



March 13, 2009

Dear Policyholders and Other Interested Parties:

On January 6, 2009, Penn Treaty Network America Insurance Company (PTNA) and American Network Insurance Company (ANIC) were placed into rehabilitation by Orders of the Commonwealth Court of Pennsylvania. These rehabilitation orders place the companies under control of the Pennsylvania Insurance Department. They give the insurance commissioner as Rehabilitator the ability to oversee the financial situation, stabilize current operations, develop a rehabilitation plan to maximize the protection of policyholders, and plan for the companies' future.

The Insurance Department has been working closely with PTNA and ANIC for the past several months and this rehabilitation has occurred with the consent of the companies. Pennsylvania Insurance Commissioner Joel Ario was named Rehabilitator of PTNA and ANIC in the Commonwealth Court Orders.

As a representative of the Rehabilitator, my staff, legal counsel and I have assumed responsibility for the management of the companies and their rehabilitation. The primary objective of the rehabilitation is to protect and preserve the assets of the companies to minimize financial hardship on the policyholders of PTNA and ANIC.

Work has begun on a comprehensive financial analysis that will determine the actions which will benefit the PTNA and ANIC policyholders. Based upon the financial analysis, we will draft a plan of rehabilitation, which will be presented to the Commonwealth Court. You will be notified of these rehabilitation plans and the impact they may have on you as an interested party.

Important

Claims for benefits will continue to be processed and paid; however, you MUST continue to make premium payments to PTNA or ANIC to keep your policy in force. It is important to recognize that failure to make your payments will result in the discontinuation of coverage under your policy.

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Penn Treaty Network America Insurance Company (In Rehabilitation)
(Penn Treaty Network America Life Insurance Company in California)
American Network Insurance Company (In Rehabilitation)

3440 Lehigh Street :: Allentown, PA 18103

PTNA and ANIC will continue to operate their business as outlined in the Court's rehabilitation orders and under the direction of the Rehabilitator. Due to the magnitude and complexity of this situation, my staff and I will continue to keep you informed as developments warrant. Please refer to the enclosed list of questions and answers, which may answer some of your questions about the rehabilitation. Please note that we do not have any information other than what is contained in this letter and the attached list of questions and answers. We will send you an update when there is additional information to report.

If you need clarification on any of the rehabilitation-related information contained in this mailing, please call 1-800-362-0700, ext. 3270, between 8 a.m. and 8 p.m. Eastern Daylight Time. Our call volume is anticipated to be heavy for the next few weeks, but we will make every effort to respond to your inquiry. For inquiries and correspondence regarding your policies or claims, please call Policyholder Services at 1-800-362-0700, ext. 3190.

Thank you for your patience as we work through this process.

Sincerely,

Robert L Robinson, CLU, ChFC
Rehabilitation Executive Team