

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America Insurance Company in Rehabilitation	:	
	:	1 PEN 2009
	:	
	:	
	:	
In Re: American Network Insurance Company in Rehabilitation	:	1 ANI 2009

Re: Application for Multiple Forms of Relief

ORDER

AND NOW, this ____ day of _____, 2014, upon consideration of the Application for Multiple Forms of Relief filed by Intervenor Eugene J. Woznicki and Penn Treaty American Corporation, and the response filed by Michael F. Consedine, Pennsylvania Insurance Commissioner and Statutory Rehabilitator of Penn Treaty Network America Insurance Company and American Network Insurance Company, it is hereby **ORDERED** that the Application is **GRANTED** and that:

1. The Rehabilitator is prohibited from further unreasonable delay in the rehabilitations of Penn Treaty Network America Insurance Company and American Network Insurance Company;
2. The Rehabilitator must immediately and aggressively pursue actuarially justified premium rate increases;
3. The Rehabilitator must file plans of rehabilitation on or before July 1, 2014, after which the Court and parties will discuss an expedited schedule for approval, disapproval or modification of the plans;

4. The Court expects the personal involvement of the Insurance Commissioner in the rehabilitation effort, including attendance at meetings and Court conferences, and his direct oversight of the Special Deputy Rehabilitator;

5. The Court requires complete transparency, reporting, monitoring, justification, and approval—by the Court or a designated Master—of the expenditures of the rehabilitation that are charged to the estates, including but not limited to those of the Pennsylvania Insurance Department, the Special Deputy Rehabilitator, the Chief Rehabilitation Officer, professionals, and consultants, as well as all contracts and budgets relating thereto;

6. The Department shall reimburse the estates within 10 days of this Order the funds it has been paid out of these estates, and the Department is prohibited from receiving further payments from the estates without Court approval;

7. The Court requires complete transparency with regard to communications with the NAIC and regulators regarding the rehabilitation and the appeal, including all information and documents sought in the Intervenor's prior filing seeking such information, as well as NOLHGA and others with whom the Rehabilitator deals in the rehabilitations;

8. The Court requires complete transparency with regard to the communications, analyses and actions of the rehabilitation team;

9. The Court authorizes payment out of the estates to permit the completion of Mr. Volkmar's gross premium reserve analysis and related activities in an amount not to exceed ___;

10. The Court authorizes payment from the estates of the fees and expenses incurred by the Intervenor during this receivership proceeding in the amount of ___; and

11. The Court expects the Rehabilitator to refrain from using the same counsel to represent him in both the rehabilitation and the appeal.

MARY HANNAH LEAVITT, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Penn Treaty Network America	:	
Insurance Company in Rehabilitation	:	1 PEN 2009
	:	
	:	
	:	
In Re: American Network	:	
Insurance Company in Rehabilitation	:	1 ANI 2009

INTERVENORS' APPLICATION FOR MULTIPLE FORMS OF RELIEF

Eugene J. Woznicki, Chairman of the Boards of Directors of Penn Treaty Network America Insurance Company ("PTNA") and American Network Insurance Company ("ANIC") (collectively, "the Companies"), and Penn Treaty American Corporation (collectively, the "Intervenors"), file this application for multiple forms of relief, and in support thereof state the following:

1. The Intervenors file this Application to remedy the Rehabilitator's continuing abuses of discretion and failures to obey the Orders of this Court.
2. On January 6, 2009, at his own request, the Rehabilitator was ordered to rehabilitate the Companies.

FAILURES REGARDING PREMIUM RATE INCREASES

3. On April 6, 2009, in his preliminary rehabilitation plan and report to the Court, the Rehabilitator attested to the importance to the rehabilitation effort of the timely pursuit of premium rate increases. As the Court summarized the Rehabilitator's position regarding the importance of such premium rate increases: "In short, it was identified early in the process that a rehabilitation required the aggressive pursuit of actuarially justified premium rate increases. *** The Preliminary Plan concluded that '[t]he more quickly and aggressively rate increases and expense reductions are implemented, the sooner PTNA's surplus can become positive and ANIC's financial position can be improved.'" May 3, 2012 Opinion ("Opinion") at 32.

4. In the summer of 2009, the Rehabilitator stopped seeking premium rate increases in aid of the Companies' rehabilitation.

5. Since then, for almost five years, the Rehabilitator has refused to seek needed and actuarially justified premium rate increases with regard to long term care insurance ("LTCI") policies issued by the Companies, including from his own Department.

6. Not only has he not sought such premium rate increases with regard to the Companies, but, as found by this Court, he has "affirmatively acted to frustrate the rehabilitation" that he is required to pursue. The Court has already determined that the Rehabilitator advised "state regulators to follow his example and *not* approve pending rate filings on OldCo business." Opinion at 11 (emphasis in text).¹ The Rehabilitator also "elected not to implement some rate increases that had already been approved." Opinion at 35-36.

7. Year in and year out, premium rate increases are routinely sought and to varying degrees approved nationally with regard to other LTCI companies. An indication of the extent of such reported premium rate increases may be gleaned from <http://www.insurance.ca.gov/0100-consumers/0060-information-guides/0050-health/ltc-rate-history-guide/index.cfm>. ("The LTC rate history report is reported by the company and displays rate history for nationwide and/or California LTC policy forms for active companies (current LTC writers) and inactive (currently not writing LTC policies in California) companies.") *See also* Formal Comments of Broadbill Partners, LP to the Proposed Rehabilitation Plan filed on August 30, 2013; Comments of Intervenors Eugene J. Woznicki and Penn Treaty American Corporation to the Proposed Plans of Rehabilitation, filed on August 30, 2013, Exhibit A (Affidavit of William W. Hunt, Jr. regarding survey of LTCI premium rate increases).

¹ These findings were not appealed.

8. The Pennsylvania Insurance Department has routinely granted premium rate increase requests over the past several years to companies that issued LTCI policies.

9. For example, with regard to the Senior Health Insurance Company of Pennsylvania (“SHIP”), <http://www.shipltc.com/>, owned by a Trust created by the Pennsylvania Insurance Department to manage LTCI policies, the Pennsylvania Insurance Department granted premium rate increases of 20% in 2009, 25% in 2010, 14-25% in 2011, and 20% in 2012. See <http://www.insurance.ca.gov/0100-consumers/0060-information-guides/0050-health/ltc-rate-history-guide/index.cfm> (follow hyper link entitled “Long-Term Care Rate History Report – Inactive Companies, then follow hyper link to Senior Health Ins Co of Pa).

10. The Rehabilitator exercises oversight and control of SHIP, as stated on its website: “Conseco Senior Health Insurance Company was domiciled in Pennsylvania when it was established. SHIP is a rename of Conseco Senior Health Insurance Company. It is the insurance company that you have used. SHIP is a Pennsylvania corporation. The Pennsylvania Department of Insurance, therefore, continues to have oversight and control of the company as it is domiciled there.” <http://www.shipltc.com/trust-questions.php>.

11. SHIP correctly points out that premium rate increases are for the *protection of all policyholders*: “This is especially important when Senior Health Insurance Company of Pennsylvania, based on its claims experience, must raise rates, subject to regulatory approval, to protect policyholders.” <http://www.shipltc.com/common-questions/>

12. It is unclear whether premium rate increases were sought by SHIP or granted by the Pennsylvania Insurance Department in 2013 or 2014.

13. What *is* clear is that under the “leadership” of the Rehabilitator, not a single penny of premium rate increases has been sought by the Rehabilitator or granted by his

Department, with regard to *any* of the LTCI policies issued by the Companies, during much of 2009, all of 2010, 2011, 2012, and 2013, and the first four months of 2014. It is equally clear that the Rehabilitator has no intention of seeking such needed premium rate increases.

14. While premium rate increases were routinely sought and granted by the Rehabilitator's Department "to protect policyholders" in SHIP, the Rehabilitator stubbornly refuses to take action to have the same "protections" apply to the Companies' policyholders.

15. In October of 2009, the Rehabilitator applied for Orders by which the Companies would be liquidated.

16. After a lengthy hearing, on May 3, 2012, the requests to liquidate the Companies were denied, and the Rehabilitator was again ordered to rehabilitate the Companies.

17. In its Opinion that accompanied the Orders, the Court stated the obvious: the Rehabilitator has duties that he must comply with while acting as rehabilitator of PTNA and ANIC, including to: "take such actions as are necessary to correct the condition that prompted the Board of Directors' request for and consent to the rehabilitation of Penn Treaty"; prepare and submit a rehabilitation plan; and pursue rehabilitation "unless and until the Commissioner satisfies this Court that the rehabilitation should be terminated under Section 518(a) of Article V and a liquidation order entered." Opinion at 29 (quoting *Koken v. Legion Ins. Co.*, 831 A.2d 1196, 1229 (Pa. Cmwlth. 2003), *aff'd sub nom. Koken v. Villanova Ins. Co.*, 583 Pa. 400, 878 A.2d 51 (2005)).

18. As the Court clearly stated, insurance regulators, "who are a necessary part of a workout," have "statutory obligations to approve actuarially justified rate increases." Opinion at 10, 141. That certain regulators are refusing to do so "presents a serious indictment of the existing system of rate regulation of long-term care insurance." *Id.* at 4.

19. The Court ruled that “rate increases for OldCo are critical” and that the Rehabilitator must make “earnest,” “meaningful,” and “legitimate” efforts to obtain the actuarially justified rate increase relief for the Companies. *Id.* at 1, 139, 159, 164. It is therefore critical that the Rehabilitator lead by example in pursuing OldCo rate increases. Leading by example does not and cannot mean Pennsylvania leading other state regulators to the conclusion that premium rate increases are not important enough to ask for and grant.

20. This Court’s May 3, 2012 Opinion and Order set forth additional important concerns and expectations regarding the past and future rehabilitation effort. Approvals of actuarially justified rate increases play a crucial role in the rehabilitation. The Court was understandably critical of the 2009 abandonment of pursuit of premium rate increases, and it was specifically concerned about the Commissioner advising “state regulators to follow his example and *not* approve pending rate filings on OldCo business.” *Id.* at 10 (emphasis by the Court). The Court specifically: (1) rejected a “business as usual” approach to seeking future rate increases, *id.* at 111; (2) required a “unified attack on OldCo’s rate structure,” *id.* at 112; (3) expected “[e]nergy in implementing the plan,” *id.* at 112; (4) required a “legitimate effort to devise a rehabilitation plan, noting that “[a]ggressive efforts to pursue actuarially justified rate increases and contract modification options, for policyholders and agents, all hold potential,” *id.* at 139; and (5) required that neither the Rehabilitator’s “phlegmatic effort” nor his abandonment of the effort is an appropriate response to the companies’ “inadequate rate structure.” *Id.* at 160. Accordingly, the Court ordered that the “plan of rehabilitation must address and eliminate the inadequate and unfairly discriminatory premium rates for the OldCo business.” Order at 2.

21. In light of the Rehabilitator's refusal to do his job and his proven and continuing frustration of the rehabilitation, these were entirely proper requirements. They still are, but the Rehabilitator simply ignores them.

22. The Orders of January 6, 2009 and May 3, 2012 remain in effect.

23. Simply stated, the Rehabilitator is flouting both Orders, and he has done so for years.

FAILURES REGARDING PURSUIT OF REHABILITATION PLANS

24. After seeking several extensions of the date by which he was to file the plans of rehabilitation, the Rehabilitator stated that he did not need any more time after April 30, 2013 to file the required plans.

25. On April 30, 2013, the Rehabilitator filed his proposed plans of rehabilitation (the "Proposed Plans").

26. In the Proposed Plans, the Special Deputy Rehabilitator represented under oath to the Court and the public that he "considered a variety of potential rehabilitation plan structures, and explored them in detail" and that the Proposed Plans offered the "best possibility for success." Proposed Plans at 1.

27. The Special Deputy Rehabilitator also stated in the Proposed Plans that as much as 30-70% of the projected deficit might be eliminated with an initial round of benefit reductions. *Id.*

28. The Rehabilitator sought approval of the Proposed Plans in their entirety.

29. The Rehabilitator posted the Proposed Plans on the Companies' website, and he sent them to, *inter alia*, policyholders with explanatory documents, and comments were invited.

30. The Intervenors and many others went to tremendous time and expense to submit comments (some of which included expensive actuarial analyses) to the Proposed Plans.

31. The Proposed Plans and the supporting documents were very expensive to prepare, publicize, explain, and comment on.

32. After having represented to the Court and the public that the Plan he filed offered “the best possibility for success,” the Rehabilitator has now *changed his mind*² and does *not* want the Court to approve the Proposed Plans in their entirety.

33. The Rehabilitator has been engaged in strictly confidential discussions with a number of interested parties, including the Intervenors, regarding a possible *third* set of filed rehabilitation plans. As those conversations are confidential, they will not be described herein.

34. The relief requested herein is not based on any such discussions, and it should be granted notwithstanding the fact that such discussions have taken place and may take place in the future. It is, however, based on, and required as a result of, the pattern of the Rehabilitator’s wasteful and deleterious actions and inactions, including his refusal to pursue on a timely basis any meaningful actions designed to actually rehabilitate the Companies and his refusal to file and support a plan in the more than five years he has served as the Rehabilitator.

35. Although the Rehabilitator argues in his appeal that he should not have had to talk with the Intervenors (who believe that the Companies can and should be rehabilitated) in fashioning a plan, he has willingly worked on a possible plan with NOLHGA and other

² This is yet another serious example of the Rehabilitation team’s “*volte-face*” approach displayed throughout these proceedings.

entities that wish to have the Companies liquidated as soon as possible, some of whom have provided amicus support for his appeal by which he wishes to have the Companies liquidated.³

THE UNJUSTIFIED AND TREMENDOUS COST FOR LITTLE, IF ANY, BENEFIT

36. Mr. Cantilo's firm has been paid by the estates well more than \$1.75 million since he was retained by the Rehabilitator as the Special Deputy Rehabilitator.

37. Notwithstanding this significant payment to the Special Deputy Rehabilitator, the Rehabilitator can point to no significant rehabilitation *result* since Mr. Cantilo came on board.

38. Six attorneys from DLA Piper have been enrolled by the Rehabilitator to represent him in these proceedings (Mr. Buchholz, Ms. Risk, Mr. Schwab, Mr. Poedtke, Mr. Heller, and Mr. Brown). These attorneys together with the seven attorneys from Cozen O'Connor (Judge Colins, Mr. Harty, Mr. Potts, Ms. Meloni, Ms. Hogben, Mr. Fiebach, and Ms. Davies) and at least four attorneys from the Pennsylvania Insurance Department (Ms. Lucas, Mr. Buckman, Ms. Daubert, and Mr. Gurgiulo) bring the total number of attorneys who have represented the Rehabilitator in these proceedings to at least seventeen. In sharp contrast to the Rehabilitator's aggressive deployment of lawyers, almost without exception only one Ballard lawyer has attended meetings, conferences, and other discussions in order to minimize legal fees in this matter.

39. At the direction of the Rehabilitator, Cozen has been paid more than \$7 million out of the assets of the estates since 2009.

³ The National Organization of Life & Health Insurance Guaranty Associations' ("NOLHGA") desire to have the Companies liquidated as soon as possible has been established in its amicus brief in support of the Rehabilitator's appeal as well as statements made in open court. *See* September 24, 2013 transcript of proceedings at 42.

40. At the direction of the Rehabilitator, DLA Piper has been paid more than \$3 million out of the assets of the estates since 2012.

41. Even the Department itself has been paid some \$2.7 million out of the coffers of the estates relating to its time and expenses for employees of the Commonwealth. As there does not appear to be authority for such payments, the Intervenors request that the Court order the return of those payments and a prohibition against future payments to the Department.⁴

42. The Rehabilitator has also directed the estates to pay some \$13 million to his two sets of actuaries since the rehabilitation Orders were entered.

43. More than \$8 million has been paid to PwC out of the assets of the estates in less than two years, even though to the Intervenors' knowledge that firm still has not issued a single signed actuarial gross premium reserve report.

44. Some \$2.4 million has been paid to a consultant who serves as Chief Rehabilitation Officer.

45. While NOLHGA has apparently paid its own way for now, it is not out of the question that it will present a bill to either or both of these companies if it succeeds in getting either or both liquidated.

46. Almost \$40 million has been paid out of the estates of the Companies since the rehabilitation Orders were entered.

47. That expenditure has produced not a single meaningful rehabilitation *result*.

⁴ Prior to the filing of this Application counsel for the Intervenors requested counsel for the Rehabilitator to share any authority that supports such payments. They refused to do so. The four Department lawyers referenced in Paragraph 39 are employees of the Commonwealth and are paid by the Commonwealth.

48. That approximate \$40 million expenditure is approximately \$40 million more than the amount of revenue sought by way of premium rate increases in the last four plus years.

49. In the many years since the rehabilitation Orders were entered, there has been no public reporting by the Rehabilitator of the huge expenditures of this so-called rehabilitation effort, nor has there been any effective oversight of such expenditures.

50. Basically, the Rehabilitator has acted as though he has *carte blanche* to spend the assets of the estates in any way he wishes without any monitoring or oversight.

FAILURES REGARDING THE “REHABILITATION TEAM”

51. Special Deputy Rehabilitator Patrick Cantilo is a Texas lawyer who describes himself as an “advisor to state regulators” with a recent concentration on insurance rehabilitations and liquidations. See <http://www.cb-firm.com/Bios/PHC.htm>. His firm describes itself as having, *inter alia*, a “tradition of serving principally state insurance regulators,” <http://www.cb-firm.com/Our%20History.htm>. He counts many state insurance regulators among his and his firm’s former and current clients, and he markets his and his firm’s services to such regulators.

52. Mr. Cantilo’s law firm, through his partner Mark Bennett, who has been involved in this matter, “has served as Insurance Counsel to state insurance regulators on a large number of insurance company restructurings and rehabilitations.” <http://www.cb-firm.com/Bios/MFB.htm>. Mr. Bennett “consults frequently with state insurance regulators regarding insurance rehabilitations and liquidations.” *Id.*

53. The Special Deputy Rehabilitator and his firm rely on and presumably would like to maximize income from the very state regulators he should be—but is not—approaching for premium rate increases for the Companies.

54. This is a conflict of interest.

55. On October 26, 2012, the Rehabilitator filed a Notice of Appeal with regard to the May 3, 2012 Order, which appeal is pending.

56. The Jurisdictional Statement in Support of Notice of Appeal filed by the Rehabilitator in this Court on October 26, 2012 establishes that he continues to disagree with almost all—if not all—of the Court’s rulings regarding what can be done in rehabilitation and even the desirability of a continued rehabilitation.

57. The Rehabilitator’s principal law firm, DLA Piper, is concurrently leading the efforts to “rehabilitate” the Companies while also prosecuting an appeal seeking to liquidate the Companies.

58. The lawyer who filed and therefore fully subscribes to the reasoning behind the appeal is also the lawyer who is the main legal advisor to the rehabilitation effort.

59. At least one member of the “rehabilitation team” at DLA Piper has admitted in conversation with counsel for the Intervenors that he has been personally involved in lining up amicus curiae brief support for the appeal.

60. The hiring by the Rehabilitator of the same lawyers to pursue the appeal and spearhead the rehabilitation strategy presents a conflict of interest inconsistent with this Court’s requirement that the Rehabilitator aggressively pursue premium rate increases from the various insurance regulators.

61. The National Association of Insurance Commissioners (“NAIC”),⁵ NOLHGA, and the few policyholders who at the time constituted the “Policyholders Committee” filed amicus briefs in support of the Rehabilitator’s appeal.

62. Any efforts by the rehabilitation team to enlist other state regulators to file *amicus curiae* briefs in support of the appeal frustrates the Ordered rehabilitation and is detrimental to persuading other regulators to do the right thing and assist in rehabilitating the Companies by approving actuarially justified and needed rate increases for the OldCo policies.

63. On repeated occasions by correspondence and through meetings and discussions, the Intervenors asked the Rehabilitator to preserve and produce copies of any documents regarding the appeal that he or members of the rehabilitation team have exchanged with the NAIC and/or state insurance regulators.

64. The Intervenors also requested the Rehabilitator to produce any documents and communications concerning the “update on Penn Treaty” that Commissioner Consedine delivered on November 30, 2012 to the Senior Issues (B) Task Force of the NAIC at a public convention center in Washington, D.C.

65. The documents and communications sought are relevant to enforcement of the rehabilitation Orders because any discussion with the NAIC or other regulators in an effort to support the appeal is diametric and harmful to the concept of a proper rehabilitation as well as the January 6, 2009 Rehabilitation Orders and the clear ruling of the Court on May 3, 2012.

⁵ The NAIC argued, *inter alia*, that *based on the reluctance of its own members to grant the rate increases*, the Companies should be liquidated. These are the same regulators the Court directed the Rehabilitator to deal with here in terms of *obtaining* the required premium rate increases.

66. Efforts to talk regulators into supporting an appeal that argues that rehabilitation is impossible violate the Court's rulings, constitute an abuse of any discretion owed to the Rehabilitator in this context, and continue to frustrate the rehabilitations.

67. The Intervenors incorporate herein in their entirety all of the papers they filed in support of Intervenors' Application for Relief and to Compel on April 29, 2013 and request that the Court grant the relief requested therein. That Application has been fully briefed by the Intervenors and the Rehabilitator and is ripe for disposition.

FAILURE TO FULLY USE AND PAY KARL VOLKMAR

68. In its May 3, 2012 Order, the Court noted that the Intervenors' expert actuary Karl Volkmar is a national expert in long term care insurance issues and after weeks of hearings and hundreds of pages of actuarial analyses specifically accepted his "compelling" approaches. May 3 Opinion at 121.

69. Recognizing the importance of Mr. Volkmar's contributions, the Rehabilitator agreed that his analysis would be paid for by the Rehabilitator and be considered in the preparation of the Proposed Plans. Although he paid Mr. Volkmar for his analyses—including many corrections of PwC's misguided approaches—until April 30, 2013, he has refused to pay Mr. Volkmar to complete the gross premium analysis. As the Rehabilitator initially wished to and agreed to pay (until April 30) to have Mr. Volkmar complete this analysis, there is no reason for the Rehabilitator to stop this analysis dead in its tracks. Mr. Volkmar has many hundreds of hours of experience in this matter already (much of it paid by the estates without objection), and the Court has recognized his expertise and contributions. It is in everyone's best interests to have Mr. Volkmar complete his analysis. The expected cost of completion—some \$200,000—pales by comparison to the exorbitant costs charged by PwC.

COSTS AND FEES OF THE INTERVENORS

70. In addition to the costs and fees the Intervenors have recovered to date in response to the two fee applications they have filed relating to the defense of the liquidation petitions and appeal relating thereto, the Intervenors have spent considerable expense in constant vigilance to ensure that the Rehabilitator does not push these companies toward his desired goal of liquidation.

71. The Intervenors' efforts are the only advocacy in support of the enforcement of the Court's Orders. The reasonable expenses relating thereto are properly recoverable by the Intervenors under 40 P.S. § 221.6 and § 221.3.⁶

72. Unlike the Rehabilitator, who can spend—and has spent—many tens of millions of dollars of estate assets to achieve his goals,⁷ the Intervenors have very limited assets with which to constantly fend off thinly disguised liquidation efforts and continuous delay.

73. This Court should not allow the Rehabilitator to spend the Intervenors out of existence while doing nothing to advance legitimate rehabilitations of the Companies and waiting with fingers crossed for some help that may come from his appeal.

⁶ The Intervenors will provide supporting documentation in advance of the requested hearing on this Application.

⁷ Query whether the Rehabilitator pursues issues for the benefit of the Companies or for his own and other regulators' benefit. For example, many of the issues he raises on appeal (e.g., that he can't be ordered to talk with the Intervenors in formulating a plan or that he doesn't have to file a plan at all or that he doesn't have to seek premium rate increases) are issues of apparent importance to him but *not* to the Companies he has been ordered to rehabilitate. But this does not stop him from using assets of the estates to advance these "turf war" arguments that may be of great interest to the Rehabilitator and his regulator friends but not to the Companies.

CONCLUSION

74. Although the Rehabilitator has clearly acknowledged the importance of conserving the Companies' assets, he has done nothing but spend them.

75. Although the Rehabilitator has clearly acknowledged the importance of benefit reductions, he has done nothing to pursue them.⁸

76. Although the Rehabilitator has clearly acknowledged the importance of pursuit of premium rate increases, he has done nothing in the last four plus years to obtain them or grant them.

77. Although the Rehabilitator was ordered to present a plan he would pursue to actually rehabilitate the Companies, he still refuses to do so.

78. The Rehabilitator has done nothing to justify his title, and he has not faithfully performed his duties, as he is required to do. *See* 40 P.S. § 221.7.

79. It is time for concrete *action* to finally address the condition that led to the need for rehabilitation. It is time for *results*.

80. In light of the unprecedented and longstanding refusal of the Rehabilitator to obey Orders of this Court and his continuing abuses of discretion, the Intervenors seek the following relief:

- (a) Prohibition against further unreasonable delay;
- (b) Immediate and aggressive pursuit of actuarially justified premium rate increases;

⁸ The Intervenors have urged and continue to urge the Rehabilitator to pursue the benefit reductions he admitted could fill up to 70% of the "hole," but the Rehabilitator has now apparently abandoned that first step of the rehabilitation effort he asked the Court to approve.

(c) Filing of plans of rehabilitation on or before July 1, 2014 and an expedited schedule for approval, disapproval or modification of the plans;

(d) The personal involvement of the Insurance Commissioner in the rehabilitation effort, including attendance at meetings and court conferences, including oversight of the Special Deputy Rehabilitator;

(e) Complete transparency, reporting, monitoring, justification, and approval—by the Court or a designated Master—of the expenditures of the rehabilitation that are charged to the estates, including but not limited to those of the Insurance Department, the Special Deputy Rehabilitator, the Chief Rehabilitation Officer, professionals, and consultants, as well as all contracts and budgets relating thereto;

(f) Reimbursement by the Department of the funds it has been paid out of these estates and a prohibition against further payments to the Department;

(g) Complete transparency with regard to communications with the NAIC and regulators regarding the rehabilitation and the appeal, including all information and documents sought in the Intervenor's prior filing seeking such information, as well as NOLHGA and others with whom the Rehabilitator deals in the rehabilitations;

(h) Complete transparency with regard to the communications, analyses and actions of the rehabilitation team;

(i) Completion of Mr. Volkmar's actuarial analyses at the expense of the estates;

(j) Reimbursement of fees and expenses incurred by the Intervenor's;
and

(k) Prohibition against the Rehabilitator using the same counsel to represent him in both the rehabilitation and the appeal.

81. A successful rehabilitation is in the interest of the public, including taxpayers, and the Companies and their policyholders, employees, insurance agents, shareholders, and creditors. These constituencies deserve a legitimate rehabilitation effort led by a rehabilitation team that actually does its job in a manner that is thorough, unbiased and free from conflict.

82. The Court expects its Orders to be followed. And the Court certainly has the power to enter Orders in aid of enforcement of its Orders. To permit the flouting of its Orders defeats the purpose of our judicial system, and it ensures the demise of the Companies.

83. The Intervenors request a hearing and appropriate discovery with regard to this Application.

WHEREFORE, the Intervenors respectfully request the Court to grant this Application and enter an order in the form of the attached proposed order.

Respectfully submitted,



Douglas Y. Christian (ID. No. 41934)
Benjamin M. Schmidt (ID. No. 205096)
BALLARD SPAHR LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103
(215) 665-8500

*Attorneys for Intervenors Eugene J. Woznicki
and Penn Treaty American Corporation*

Dated: April 25, 2014

VERIFICATION

I, Douglas Y. Christian, verify that the statements of fact in the foregoing Intervenor's Application for Multiple Forms of Relief are true and correct to the best of my knowledge, information and belief. I understand that this statement is made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).



Douglas Y. Christian

Dated: April 25, 2014

CERTIFICATE OF SERVICE

I hereby certify that on April 25, 2013, I caused a true and correct copy of the foregoing Intervenor's Application for Relief and to Compel and supporting Memorandum to be served via hand delivery and U.S. Mail on the counsel listed below:

Carl M. Buchholz, Esquire
DLA PIPER LLP (US)
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, PA 19103-7300



Douglas Y. Christian