified coverage to PTNA and ANIC policyholders; policyholder premiums will be paid to and policy claims will be paid by the guaranty associations after the effective date of an order of liquidation, up to the statutory limitation in each state's insurance laws. Other operations of the insurance companies may also be affected by an order of liquidation.

3. When is the Court likely to rule on the request by the rehabilitator to convert from rehabilitation to liquidation?

No definite date has been set, but possibly as early as the fall of 2016.

4. What Court is overseeing the PTNA and ANIC receiverships?

The Commonwealth Court of Pennsylvania in Harrisburg is overseeing the PTNA and ANIC receiverships under Docket Numbers 1 PEN 2009 and 1 ANI 2009.

5. Who represents policyholders in Court?

The Pennsylvania Insurance Commissioner, as Rehabilitator (or eventually as Liquidator), is charged with protecting the interests of the policyholders. In addition, on September 24, 2013, the Court authorized the formation of a Policyholder Committee. More information about the Policyholder Committee is available on Penn Treaty's website (www.penntreaty.com/Rehabilitation/PolicyholdersCommittee).

LIQUIDATION

6. What will happen to policies of PTNA and ANIC if the companies go into liquidation?

Guaranty associations are activated (triggered) to provide coverage when an order of liquidation with a finding of insolvency has been issued against an insurance company by the Court. If this happens for PTNA and ANIC, the affected guaranty associations will provide coverage to policyholders based on the state insurance laws that govern each association.

7. What will happen to my insurance policy if my state guaranty association is triggered?

Guaranty associations have the authority to provide protection in a variety of ways, including simply continuing the policy. The Oregon Association is working with other guaranty associations nationwide to develop a plan for PTNA and ANIC policyholders.

8. When does the guaranty association take over?

The Oregon Association is triggered to provide coverage when an order of liquidation with a finding of insolvency has been issued against an insurance company by the Court. That means that the Association's coverage obligations begin at that point.

9. Will the guaranty association pay my long-term-care benefits in full?

State guaranty associations have maximum benefit levels that can be provided to an individual; these levels are established by state insurance law and vary from state to state. The limit per person for long term care insurance in Oregon is \$100,000. If your claim exceeds this maximum allowed amount, you may be eligible to file a claim against the estate of the company and may receive additional payment from estate assets. Other statutory limitations or exclusions also may apply to claims paid by the Association. The Penn Treaty website has a chart with guaranty association benefit limits: http://penntreaty.com/Portals/0/PDFs/PTNA/Updated%2001-05-16_GAChart%20-%20LTC.pdf.

Benefits paid by an insurer before a guaranty association becomes "triggered" do not count against the guaranty association benefit limit.

10. What if I have a PTNA or ANIC policy that isn't long-term care?

PTNA and ANIC also issued a limited number of major medical, disability, and other health insurance policies. Those policies issued to residents of the State will also be covered by the Association, although different types of insurance will have different maximum benefit levels.

11. Which guaranty association will protect me? Does it matter where I live?

Yes, it does matter. Guaranty associations provide coverage to residents of their states as of the date of liquidation, subject to some exceptions and exclusions spelled out in state law.

12. Should I keep paying my premiums?

If you are paying premiums to PTNA or ANIC, you must continue to do so if you wish to keep your policy in force. If you stop paying premiums, your insurance benefits will end and your insurance policy will terminate. We cannot advise whether continuing to pay premiums and keeping your policy in force is the best option for you. Premiums may change in the future as provided for in the policy and by state law.

HOW TO SEEK ADDITIONAL INFORMATION

13. Who can answer questions about the receiverships?

If you need clarification on receivership information, you should contact PTNA/ANIC Policyholder Services at 800-362-0700. Information also is available on PTNA's website (www.penntreaty.com).

14. Who can answer questions about my policy?

While the companies remain in rehabilitation, you should continue to contact PTNA/ANIC Policyholder Services at 800-362-0700, x3190 for policy or claim information.

15. Who can answer questions about my guaranty association coverage?

The guaranty association in **your state of residence** can answer questions about coverage. However, guaranty associations cannot discuss specific policies or provide details about guaranty association coverage until the company has been placed in liquidation and we have been triggered to provide benefits.