

## MEMO

DATE: April 10, 2017

TO: Charles Gullickson (Penn Treaty/ANIC Task Force Chair), Richard Klipstein (NOLHGA)

FROM: Vincent L. Bodnar, ASA, MAAA

RE: Penn Treaty Network American Insurance Company and American Network Insurance Company  
Estimate of Guaranty Association Covered Liabilities

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Long Term Care Group, Inc. ("LTCG") prepared estimates of the covered liabilities of the guaranty associations ("GAs") resulting from the March 1, 2017 Orders of Liquidation of Penn Treaty Network America Insurance Company ("PTNA") and American Network Insurance Company ("ANIC"). We provide these estimates on the following pages on two bases: a discounted basis that considers the time value of money at an annual rate of 4.25%; and an undiscounted basis.

The values shown are as of March 1, 2017. They pertain only to the long-term care insurance policies of PTNA and ANIC, and so exclude a small number of non-LTC policies. The values consider the application of the Moody's interest rate adjustment for policies covered by the Connecticut, Pennsylvania and Wyoming guaranty associations. We derived the covered gross liabilities from our estimate of the future cash outflows (paid benefits plus expenses less collected premium).

PTNA staff provided the value of the assets that are currently expected to be transferred to the GAs in total from the estates of the liquidated companies. We allocated this amount to each GA using the re-priced premium method. The covered net liabilities are the covered gross liabilities less allocated estate assets.

The attached spreadsheet, *Cash Outflow 20170410.xlsx*, contains annual detail of projected future cash outflow for each affected GA. We note that the annual cash flows shown are likely not representative of the timing of future assessments made by the affected guaranty associations.

### Disclosures:

In developing this document, its attachment, and the underlying actuarial analyses, LTCG relied on information that was supplied by the staff of PTNA. LTCG staff reviewed this information for reasonableness but performed no audits or independent verification of such information. To the extent they exist, material errors in the information provided to us will affect our analysis.

We developed these liability estimates using the assumptions and methods described in a report dated February 24, 2017. Vincent L. Bodnar, ASA, MAAA is the actuary responsible for the actuarial opinions contained in this communication and is qualified to render them. We prepared this document under the terms of the May 1, 2015, engagement letter between LTCG and NOLHGA. LTCG does not permit distribution of this document beyond NOLHGA and its member GAs and advisors without our prior written consent.

LTCG represents and is responsible only to NOLHGA concerning all matters relating to this document and its attachments. Any other user of this information will place no reliance on the information contained therein or related to it that would result in the creation of any duty or liability by LTCG to the user.

**Summary of Guaranty Association Discounted Coverage Estimates<sup>1</sup> as of March 1, 2017**  
**Resulting from the Liquidations of Penn Treaty Network America Insurance Company and American Network Insurance Company**

| Assoc. | Limit     | PTNA         |                                |                     |                 | ANIC         |                                |                     |                 | Total        |                                |                     |                 |
|--------|-----------|--------------|--------------------------------|---------------------|-----------------|--------------|--------------------------------|---------------------|-----------------|--------------|--------------------------------|---------------------|-----------------|
|        |           | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities |
| AL     | 300,000   | 297          | 8,004,651                      | 630,130             | 7,374,521       | 5            | 82,871                         | 23,673              | 59,199          | 302          | 8,087,522                      | 653,803             | 7,433,720       |
| AK     | 300,000   | 32           | 1,229,825                      | 81,851              | 1,147,974       | 0            | 0                              | 0                   | 0               | 32           | 1,229,825                      | 81,851              | 1,147,974       |
| AZ     | 300,000   | 2,937        | 131,313,224                    | 8,835,488           | 122,477,736     | 53           | 2,317,736                      | 520,245             | 1,797,491       | 2,990        | 133,630,960                    | 9,355,732           | 124,275,227     |
| AR     | 300,000   | 211          | 4,817,000                      | 399,658             | 4,417,342       | 1            | 18,426                         | 4,688               | 13,739          | 212          | 4,835,426                      | 404,345             | 4,431,081       |
| CA     | 560,929   | 8,059        | 428,986,713                    | 30,645,393          | 398,341,319     | 35           | 2,896,035                      | 631,273             | 2,264,762       | 8,094        | 431,882,747                    | 31,276,666          | 400,606,081     |
| CO     | 300,000   | 1,510        | 45,453,786                     | 3,310,203           | 42,143,583      | 975          | 24,825,774                     | 6,075,319           | 18,750,456      | 2,485        | 70,279,560                     | 9,385,521           | 60,894,039      |
| CT     | 500,000   | 63           | 3,133,515                      | 208,805             | 2,924,710       | 550          | 29,859,427                     | 6,381,715           | 23,477,711      | 612          | 32,992,942                     | 6,590,521           | 26,402,421      |
| DC     | 300,000   | 37           | 1,490,230                      | 98,645              | 1,391,585       | 4            | 209,093                        | 47,052              | 162,041         | 41           | 1,699,323                      | 145,696             | 1,553,627       |
| DE     | 300,000   | 72           | 3,022,247                      | 205,626             | 2,816,620       | 10           | 595,946                        | 129,405             | 466,541         | 82           | 3,618,193                      | 335,031             | 3,283,162       |
| FL     | 300,000   | 8,433        | 369,981,033                    | 24,075,878          | 345,905,155     | 349          | 18,549,526                     | 4,056,387           | 14,493,138      | 8,782        | 388,530,559                    | 28,132,266          | 360,398,293     |
| GA     | 300,000   | 1,667        | 69,108,198                     | 4,590,295           | 64,517,903      | 32           | 1,778,697                      | 385,032             | 1,393,665       | 1,699        | 70,886,895                     | 4,975,327           | 65,911,568      |
| HI     | 300,000   | 245          | 9,279,079                      | 630,386             | 8,648,692       | 1            | 20,134                         | 7,029               | 13,105          | 246          | 9,299,212                      | 637,415             | 8,661,797       |
| ID     | 300,000   | 278          | 8,449,472                      | 620,910             | 7,828,563       | 5            | 149,851                        | 38,336              | 111,515         | 283          | 8,599,324                      | 659,246             | 7,940,078       |
| IL     | 300,000   | 3,475        | 91,358,269                     | 7,266,007           | 84,092,262      | 8            | 363,744                        | 72,427              | 291,317         | 3,483        | 91,722,013                     | 7,338,434           | 84,383,579      |
| IN     | 300,000   | 893          | 29,335,093                     | 2,055,977           | 27,279,116      | 4            | 193,364                        | 37,020              | 156,343         | 897          | 29,528,457                     | 2,092,998           | 27,435,459      |
| IA     | 300,000   | 2,169        | 92,616,561                     | 5,945,287           | 86,671,274      | 0            | 0                              | 0                   | 0               | 2,169        | 92,616,561                     | 5,945,287           | 86,671,274      |
| KS     | 300,000   | 0            | 0                              | 0                   | 0               | 624          | 15,340,479                     | 4,271,645           | 11,068,834      | 624          | 15,340,479                     | 4,271,645           | 11,068,834      |
| KY     | 300,000   | 875          | 30,406,202                     | 2,222,508           | 28,183,694      | 5            | 180,929                        | 54,157              | 126,771         | 880          | 30,587,131                     | 2,276,666           | 28,310,466      |
| LA     | 500,000   | 394          | 10,937,475                     | 830,179             | 10,107,297      | 3            | 191,178                        | 46,080              | 145,098         | 397          | 11,128,653                     | 876,259             | 10,252,395      |
| ME     | 300,000   | 0            | 0                              | 0                   | 0               | 51           | 977,908                        | 323,984             | 653,924         | 51           | 977,908                        | 323,984             | 653,924         |
| MD     | 300,000   | 749          | 31,575,128                     | 2,179,791           | 29,395,337      | 43           | 2,703,276                      | 631,218             | 2,072,058       | 792          | 34,278,404                     | 2,811,008           | 31,467,396      |
| MA     | 300,000   | 0            | 0                              | 0                   | 0               | 64           | 2,512,884                      | 550,347             | 1,962,537       | 64           | 2,512,884                      | 550,347             | 1,962,537       |
| MI     | 300,000   | 1,205        | 34,797,146                     | 2,640,265           | 32,156,881      | 0            | 0                              | 0                   | 0               | 1,205        | 34,797,146                     | 2,640,265           | 32,156,881      |
| MN     | 410,000   | 141          | 4,194,520                      | 312,094             | 3,882,425       | 4            | 163,833                        | 40,016              | 123,817         | 145          | 4,358,352                      | 352,110             | 4,006,242       |
| MS     | 300,000   | 429          | 14,676,700                     | 1,064,800           | 13,611,900      | 1            | 13,772                         | 4,646               | 9,127           | 430          | 14,690,473                     | 1,069,446           | 13,621,027      |
| MO     | 100,000   | 762          | 12,916,746                     | 1,034,417           | 11,882,330      | 37           | 446,441                        | 134,297             | 312,144         | 799          | 13,363,187                     | 1,168,714           | 12,194,473      |
| MT     | 300,000   | 184          | 4,727,219                      | 369,562             | 4,357,657       | 3            | 102,854                        | 24,799              | 78,055          | 187          | 4,830,073                      | 394,362             | 4,435,712       |
| NE     | 300,000   | 763          | 26,946,958                     | 1,987,936           | 24,959,022      | 11           | 133,276                        | 43,487              | 89,788          | 774          | 27,080,233                     | 2,031,423           | 25,048,810      |
| NV     | 300,000   | 339          | 14,375,176                     | 960,434             | 13,414,742      | 7            | 220,019                        | 55,203              | 164,816         | 346          | 14,595,195                     | 1,015,637           | 13,579,558      |
| NH     | 300,000   | 157          | 7,444,422                      | 474,229             | 6,970,193       | 19           | 497,583                        | 139,190             | 358,393         | 176          | 7,942,005                      | 613,419             | 7,328,586       |
| NJ     | Unlimited | 0            | 0                              | 0                   | 0               | 1,893        | 186,268,346                    | 41,690,807          | 144,577,539     | 1,893        | 186,268,346                    | 41,690,807          | 144,577,539     |
| NM     | 300,000   | 216          | 8,410,019                      | 576,963             | 7,833,056       | 14           | 430,975                        | 101,081             | 329,894         | 230          | 8,840,994                      | 678,044             | 8,162,950       |
| NC     | 300,000   | 2,271        | 108,628,473                    | 7,124,133           | 101,504,341     | 77           | 3,508,329                      | 808,878             | 2,699,451       | 2,348        | 112,136,802                    | 7,933,011           | 104,203,791     |
| ND     | 300,000   | 177          | 2,733,526                      | 269,822             | 2,463,704       | 0            | 0                              | 0                   | 0               | 177          | 2,733,526                      | 269,822             | 2,463,704       |
| OH     | 300,000   | 1,976        | 63,464,842                     | 4,645,204           | 58,819,639      | 16           | 392,936                        | 112,312             | 280,624         | 1,992        | 63,857,778                     | 4,757,516           | 59,100,263      |
| OK     | 300,000   | 424          | 13,835,977                     | 981,370             | 12,854,607      | 7            | 231,300                        | 57,353              | 173,948         | 431          | 14,067,278                     | 1,038,722           | 13,028,555      |
| OR     | 100,000   | 662          | 12,115,847                     | 770,288             | 11,345,559      | 12           | 173,583                        | 48,727              | 124,856         | 674          | 12,289,430                     | 819,015             | 11,470,415      |
| PA     | 300,000   | 9,181        | 280,979,518                    | 19,629,183          | 261,350,335     | 324          | 11,021,691                     | 2,499,397           | 8,522,294       | 9,505        | 292,001,209                    | 22,128,580          | 269,872,629     |
| RI     | 300,000   | 43           | 1,540,649                      | 113,277             | 1,427,372       | 7            | 388,849                        | 83,588              | 305,261         | 50           | 1,929,499                      | 196,865             | 1,732,633       |
| SC     | 300,000   | 555          | 18,333,329                     | 1,334,026           | 16,999,304      | 75           | 3,262,190                      | 741,457             | 2,520,734       | 630          | 21,595,520                     | 2,075,482           | 19,520,038      |
| SD     | 300,000   | 1,106        | 43,537,369                     | 3,157,290           | 40,380,079      | 3            | 67,972                         | 19,163              | 48,809          | 1,109        | 43,605,342                     | 3,176,453           | 40,428,888      |
| TN     | 300,000   | 1,349        | 50,109,910                     | 3,375,473           | 46,734,437      | 32           | 1,431,774                      | 345,573             | 1,086,201       | 1,381        | 51,541,683                     | 3,721,045           | 47,820,638      |

**Summary of Guaranty Association Discounted Coverage Estimates<sup>1</sup> as of March 1, 2017  
Resulting from the Liquidations of Penn Treaty Network America Insurance Company and American Network Insurance Company**

| Assoc.       | Limit   | PTNA          |                                |                     |                      | ANIC         |                                |                     |                    | Total         |                                |                     |                      |
|--------------|---------|---------------|--------------------------------|---------------------|----------------------|--------------|--------------------------------|---------------------|--------------------|---------------|--------------------------------|---------------------|----------------------|
|              |         | Policy Count  | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities      | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities    | Policy Count  | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities      |
| TX           | 300,000 | 3,870         | 135,978,138                    | 9,981,710           | 125,996,428          | 31           | 1,035,132                      | 238,481             | 796,651            | 3,901         | 137,013,270                    | 10,220,191          | 126,793,079          |
| UT           | 500,000 | 363           | 12,677,985                     | 919,399             | 11,758,586           | 2            | 49,078                         | 11,127              | 37,951             | 365           | 12,727,063                     | 930,526             | 11,796,536           |
| VT           | 300,000 | 185           | 11,515,320                     | 612,971             | 10,902,349           | 11           | 460,404                        | 111,140             | 349,264            | 196           | 11,975,724                     | 724,111             | 11,251,614           |
| VA           | 300,000 | 3,725         | 157,771,896                    | 10,935,144          | 146,836,753          | 1,370        | 66,603,231                     | 16,430,120          | 50,173,111         | 5,095         | 224,375,127                    | 27,365,264          | 197,009,863          |
| WA           | 500,000 | 2,996         | 139,622,590                    | 9,364,151           | 130,258,439          | 5            | 329,111                        | 63,616              | 265,494            | 3,001         | 139,951,701                    | 9,427,767           | 130,523,933          |
| WV           | 300,000 | 0             | 0                              | 0                   | 0                    | 203          | 4,667,196                      | 1,264,559           | 3,402,637          | 203           | 4,667,196                      | 1,264,559           | 3,402,637            |
| WI           | 300,000 | 539           | 17,536,187                     | 1,312,476           | 16,223,711           | 0            | 0                              | 0                   | 0                  | 539           | 17,536,187                     | 1,312,476           | 16,223,711           |
| WY           | 300,000 | 112           | 2,389,692                      | 196,794             | 2,192,898            | 0            | 0                              | 0                   | 0                  | 112           | 2,389,692                      | 196,794             | 2,192,898            |
| Undet.       | 0       | 3             | 0                              | 0                   | 0                    | 0            | 0                              | 0                   | 0                  | 3             | 0                              | 0                   | 0                    |
| <b>Total</b> |         | <b>66,127</b> | <b>2,571,757,856</b>           | <b>178,976,425</b>  | <b>2,392,781,431</b> | <b>6,984</b> | <b>385,667,154</b>             | <b>89,356,050</b>   | <b>296,311,104</b> | <b>73,111</b> | <b>2,957,425,010</b>           | <b>268,332,475</b>  | <b>2,689,092,535</b> |

<sup>1</sup>Future cash outflows are discounted at an annual rate of 4.25%.

<sup>2</sup>Based on Moody's rate as of January 2017, and assumes application of interest rate adjustment in CT, PA and WY.

<sup>3</sup>Based on estimated 3/1/2017 assets, distributed based on re-priced premium.

**Summary of Guaranty Association Undiscounted Coverage Estimates<sup>1</sup> as of March 1, 2017**  
**Resulting from the Liquidations of Penn Treaty Network America Insurance Company and American Network Insurance Company**

| Assoc. | Limit     | PTNA         |                                |                     |                 | ANIC         |                                |                     |                 | Total        |                                |                     |                 |
|--------|-----------|--------------|--------------------------------|---------------------|-----------------|--------------|--------------------------------|---------------------|-----------------|--------------|--------------------------------|---------------------|-----------------|
|        |           | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities |
| AL     | 300,000   | 297          | 12,875,363                     | 630,130             | 12,245,233      | 5            | 132,462                        | 23,673              | 108,789         | 302          | 13,007,825                     | 653,803             | 12,354,022      |
| AK     | 300,000   | 32           | 2,064,909                      | 81,851              | 1,983,058       | 0            | 0                              | 0                   | 0               | 32           | 2,064,909                      | 81,851              | 1,983,058       |
| AZ     | 300,000   | 2,937        | 194,869,651                    | 8,835,488           | 186,034,164     | 53           | 3,964,528                      | 520,245             | 3,444,284       | 2,990        | 198,834,180                    | 9,355,732           | 189,478,447     |
| AR     | 300,000   | 211          | 7,810,789                      | 399,658             | 7,411,131       | 1            | 29,256                         | 4,688               | 24,568          | 212          | 7,840,045                      | 404,345             | 7,435,699       |
| CA     | 560,929   | 8,059        | 637,040,398                    | 30,645,393          | 606,395,005     | 35           | 4,581,056                      | 631,273             | 3,949,783       | 8,094        | 641,621,454                    | 31,276,666          | 610,344,788     |
| CO     | 300,000   | 1,510        | 73,850,298                     | 3,310,203           | 70,540,095      | 975          | 49,134,502                     | 6,075,319           | 43,059,184      | 2,485        | 122,984,801                    | 9,385,521           | 113,599,279     |
| CT     | 500,000   | 63           | 4,620,035                      | 208,805             | 4,411,230       | 550          | 54,297,195                     | 6,381,715           | 47,915,479      | 612          | 58,917,230                     | 6,590,521           | 52,326,709      |
| DC     | 300,000   | 37           | 2,275,705                      | 98,645              | 2,177,060       | 4            | 339,897                        | 47,052              | 292,845         | 41           | 2,615,601                      | 145,696             | 2,469,905       |
| DE     | 300,000   | 72           | 4,423,215                      | 205,626             | 4,217,589       | 10           | 924,621                        | 129,405             | 795,216         | 82           | 5,347,836                      | 335,031             | 5,012,805       |
| FL     | 300,000   | 8,433        | 539,132,497                    | 24,075,878          | 515,056,619     | 349          | 29,351,988                     | 4,056,387           | 25,295,601      | 8,782        | 568,484,485                    | 28,132,266          | 540,352,219     |
| GA     | 300,000   | 1,667        | 104,038,000                    | 4,590,295           | 99,447,706      | 32           | 2,714,041                      | 385,032             | 2,329,008       | 1,699        | 106,752,041                    | 4,975,327           | 101,776,714     |
| HI     | 300,000   | 245          | 14,790,914                     | 630,386             | 14,160,528      | 1            | 32,714                         | 7,029               | 25,685          | 246          | 14,823,628                     | 637,415             | 14,186,212      |
| ID     | 300,000   | 278          | 12,605,797                     | 620,910             | 11,984,888      | 5            | 249,948                        | 38,336              | 211,612         | 283          | 12,855,746                     | 659,246             | 12,196,500      |
| IL     | 300,000   | 3,475        | 136,109,595                    | 7,266,007           | 128,843,588     | 8            | 558,690                        | 72,427              | 486,263         | 3,483        | 136,668,285                    | 7,338,434           | 129,329,851     |
| IN     | 300,000   | 893          | 46,458,818                     | 2,055,977           | 44,402,841      | 4            | 343,433                        | 37,020              | 306,412         | 897          | 46,802,251                     | 2,092,998           | 44,709,253      |
| IA     | 300,000   | 2,169        | 144,500,550                    | 5,945,287           | 138,555,263     | 0            | 0                              | 0                   | 0               | 2,169        | 144,500,550                    | 5,945,287           | 138,555,263     |
| KS     | 300,000   | 0            | 0                              | 0                   | 0               | 624          | 24,925,056                     | 4,271,645           | 20,653,411      | 624          | 24,925,056                     | 4,271,645           | 20,653,411      |
| KY     | 300,000   | 875          | 44,102,538                     | 2,222,508           | 41,880,030      | 5            | 308,176                        | 54,157              | 254,018         | 880          | 44,410,714                     | 2,276,666           | 42,134,048      |
| LA     | 500,000   | 394          | 16,758,342                     | 830,179             | 15,928,164      | 3            | 235,298                        | 46,080              | 189,218         | 397          | 16,993,641                     | 876,259             | 16,117,382      |
| ME     | 300,000   | 0            | 0                              | 0                   | 0               | 51           | 1,713,467                      | 323,984             | 1,389,483       | 51           | 1,713,467                      | 323,984             | 1,389,483       |
| MD     | 300,000   | 749          | 47,894,313                     | 2,179,791           | 45,714,522      | 43           | 3,778,262                      | 631,218             | 3,147,045       | 792          | 51,672,575                     | 2,811,008           | 48,861,567      |
| MA     | 300,000   | 0            | 0                              | 0                   | 0               | 64           | 4,380,106                      | 550,347             | 3,829,758       | 64           | 4,380,106                      | 550,347             | 3,829,758       |
| MI     | 300,000   | 1,205        | 53,364,077                     | 2,640,265           | 50,723,811      | 0            | 0                              | 0                   | 0               | 1,205        | 53,364,077                     | 2,640,265           | 50,723,811      |
| MN     | 410,000   | 141          | 7,235,024                      | 312,094             | 6,922,930       | 4            | 276,677                        | 40,016              | 236,661         | 145          | 7,511,701                      | 352,110             | 7,159,590       |
| MS     | 300,000   | 429          | 20,941,699                     | 1,064,800           | 19,876,899      | 1            | 16,832                         | 4,646               | 12,186          | 430          | 20,958,530                     | 1,069,446           | 19,889,085      |
| MO     | 100,000   | 762          | 17,971,674                     | 1,034,417           | 16,937,257      | 37           | 760,509                        | 134,297             | 626,212         | 799          | 18,732,183                     | 1,168,714           | 17,563,469      |
| MT     | 300,000   | 184          | 7,105,569                      | 369,562             | 6,736,007       | 3            | 172,862                        | 24,799              | 148,063         | 187          | 7,278,431                      | 394,362             | 6,884,070       |
| NE     | 300,000   | 763          | 39,545,843                     | 1,987,936           | 37,557,907      | 11           | 235,135                        | 43,487              | 191,648         | 774          | 39,780,978                     | 2,031,423           | 37,749,555      |
| NV     | 300,000   | 339          | 21,402,696                     | 960,434             | 20,442,262      | 7            | 351,321                        | 55,203              | 296,118         | 346          | 21,754,017                     | 1,015,637           | 20,738,380      |
| NH     | 300,000   | 157          | 11,774,941                     | 474,229             | 11,300,712      | 19           | 918,204                        | 139,190             | 779,014         | 176          | 12,693,145                     | 613,419             | 12,079,727      |
| NJ     | Unlimited | 0            | 0                              | 0                   | 0               | 1,893        | 348,736,803                    | 41,690,807          | 307,045,997     | 1,893        | 348,736,803                    | 41,690,807          | 307,045,997     |
| NM     | 300,000   | 216          | 13,229,158                     | 576,963             | 12,652,195      | 14           | 767,371                        | 101,081             | 666,290         | 230          | 13,996,529                     | 678,044             | 13,318,485      |
| NC     | 300,000   | 2,271        | 157,855,387                    | 7,124,133           | 150,731,254     | 77           | 5,651,342                      | 808,878             | 4,842,464       | 2,348        | 163,506,729                    | 7,933,011           | 155,573,718     |
| ND     | 300,000   | 177          | 4,777,696                      | 269,822             | 4,507,875       | 0            | 0                              | 0                   | 0               | 177          | 4,777,696                      | 269,822             | 4,507,875       |
| OH     | 300,000   | 1,976        | 96,534,846                     | 4,645,204           | 91,889,642      | 16           | 680,850                        | 112,312             | 568,538         | 1,992        | 97,215,696                     | 4,757,516           | 92,458,180      |
| OK     | 300,000   | 424          | 21,125,197                     | 981,370             | 20,143,827      | 7            | 351,925                        | 57,353              | 294,572         | 431          | 21,477,122                     | 1,038,722           | 20,438,399      |
| OR     | 100,000   | 662          | 18,124,465                     | 770,288             | 17,354,177      | 12           | 318,367                        | 48,727              | 269,640         | 674          | 18,442,833                     | 819,015             | 17,623,817      |
| PA     | 300,000   | 9,181        | 435,481,351                    | 19,629,183          | 415,852,169     | 324          | 18,013,401                     | 2,499,397           | 15,514,004      | 9,505        | 453,494,752                    | 22,128,580          | 431,366,172     |
| RI     | 300,000   | 43           | 2,409,600                      | 113,277             | 2,296,324       | 7            | 627,380                        | 83,588              | 543,792         | 50           | 3,036,981                      | 196,865             | 2,840,116       |
| SC     | 300,000   | 555          | 28,561,060                     | 1,334,026           | 27,227,034      | 75           | 5,481,304                      | 741,457             | 4,739,847       | 630          | 34,042,364                     | 2,075,482           | 31,966,882      |
| SD     | 300,000   | 1,106        | 63,959,265                     | 3,157,290           | 60,801,975      | 3            | 161,864                        | 19,163              | 142,701         | 1,109        | 64,121,129                     | 3,176,453           | 60,944,675      |
| TN     | 300,000   | 1,349        | 79,481,798                     | 3,375,473           | 76,106,325      | 32           | 2,001,995                      | 345,573             | 1,656,422       | 1,381        | 81,483,792                     | 3,721,045           | 77,762,747      |

**Summary of Guaranty Association Undiscounted Coverage Estimates<sup>1</sup> as of March 1, 2017  
Resulting from the Liquidations of Penn Treaty Network America Insurance Company and American Network Insurance Company**

| Assoc.       | Limit   | PTNA          |                                |                     |                      | ANIC         |                                |                     |                    | Total         |                                |                     |                      |
|--------------|---------|---------------|--------------------------------|---------------------|----------------------|--------------|--------------------------------|---------------------|--------------------|---------------|--------------------------------|---------------------|----------------------|
|              |         | Policy Count  | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities      | Policy Count | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities    | Policy Count  | Gross Liabilities <sup>2</sup> | Assets <sup>3</sup> | Net Liabilities      |
| TX           | 300,000 | 3,870         | 200,224,022                    | 9,981,710           | 190,242,312          | 31           | 1,810,257                      | 238,481             | 1,571,776          | 3,901         | 202,034,279                    | 10,220,191          | 191,814,088          |
| UT           | 500,000 | 363           | 20,956,895                     | 919,399             | 20,037,496           | 2            | 88,791                         | 11,127              | 77,664             | 365           | 21,045,686                     | 930,526             | 20,115,160           |
| VT           | 300,000 | 185           | 18,784,382                     | 612,971             | 18,171,412           | 11           | 748,572                        | 111,140             | 637,432            | 196           | 19,532,954                     | 724,111             | 18,808,844           |
| VA           | 300,000 | 3,725         | 235,909,391                    | 10,935,144          | 224,974,247          | 1,370        | 93,761,749                     | 16,430,120          | 77,331,629         | 5,095         | 329,671,140                    | 27,365,264          | 302,305,876          |
| WA           | 500,000 | 2,996         | 242,678,542                    | 9,364,151           | 233,314,391          | 5            | 655,327                        | 63,616              | 591,710            | 3,001         | 243,333,869                    | 9,427,767           | 233,906,101          |
| WV           | 300,000 | 0             | 0                              | 0                   | 0                    | 203          | 7,337,109                      | 1,264,559           | 6,072,550          | 203           | 7,337,109                      | 1,264,559           | 6,072,550            |
| WI           | 300,000 | 539           | 25,160,926                     | 1,312,476           | 23,848,450           | 0            | 0                              | 0                   | 0                  | 539           | 25,160,926                     | 1,312,476           | 23,848,450           |
| WY           | 300,000 | 112           | 3,673,690                      | 196,794             | 3,476,895            | 0            | 0                              | 0                   | 0                  | 112           | 3,673,690                      | 196,794             | 3,476,895            |
| Undet.       | 0       | 3             | 0                              | 0                   | 0                    | 0            | 0                              | 0                   | 0                  | 3             | 0                              | 0                   | 0                    |
| <b>Total</b> |         | <b>66,127</b> | <b>3,894,490,921</b>           | <b>178,976,425</b>  | <b>3,715,514,496</b> | <b>6,984</b> | <b>671,920,644</b>             | <b>89,356,050</b>   | <b>582,564,594</b> | <b>73,111</b> | <b>4,566,411,565</b>           | <b>268,332,475</b>  | <b>4,298,079,090</b> |

<sup>1</sup>No discount rate is applied to projected cash outflows.

<sup>2</sup>Based on Moody's rate as of January 2017, and assumes application of interest rate adjustment in CT, PA and WY.

<sup>3</sup>Based on estimated 3/1/2017 assets, distributed based on re-priced premium.