

# California Life and Health Insurance Guarantee Association

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## Frequently Asked Questions

**Penn Treaty Network America Insurance Company  
American Network Insurance Company**

### Key Information

- On March 1, 2017, the Pennsylvania Commonwealth Court ordered Penn Treaty and American Network to be liquidated.
- The California Life and Health Insurance Guarantee Association (“CLHIGA”) will provide coverage for all policyholders residing in California on March 1, 2017.
- **The processes remain the same for Penn Treaty and American Network policyholders:**
  1. **Premium -- *You must continue to pay your policy premiums in full and on time.***
    - a. The process to pay your premium – bank draft or mailed payments -- remains the same.
  2. **Claims** – Claims processes and procedures remain unchanged.
  3. ***Your CLHIGA coverage began on March 1, 2017 and requires no affirmative action*** at this time.
- Contact Information – If you have questions regarding your policy or the liquidation, please contact Penn Treaty’s Policyholder Services at 1-800-362-0700.
- California Life and Health Insurance Guarantee Association – [www.califega.org](http://www.califega.org)

### General Information About the Frequently Asked Questions (“FAQ”) Document:

#### 1. Why the FAQ was created?

These Frequently Asked Questions were prepared by the California Life and Health Guarantee Association in conjunction with the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) and Penn Treaty to respond to common questions that policyholders may have about the liquidation and their ongoing insurance coverage.

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

The Commonwealth Court of Pennsylvania ordered Penn Treaty and American Network to be liquidated on March 1, 2017. The companies have been in Court-supervised rehabilitation since 2009.

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

The Pennsylvania Insurance Commissioner and financial experts determined that the companies do not have adequate assets (including premiums to be collected in the future) to fully pay for expected future claims and 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 CLHIGA is involved?**

CLHIGA will provide specified coverage to Penn Treaty and American Network policyholders, based on California law. CLHIGA will manage your policy and claims, your policy benefits may change due to state limits which caps your coverage at \$560,929, but *your process for filing claims and paying your premiums remains exactly the same.*

More information is available in the “California Life and Health Insurance Guarantee Association” section.

**Information on Premiums, Claims, and Benefits**

**5. Should I keep paying my premiums?**

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

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

**No.** The process to pay premiums remains 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 CLHIGA 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 CLHIGA coverage.

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

The process to submit a claim to Penn Treaty or American Network remains the same, unless you hear otherwise from CLHIGA in the future.

- 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 CLHIGA pay my long-term-care benefits in full?**

It depends. CLHIGA is established by California law and although most guaranty associations provide up to \$300,000 in protection, CLHIGA provides up to \$560,929 in protection. Please note that benefits paid before March 1, 2017 do *not* count against your CLHIGA coverage limit.

Your policy will be fully covered if the benefit limit in your policy is below CLHIGA’s \$560,929 coverage limit.

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

The Pennsylvania Court has yet to determine if claims that exceed the coverage limit but are within the policy limits will be allowed. If so, those claims 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 CLHIGA’s coverage limits, and the Court allows over the limit claims, 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 CLHIGA, and CLHIGA provides up to \$560,929 in protection.

## **California Life and Health Insurance Guarantee Association**

### **11. What is the California Life and Health Insurance Guarantee Association?**

The California Life and Health Insurance Guarantee Association protects state residents by providing continuing benefits when a life or health insurance company goes out of business.

Many insurance companies licensed to write life and health insurance or annuities in California must be members of CLHIGA. If a member company, such as Penn Treaty or ANIC, becomes insolvent, CLHIGA continues coverage and pay claims in accordance with California law.

## **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, CLHIGA and the other guaranty 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 does CLHIGA take over?**

CLHIGA provides 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. If you were a California resident on March 1, 2017, you will be protected by CLHIGA—even if your policy was purchased in another state.

## **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. Most guaranty associations have a coverage limit of \$300,000 for long-term care policies; however, if you were a California resident on March 1, 2017, your coverage limit is \$560,929.

## **LTC Reinsurance PCC**

## **16. What is LTC Re?**

LTC Reinsurance PCC is captive insurance company formed by CLHIGA and certain other 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?**

As you are covered by CLHIGA which helped form 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.