

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

ORDER OF LIQUIDATION

AND NOW, this 1st day of March, 2017, upon consideration of the Verified Petition of Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, to Convert Rehabilitation to Liquidation (Liquidation Petition), filed on July 27, 2016, the hearing thereon and the certificate executed by the Board of Directors of Penn Treaty Network America Insurance Company (“PTNA”) unanimously consenting to the liquidation of PTNA, it is hereby **ORDERED** that:

1. PTNA is hereby declared insolvent and ordered to be **LIQUIDATED** pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280, *as amended*, 40 P.S. §§ 221.1 – 221.63 (“Article V”).

2. The rehabilitation of PTNA is hereby **TERMINATED**, and all orders entered during the rehabilitation, to the extent inconsistent with this Liquidation Order, are **VACATED**.

3. The Insurance Commissioner, Teresa D. Miller, and her successor in office, is hereby **APPOINTED** Statutory Liquidator of PTNA (“the Liquidator”) and directed to take possession of PTNA’s property, business, and affairs and to administer them in accordance with Article V and the orders of this Court.

4. The Liquidator is hereby **VESTED** with all the powers, rights, and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

5. The Liquidator is vested with title to all property, assets, contracts, and rights of action (“assets”) of PTNA of whatever nature and wherever located, as of the date of filing of the Liquidation Petition. All assets of PTNA are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets of PTNA wherever they may be located and regardless of whether they are held in the name of PTNA or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to PTNA or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against PTNA; and (d) exclusive jurisdiction over the determination of the priority of all claims against PTNA.

6. The filing or recording of this Liquidation Order with the Clerk of the Commonwealth Court or with the Recorder of Deeds of Lehigh County, in which PTNA’s principal office or place of business is located, shall impart the same notice as is imparted by any deed, bill of sale, or other evidence of title duly filed or recorded with that Recorder of Deeds.

7. To protect the assets of the PTNA Estate and facilitate the liquidation, the Liquidator is directed to:

- (a) Instruct all banks, investment bankers, companies, other entities or other persons having in their possession assets which are the property of PTNA, unless otherwise instructed by the Liquidator, to deliver these assets to the Liquidator, and not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner

dispose of the same without the prior written consent of the Liquidator.

(b) Instruct all producers and other persons having sold policies of insurance issued by PTNA to account for and pay all earned commissions and premiums, collected or uncollected, for the benefit of PTNA to the Liquidator within 30 days of notice of this Liquidation Order.

(c) Instruct all producers, reinsurance intermediaries and other persons doing business with PTNA not to disburse any monies that come into their possession and are owed to, or claimed by, PTNA for any purpose other than to make payment to the Liquidator.

(d) Instruct any premium finance company that has entered into a contract to finance a policy (if any) that has been issued by PTNA to pay any and all premium owed to PTNA to the Liquidator.

(e) Instruct all attorneys, who are employed by PTNA or performing legal services for PTNA as of the date of this Liquidation Order, that within 30 days they must report to the Liquidator, to the extent not previously reported to the Rehabilitator, the name, claim number (if applicable) and status of each matter they are handling on behalf of PTNA; the full caption and docket number of each case as well as the name and address of opposing counsel; an accounting of any funds received from or on behalf of PTNA for any purpose; and, further, that the Liquidator will not make payment for any unsolicited report.

(f) Inform any entity that has custody or control of any data processing information and records, including electronically stored information and records belonging to PTNA, to transfer custody and control of such documents to the Liquidator upon her request.

(g) Instruct any entity furnishing claims processing or data processing services to PTNA to maintain such services and transfer any such accounts to the Liquidator as of the date of this Liquidation Order, upon her request.

(h) Continue such services as the Liquidator deems reasonably necessary for the conduct of the liquidation.

8. PTNA's directors, officers, and employees, to the extent that the following obligations have not been satisfied in the course of PTNA's rehabilitation, shall: (a) surrender peaceably to the Liquidator the premises where PTNA conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes; (c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of PTNA or any password or authorization code or access code required for access to data processing equipment; and (d) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of PTNA in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

9. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Liquidation Order, regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to

an insured or other creditor of PTNA shall not diminish the reinsurer's obligation to PTNA, except to the extent provided by law.

**TRANSFER OF POLICY OBLIGATIONS
TO GUARANTY ASSOCIATIONS**

10. Not later than thirty (30) days from the effective date of this Liquidation Order, the Liquidator will transfer policy obligations, including the continued payment of claims and continued coverage arising under PTNA's policies, to state guaranty funds. The Liquidator will make PTNA's facilities, computer systems, books, records, and third-party administrators (to the extent possible) available to any guaranty association (and to states and state officials holding statutory deposits for the benefit of such claimants).

11. In accordance with Section 536(a) of Article V, 40 P.S. §221.36(a), the Liquidator may advance funds from the estate of PTNA for the payment of claims by state guaranty funds with the approval of the Court.

NOTICE OF LIQUIDATION

12. In addition to the notice requirements of Section 524 of Article V, 40 P.S. §221.24, the Liquidator shall publish notice in newspapers of general circulation where PTNA has its principal places of business, and in the national edition of the *Wall Street Journal*, that: (a) specifies the deadlines for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

13. Within thirty (30) days of giving notice of the order of liquidation and of the procedures for filing claims against the estate of PTNA, as set forth above,

the Liquidator shall file a compliance report with the Court noting, in reasonable detail, the date that and manner by which these notices were given.

ADMINISTRATIVE EXPENSES

14. The Liquidator shall pay as costs and expenses of administration, pursuant to Section 544(a) of Article V, 40 P.S. §221.44(a), the actual, reasonable, and necessary costs of preserving or recovering the assets of PTNA, and the costs of goods or services provided to and approved by the Rehabilitator or by this Court during the period of PTNA's rehabilitation that are unpaid as of the date of this Liquidation Order.

15. Distribution of the assets of PTNA in payment of the costs and expenses of estate administration within the meaning of Section 544(a) of Article V, 40 P.S. §221.44(a), and not otherwise covered by Sections 523 and 545(b) of Article V, 40 P.S. §§221.23 and 221.45(b), shall be made under the direction and approval of the Court.

16. The Liquidator may request from the Court such other Orders as may be deemed necessary and proper for the conduct of the liquidation of PTNA in accordance with Article V and this Liquidation Order.

17. The Court's prior orders shall remain in full force and effect to the extent they are not inconsistent with this Liquidation Order.



MARY HANNAH LEAVITT, President Judge

Certified from the Record

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And Order Exit