



Penn Treaty Network America Insurance Company (Penn Treaty)
and
American Network Insurance Company (ANIC)

Key Information

- As of March 1, 2017, Penn Treaty and American Network are in liquidation.
- State guaranty associations provide coverage for all policyholders residing in the United States.
- To be eligible for guaranty association coverage, it is very important that you continue paying your policy premiums in full and on time.

General Information About this Document

1. Why was this document created?

These Frequently Asked Questions were prepared by the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) and Penn Treaty. They are intended to respond to common questions that policyholders may have about the liquidation of the companies and their ongoing insurance coverage.

Liquidation Court Proceedings

2. What is the current status of Penn Treaty and American Network?

Starting March 1, 2017, Penn Treaty and American Network were placed in liquidation by order of the Commonwealth Court of Pennsylvania. Penn Treaty and American Network had been in Court-supervised rehabilitation since 2009, with policy and claim administration under the supervision of the Pennsylvania Insurance Commissioner from Penn Treaty's office in Allentown, Pennsylvania.

3. Why were Penn Treaty and American Network ordered into liquidation?

The Pennsylvania Insurance Commissioner worked with consulting firms to review the companies' current financial condition and future financial projections. The results

indicated that the companies did not have adequate assets (including premiums to be collected in the future) to fully pay for expected future claims. In addition, the results indicated that the deficit to pay future claims was substantial.

4. What will happen to my insurance policy now that Penn Treaty and American Network are in liquidation and state guaranty associations are involved?

The guaranty associations will provide specified coverage to Penn Treaty and American Network policyholders, based on state laws. The guaranty associations manage your policy and claims; your policy benefits are subject to state limits.

More information is available in the “Life and Health Insurance Guaranty Associations” section.

Information on Premiums, Claims, and Benefits

5. Should I keep paying my premiums?

Failure to pay policy premiums in full and on time may cause your policy to terminate, and you will lose your benefits, including guaranty association coverage protection.

Premiums may be adjusted in the future.

6. Will guaranty associations pay my long-term care benefits in full?

It depends. Guaranty associations are established by state laws, and the coverage limits vary from state to state. Most state guaranty associations provide up to \$300,000 in protection for long-term care insurance. However, some states have coverage limits that are either higher or lower than \$300,000, and other statutory limitations or exclusions also may apply. Benefits paid before March 1, 2017, do not count against the guaranty association coverage limit.

7. If my policy benefits are higher than the state guaranty association coverage limits, do I lose the difference in coverage?

The Liquidator originally provided a notice to all policyholders about the possibility of additional benefits for claims above guaranty association coverage limits. After extensive litigation, on October 19, 2022, the Supreme Court of Pennsylvania issued a decision that payments to policyholders in excess of guaranty association coverage limits are not permissible under Pennsylvania law. Therefore, no additional benefit payments are available above guaranty association association coverage limits.

8. What if I have a Penn Treaty or American Network policy that isn't a long-term care policy?

Penn Treaty and American Network primarily issued long-term care insurance policies, but they also issued a limited number of major medical, disability, and other health insurance policies. Those policies are also covered by the guaranty associations, but these different types of insurance can have different coverage limits and limits vary from state to state.

Life and Health Insurance Guaranty Associations

9. What is a life and health insurance guaranty association?

Every state (including the District of Columbia and Puerto Rico) has a life and health insurance guaranty association to protect state residents. The guaranty association provides continuing benefits when a life or health insurance company goes out of business.

All insurance companies (with limited exceptions) licensed to write life and health insurance or annuities in a state must be members of the state's life and health insurance guaranty association. If a member company becomes insolvent, the guaranty associations continue coverage and pay claims in accordance with state laws.

10. What is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA)?

NOLHGA is a voluntary association made up of the life and health insurance guaranty associations of all 50 states and the District of Columbia. When insurers licensed in multiple states are close to becoming insolvent (unable to pay debts owed) or are declared insolvent, NOLHGA assembles a task force of guaranty association officials. This task force analyzes the companies' policies, ensures that covered claims are paid, and arranges for covered policies to be transferred to a healthy insurer (when possible).

Since its creation in 1983, NOLHGA has assisted its member guaranty associations in guaranteeing more than \$25.6 billion in coverage benefits for policyholders and annuitants of insolvent member companies. In that time, the associations have provided protection for more than 2.6 million policyholders and worked on more than 100 multi-state insolvencies. In the case of Penn Treaty and American Network, NOLHGA has assisted certain guaranty associations in forming LTC Re. The section below has more information about LTC Re.

11. When do guaranty associations take over?

Guaranty associations typically provide coverage when the court issues a liquidation order due to insolvency.

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

Yes, it does matter. Even if your policy was purchased in another state, the guaranty association protection generally will be provided by the guaranty association in your state of residence at the time of liquidation. This is subject to some state law exceptions and exclusions.

13. Are guaranty association laws the same in all states?

Most state guaranty association laws are based on a Model Act of the National Association of Insurance Commissioners (NAIC). However, they can vary from state to state.

LTC Reinsurance PCC

14. What is LTC Re?

LTC Reinsurance PCC is a protected cell captive insurance company formed by certain state guaranty associations with the help of NOLHGA and licensed under the laws of the District of Columbia.

15. Will I interact with LTC Re?

If you are covered by a guaranty association that formed LTC Re, you may receive certain information from LTC Re from time to time.

Contact Information

16. Who can answer questions about liquidation?

If you have questions about liquidation, please contact the Pennsylvania Insurance Department at 800-222-3469.

For updated information about the companies' liquidation, visit www.PennTreaty.com. For information about guaranty associations, visit www.nolhga.com.

17. Who can answer questions about my policy?

If you have policy or claim questions, you should continue to contact Customer Services at 800-362-0700.

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

The guaranty association providing your coverage can answer additional questions about coverage. You can find contact information for your guaranty association at www.nolhga.com/policyholderinfo/main.cfm.