PA Department of Insurance

October 2, 2009

Insurance Department Petitions to Place Penn Treaty into LiquidationPolicyholders will be protected

Harrisburg – The Pennsylvania Insurance Department today filed petitions that seek orders of liquidation for Penn Treaty Network America Insurance Company and its subsidiary, American Network Insurance Company. The petitions are subject to the approval of Commonwealth Court.

"We have been on-site analyzing the organizations' assets, liabilities, reserves and surpluses since we began our rehabilitation action in January," Insurance Commissioner Joel Ario said. "Our comprehensive, independent evaluation has determined that the companies do not have the ability to pay future claims without significant rate increases that would have to be requested and approved in all 50 states. In the current circumstances, those rate increases simply would not be fair to policyholders.

"We have instead petitioned for an orderly liquidation of all company assets in which policyholders' claim payments are our number one priority. Additionally, active long-term care policies will not be canceled, except by the policyholder, so they will be transitioned to the states' guaranty funds once an order takes effect. Guaranty funds have the right to assess other insurance companies to cover policyholder claims up to coverage limits that vary by state."

Penn Treaty Network America, headquartered in Allentown, and its subsidiary, American Network, provide long-term care insurance to more than 120,000 policyholders. Together, the companies offered long-term care insurance in all 50 states and the District of Columbia.

Policyholders and other interested parties will receive further information about the liquidation when the court enters an order. In the interim, policyholders with questions on claims or non-claim matters may call, toll-free, 1-800-362-0700, ext. 3270.

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