

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

MAR 15 2017

INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA ex rel.)
JOHN D. DOAK, Insurance Commissioner,)
)
 Petitioner,)
)
v.)
)
AMERICAN NETWORK INSURANCE)
COMPANY,)
)
 Respondent.)

Case No. 17-0146-DIS

ORDER OF SUSPENSION OF CERTIFICATE OF AUTHORITY

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, having reviewed information received relating to American Network Insurance Company, a Pennsylvania domiciled insurance company ("the Company" or "American Network"), and finds and orders as follows:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. American Network Insurance Company is authorized to do business in Oklahoma as an accident and health foreign insurer pursuant to Certificate of Authority Number 3403 (NAIC Number 81078).

FINDINGS OF FACT

1. The Company is an accident and health insurer domiciled in Pennsylvania. The Company and its affiliate, Penn Treaty Network America Insurance Company (“Penn Treaty”), have been in court supervised rehabilitation since 2009, with policy and claim administration under the supervision of Teresa D. Miller, Pennsylvania Insurance Commissioner, from the Company’s office in Allentown, Pennsylvania.

2. American Network and its affiliate, Penn Treaty, were declared insolvent and ordered to be liquidated on March 1, 2017. A copy of the Order of Liquidation against American Network is attached as Exhibit “A”.

3. Oklahoma law mandates the revocation or suspension of an insurer’s certificate of authority if the insurer fails to maintain minimum statutory capital and surplus. 36 O.S. § 618. American Network no longer meets the requirements for its Oklahoma certificate of authority pursuant to 36 O.S. § 612.1.

CONCLUSIONS OF LAW

1. Pursuant to 36 O.S. §§ 618 and 619 of the Oklahoma Insurance Code, the Insurance Commissioner has the authority to suspend conduct of this Company’s insurance business in Oklahoma.

2. Pursuant to 36 O.S. § 618 and 619 of the Oklahoma Insurance Code, the Insurance Commissioner, based on the above findings of fact, concludes as a matter of law that the Company should be suspended from conducting business in Oklahoma.

ORDER

IT IS THEREFORE ORDERED that American Network Insurance Company is suspended from doing business in Oklahoma from the date of the filing of this Order. The

Company's actions enumerated in the Findings of Fact above constitute behavior that is a detriment to the public and constitutes a threat of immediate danger and significant, imminent and irreparable public injury; therefore, this Order shall take effect immediately.

IT IS FURTHER ORDERED that the Company may request a Hearing within thirty (30) days of receipt of this Order to determine if any reasons exist that should preclude any of the actions taken herein. Any request for Hearing should be in writing, addressed to Julie Meaders, Deputy General Counsel, Oklahoma Insurance Department, Five Corporate Plaza, 3625 N.W. 56th, Suite 100, Oklahoma City, OK 73112, and must state the grounds for the request to set aside or modify the Order. Pending hearing, this Order shall continue in full force and effect unless stayed by the Commissioner.

Any such hearing shall be conducted according to the procedures for contested cases under the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.; the Administrative Procedures Act, 75 O.S. §§ 250 et seq.; and OAC 365:1-7-1 et seq. The allegations contained herein shall be the subject matter for the hearing, and such allegations may be amended as additional information is discovered. The Commissioner or his appointed Hearing Examiner reserves the right to impose additional or different administrative discipline at a hearing, if warranted.

IT IS FURTHER ORDERED that if no hearing is requested within thirty (30) days of receipt of this Order, this Order shall become a Final Order.

WITNESS My Hand and Official Seal this 14th day of March, 2017.



A handwritten signature in black ink that reads "James C. Mills".

JAMES MILLS
Chief of Staff
Oklahoma Insurance Department

CERTIFICATE OF SERVICE

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing document was mailed postage prepaid with return receipt requested on this 15th day of March, 2017 to:

American Network Insurance Company
c/o Teresa D. Miller, Pennsylvania Insurance Commissioner
3440 Lehigh Street
Allentown, PA 18103-7001

Certified Mail No.
7016 0910 0000 8401 6513

A copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.

And notification was sent to NAIC/RIRS.



Julie Meaders
Deputy General Counsel

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$ _____

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$ _____
- Return Receipt (electronic) \$ _____
- Certified Mail Restricted Delivery \$ _____
- Adult Signature Required \$ _____
- Adult Signature Restricted Delivery \$ _____

Postage

\$ _____

Total Postage and Fees

\$ _____

Sent To

Street and Apt. No., or PO Box

City, State, ZIP+4®

PS Form 3800, April 2015 PSN

American Network Insurance Company
 c/o Teresa D. Miller, Pennsylvania
 Insurance Commissioner
 3440 Lehigh St.
 Allentown, PA 18103-7001
 rlg/17-0146-DIS(JAM)/Order of Suspension



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece or on the front if space permits.

1. Article Addressed to:

American Network Insurance Company
 c/o Teresa D. Miller, Pennsylvania
 Insurance Commissioner
 3440 Lehigh St.
 Allentown, PA 18103-7001
 rlg/17-0146-DIS(JAM)/Order of Suspension



2. Article Number (Transfer from service label)

7016 0910 0000 8401 6513

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Kathy Green Agent
 Addressee

B. Received by (Printed Name) *Kathy Green*
 C. Date of Delivery *3/20/17*

D. Is delivery address different from item 1? Yes
 No
 YES, enter delivery address below:

RECEIVED
 OKLAHOMA INSURANCE DEPARTMENT
 MAR 24 2017
 Legal Division

3. Service Type
- Adult Signature
 - Adult Signature Restricted Delivery
 - Certified Mail®
 - Certified Mail Restricted Delivery
 - Collect on Delivery
 - Collect on Delivery Restricted Delivery
 - Insured Mail
 - Insured Mail Restricted Delivery (over \$500)
 - Priority Mail Express®
 - Registered Mail™
 - Registered Mail Restricted Delivery
 - Return Receipt for Merchandise
 - Signature Confirmation™
 - Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: American Network Insurance :
Company in Rehabilitation : No. 1 ANI 2009

ORDER OF LIQUIDATION

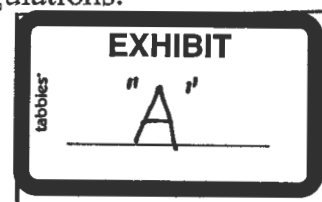
AND NOW, this 1st day of March, 2017, upon consideration of the Verified Petition of Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, to Convert Rehabilitation to Liquidation (Liquidation Petition), filed on July 27, 2016, the hearing thereon and the certificate executed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

1. ANIC 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 ANIC 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 ANIC ("the Liquidator") and directed to take possession of ANIC'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 ANIC of whatever nature and wherever located, as of the date of filing of the Liquidation Petition. All assets of ANIC 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 ANIC wherever they may be located and regardless of whether they are held in the name of ANIC or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to ANIC or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against ANIC; and (d) exclusive jurisdiction over the determination of the priority of all claims against ANIC.

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 ANIC’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 ANIC 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 ANIC, 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 ANIC to account for and pay all earned commissions and premiums, collected or uncollected, for the benefit of ANIC to the Liquidator within 30 days of notice of this Liquidation Order.

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

(e) Instruct all attorneys, who are employed by ANIC or performing legal services for ANIC 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 ANIC; 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 ANIC 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 ANIC, 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 ANIC 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. ANIC's directors, officers, and employees, to the extent that the following obligations have not been satisfied in the course of ANIC's rehabilitation, shall: (a) surrender peaceably to the Liquidator the premises where ANIC 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 ANIC 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 ANIC 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 ANIC shall not diminish the reinsurer's obligation to ANIC, 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 ANIC's policies, to state guaranty funds. The Liquidator will make ANIC'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 ANIC 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 ANIC 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 ANIC, 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.

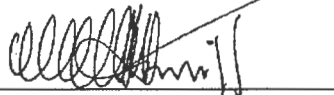
ADMINISTRATIVE EXPENSES

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 ANIC, and the costs of goods or services provided to and approved by the Rehabilitator or by this Court during the period of ANIC's rehabilitation that are unpaid as of the date of this Liquidation Order.

15. Distribution of the assets of ANIC 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 further Orders as may be deemed necessary and proper for the conduct of the liquidation of ANIC 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

MAR 01 2017

And Order Exit