



## Frequently Asked Questions

Penn Treaty Network America Insurance Company  
American Network Insurance Company

### Key Information

- As of March 1, 2017, Penn Treaty and American Network are in liquidation.
- State guaranty associations will provide coverage for all policyholders residing in the United States.
- The guaranty associations have contracted to use the existing Penn Treaty computer systems, policy/claims records, and staff to administer the policies, either directly or through LTC Reinsurance PCC (“LTC Re”).
- To be eligible for guaranty association coverage, it is very important that you continue paying your policy premiums in full and on time.
- The process used to ask policy questions and for claim submissions remains unchanged.

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

### **4. What will happen to my insurance policy now that Penn Treaty and American Network are being liquidated 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 association will manage your policy and claims, your policy benefits may change due to state limits, but your process for filing claims and paying your premiums will stay the same.

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. Is there any change to the premium payment process?**

No. The process to pay premiums is the same.

- **Bank drafts:** No changes are necessary. Your premiums will continue to be deducted from your bank account based on your existing agreement.

- ***Mailed payments:*** No changes are necessary. Premium payments should continue to be mailed to Penn Treaty, P.O. Box 70257, Philadelphia, PA 19176-0257.
- ***Important note:*** To continue to be eligible for guaranty association coverage, policyholders must continue paying policy premiums in full and on time. Failure to pay policy premiums in full and on time may cause your policy to terminate and you will lose benefits, including guaranty association coverage.

## **7. Where should I submit claims?**

The process to submit a claim to Penn Treaty or American Network is the same.

- File a new claim or ask questions about the claim process: Continue to call 1-800-362-0700 (Monday–Friday, 8 a.m. – 6:30 p.m. ET).
- Submit claim information: Continue to send your documents to the same address: Penn Treaty, Attn: Claims Department, PO Box 7066, Allentown, PA 18105-7066. Or continue to send by fax to 610-965-6962.

## **8. 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.

Your policy will be fully covered if the benefit limit in your policy is below the guaranty association coverage limit, with the following exception: If your policy is protected by a guaranty association in Connecticut, Pennsylvania, or Wyoming and you have an inflation rider, your policy benefits may be adjusted in accordance with the guaranty association statutes in those states. If your policy is covered by the Wyoming association, you will be receiving correspondence soon regarding your inflation benefit limit and options regarding the inflation benefit.

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

Claims that exceed the coverage limit but are within the policy limits will be processed differently. Those claims will be processed by the Penn Treaty and American Network Liquidator for possible additional coverage. Those claims may be paid from the remaining Penn Treaty or American Network assets. If your policy benefits are higher than the state

guaranty association coverage limits, you will receive information about these possible additional benefits in a separate notice.

#### **10. 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 those limits will vary from state to state. The guaranty association coverage notice being sent to you provides the coverage limit applicable to your policy.

### **Life and Health Insurance Guaranty Associations**

#### **11. 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.

#### **12. 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 \$22 billion in coverage benefits for policyholders and annuitants of insolvent member companies. In that time, the associations have provided protection for more than 2.5 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.

### **13. When do guaranty associations take over?**

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

### **14. 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.

### **15. 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**

### **16. 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.

### **17. 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. However, LTC Re has contracted with Penn Treaty to administer your policy, so it's unlikely that there will be any changes to the policy administration in the near future.

## **Contact Information**

### **18. Who can answer questions about liquidation?**

If you have questions about liquidation, you should continue to contact Penn Treaty's Policyholder Services at 1-800-362-0700.

For updated information about the companies' liquidation, visit [www.PennTreaty.com](http://www.PennTreaty.com). For information about guaranty associations, visit [www.nolhga.com](http://www.nolhga.com).

**19. Who can answer questions about my policy?**

If you have policy or claim questions, you should continue to contact Penn Treaty's Policyholder Services at 1-800-362-0700.

**20. 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](http://www.nolhga.com/policyholderinfo/main.cfm).