



and after due deliberation and sufficient cause appearing, in support of approval of the Application, the Court finds and concludes as follows:

1. Notice of the Application has been provided to the persons identified in the Certificate of Service attached thereto. That notice satisfies the requirements of due process, and no other or further notice need be provided.

2. In accordance with 15 U.S.C. § 1012, this matter is governed by Article V of the Pennsylvania Insurance Department Act of 1921 (“Article V”), 40 P.S. §§ 221.1 to 221.63, and by Pennsylvania law.

3. Under § 504 of Article V, 40 P.S. § 221.4, this Court has exclusive jurisdiction to consider the Application and the relief requested.

4. The Settling Parties have negotiated the Settlement Agreement at arm’s length, in good faith, and have entered into the Settlement Agreement without collusion or any actual intent to hinder, delay, or defraud the Companies’ estates or any creditor of the Companies, the PTAC Intervenors, or Broadbill.

5. As demonstrated in the Verified Application, multiple benefits to the Companies’ estates, policyholders, creditors, and the public of the settlement constitute reasonably equivalent value and fair consideration in exchange for a cash payment in the amount of Ten Million Dollars (\$10,000,000) and all other consideration to be paid or provided to PTAC pursuant to the Settlement Agreement.

6. The provisions of the Settlement Agreement are fair and reasonable to, and in the best interests of the estates of the Companies and the policyholders and creditors of the Companies and the public.

7. The legal and factual bases set forth in the Application establish just cause for the relief granted by this Order Approving Settlement Agreement.

8. The cash payment and all other consideration exchanged by the Settling Parties pursuant to the Settlement Agreement and the covenants contained therein constitute reasonably equivalent value and fair consideration under Article V, the Pennsylvania Uniform Fraudulent Transfer Act, the Bankruptcy Code, and any other substantially similar or relevant laws.

9. The Settling Parties' performance of their obligations under the Settlement Agreement is consistent with all prior orders of the Commonwealth Court, and none of the Settling Parties has engaged in any act, or omitted to act in any way, that would cause or permit the Settlement Agreement or the transactions contemplated therein to be avoided under Article V, the Pennsylvania Uniform Fraudulent Transfer Act, the Bankruptcy Code, or any other laws substantially similar to the foregoing.

10. The Settling Parties are entitled to all protections and immunities available under the Pennsylvania Uniform Fraudulent Transfer Act.

11. Pursuant to Pa. R.A.P. 1733, a supersedeas bond is appropriate pending any appeal. Although this Order is not itself an order for the payment of money, the Settlement Agreement provides for the payment of sums certain out of the Companies' estates. Under Pa.R.A.P. 1731(a), a bond to stay orders for the payment of money must be equal to one hundred twenty percent (120%) of the amount at issue. A similar bond based on the value of the settlement consideration and the potential alternative minimum tax is appropriate here to preserve the status quo pending any appeal.

Having made the foregoing findings and conclusions, it is hereby ORDERED that:

A. The Application is GRANTED, and that the Settlement Agreement attached as Exhibit A to the Application is APPROVED.

B. The terms of the Settlement Agreement are incorporated into this Order. The Settling Parties shall be bound by each of those terms as if they constituted an Order of this Court.

C. This Order shall be binding on the Settling Parties, the Companies' Boards, and any and all of their respective affiliates, controlled parties, or shareholders who filed, caused to be filed, or on whose behalf or for whose benefit were filed, formal or informal objections or comments to the Second Amended Plan of Rehabilitation, each of their respective officers, directors, agents and representatives, and all policyholders and other creditors, persons, and entities that the Court has jurisdiction to bind with regard to the matters set forth in this Order.

D. The Settlement Agreement constitutes proper exercise of the Commissioner's discretion and is in accordance with the Pennsylvania Supreme Court's opinion in *In re Penn Treaty Network Am. Ins. Co.*, 119 A.3d 313, 323 (Pa. 2015).

E. Subject to the occurrence of the Effective Date, the Settling Parties are authorized and directed to consummate the Settlement Agreement and to perform all actions as set forth therein, including the making of all disbursements contemplated under the Settlement Agreement.

F. Each of the releases and covenants not to sue set forth in the Settlement Agreement are approved.

G. All objections to the Settlement Agreement that have not been withdrawn, resolved, or settled are hereby overruled.

H. Any obligations under the Settlement Agreement and this Order shall remain fully enforceable notwithstanding the filing of a liquidation petition or the entry of liquidation orders against the Companies. No further order pursuant to 40 P.S. § 221.36 or any other provision of Article V shall be necessary for the Commissioner to pay the cash payment as provided in the Settlement Agreement, and no proof of claim by PTAC nor any notice of determination by the Commissioner shall be necessary for issuance of that payment.

I. The cash payment in the amount of ten million dollars (\$10,000,000) to be made to PTAC pursuant to the Settlement Agreement shall be a first priority cost and expense of the administration, and shall be entitled to priority level (a) status under 40 P.S. § 221.44(a), including in any liquidation proceeding of the Companies.

J. In the event of the entry of orders of liquidation against the Companies as provided in the Settlement Agreement, any dissolution of PTNA or ANIC, discharge of the Companies' Unfunded Benefit Liability (as defined in the Second Amended Plan) and/or incurrence of cancellation of debt income shall not occur before the later of (i) twenty four (24) months after entry of the respective liquidation orders, or (ii) thirteen (13) months after the IRS' disposition, or the Commissioner's withdrawal, of the requested PLR.

K. Pursuant to Pa. R.A.P. 341(c), the Court expressly finds that immediate appeal (if any) of this Settlement Approval Order would facilitate resolution of the entire case, and therefore enters this approval order as a final judgment with respect to the issues set forth herein. Any interested person filing an appeal shall be required to post a bond equal to Thirty Six Million Dollars (\$36,000,000), which represents one hundred twenty percent (120%) of the settlement consideration of Ten Million Dollars (\$10,000,000) and one hundred twenty percent

(120%) of potential alternative minimum tax, which is approximately Twenty Millions Dollars (\$20,000,000).

L. This Court shall retain exclusive jurisdiction to enforce the terms of, hear, and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of the Settlement Agreement and this Order.

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HON. MARY HANNAH LEAVITT  
President Judge of the Commonwealth Court

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