



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
OF THE CONDITION AND AFFAIRS OF THE

Penn Treaty Network America Insurance Company

NAIC Group Code 0810, 0810 NAIC Company Code 63282 Employer's ID Number 23-2603386
(Current Period) (Prior Period)

Organized under the Laws of Pennsylvania, State of Domicile or Port of Entry Pennsylvania

Country of Domicile US

Incorporated/Organized February 26, 1954 Commenced Business March 23, 1954

Statutory Home Office 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001 610-965-2222
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number or P. O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number, City or Town, State and Zip Code)
610-965-2222
(Area Code) (Telephone Number)

Internet Website Address penntreaty.com

Statutory Statement Contact Mark David Cloutier 610-965-2222
(Name) (Area Code) (Telephone Number) (Extension)
mcloutier@penntreaty.com 610-967-3906
(E-Mail Address) (Fax Number)

OFFICERS

William Walter Hunt, Jr (President)
Jane Menin Bagley (Secretary)
Mark David Cloutier (Treasurer)

OTHER OFFICERS

Cameron Barclay Waite (Executive Vice President)
Stephen Robert La Pierre (Executive Vice President)
James Edward Von Bruchhaeuser (Executive Vice President)

DIRECTORS OR TRUSTEES

William Walter Hunt, Jr., Chairman
Mark David Cloutier
Patrick Eugene Falconio
Emile Gene Ilchuk
Peter Moodey Ross
Cameron Barclay Waite
Eugene Joseph Woznicki

State of Pennsylvania }
County of Lehigh } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

William Walter Hunt, Jr
CEO/President

Jane Menin Bagley
Corporate Secretary

Mark David Cloutier
CFO/Treasurer

Subscribed and sworn to before me this
26th day of February, 2009

- a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	830,923,501		830,923,501	809,002,990
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	8,067,076		8,067,076	23,862,782
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	4,328,262		4,328,262	4,438,016
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ (63,027), Schedule E - Part 1), cash equivalents (\$ 27,884,238, Schedule E - Part 2) and short-term investments (\$ 6,901,941, Schedule DA)	34,723,152		34,723,152	117,831,343
6. Contract loans (including \$ premium notes)				
7. Other invested assets (Schedule BA)	4,381,417		4,381,417	4,652,000
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	882,423,408		882,423,408	959,787,131
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	10,053,346		10,053,346	10,012,496
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	333,121		333,121	243,392
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	33,416	33,416		
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	316,292		316,292	239,146
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	5,525,692		5,525,692	11,345,249
16.2 Net deferred tax asset	63,771,542	63,771,542		5,067,565
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	466,308		466,308	542,680
19. Furniture and equipment, including health care delivery assets (\$)	5,209,981	5,209,981		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	33,513		33,513	79,683
22. Health care (\$) and other amounts receivable				13,331
23. Aggregate write-ins for other than invested assets	104,518,605	2,479,295	102,039,310	51,810,165
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	1,072,685,224	71,494,234	1,001,190,990	1,039,140,838
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Line 24 and Line 25)	1,072,685,224	71,494,234	1,001,190,990	1,039,140,838
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301. Cash Value of Life Insurance	101,439,310		101,439,310	50,610,165
2302. Prepaid Expense	260,086	260,086		
2303. Goodwill	600,000		600,000	1,200,000
2398. Summary of remaining write-ins for Line 23 from overflow page	2,219,209	2,219,209		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	104,518,605	2,479,295	102,039,310	51,810,165

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ (Exhibit 5, Line 999999) less \$ included in Line 6.3 (including \$ Modco Reserve)		
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$ Modco Reserve)	71,266,702	59,492,018
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Column 1) (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10 and 11)		
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10 and 11)	2,479,465	2,244,856
5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Line 4 and Line 14)		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on cancelled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded		
9.4 Interest Maintenance Reserve (IMR, Line 6)	278,593	
10. Commissions to agents due or accrued-life and annuity contracts \$, accident and health \$ and deposit-type contract funds \$	99,936	48,272
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 6)	4,200,716	8,579,393
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Column 5)	527,194	488,397
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	(1,218)	(686)
18. Amounts held for agents' account, including \$ agents' credit balances	1,943,241	2,224,015
19. Remittances and items not allocated	16,834	293,829
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (AVR, Line 16, Column 7)	1,317,832	3,152,387
24.2 Reinsurance in unauthorized companies	231,534,230	
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	908,547,145	928,171,616
24.4 Payable to parent, subsidiaries and affiliates		35,324
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured plans		
24.7 Funds held under coinsurance	1,302,632	519,346
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	1,715,343	8,801,093
26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)	1,225,228,645	1,014,049,860
27. From Separate Accounts statement		
28. Total liabilities (Line 26 and Line 27)	1,225,228,645	1,014,049,860
29. Common capital stock	2,500,800	2,500,800
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)	144,383,806	144,383,806
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(370,922,261)	(121,793,628)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$ in Separate Accounts Statement)	(226,538,455)	22,590,178
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	(224,037,655)	25,090,978
39. Totals of Lines 28 and 38 (Page 2, Line 26, Column 3)	1,001,190,990	1,039,140,838
DETAILS OF WRITE-INS		
2501. Due Reinsurance	660,738	3,255,910
2502. Accounts Payable	1,053,886	2,903,378
2503. Escheat	719	16,419
2598. Summary of remaining write-ins for Line 25 from overflow page		2,625,386
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,715,343	8,801,093
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)		

SUMMARY OF OPERATIONS

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Column 1, less Column 11)	32,399,726	36,896,340
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income, Line 17)	17,069,857	2,914,612
4. Amortization of Interest Maintenance Reserve (IMR, Line 5)	73,395	(4,310)
5. Separate Accounts net gain from operations excluding unrealized gains or losses		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Column 1)	55,381,002	55,664,117
7. Reserve adjustments on reinsurance ceded		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income		
9. Totals (Line 1 to Line 8.3)	104,923,980	95,470,759
10. Death benefits	277,084	
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Column 4 plus Column 8)		
13. Disability benefits and benefits under accident and health contracts	10,805,097	12,738,608
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and withdrawals for life contracts		
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds		
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts	11,774,684	14,892,726
20. Totals (Line 10 to Line 19)	22,856,865	27,631,334
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	29,052,140	31,673,102
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)	508,543	566,267
23. General insurance expenses (Exhibit 2, Line 10, Columns 1, 2, 3 and 4)	41,718,973	47,552,977
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Column 1 plus Column 2 plus Column 3)	6,642,653	6,756,811
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts net of reinsurance		
27. Aggregate write-ins for deductions	2,604,446	
28. Totals (Line 20 to Line 27)	103,383,620	114,180,491
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,540,360	(18,709,732)
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	1,540,360	(18,709,732)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(2,066,883)	(3,222,543)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	3,607,243	(15,487,189)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (1,765,321) (excluding taxes of \$ transferred to the IMR)	(3,426,801)	5,044
35. Net Income (Line 33 plus Line 34)	180,442	(15,482,145)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	25,090,978	39,263,554
37. Net income (Line 35)	180,442	(15,482,145)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	(15,810,284)	3,170,363
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax	254,160	320,837
41. Change in nonadmitted assets	(4,539,907)	(555,006)
42. Change in liability for reinsurance in unauthorized companies	(231,534,230)	
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Column 4)		
44. Change in asset valuation reserve	1,834,555	(1,253,225)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts statement		
48. Change in surplus notes		
49. Cumulative effects of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in	3,000,000	
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus	(2,513,369)	(373,400)
54. Net change in capital and surplus for the year (Line 37 through Line 53)	(249,128,633)	(14,172,576)
55. Capital and surplus, December 31, current year (Line 36 plus Line 54) (Page 3, Line 38)	(224,037,655)	25,090,978
DETAILS OF WRITE-INS		
08.301.		
08.302.		
08.303. Prior Year Refund of Excise Tax		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)		
2701. Loss on Sale Leaseback	2,604,446	
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	2,604,446	
5301. Amortization of Goodwill	(600,000)	(600,000)
5302. Prior Year Surplus Adjustment Due to Reinsurance	(1,913,369)	
5303. Prior Year Surplus Adjustment Due to Escheat		226,600
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)	(2,513,369)	(373,400)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	32,309,997	36,810,639
2. Net investment income	17,825,193	(2,446,555)
3. Miscellaneous income	55,381,002	55,664,117
4. Total (Line 1 through Line 3)	105,516,192	90,028,201
5. Benefit and loss related payments	10,815,478	12,575,658
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	81,396,662	85,883,670
7. Commissions, expenses paid and aggregate write-ins for deductions	81,396,662	85,883,670
8. Dividends paid to policyholders	2,400,000	2,400,000
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	2,400,000	2,400,000
10. Total (Line 5 through Line 9)	92,212,140	100,859,328
11. Net cash from operations (Line 4 minus Line 10)	13,304,052	(10,831,127)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	12,930,393	175,645,077
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		5,044
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	12,930,393	175,650,121
13. Cost of investments acquired (long-term only):		
13.1 Bonds	41,203,310	64,586,679
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	41,203,310	64,586,679
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(28,272,917)	111,063,442
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	3,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(71,139,326)	11,778,022
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(68,139,326)	11,778,022
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(83,108,191)	112,010,337
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	117,831,343	5,821,006
19.2 End of year (Line 18 plus Line 19.1)	34,723,152	117,831,343

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.001		
20.002		
20.003		
20.004		
20.005		
20.006		
20.007		
20.008		
20.009		
20.010		

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	32,399,726										32,399,726	
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	17,069,857										17,069,857	
4. Amortization of Interest Maintenance Reserve (IMR)	73,395										73,395	
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded	55,381,002		18,481								55,362,521	
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts												
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income												
9. Totals (Line 1 to Line 8.3)	104,923,980		18,481								104,905,499	
10. Death benefits	277,084		277,084									
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits												
13. Disability benefits and benefits under accident and health contracts	10,805,097										10,805,097	
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts												
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds												
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts	11,774,684										11,774,684	
20. Totals (Line 10 to Line 19)	22,856,865		277,084								22,579,781	
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	29,052,140		18,481								29,033,659	
22. Commissions and expense allowances on reinsurance assumed	508,543										508,543	
23. General insurance expenses	41,718,973										41,718,973	
24. Insurance taxes, licenses and fees, excluding federal income taxes	6,642,653										6,642,653	
25. Increase in loading on deferred and uncollected premiums												
26. Net transfers to or (from) Separate Accounts net of reinsurance												
27. Aggregate write-ins for deductions	2,604,446										2,604,446	
28. Totals (Line 20 to Line 27)	103,383,620		295,565								103,088,055	
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,540,360		(277,084)								1,817,444	
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	1,540,360		(277,084)								1,817,444	
32. Federal income taxes incurred (excluding tax on capital gains)	(2,066,883)										(2,066,883)	
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	3,607,243		(277,084)								3,884,327	
DETAILS OF WRITE-INS												
08.301												
08.302												
08.303												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page												
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)												
2701. Loss on Sale Leaseback	2,604,446										2,604,446	
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page												
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)	2,604,446										2,604,446	

(a) Includes the following amounts for FEGLI/SGLI: Line 1, Line 10, Line 16, Line 23, Line 24

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Analysis of Increase In Reserves During The Year

NONE

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1. U.S. Government bonds	(a)	5,090,742	5,301,195
1.1 Bonds exempt from U.S. tax	(a)		
1.2 Other bonds (unaffiliated)	(a)	38,480,103	38,504,012
1.3 Bonds of affiliates	(a)		
2.1 Preferred stocks (unaffiliated)	(b)		
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)	(b)		
2.21 Common stocks of affiliates	(b)		
3. Mortgage loans	(c)	8,000,000	8,000,000
4. Real estate	(d)	284,258	284,258
5. Contract loans	(d)		
6. Cash, cash equivalents and short-term investments	(e)	1,113,578	928,806
7. Derivative instruments	(f)		
8. Other invested assets	(f)	450,052	447,766
9. Aggregate write-ins for investment income	(f)	3,184,635	3,184,635
10. Total gross investment income	(f)	56,603,368	56,650,672
11. Investment expenses	(g)		700,949
12. Investment taxes, licenses and fees, excluding federal income taxes	(g)		122,771
13. Interest expense	(h)		38,569,522
14. Depreciation on real estate and other invested assets	(i)		187,574
15. Aggregate write-ins for deductions from investment income	(i)		
16. Totals deductions (Line 11 through Line 15)	(i)		39,580,816
17. Net investment income (Line 10 minus Line 16)	(i)		17,069,856

DETAILS OF WRITE-INS

0901. Miscellaneous Income	90,821	90,821
0902. Recovery Income	3,324	3,324
0903. Wellness Revenue	775	775
0998. Summary of remaining write-ins for Line 9 from overflow page	3,089,715	3,089,715
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	3,184,635	3,184,635

1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ 612,031 accrual of discount less \$ 2,279,315 amortization of premium and less \$ 272,076 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.

(f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	443,179		443,179		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	90,135	(5,203,859)	(5,113,724)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates				(15,810,284)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	11,738		11,738		
10. Total capital gains (losses)	545,052	(5,203,859)	(4,658,807)	(15,810,284)	
DETAILS OF WRITE-INS					
0901. Gain on Disposal of Fixed Asset	11,738		11,738		
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	11,738		11,738		

EXHIBIT 1 - PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
FIRST YEAR (other than single)											
1. Uncollected	4,263										4,263
2. Deferred and accrued											
3. Deferred, accrued and uncollected:											
3.1 Direct	4,263										4,263
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net (Line 1 plus Line 2)	4,263										4,263
4. Advance											
5. Line 3.4 minus Line 4	4,263										4,263
6. Collected during year:											
6.1 Direct	15,628,255										15,628,255
6.2 Reinsurance assumed											
6.3 Reinsurance ceded	7,650,311										7,650,311
6.4 Net	7,977,944										7,977,944
7. Line 5 plus Line 6.4	7,982,207										7,982,207
8. Prior year (uncollected plus deferred and accrued minus advance)	21,800										21,800
9. First year premiums and considerations:											
9.1 Direct	15,610,718										15,610,718
9.2 Reinsurance assumed											
9.3 Reinsurance ceded	7,650,311										7,650,311
9.4 Net (Line 7 minus Line 8)	7,960,407										7,960,407
SINGLE											
10. Single premiums and considerations:											
10.1 Direct											
10.2 Reinsurance assumed											
10.3 Reinsurance ceded											
10.4 Net											
RENEWAL											
11. Uncollected	328,858										328,858
12. Deferred and accrued											
13. Deferred, accrued and uncollected:											
13.1 Direct	460,089		121,376								338,713
13.2 Reinsurance assumed	3,390										3,390
13.3 Reinsurance ceded	134,621		121,376								13,245
13.4 Net (Line 11 plus Line 12)	328,858										328,858
14. Advance											
15. Line 13.4 minus Line 14	328,858										328,858
16. Collected during year:											
16.1 Direct	236,927,020		378,039								236,548,981
16.2 Reinsurance assumed	3,562,800										3,562,800
16.3 Reinsurance ceded	216,157,767		378,039								215,779,728
16.4 Net	24,332,053										24,332,053
17. Line 15 plus Line 16.4	24,660,911										24,660,911
18. Prior year (uncollected plus deferred and accrued minus advance)	221,592										221,592
19. Renewal premiums and considerations:											
19.1 Direct	237,044,141		378,039								236,666,102
19.2 Reinsurance assumed	3,566,190										3,566,190
19.3 Reinsurance ceded	216,171,012		378,039								215,792,973
19.4 Net (Line 17 minus Line 18)	24,439,319										24,439,319
TOTAL											
20. Total premiums and annuity considerations:											
20.1 Direct	252,654,859		378,039								252,276,820
20.2 Reinsurance assumed	3,566,190										3,566,190
20.3 Reinsurance ceded	223,821,323		378,039								223,443,284
20.4 Net (Lines 9.4 plus 10.4 plus 19.4)	32,399,726										32,399,726

EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums											
22. All other											
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded	6,454,790									6,454,790	
23.2 Reinsurance assumed											
23.3 Net ceded less assumed	6,454,790									6,454,790	
24. Single:											
24.1 Reinsurance ceded											
24.2 Reinsurance assumed											
24.3 Net ceded less assumed											
25. Renewal:											
25.1 Reinsurance ceded	48,926,212		18,481							48,907,731	
25.2 Reinsurance assumed	508,543									508,543	
25.3 Net ceded less assumed	48,417,669		18,481							48,399,188	
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	55,381,002		18,481							55,362,521	
26.2 Reinsurance assumed (Page 6, Line 22)	508,543									508,543	
26.3 Net ceded less assumed	54,872,459		18,481							54,853,978	
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	5,617,656									5,617,656	
28. Single											
29. Renewal	23,434,484		18,481							23,416,003	
30. Deposit-type contract funds											
31. Totals (to agree with Page 6, Line 21)	29,052,140		18,481							29,033,659	

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 All Other Lines of Business	5 Investment	6 Total
	1 Life	Accident and Health				
		2 Cost Containment	3 All Other			
1. Rent			228,000			228,000
2. Salaries and wages			12,817,959			12,817,959
3.11 Contributions for benefit plans for employees			1,857,186			1,857,186
3.12 Contributions for benefit plans for agents						
3.21 Payments to employees under non-funded benefit plans						
3.22 Payments to agents under non-funded benefit plans						
3.31 Other employee welfare			351,153			351,153
3.32 Other agent welfare						
4.1 Legal fees and expenses			2,077,067			2,077,067
4.2 Medical examination fees						
4.3 Inspection report fees			40,534			40,534
4.4 Fees of public accountants and consulting actuaries			5,888,648			5,888,648
4.5 Expense of investigation and settlement of policy claims			2,435,730			2,435,730
5.1 Traveling expenses			337,495			337,495
5.2 Advertising			251,749			251,749
5.3 Postage, express, telegraph and telephone			829,889			829,889
5.4 Printing and stationery			900,182			900,182
5.5 Cost or depreciation of furniture and equipment			3,426,257			3,426,257
5.6 Rental of equipment			1,407,309			1,407,309
5.7 Cost or depreciation of EDP equipment and software						
6.1 Books and periodicals			25,359			25,359
6.2 Bureau and association fees			46,721			46,721
6.3 Insurance, except on real estate			834,782			834,782
6.4 Miscellaneous losses						
6.5 Collection and bank service charges			260,162			260,162
6.6 Sundry general expenses			4,475,691			4,475,691
6.7 Group service and administration fees						
6.8 Reimbursements by uninsured plans						
7.1 Agency expense allowance						
7.2 Agents' balances charged off (less \$ recovered)						
7.3 Agency conferences other than local meetings						
9.1 Real estate expenses			144,308			144,308
9.2 Investment expenses not included elsewhere				700,949		700,949
9.3 Aggregate write-ins for expenses			3,082,792			3,082,792
10. General expenses incurred			41,718,973		700,949	42,419,922
11. General expenses unpaid December 31, prior year			8,579,393			8,579,393
12. General expenses unpaid December 31, current year			4,200,716			4,200,716
13. Amounts receivable relating to uninsured plans, prior year						
14. Amounts receivable relating to uninsured plans, current year						
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)			46,097,650		700,949	46,798,599
DETAILS OF WRITE-INS						
09.301. Strategic Alternatives			736,454			736,454
09.302. Consulting Expenses			1,603,922			1,603,922
09.303. Sales Promotion			742,416			742,416
09.398. Summary of remaining write-ins for Line 9.3 from overflow page						
09.399. Totals (Line 09.301 through Line 09.303 plus Line 09.398) (Line 9.3 above)			3,082,792			3,082,792

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

**EXHIBIT 3 - TAXES, LICENSES AND FEES
(EXCLUDING FEDERAL INCOME TAXES)**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes				122,771	122,771
2. State insurance department licenses and fees		675,554			675,554
3. State taxes on premiums		4,844,257			4,844,257
4. Other state taxes, including \$ for employee benefits		184,297			184,297
5. U.S. Social Security taxes		938,546			938,546
6. All other taxes					
7. Taxes, licenses and fees incurred		6,642,654		122,771	6,765,425
8. Taxes, licenses and fees unpaid December 31, prior year		488,397			488,397
9. Taxes, licenses and fees unpaid December 31, current year		527,194			527,194
10. Taxes, licenses and fees paid during year (Line 7 plus Line 8 minus Line 9)		6,603,857		122,771	6,726,628

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Line 1 through Line 4		
6. Paid-in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Line 5 through Line 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calend		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend policies not inclu		
15. Total Line 10 through Line 14		
16. Total from prior year		
17. Total dividends or refunds (Line 9 plus Line 15 minus Line 16)		
NONE		
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)		

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
(Gross) - Life Insurance					
1958 CSO, 3.0% NL	7,768		7,768		
1958 CSO, 3.5% CRVM	17,364		17,364		
1958 CSO, 4.0% CRVM	1,074		1,074		
1980 CSO, 4.5% CRVM	1,588,098		1,588,098		
1980 CSO, 4.5% NL	269,311		269,311		
1980 CET, 4.5% NL	9,839		9,839		
1980 CSO, 5.0% CRVM	729,342		729,342		
1980 CSO, 5.0% NL	8,310		8,310		
1980 CET, 5.0% NL	13,130		13,130		
1980CET, 5.5% NL	864		864		
1980 CSO, 5.5% CRVM	170,105		170,105		
1980 CSO, 5.5% NL	1,847,415		1,847,415		
0199997 - TOTALS (Gross) - Life Insurance	4,662,620		4,662,620		
0199998 - Reinsurance ceded - Life Insurance	4,662,620		4,662,620		
(Gross) - Annuities (excluding supplementary contracts with life contingencies)					
SPDA's PTL	111,672		111,672		
SPIA's PTL	47,859		47,859		
0299997 - TOTALS (Gross) - Annuities (excluding supplementary contracts with life contingencies)	159,531		159,531		
0299998 - Reinsurance ceded - Annuities (excluding supplementary contracts with life contingencies)	159,531		159,531		

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes () No (X)
- 1.2 If not, state which kind is issued.
.....
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes () No (X)
- 2.2 If not, state which kind is issued.
.....
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions. Yes () No (X)
- 4. Has the reporting entity any assessment or stipulated premium contracts in force?
If so, state: Yes () No (X)
- 4.1 Amount of insurance? \$
- 4.2 Amount of reserve? \$
- 4.3 Basis of reserve:
.....
- 4.4 Basis of regular assessments:
.....
- 4.5 Basis of special assessments:
.....
- 4.6 Assessments collected during the year: \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
.....
- 6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? Yes () No (X)
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$
- 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$
Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? Yes () No (X)
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements: \$
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount.
.....
- 7.3 State the amount of reserves established for this business: \$
- 7.4 Identify where the reserves are reported in the blank.
.....

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	

NONE

EXHIBIT 6 - AGGREGATES RESERVES FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserves	62,531,478					62,439,148	92,330		
2. Additional contract reserves (a)	728,049,107					727,628,551	420,556		
3. Additional actuarial reserves - Asset/Liability analysis									
4. Reserve for future contingent benefits									
5. Reserve for rate credits									
6. Aggregate write-ins for reserves									
7. Totals (Gross)	790,580,585					790,067,699	512,886		
8. Reinsurance ceded	731,536,554					731,023,668	512,886		
9. Totals (Net)	59,044,031					59,044,031			
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	391,469,533					391,060,084	409,449		
11. Additional actuarial reserves - Asset/Liability analysis									
12. Reserve for future contingent benefits									
13. Aggregate write-ins for reserves									
14. Totals (Gross)	391,469,533					391,060,084	409,449		
15. Reinsurance ceded	379,246,863					378,837,414	409,449		
16. Totals (Net)	12,222,670					12,222,670			
17. TOTAL (Net)	71,266,701					71,266,701			
18. TABULAR FUND INTEREST	2,138,001					2,138,001			
DETAILS OF WRITE-INS									
0601									
0602									
0603									
0698. Summary of remaining write-ins for Line 6 from overflow page									
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)									
1301									
1302									
1303									
1398. Summary of remaining write-ins for Line 13 from overflow page									
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)									

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

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Exhibit 7, Deposit Type Contracts

NONE

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and unpaid:											
1.1 Direct											
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net											
2. In course of settlement:											
2.1 Resisted											
2.11 Direct											
2.12 Reinsurance assumed											
2.13 Reinsurance ceded											
2.14 Net			(b)	(b)		(b)	(b)				
2.2 Other											
2.21 Direct	25,313,948										25,313,948
2.22 Reinsurance assumed	388,594										388,594
2.23 Reinsurance ceded	24,821,853										24,821,853
2.24 Net	880,689		(b)	(b)		(b)	(b)	(b)	(b)	(b)	880,689
3. Incurred but unreported:											
3.1 Direct	22,090,878										22,090,878
3.2 Reinsurance assumed	340,652										340,652
3.3 Reinsurance ceded	20,832,753										20,832,753
3.4 Net	1,598,777		(b)	(b)		(b)	(b)	(b)	(b)	(b)	1,598,777
4. TOTALS											
4.1 Direct	47,404,826										47,404,826
4.2 Reinsurance assumed	729,246										729,246
4.3 Reinsurance ceded	45,654,606										45,654,606
4.4 Net	2,479,466	(a)	(a)				(a)				2,479,466

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ in Column 2, \$ in Column 3 and \$ in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$, Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$ are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$, Credit (Group and Individual) Accident and Health \$ and Other Accident and Health \$ are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS
PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements during the year:											
1.1 Direct	226,425,814		1,081,213								225,344,601
1.2 Reinsurance assumed	3,435,849										3,435,849
1.3 Reinsurance ceded	219,014,091		804,129								218,209,962
1.4 Net	(d) 10,847,572		277,084								10,570,488
2. Liability December 31, current year from Part 1:											
2.1 Direct	47,404,826										47,404,826
2.2 Reinsurance assumed	729,246										729,246
2.3 Reinsurance ceded	45,654,606										45,654,606
2.4 Net	2,479,466										2,479,466
3. Amounts recoverable from reinsurers December 31, current year											
4. Liability December 31, prior year:											
4.1 Direct	42,068,096										42,068,096
4.2 Reinsurance assumed	709,685										709,685
4.3 Reinsurance ceded	40,532,925										40,532,925
4.4 Net	2,244,856										2,244,856
5. Amounts recoverable from reinsurers December 31, prior year											
6. Incurred Benefits:											
6.1 Direct	231,762,544		1,081,213								230,681,331
6.2 Reinsurance assumed	3,455,410										3,455,410
6.3 Reinsurance ceded	224,135,772		804,129								223,331,643
6.4 Net	11,082,182		277,084								10,805,098

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.

(d) Includes \$ premiums waived under total and permanent disability benefits.

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Line 1 to Line 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	33,416	114,555	81,139
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	63,771,542	56,865,823	(6,905,719)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets	5,209,981	6,534,267	1,324,286
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	2,479,295	3,439,682	960,387
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	71,494,234	66,954,327	(4,539,907)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Line 24 and Line 25)	71,494,234	66,954,327	(4,539,907)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)			
2301. Prepaid Expense	260,086	630,971	370,885
2302. Deposits		589,502	589,502
2303. Disallowed Negative IMR	2,219,209	2,219,209	
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	2,479,295	3,439,682	960,387

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

1. The Annual Statement for the year 2008 of Penn Treaty Network Insurance Company is presented on the basis of accounting prescribed or permitted by the State of Pennsylvania Insurance Department.
2. In the current year there are no differences between the Pennsylvania statute and NAIC statutory accounting practices and procedures that impact the financial statements.
3. Not applicable.
4. Not applicable.

B. Use of Estimates in the Preparation of the Financial Statements.

The preparation of these financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy Disclosure

Premiums are recognized as revenue when due. Policy acquisition costs such as commissions and other marketing and policy issuance expenses incurred in connection with acquiring new business, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost, using the interest method.
3. Not applicable.
4. Not applicable.
5. Not applicable.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective method is used to value the securities.
7. Investments in subsidiaries are valued at the equity or surplus value of the subsidiary.
8. Not applicable.
9. Not applicable.
10. The Company utilizes investment income as a factor in its gross premium valuation calculation, as allowed by SSAP No. 54, Individual and Group Accident and Health contracts.
11. Liabilities for losses/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models to develop best estimates of liabilities. These models employ morbidity tables developed by the valuation actuary and discount rates specified by regulatory authorities. These morbidity tables are developed from a combination of company and industry experience. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. Not applicable.

2. Accounting Changes and Correction of Errors - Not applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

1. The Company purchased Network Insurance Senior Health Division ("NISHD"), a brokerage sales agency, in 2000.
2. The purchase of NISHD is recorded using the statutory purchase method.
3. The NISHD was purchased for \$6,000,000, all of which is goodwill.
4. \$600,000 was amortized to surplus in 2008.

B. Not applicable.

C. Not applicable.

D. Not applicable.

4. Discontinued Operations - Not applicable.

5. Investments

A. Mortgage Loans - Not applicable.

B. Debt Restructuring - Not applicable.

C. Reverse Mortgage - Not applicable.

D. Loan-Backed Securities

1. Not applicable.
2. Prepayment assumptions were obtained from broker dealer survey values.
3. Not applicable.

E. Repurchase Agreements - Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. Real Estate - Not applicable.

G. Low-Income Housing Tax Credits - Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies - Not applicable.

7. Investment Income - Not applicable.

8. Derivative Instruments - Not applicable.

9. Income Taxes

A. The components of the net deferred tax asset are as follows:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Total of gross deferred tax assets	\$ 63,771,542	\$ 61,933,388
Total of deferred tax liabilities	-	-
Net deferred tax assets	63,771,542	61,933,388
Deferred tax assets nonadmitted	63,771,542	56,865,822
Net admitted deferred tax assets	-	5,067,565
(Decrease)/Increase in nonadmitted deferred tax assets	<u>\$ 7,389,754</u>	<u>\$ 484,034</u>

B. The Company does not have any deferred tax liabilities that are not recognized.

A portion of life insurance income earned prior to 1984 is not taxable unless it exceeds certain limitations or is distributed as stockholder dividends. As of December 31, 2002, such income accumulated in the policyholder surplus account totaled \$1,451,000. At the current enacted tax rate of 34%, the associated tax would be \$523,940. We have not recorded a deferred tax liability because the Company does not expect to pay this tax.

C. Current income taxes incurred consist of the following major components:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Federal income tax on operations	\$(2,066,883)	\$(3,222,543)
Federal income tax on net realized capital gains	-	-
Total current Federal income tax incurred	<u>\$(2,066,883)</u>	<u>\$(3,222,543)</u>

The components of deferred tax assets and liabilities are:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Deferred acquisition costs	\$39,765,174	\$41,166,342
Net operating loss carryforward	10,600,725	6,454,244
Capital Loss Carryover	933,688	1,086,395
AMT Credit Carryforward	1,026,399	-
Prepaid assets	88,429	214,530
Reserves	2,835,595	3,491,393
Furniture and equipment	5,269,177	5,765,389
Unrealized loss on investments	1,785,065	44,372
Sales Leaseback	-	2,589,708
Litigation Accrual	-	-
Bonus accrual	-	256,220
Advance Premiums	-	-
Reserve change	-	140,264
Escheat Payable	244	5,582
Goodwill	748,000	680,000
Other	719,045	38,949
Total deferred tax assets	<u>\$63,771,542</u>	<u>\$61,933,388</u>
Less: Nonadmitted deferred tax assets	<u>63,771,542</u>	<u>56,865,822</u>
Admitted deferred tax assets	-	\$ 5,067,565
Deferred tax liabilities:		
Accrued Excise Tax Refund	-	-
Life insurance premiums deferred and uncollected	-	-
Deferred tax liabilities	<u>-</u>	<u>-</u>
Net deferred tax assets admitted	<u>-</u>	<u>\$ 5,067,565</u>

The change in net deferred taxes is comprised of the following:

	<u>December 31</u>		<u>Change</u>
	<u>2008</u>	<u>2007</u>	
Total gross deferred tax assets	\$ 63,771,542	\$ 61,933,388	\$ 1,838,154
Total gross deferred tax liabilities	-	-	-
Deferred tax assets in excess of deferred tax liabilities	\$ 63,771,542	\$ 61,933,388	\$ 1,838,154
Tax effect of change in unrealized capital gains (losses)			\$ (1,765,321)
Change in net deferred income taxes			\$ 72,833

D. The provision for Federal income taxes incurred is different from that which would be obtained by applying the enacted Federal income tax rate to income before taxes. The significant items causing these differences are as follows:

	2008 Tax	Effective Tax Rate
Total statutory gain	\$ 1,540,360	
Provision recorded at statutory rate	\$ 523,722	34.00%
Capital Loss Carryover	\$ 152,707	9.91%
Permanent Differences:		
Dividends Received Deduction	\$(2,720,000)	-176.58%
Net increase in csv of life insurance	(1,001,137)	-64.99%
50% haircut on T&E	6,710	0.44%
Change in other nonadmitted assets that are deferred:		
Prepaid asset	126,101	8.19%
Change in furniture and fixtures	496,212	32.21%
Goodwill	(68,000)	-4.41%
Other	27,588	1.79%
IMR amortization	(24,954)	-1.62%

NOTES TO FINANCIAL STATEMENTS

Prior Year True Up and other	341,335	22.16%
	<u>\$(2,139,716)</u>	<u>-138.91%</u>
Current Federal income tax incurred	\$(2,066,883)	-134.18%
Change in net deferred income tax	<u>(72,833)</u>	<u>-4.73%</u>
Total effective income tax	<u>\$(2,139,716)</u>	<u>-138.91%</u>

- E. The Company has loss carryforwards of approximately \$31,178,603 which expire through 2023.
- F. The Company is part of a group that files a consolidated Federal income tax return. A written tax sharing agreement is approved and enforced by the Board of Directors. Allocation of tax provisions based upon the Company's provision as if the Company filed a separate return.

Penn Treaty American Corporation
Penn Treaty Network America Insurance Company
American Independent Network Insurance Company of New York
Senior Financial Consultants Company
Network Insurance Senior Health Division, Inc.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. B. and C. The Company is 100% owned by Penn Treaty American Corporation ("PTA"), an insurance holding company. The company owns 100% of American Network Insurance Company ("ANIC"), an insurance company. ANIC owns 100% of American Independent Network Insurance Company of New York ("AINICNY"), an insurance company. In 2008 and 2007, the Company was allocated \$1,000,000 from ANIC and \$100,000 from AINICNY related to a cost sharing agreement with PTNA.
- D. Not applicable.
- E. Not applicable.
- F. Not applicable.
- G. The Company is under common control with ANIC and ANICNY. The existence of that control could result in operational or financial position changes being substantially different from those that would have been obtained if the Company were autonomous.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.

11. Debt - Not applicable.**12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

- A. Not applicable.
- B. Defined Contribution Plan: Employees of the Company are eligible to participate in a 401k plan. The expense for 2008 was \$305,014.
- C. Not applicable.
- D. Not applicable.
- E. Not applicable.
- F. Not applicable.

13. Capital and Surplus, Shareowners' Dividend Restrictions and Quasi-Reorganizations

- The Company's capital is common stock, 320,000 shares authorized, 240,000 issued and outstanding, \$500.00 par value.
- Not applicable.
- On February 12, 2002, the Department approved a Corrective Action Plan (the "Plan") for the Company. The Plan requires the Department to approve all dividend requests made by the Company, regardless of normal statutory requirements of the allowable dividends.
- Not applicable.
- Not applicable.
- Not applicable.
- Not applicable.
- Not applicable.
- The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$(15,810,284).
- Not applicable.
- Not applicable.
- Not applicable.
- Not applicable.

14. Contingencies

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of

NOTES TO FINANCIAL STATEMENTS

operations and financial position.

E. Not applicable.

15. Leases

- A. 1. The Company holds several leases for equipment.
2. The Company's required payments due under non-cancelable leases in each of the next four years are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2009	62,606
2010	62,606
2011	46,211
2012	34,944
2013	20,384
	226,751

3. The Company was party to a sale leaseback agreement which expired in 2010. On November 5, 2008 the lessor served notice to the Company that they considered the Company to be in default under the terms of the agreement. The lessor believes the prospect of payment has been impaired as defined in the lease agreement and moved to recover the casualty loss value of the property under lease, which amounted to \$4,130,861, by taking cash collateral of \$3,495,174 provided under the agreement. The Company reached an agreement with the lessor settling all obligations to the lessor for a final payment of \$95,000. A loss of \$2,579,430 was recorded as a result of the settlement.

B. Non-applicable

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk - Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans - Not applicable.

19. Direct Premium Written by Managing General Agents/Third Party Administrators - Not applicable.

20. Other Items

Reinsurance Agreements with Imagine International Reinsurance Limited

On August 21, 2008 the Company provided notification of breach to Imagine for its failure to provide the requisite level of collateral in the form of letters of credit as of June 30, 2008 under the 2001 Agreement. The Company does not consider Imagine to be in breach of its obligations under the 2005 Agreement.

The Company took this action based on verbal notification provided by Imagine that the additional letter of credit would not be provided. Imagine has further provided written confirmation contending they are not in breach, stating that since the Company failed to obtain an Obligatory Premium Rate Increase as a result of regulatory action or inaction, a Regulatory Risk Event had occurred under the 2001 Agreement. The Company is pursuing available legal remedies including, but not limited to, the arbitration provisions included in the reinsurance agreement.

On November 10, 2008 the Company and Imagine agreed upon binding terms for a final settlement agreement regarding their dispute.

Under the terms of the agreement, the Company will not pay expense and risk charges to Imagine beyond the first quarter of 2008 for its primary reinsurance treaty or beyond the second quarter of 2008 for its secondary treaty. The Company believes that it would have otherwise been obligated to pay expense and risk charges through the end of 2008 on the primary treaty and potentially through the third quarter of 2010 on the secondary treaty. The Company estimates the value of these fees to be approximately \$13.2 million. In exchange, the Company has withdrawn its notice of intention to arbitrate and released approximately \$112 million in supporting letters of credit on December 1, 2008, which would have otherwise been released on January 1, 2009. The Company will recapture policies reinsured under both treaties on January 1, 2009. Both parties also agreed to waive any future contractual or non-contractual claims relating to the treaties other than those relating to the settlement agreement itself. The final settlement agreement was approved by the Pennsylvania Insurance Department.

As of December 31, 2008 the ceded reserves, collateral held and uncollateralized amounts under the 2001 Agreement are summarized as follows:

Ceded reserves	\$ 1,125,400,696
Funds withheld account	893,866,466
Uncollateralized amount	\$ 231,534,230

Statutory Accounting Principles state that credit for reinsurance shall be allowed a ceding insurer, for reinsurance ceded to a foreign unauthorized reinsurer, only when the unauthorized reinsurer maintains funds in a trust fund in a qualified U.S. financial institution in an amount not less than the liabilities assumed from U.S. ceding insurers. SSAP No. 61, Life, Deposit-Type, and Accident and Health Reinsurance, mandates that the liability for unauthorized reinsurance is a direct charge to surplus.

The Company, in accordance with SSAP No. 61, recognized a liability for unauthorized reinsurance as of December 31, 2008 amounting to \$231,534,230.

Economic Restructuring Plan

On October 3, 2008, PTA announced an economic restructuring plan ("the Plan") for PTNA and ANIC policyholders. The primary components of the Plan are:

1. Commutation of agreements with Imagine, PTNA's and ANIC's principal reinsurer, and recapture all reinsured

NOTES TO FINANCIAL STATEMENTS

policies under the two agreements on January 1, 2009, recognizing that statutory policyholder surplus would be negatively affected by the recapture. The Pennsylvania Insurance Department approved the recapture.

2. PTA is continuing the review of strategic alternatives.
3. The Company suspended new policy issuance nationwide on October 3, 2008 pending the outcome of the Plan.

21. Events Subsequent

On January 2, 2009 the Company's wholly owned subsidiary, Network Insurance Senior Health Division, sold its insurance agency operations and most of its assets and liabilities to a third party at a price that approximated book value.

On January 6, 2009 the Pennsylvania Insurance Department placed PTNA and ANIC under voluntary rehabilitation. Under rehabilitation, the Pennsylvania Insurance Commissioner will file a rehabilitation plan for the approval of the Commonwealth Court, which generally defines the plan under which the companies will operate. The companies would operate under the rehabilitation plan and would be overseen by the Insurance Commissioner as statutory rehabilitator.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

- A. Are any of the reinsurers, listed in Schedule S as nonaffiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes No
- B. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes No

Section 2 - Ceded Reinsurance Report - Part A

- A. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premiums or other similar credits? Yes No
- B. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes No

Section 3 - Ceded Reinsurance Report - Part B

- A. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under reflected in Section 2 above), of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. None
- B. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as the effective date of the agreement? Yes No

B. Uncollectible Reinsurance - Not applicable.

C. Commutation of Ceded Reinsurance - Not applicable.

23. Retrospectively Related Contracts and Contracts Subject to Redetermination - Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

The increase in the incurred claims for 2007 and prior loss years (\$4,986,566 was due to lower than expected termination rates experienced in 2008. This adverse development has been addressed by adding margins to the claim reserve calculation for year end 2008. The company will also refine its claim reserve model in 2009 to account for this adverse trend in termination rates.

25. Inter Company Pooling Arrangements - Not applicable.

26. Structure Settlements - Not applicable.

27. Health Care Receivables - Not applicable.

28. Participating Policies - Not applicable.

29. Premium Deficiency Reserves - Not applicable

30. Reserves for Life Contracts and Annuity Contracts - Not applicable.

31. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics - Not applicable.

32. Premium and Annuity Considerations Deferred and Uncollected - Not applicable.

33. Separate Accounts - Not applicable.

34. Loss/Claim Adjustment Expenses

The activity in the liability for unpaid accident and health claim and claim adjustment expenses is summarized below:

	<u>Year Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Balance as of January 1	11,549,072	8,856,937
Amount incurred:		

NOTES TO FINANCIAL STATEMENTS

Current year	8,162,253	13,665,694
Prior years	4,986,566	978,383
Imputed prior year interest	574,733	451,704
Total	<u>13,723,551</u>	<u>15,095,781</u>
Less amount paid:		
Current year	4,449,594	9,507,323
Prior years	6,120,894	2,896,323
Total	<u>10,570,488</u>	<u>12,403,646</u>
Balance as of December 31	<u>14,702,135</u>	<u>11,549,072</u>

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ()
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes (X) No () N/A ()
- 1.3 State Regulating? Pennsylvania
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/24/2005
- 3.4 By what department or departments?
.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes (X) No () N/A ()
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes (X) No () N/A ()
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes () No (X)
- 4.12 renewals? Yes () No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes () No (X)
- 4.22 renewals? Yes () No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
- 5.2 If yes, provide name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes (X) No ()
- 6.2 If yes, give full information:
On 8/4, the Company was notified by the FL DOI that its COA had expired. The COA had been suspended 6/4 and an appeal was filed. Additional information attached.
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No (X)
- 7.2 If yes, %
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g. individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i. e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 BDO Seidman, LLP
 1700 Market Street, 29th Floor, Philadelphia, PA 19103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Milliman, USA
 15800 Bluemound Road, Suite 400, Brookfield, WI 53005
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes () No (X)
- 11.11 Name of real estate holding company

- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$
- 11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

- 12.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes () No (X)
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes () No (X)
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes () No () N/A (X)
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code. Yes (X) No ()
- 13.11 If the response to 13.1 is No, please explain:

- 13.2 Has the code of ethics for senior managers been amended? Yes () No (X)
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes (X) No ()
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes (X) No ()
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes (X) No ()

GENERAL INTERROGATORIES

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes () No (X)
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 18.11 To directors or other officers | \$ |
| | 18.12 To stockholders not officers | \$ |
| | 18.13 Trustees, supreme or grand (Fraternal only) | \$ |
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|----------|
| | 18.21 To directors or other officers | \$ |
| | 18.22 To stockholders not officers | \$ |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$ |
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes () No (X)
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------|----------|
| | 19.21 Rented from others | \$ |
| | 19.22 Borrowed from others | \$ |
| | 19.23 Leased from others | \$ |
| | 19.24 Other | \$ |
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes () No (X)
- 20.2 If answer is yes:
- | | | |
|--|--|----------|
| | 20.21 Amount paid as losses or risk adjustment | \$ |
| | 20.22 Amount paid as expenses | \$ |
| | 20.23 Other amounts paid | \$ |
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes (X) No ()
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes (X) No ()
- 22.2 If no, give full and complete information relating thereto:

- 22.3 For the security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)

- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions? Yes (X) No ()
- 22.5 If answer to 22.4 is YES, report amount of collateral for conforming programs. \$
- 22.6 If answer to 22.4 is NO, report amount of collateral for other programs. \$
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1) Yes (X) No ()
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|--------------------|
| | 23.21 Subject to repurchase agreements | \$ |
| | 23.22 Subject to reverse repurchase agreements | \$ |
| | 23.23 Subject to dollar repurchase agreements | \$ |
| | 23.24 Subject to reverse dollar repurchase agreements | \$ |
| | 23.25 Pledged as collateral | \$ |
| | 23.26 Placed under option agreements | \$ |
| | 23.27 Letter stock or securities restricted as to sale | \$ |
| | 23.28 On deposit with state or other regulatory body | \$ 7,430,996 |
| | 23.29 Other | \$ |

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes () No (X)
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes () No () N/A (X)
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes () No (X)
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

INVESTMENT

26. Excluding items in Schedule E, Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
US Bank	Philadelphia, Pennsylvania
Davidson Trust Company	Devon, Pennsylvania
Bank of New York	New York, New York

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes () No (X)

26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	US Bank	Philadelphia, Pennsylvania
.....	Davidson Trust Company	Devon, Pennsylvania
.....	Bank of New York	New York, New York

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes () No (X)

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
Line 27.2998 from Overflow page
Line 27.2999 TOTAL (9999999)

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....
.....

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	\$ 837,825,442	\$ 733,501,669	\$ (104,323,773)
28.2 Preferred stocks	\$	\$	\$
28.3 Totals	\$ 837,825,442	\$ 733,501,669	\$ (104,323,773)

28.4 Describe the sources or methods utilized in determining the fair values:
Interactive Data Corporation Provides Actual Market Values.

29.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

29.2 If no, list exceptions:
.....
.....

OTHER

30.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

31.1 Amount of payments for legal expenses, if any? \$ 2,272,400

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Weil Gotshal & Manges LLP	\$ 1,027,481
.....	\$
.....	\$
.....	\$

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes (X) No ()
 1.2 If yes, indicate premium earned on U.S. business only. \$ 4,815,881
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
 1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 4,608,725

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$ 498,637
 1.62 Total incurred claims \$ 742,427
 1.63 Number of covered lives 152
 All years prior to most current three years:
 1.64 Total premium earned \$ 4,317,244
 1.65 Total incurred claims \$ 3,866,298
 1.66 Number of covered lives 2,026

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$
 1.72 Total incurred claims \$
 1.73 Number of covered lives
 All years prior to most current three years:
 1.74 Total premium earned \$
 1.75 Total incurred claims \$
 1.76 Number of covered lives

2. Health Test		1	2
		Current Year	Prior Year
2.1 Premium Numerator		\$ 4,815,881	\$ 5,323,583
2.2 Premium Denominator		\$ 32,399,726	\$ 36,896,340
2.3 Premium Ratio (Line 2.1 divided by Line 2.2)		..... 0.149	..... 0.144
2.4 Reserve Numerator		\$ 3,364,138	\$ 3,316,190
2.5 Reserve Denominator		\$ 73,746,167	\$ 61,736,874
2.6 Reserve Ratio (Line 2.4 divided by Line 2.5)		..... 0.046	..... 0.054

3.1 Does this reporting entity have Separate Accounts? Yes () No (X)
 3.2 If yes, has a Separate Accounts statement been filed with this Department? Yes () No () N/A (X)
 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$

3.4 State the authority under which Separate Accounts are maintained:

3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes () No (X)
 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes () No (X)
 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts, due or accrued (net)?" \$

4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes (X) No ()

4.2 Net reimbursement of such expenses between reporting entities:
 4.21 Paid \$
 4.22 Received \$ 1,100,000

5.1 Does the reporting entity write any guaranteed interest contracts? Yes () No (X)

5.2 If yes, what amount pertaining to these items is included in:
 5.21 Page 3, Line 1 \$
 5.22 Page 4, Line 1 \$

6. For stock reporting entities only:
 6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$

7. Total dividends paid stockholders since organization of the reporting entity:
 7.11 Cash \$
 7.12 Stock \$

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes () No (X)

Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes () No (X)

8.3 If Line 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium
8.32 Paid claims
8.33 Claim liability and reserve (beginning of year)
8.34 Claim liability and reserve (end of year)
8.35 Incurred claims

8.4 If reinsurance assumed included amounts with attachment points below \$ 1,000,000, the distribution of the amounts reported in Line 8.31 and Line 8.34 for Column (1) are:

	1 Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41	< \$ 25,000	.....	.....
8.42	\$ 25,000 - 99,999	.....	.....
8.43	\$ 100,000 - 249,999	.....	.....
8.44	\$ 250,000 - 999,999	.....	.....
8.45	\$ 1,000,000 or more	.....	.....

8.5 What portion of earned premium reported in Line 8.31, Column 1 was assumed from pools? \$

9.1 Does the company have variable annuities with guaranteed benefits? Yes () No (X)

9.2 If 9.1 is yes, complete the table for each type of guaranteed benefit.

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Column 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
.....
.....
.....

GENERAL INTERROGATORIES (Continued)
Part 2 - LIFE INTERROGATORIES Line 9.2

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Column 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit

NONE

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.
 Show amounts of life insurance in this exhibit in thousands (omit \$000)

	1 2008	2 2007	3 2006	4 2005	5 2004
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary-whole life and endowment (Line 34, Column 4)				32,852	35,475
2. Ordinary-term (Line 21, Column 4, less Line 34, Column 4)	8,462	9,926	33,663	3,544	4,374
3. Credit life (Line 21, Column 6)			1	1	1
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Line 43 and Line 44, Column 4)			20	20	15
5. Industrial (Line 21, Column 2)					
6. FEGLI/SGLI (Line 43 and Line 44, Column 4)					
7. Total (Line 21, Column 10)	8,462	9,926	33,684	36,417	39,865
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary-whole life and endowment (Line 34, Column 2)					
9. Ordinary-term (Line 2, Column 4, less Line 34, Column 2)					
10. Credit life (Line 2, Column 6)					
11. Group (Line 2, Column 9)					
12. Industrial (Line 2, Column 2)					
13. Total (Line 2, Column 10)					
Premium Income-Lines of Business (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Column 2)					
15.1 Ordinary life insurance (Line 20.4, Column 3)				1,707,889	1,909,598
15.2 Ordinary individual annuities (Line 20.4, Column 4)					
16. Credit life, (group and individual) (Line 20.4, Column 5)					
17.1 Group life insurance (Line 20.4, Column 6)				164	334
17.2 Group annuities (Line 20.4, Column 7)					
18.1 A & H-group (Line 20.4, Column 8)					
18.2 A & H-credit (group and individual) (Line 20.4, Column 9)					
18.3 A & H-other (Line 20.4, Column 10)	32,399,726	36,896,340	38,849,898	7,802,599	16,301,610
19. Aggregate of all other lines of business (Line 20.4, Column 11)					
20. Total	32,399,726	36,896,340	38,849,898	9,510,652	18,211,542
Balance Sheet (Pages 2 and 3)					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Column 3)	1,001,190,990	1,039,140,838	1,046,718,919	1,029,266,646	108,538,031
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26)	1,225,228,645	1,014,049,860	1,007,455,365	993,390,361	84,688,841
23. Aggregate life reserves (Page 3, Line 1)				10,035,980	10,077,406
24. Aggregate A & H reserves (Page 3, Line 2)	71,266,702	59,492,018	44,599,292	35,788,286	22,646,665
25. Deposit-type contract funds (Page 3, Line 3)					
26. Asset valuation reserve (Page 3, Line 24.1)	1,317,832	3,152,387	1,899,162	869,368	419,604
27. Capital (Page 3, Line 29 and Line 30)	2,500,800	2,500,800	2,500,800	2,500,800	2,500,800
28. Surplus (Page 3, Line 37)	(226,538,455)	22,590,178	36,762,754	33,375,485	21,348,390
Cash Flow (Page 5)					
29. Net cash from operations (Line 11)	13,304,052	(10,831,127)	(1,537,326)	(48,152)	(1,679,293)
Risk-Based Capital Analysis					
30. Total adjusted capital	(222,719,823)	28,243,365	41,162,716	36,745,653	24,268,794
31. Authorized control level risk-based capital	4,469,761	4,149,829	4,738,032	5,144,273	3,805,603
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Line No./Page 2, Line 10, Column 3) x 100.0					
32. Bonds (Line 1)	94.2	84.3	96.2	96.2	65.8
33. Stocks (Line 2.1 and Line 2.2)	0.9	2.5	2.2	1.9	18.2
34. Mortgage loans on real estate (Line 3.1 and Line 3.2)					0.7
35. Real estate (Line 4.1, Line 4.2 and Line 4.3)	0.5	0.5	0.5	0.5	9.8
36. Cash, cash equivalents and short-term investments (Line 5)	3.9	12.3	0.6	1.4	4.8
37. Contract loans (Line 6)					0.7
38. Other invested assets (Line 7)	0.5	0.5	0.5		
39. Receivables for securities (Line 8)					
40. Aggregate write-ins for invested assets (Line 9)					
41. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2008	2 2007	3 2006	4 2005	5 2004
<u>Investments in Parent, Subsidiaries and Affiliates</u>					
42. Affiliated bonds (Schedule D Summary, Line 25, Column 1)					
43. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)					
44. Affiliated common stocks (Schedule D Summary, Line 53, Column 1)	8,067,076	23,862,782	20,692,419	18,324,671	9,017,861
45. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Line 42 to Line 47	8,067,076	23,862,782	20,692,419	18,324,671	9,017,861
<u>Total Nonadmitted and Admitted Assets</u>					
49. Total nonadmitted assets (Page 2, Line 26, Column 2)	71,494,234	66,954,327	66,399,319	68,870,472	65,205,096
50. Total admitted assets (Page 2, Line 26, Column 3)	1,001,190,990	1,039,140,838	1,046,718,919	1,029,266,646	108,538,031
<u>Investment Data</u>					
51. Net investment income (Exhibit of Net Investment Income)	17,069,856	2,914,610	3,402,400	5,528,576	1,138,108
52. Realized capital gains (losses)	(4,658,807)	(1,301,607)	(1,730,045)	(570,496)	146,788
53. Unrealized capital gains (losses)	(15,810,284)	3,081,273	2,446,186	7,181,618	300,214
54. Total of above Lines 51, Line 52 and Line 53	(3,399,235)	4,694,276	4,118,541	12,139,698	1,585,110
<u>Benefits and Reserve Increase</u> (Page 6)					
55. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and Line 15, Column 1 minus Lines 10, 11, 12, 13, 14 and Line 15, Columns 9, 10 and 11)	277,084		(280,000)	2,035,506	2,035,782
56. Total contract benefits - A and H (Line 13 and Line 14, Columns 9, 10 and 11)	10,805,097	12,738,608	8,220,659	23,892,302	5,585,235
57. Increase in life reserves - other than group and annuities (Line 19, Columns 2 and 3)			280,000	(41,426)	171,877
58. Increase in A & H Reserves (Line 19, Columns 9, 10 and 11)	11,774,684	14,892,726	8,811,006	13,141,621	4,960,620
59. Dividends to policyholders (Line 30, Column 1)					
<u>Operating Percentages</u>					
60. Insurance expense percent (Page 6, Column 1, Line 21, Line 22 and Line 23 less Line 6) / (Page 6, Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00	49.1	65.4	59.6	(344.6)	27.9
61. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Line 14 and Line 15) / 1/2 (Exhibit of Life Insurance, Column 4, Line 1 and Line 21)] x 100.00	1.8	0.2	3.1	3.3	5.1
62. A & H loss percent (Schedule H, Part 1, Line 5 and Line 6, Column 2)	93.0	96.8	54.8	83.3	60.6
63. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2)					
64. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2)	90.5	107.2	96.1	(63.6)	85.8
<u>A & H Claim Reserve Adequacy</u>					
65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)					
66. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)					
67. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)	17,110,370	10,287,023	6,975,092	17,852,860	2,808,590
68. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)	11,549,070	8,856,936	5,157,151	3,088,980	3,424,227
<u>Net Gains From Operations After Federal Income</u> <u>Taxes by Lines of Business</u> (Page 6, Line 33)					
69. Industrial life (Column 2)					
70. Ordinary-life (Column 3)	(277,084)		(269,531)	(728,631)	(730,928)
71. Ordinary-individual annuities (Column 4)				(2,488)	(1,140)
72. Ordinary-supplementary contracts (Column 5)					
73. Credit life (Column 6)					
74. Group life (Column 7)				164	334
75. Group annuities (Column 8)					
76. A & H-group (Column 9)					
77. A & H-credit (Column 10)					
78. A & H-other (Column 11)	3,884,327	(15,487,189)	5,772,967	(3,371,561)	(5,353,659)
79. Aggregate of all other lines of business (Column 12)					
80. Total (Column 1)	3,607,243	(15,487,189)	5,503,436	(4,102,516)	(6,085,393)



ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

DIRECT BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2008

NAIC Group Code: 0810

NAIC Company Code: 63282

LIFE INSURANCE

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	378,495				378,495
2. Annuity considerations					
3. Deposit-type contract funds		XXX		XXX	
4. Other considerations					
5. Totals (Sum of Line 1 to Line 4)	378,495				378,495
DIRECT DIVIDENDS TO POLICYHOLDERS					
Life Insurance:					
6.1. Paid in cash or left on deposit					
6.2. Applied to pay renewal premiums					
6.3. Applied to provide paid-up additions or shorten the endowment or premium-paying period					
6.4. Other					
6.5. Totals (Sum of Line 6.1 to Line 6.4)					
Annuities:					
7.1. Paid in cash or left on deposit					
7.2. Applied to provide paid-up annuities					
7.3. Other					
7.4. Totals (Sum of Line 7.1 to Line 7.3)					
8. Grand Totals (Line 6.5 plus Line 7.4)					
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits	1,081,212				1,081,212
10. Matured endowments					
11. Annuity benefits					
12. Surrender values and withdrawals for life contracts					
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health					
15. Totals	1,081,212				1,081,212
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of remaining write-ins for Line 13 from overflow page					
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)					

DIRECT DEATH BENEFITS AND MATURED ENDOWMENTS INCURRED	Ordinary		Credit Life (Group and Individual)		Group		Industrial		Total	
	1 Number	2 Amount	3 Number of Individual Policies and Group Certificates	4 Amount	5 Number of Certificates	6 Amount	7 Number	8 Amount	9 Number	10 Amount
16. Unpaid December 31, prior year										
17. Incurred during current year	177	1,081,212							177	1,081,212
Settled during current year:										
18.1 By payment in full	177	1,081,212							177	1,081,212
18.2 By payment on compromised claims										
18.3 Totals paid	177	1,081,212							177	1,081,212
18.4 Reduction by compromise										
18.5 Amount rejected										
18.6 Total settlements	177	1,081,212							177	1,081,212
19. Unpaid December 31, current year (Line 16 plus Line 17 minus Line 18.6)										
POLICY EXHIBIT										
20. In force December 31, prior year	2,037	9,926,216	(a)						2,037	9,926,216
21. Issued during year										
22. Other changes to in force (Net)	(196)	(1,463,533)							(196)	(1,463,533)
23. In force December 31 of current year	1,841	8,462,683	(a)						1,841	8,462,683

(a) Includes Individual Credit Life Insurance prior year \$, current year \$
Includes Group Credit Life Insurance Loans less than or equal to 60 months at issue, prior year \$, current year \$
Loans greater than 60 months at issue BUT NOT GREATER THAN 120 MONTHS prior year \$, current year \$

ACCIDENT AND HEALTH INSURANCE

	1 Direct Premiums	2 Direct Premiums Earned	3 Dividends Paid Or Credited On Direct Business	4 Direct Losses Paid	5 Direct Losses Incurred
24. Group policies (b)					
24.1 Federal Employees Health Benefits Program premium (b)					
24.2 Credit (Group and Individual)					
24.3 Collectively renewable policies (b)					
24.4 Medicare Title XVIII exempt from state taxes and fees					
Other Individual policies:					
25.1 Non-cancelable (b)					
25.2 Guaranteed renewable (b)	243,795,892	248,056,341		224,279,702	278,691,931
25.3 Non-renewable for stated reasons only (b)	303,026	308,705		1,064,899	1,312,749
25.4 Other accident only					
25.5 All other (b)					
25.6 Totals (Sum of Line 25.1 to Line 25.5)	244,098,918	248,365,046		225,344,601	280,004,680
26. Totals (Line 24 through Line 24.4 plus Line 25.6)	244,098,918	248,365,046		225,344,601	280,004,680

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group		10	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	Number of		9 Amount of Insurance (a)	Total Amount of Insurance (a)
							7 Policies	8 Certificates		
1. In force end of prior year			2,037	9,926						9,926
2. Issued during year										
3. Reinsurance assumed										
4. Revived during year										
5. Increased during year (net)										
6. Subtotals, Line 2 to Line 5										
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		
8. Aggregate write-ins for increases										
9. Totals (Line 1 and Line 6 to Line 8)			2,037	9,926						9,926
Deductions during year:										
10. Death			172	1,297			XXX			1,297
11. Maturity							XXX			
12. Disability							XXX			
13. Expiry										
14. Surrender			24	167						167
15. Lapse										
16. Conversion							XXX	XXX	XXX	
17. Decreased (net)										
18. Reinsurance										
19. Aggregate write-ins for decreases										
20. Totals (Line 10 to Line 19)			196	1,464						1,464
21. In force end of year (Line 9 minus Line 20)			1,841	8,462						8,462
22. Reinsurance ceded end of year	XXX		XXX	8,462	XXX		XXX	XXX		8,462
23. Line 21 minus Line 22	XXX		XXX		XXX	(b)	XXX	XXX		
DETAILS OF WRITE-INS										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page										
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)										
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page										
1999. Totals (Line 1901 through Line 1903 plus Line 1998) (Line 19 above)										

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).
 (b) Group \$; Individual \$

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends .....	) NONE		X X X	
25. Other paid-up insurance				
26. Debit ordinary insurance	X X X	X X X		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term Insurance	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies-decreasing				
28. Term policies-other				
29. Other term insurance-decreasing	X X X		X X X	
30. Other term insurance	X X X		X X X	
31. Totals (Line 27 to Line 30)				
Reconciliation to Line 2 and Line 21:				
32. Term additions	X X X		X X X	
33. Totals, extended term insurance	X X X	X X X	1,841	8,463
34. Totals, whole life and endowment				
35. Totals (Line 31 to Line 34)			1,841	8,463

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (included in Line 2)		In Force End of Year (included in Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial				
37. Ordinary			8,463	
38. Credit Life (Group and Individual)				
39. Group				
40. Totals (Line 36 to Line 39)			8,463	

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1	2	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Line 2 ceded to other companies	NONE			
42. Number in force end of year if the number under share was counted on a pro-rata basis				
43. Federal Employees' Group Life Insurance included in Line 2				
44. Servicemen's Group Life Insurance included in Line 2				
45. Group Permanent Insurance included in Line 21				
			X X X	
				X X X

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	NONE
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BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders included above.	
(47.1)	
(47.2)	NONE

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial	Ordinary	Credit	Group	
	1 Number of Policies			7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium	NONE				
49. Disability Income					
50. Extended Benefits					
51. Other					
52. Total					

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)
 (b) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT AND HEALTH AND OTHER POLICIES

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Line 1 to Line 4)	NONE			
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. Totals (Line 6 and Line 7)				
9. In force end of year				
10. Amount on deposit		(a)		(a)
11. Income now payable				
12. Amount of income payable	(a)	(a)	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Totals (Line 1 to Line 4)	NONE			
Deductions during year:				
6. Decreased (net)				
7. Reinsurance ceded				
8. Totals (Line 6 and Line 7)				
9. In force end of year				
Income now payable:				
10. Amount of income payable	(a)	X X X	X X X	(a)
Deferred fully paid:				
11. Account balance	X X X	(a)	X X X	(a)
Deferred not fully paid:				
12. Account balance	X X X	(a)	X X X	(a)

ACCIDENT AND HEALTH INSURANCE

	Group		Credit		Other	
	1 Certificates	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year					134,409	262,598,018
2. Issued during year					3,149	8,001,994
3. Reinsurance assumed						
4. Increased during year (net)		X X X		X X X		X X X
5. Totals (Line 1 to Line 4)		X X X		X X X	137,558	X X X
Deductions during year:						
6. Conversions		X X X	X X X	X X X	X X X	X X X
7. Decreased (net)		X X X		X X X	11,666	X X X
8. Reinsurance ceded		X X X		X X X		X X X
9. Totals (Line 6 to Line 8)		X X X		X X X	11,666	X X X
10. In force end of year		(a)		(a)	125,892	(a) 253,286,914

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1 Deposit Funds	2 Dividend Accumulations
	Contracts	Contracts
1. In force end of prior year		
2. Issued during year		
3. Reinsurance assumed		
4. Increased during year (net)		
5. Totals (Line 1 to Line 4)	NONE	
Deductions during year:		
6. Decreased (net)		
7. Reinsurance ceded		
8. Totals (Line 6 and Line 7)		
9. In force end of year		
10. Amount of account balance	(a)	(a)

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

FORM FOR CALCULATING THE INTEREST MAINTENANCE RESERVE

Interest Maintenance Reserve

	1 Amount
1. Reserve as of December 31, Prior Year	
2. Current Year's Realized Pre-Tax Capital Gains/ (Losses) of \$ 533,314 Transferred into the Reserve Net of Taxes \$ 181,327	351,988
3. Adjustment for Current Year's Liability Gains/ (Losses) released from the reserve	
4. Balance Before Reduction for Amount Transferred to Summary of Operations (Line 1 plus Line 2 plus Line 3)	351,988
5. Current Year's Amortization Released to Summary of Operations (Amortization, Line 1, Column 4)	73,395
6. Reserve as of December 31, Current Year (Line 4 minus Line 5)	278,593

Amortization

Year of Amortization	1 Reserve as of December 31, Prior Year	2 Current Year's Realized Capital Gains/ (Losses) Transferred into the Reserve Net of Taxes	3 Adjustment for Current Year's Liability Gains/ (Losses) Released From the Reserve	4 Balance Before Reduction for Current Year's Amortization (Columns 1 plus 2 plus 3)
1. 2008		73,395		73,395
2. 2009		56,501		56,501
3. 2010		29,633		29,633
4. 2011		26,758		26,758
5. 2012		28,342		28,342
6. 2013		23,055		23,055
7. 2014		20,299		20,299
8. 2015		21,695		21,695
9. 2016		23,186		23,186
10. 2017		24,742		24,742
11. 2018		24,383		24,383
12. 2019				
13. 2020				
14. 2021				
15. 2022				
16. 2023				
17. 2024				
18. 2025				
19. 2026				
20. 2027				
21. 2028				
22. 2029				
23. 2030				
24. 2031				
25. 2032				
26. 2033				
27. 2034				
28. 2035				
29. 2036				
30. 2037				
31. 2038 and Later				
32. TOTAL (Line 1 to Line 31)		351,989		351,989

ASSET VALUATION RESERVE

	Default Component			Equity Component			7 Total Amount (Column 3 plus Column 6)
	1 Other Than Mortgage Loans	2 Mortgage Loans	3 Total (Column 1 plus Column 2)	4 Common Stock	5 Real Estate and Other Invested Assets	6 Total (Column 4 plus Column 5)	
1. Reserve as of December 31, prior year	1,541,360		1,541,360	343,320	1,267,707	1,611,027	3,152,387
2. Realized Capital Gains/ (Losses) Net of Taxes - General Account	(3,434,547)		(3,434,547)				(3,434,547)
3. Realized Capital Gains/ (Losses) Net of Taxes - Separate Accounts							
4. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - General Account	(9,621)		(9,621)				(9,621)
5. Unrealized Capital Gains/ (Losses) Net of Deferred Taxes - Separate Accounts							
6. Capital gains credited/ (losses charged) to contract benefits, payments or reserves							
7. Basic Contribution	526,364		526,364				526,364
8. Accumulated Balances (Line 1 through Line 5, minus Line 6 plus Line 7)	(1,376,444)		(1,376,444)	343,320	1,267,707	1,611,027	234,583
9. Maximum Reserve	3,059,103		3,059,103	423,628	894,204	1,317,832	4,376,935
10. Reserve Objective	2,233,958		2,233,958	423,628	894,204	1,317,832	3,551,790
11. 20% of (Line 10 minus Line 8)	722,080		722,080	16,062	(74,701)	(58,639)	663,441
12. Balance Before Transfers (Line 8 plus Line 11)	(654,364)		(654,364)	359,382	1,193,006	1,552,388	898,024
13. Transfers				64,247	(64,247)		X X X
14. Voluntary Contribution							
15. Adjustment down to Maximum/up to Zero	654,364		654,364		(234,556)	(234,556)	419,808
16. Reserve as of December 31, Current Year (Line 12 plus Line 13 plus Line 14 plus Line 15)				423,629	894,203	1,317,832	1,317,832

ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
LONG-TERM BONDS												
1		Exempt Obligations	106,114,165	X X X	X X X	106,114,165	0.0000		0.0000		0.0000	
2	1	Highest Quality	641,274,402	X X X	X X X	641,274,402	0.0004	256,510	0.0023	1,474,931	0.0030	1,923,823
3	2	High Quality	76,515,363	X X X	X X X	76,515,363	0.0019	145,379	0.0058	443,789	0.0090	688,638
4	3	Medium Quality	2,035,350	X X X	X X X	2,035,350	0.0093	18,929	0.0230	46,813	0.0340	69,202
5	4	Low Quality	4,955,236	X X X	X X X	4,955,236	0.0213	105,547	0.0530	262,628	0.0750	371,643
6	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
7	6	In or Near Default	28,985	X X X	X X X	28,985	0.0000		0.2000	5,797	0.2000	5,797
8		Total Unrated Multi-class Securities Acquired by Conversion		X X X	X X X		X X X		X X X		X X X	
9		Total Bonds (Sum of Line 1 through Line 8) (Page 2, Line 1, Net Admitted Asset)	830,923,501	X X X	X X X	830,923,501	X X X	526,365	X X X	2,233,958	X X X	3,059,103
PREFERRED STOCKS												
10	1	Highest Quality		X X X	X X X		0.0004		0.0023		0.0030	
11	2	High Quality		X X X	X X X		0.0019		0.0058		0.0090	
12	3	Medium Quality		X X X	X X X		0.0093		0.0230		0.0340	
13	4	Low Quality		X X X	X X X		0.0213		0.0530		0.0750	
14	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
15	6	In or Near Default		X X X	X X X		0.0000		0.2000		0.2000	
16		Affiliated Life with AVR		X X X	X X X		0.0000		0.0000		0.0000	
17		Total Preferred Stocks (Sum of Line 10 through Line 16) (Page 2, Line 2.1, Net Admitted Asset)		X X X	X X X		X X X		X X X		X X X	
SHORT-TERM BONDS												
18		Exempt Obligations	6,901,941	X X X	X X X	6,901,941	0.0000		0.0000		0.0000	
19	1	Highest Quality		X X X	X X X		0.0004		0.0023		0.0030	
20	2	High Quality		X X X	X X X		0.0019		0.0058		0.0090	
21	3	Medium Quality		X X X	X X X		0.0093		0.0230		0.0340	
22	4	Low Quality		X X X	X X X		0.0213		0.0530		0.0750	
23	5	Lower Quality		X X X	X X X		0.0432		0.1100		0.1700	
24	6	In or Near Default		X X X	X X X		0.0000		0.2000		0.2000	
25		Total Short-term Bonds (Sum of Line 18 through Line 24)	6,901,941	X X X	X X X	6,901,941	X X X		X X X		X X X	

ASSET VALUATION RESERVE (continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
DERIVATIVE INSTRUMENTS												
26		Exchange Traded		XXX	XXX		0.0004		0.0023		0.0030	
27	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
28	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
29	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
30	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
31	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
32	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
33		Total Derivative Instruments		XXX	XXX		XXX		XXX		XXX	
34		TOTAL (Line 9 plus Line 17 plus Line 25 plus Line 33)	837,825,442	XXX	XXX	837,825,442	XXX	526,365	XXX	2,233,958	XXX	3,059,103
MORTGAGE LOANS												
In Good Standing:												
35		Farm Mortgages			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
36		Residential Mortgages - Insured or Guaranteed			XXX		0.0003		0.0006		0.0010	
37		Residential Mortgages - All Other			XXX		0.0013		0.0030		0.0040	
38		Commercial Mortgages - Insured or Guaranteed			XXX		0.0003		0.0006		0.0010	
39		Commercial Mortgages - All Other			XXX		(a) 0.0063		(a) 0.0120		(a) 0.0190	
40		In Good Standing With Restructured Terms			XXX		(b) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
41		Farm Mortgages			XXX		0.0420		0.0760		0.1200	
42		Residential Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
43		Residential Mortgages - All Other			XXX		0.0025		0.0058		0.0090	
44		Commercial Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
45		Commercial Mortgages - All Other			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
46		Farm Mortgages			XXX		0.0000		0.1700		0.1700	
47		Residential Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
48		Residential Mortgages - All Other			XXX		0.0000		0.0130		0.0130	
49		Commercial Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
50		Commercial Mortgages - All Other			XXX		0.0000		0.1700		0.1700	
51		Total Schedule B Mortgages (Sum of Line 35 through Line 50) (Page 2, Line 3, Net Admitted Asset)			XXX		XXX		XXX		XXX	
52		Schedule DA Mortgages			XXX		(c)		(c)		(c)	
53		Total Mortgage Loans on Real Estate (Line 51 plus Line 52)			XXX		XXX		XXX		XXX	

(a) Times the company's experience adjustment factor (EAF).

(b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.

(c) Determined using the same factors and breakdowns used for directly owned mortgage loans.

ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
COMMON STOCK												
1		Unaffiliated Public		XXX	XXX		0.0000		(d) 0.1300		(d) 0.1300	
2		Unaffiliated Private		XXX	XXX		0.0000		0.1600		0.1600	
3		Federal Home Loan Bank		XXX	XXX		0.0000		0.0050		0.0080	
4		Affiliated Life with AVR	4,808,397	XXX	XXX	4,808,397	0.0000		0.0000		0.0000	
Affiliated Investment Subsidiary:												
5		Fixed Income Exempt Obligations					XXX		XXX		XXX	
6		Fixed Income Highest Quality					XXX		XXX		XXX	
7		Fixed Income High Quality					XXX		XXX		XXX	
8		Fixed Income Medium Quality					XXX		XXX		XXX	
9		Fixed Income Low Quality					XXX		XXX		XXX	
10		Fixed Income Lower Quality					XXX		XXX		XXX	
11		Fixed Income In/Near Default					XXX		XXX		XXX	
12		Unaffiliated Common Stock Public					0.0000		(d) 0.1300		(d) 0.1300	
13		Unaffiliated Common Stock Private					0.0000		0.1600		0.1600	
14		Mortgage Loans					(c)		(c)		(c)	
15		Real Estate					(e)		(e)		(e)	
16		Affiliated-Certain Other (See SVO Purposes and Procedures Manual)	3,258,679	XXX	XXX	3,258,679	0.0000		0.1300	423,628	0.1300	423,628
17		Affiliated-All Other		XXX	XXX		0.0000		0.1600		0.1600	
18		Total Common Stock (Sum of Line 1 through Line 17) (Page 2, Line 2.2, Net Admitted Asset)	8,067,076			8,067,076	XXX		XXX	423,628	XXX	423,628
REAL ESTATE												
19		Home Office Property (General Account only)	4,328,262			4,328,262	0.0000		0.0750	324,620	0.0750	324,620
20		Investment Properties					0.0000		0.0750		0.0750	
21		Properties Acquired in Satisfaction of Debt					0.0000		0.1100		0.1100	
22		Total Real Estate (Sum of Line 19 through Line 21)	4,328,262			4,328,262	XXX		XXX	324,620	XXX	324,620
OTHER INVESTED ASSETS												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS												
23		Exempt Obligations		XXX	XXX		0.0000		0.0000		0.0000	
24	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
25	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
26	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
27	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
28	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
29	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
30		Total with Bond Characteristics (Sum of Line 23 through Line 29)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS												
31	1	Highest Quality		XXX	XXX		0.0004		0.0023		0.0030	
32	2	High Quality		XXX	XXX		0.0019		0.0058		0.0090	
33	3	Medium Quality		XXX	XXX		0.0093		0.0230		0.0340	
34	4	Low Quality		XXX	XXX		0.0213		0.0530		0.0750	
35	5	Lower Quality		XXX	XXX		0.0432		0.1100		0.1700	
36	6	In or Near Default		XXX	XXX		0.0000		0.2000		0.2000	
37		Affiliated Life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
38		Total with Preferred Stock Characteristics (Sum of Line 31 through Line 37)		XXX	XXX		XXX		XXX		XXX	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing:												
39		Farm Mortgages .....					) 0.0063		(a) 0.0120		(a) 0.0190	
40		Residential Mortgages - Insured or Guaranteed					0.0003		0.0006		0.0010	
41		Residential Mortgages - All Other					0.0013		0.0030		0.0040	
42		Commercial Mortgages - Insured or Guaranteed					0.0003		0.0006		0.0010	
43		Commercial Mortgages - All Other .....					) 0.0063		(a) 0.0120		(a) 0.0190	
44		In Good Standing With Restructured Terms .....					) 0.2800		(b) 0.6200		(b) 1.0000	
Overdue, Not in Process:												
45		Farm Mortgages			XXX		0.0420		0.0760		0.1200	
46		Residential Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
47		Residential Mortgages - All Other			XXX		0.0025		0.0058		0.0090	
48		Commercial Mortgages - Insured or Guaranteed			XXX		0.0005		0.0012		0.0020	
49		Commercial Mortgages - All Other			XXX		0.0420		0.0760		0.1200	
In Process of Foreclosure:												
50		Farm Mortgages			XXX		0.0000		0.1700		0.1700	
51		Residential Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
52		Residential Mortgages - All Other			XXX		0.0000		0.0130		0.0130	
53		Commercial Mortgages - Insured or Guaranteed			XXX		0.0000		0.0040		0.0040	
54		Commercial Mortgages - All Other			XXX		0.0000		0.1700		0.1700	
55		Total with Mortgage Loan Characteristics (Sum of Line 39 through Line 54)			XXX		XXX		XXX		XXX	

NONE

ASSET VALUATION RESERVE (Continued)

**BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT**

Line Number	NAIC Designation	Description	1 Book / Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Columns 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Columns 4x5)	7 Factor	8 Amount (Columns 4x7)	9 Factor	10 Amount (Columns 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK												
56		Unaffiliated Public		X X X	X X X		0.0000		(d) 0.1300		(d) 0.1300	
57		Unaffiliated Private		X X X	X X X		0.0000		0.1600		0.1600	
58		Affiliated Life with AVR		X X X	X X X		0.0000		0.0000		0.0000	
59		Affiliated Certain Other (See SVO Purposes and Procedures Manual)		X X X	X X X		0.0000		0.1300		0.1300	
60		Affiliated Other - All Other		X X X	X X X		0.0000		0.1600		0.1600	
61		Total with Common Stock Characteristics (Sum of Line 56 through Line 60)		X X X	X X X		X X X		X X X		X X X	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE												
62		Home Office Property (General Account Only)					0.0000		0.0750		0.0750	
63		Investment Properties					0.0000		0.0750		0.0750	
64		Properties Acquired in Satisfaction of Debt					0.0000		0.1100		0.1100	
65		Total with Real Estate Characteristics (Sum of Line 62 through Line 64)					X X X		X X X		X X X	
LOW INCOME HOUSING TAX CREDIT INVESTMENTS												
66		Guaranteed Federal Low Income Housing Tax Credit					0.0003		0.0006		0.0010	
67		Non-guaranteed Federal Low Income Housing Tax Credit					0.0063		0.0120		0.0190	
68		State Low Income Housing Tax Credit					0.0273		0.0600		0.0975	
69		All Other Low Income Housing Tax Credit					0.0273		0.0600		0.0975	
70		Total LIHTC					X X X		X X X		X X X	
ALL OTHER INVESTMENTS												
71		Other Invested Assets - Schedule BA	4,381,417	X X X		4,381,417	0.0000		0.1300	569,584	0.1300	569,584
72		Other Short-term Invested Assets - Schedule DA		X X X			0.0000		0.1300		0.1300	
73		Total All Other (Sum of Line 71 plus Line 72)	4,381,417	X X X		4,381,417	X X X		X X X	569,584	X X X	569,584
74		Total Other Invested Assets - Schedules BA and DA (Sum of Lines 30, 38, 55, 61, 65, 70 and 73)	4,381,417			4,381,417	X X X		X X X	569,584	X X X	569,584

(a) Times the company's experience adjustment factor (EAF).
 (b) Column 9 is the greater of 6.4% without any EAF adjustments or a company's EAF adjusted In Good Standing (IGS) factor plus 150 basis points. Columns 5 and 7 are 28% and 62% respectively of Column 9.
 (c) Determined using the same factors and breakdowns used for directly owned mortgage loans.
 (d) Times the company's weighted average portfolio beta (Minimum .10, Maximum .20).
 (e) Determined using same factors and breakdowns used for directly owned real estate.

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AVR, Replicated (Synthetic) Assets

NONE

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Sch. F, Claims for Death Losses

NONE

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT

	Total		Group Accident and Health		Credit Accident and Health (Group and Individual)		Collectively Renewable		Other Individual Contracts								
									Non-Cancelable		Guaranteed Renewable		Non-Renewable for Stated Reasons Only		Other Accident Only		All Other
	1 Amount	2 %	3 Amount	4 %	5 Amount	6 %	7 Amount	8 %	9 Amount	10 %	11 Amount	12 %	13 Amount	14 %	15 Amount	16 %	17 Amount	18 %

PART 1 - ANALYSIS OF UNDERWRITING OPERATIONS

1. Premiums written	24,231,678	XXX		XXX		XXX		XXX		XXX	24,231,678	XXX		XXX		XXX		XXX
2. Premiums earned	24,899,905	XXX		XXX		XXX		XXX		XXX	24,899,905	XXX		XXX		XXX		XXX
3. Incurred claims	13,723,554	55.115									13,723,554	55.115						
4. Cost containment expenses																		
5. Incurred claims and cost containment expenses (Line 3 and Line 4)	13,723,554	55.115									13,723,554	55.115						
6. Increase in contract reserves	9,431,807	37.879									9,431,807	37.879						
7. Commissions (a)	(25,820,319)	(103.696)									(25,820,319)	(103.696)						
8. Other general insurance expenses	41,718,973	167.547									41,718,973	167.547						
9. Taxes, licenses and fees	6,642,653	26.677									6,642,653	26.677						
10. Total other expenses incurred	22,541,307	90.528									22,541,307	90.528						
11. Aggregate write-ins for deductions																		
12. Gain from underwriting before dividends or refunds	(20,796,763)	(83.521)									(20,796,763)	(83.521)						
13. Dividends or refunds																		
14. Gain from underwriting after dividends or refunds	(20,796,763)	(83.521)									(20,796,763)	(83.521)						

DETAILS OF WRITE-INS

1101.																		
1102.																		
1103.																		
1198. Summary of remaining write-ins for Line 11 from overflow page																		
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)																		

(a) Includes \$ reported as "Contract, membership and other fees retained by agents."

SCHEDULE H - ACCIDENT AND HEALTH EXHIBIT (continued)

	1	2	3	4	Other Individual Contracts				
					5	6	7	8	9
	Total	Group Accident and Health	Credit Accident and Health (Group and Individual)	Collectively Renewable	Non-Cancelable	Guaranteed Renewable	Non-Renewable for Stated Reasons Only	Other Accident Only	All Other

PART 2 - RESERVES AND LIABILITIES

A. Premium Reserves:									
1. Unearned premiums	8,173,938					8,173,938			
2. Advance premiums									
3. Reserve for rate credits									
4. Total premium reserves, current year	8,173,938					8,173,938			
5. Total premium reserves, prior year	8,749,516					8,749,516			
6. Increase in total premium reserves	(575,578)					(575,578)			
B. Contract Reserves:									
1. Additional reserves (a)	50,870,094					50,870,094			
2. Reserve for future contingent benefits									
3. Total contract reserves, current year	50,870,094					50,870,094			
4. Total contract reserves, prior year	41,438,287					41,438,287			
5. Increase in contract reserves	9,431,807					9,431,807			
C. Claim Reserves and Liabilities:									
1. Total current year	14,702,135					14,702,135			
2. Total prior year	11,549,070					11,549,070			
3. Increase	3,153,065					3,153,065			

PART 3 - TEST OF PRIOR YEAR'S CLAIM RESERVES AND LIABILITIES

1. Claims paid during the year:									
1.1 On claims incurred prior to current year	6,120,894					6,120,894			
1.2 On claims incurred during current year	4,449,594					4,449,594			
2. Claim reserves and liabilities, December 31, current year:									
2.1 On claims incurred prior to current year	10,989,476					10,989,476			
2.2 On claims incurred during current year	3,712,659					3,712,659			
3. Test:									
3.1 Line 1.1 plus Line 2.1	17,110,370					17,110,370			
3.2 Claim reserves and liabilities, December 31, prior year	11,549,070					11,549,070			
3.3 Line 3.1 minus Line 3.2	5,561,300					5,561,300			

PART 4 - REINSURANCE

A. Reinsurance Assumed:									
1. Premiums written	3,562,800					3,562,800			
2. Premiums earned	3,667,275					3,667,275			
3. Incurred claims	2,210,470					2,210,470			
4. Commissions	508,543					508,543			
B. Reinsurance Ceded:									
1. Premiums written	223,437,360					223,134,334	303,026		
2. Premiums earned	227,132,416					226,806,764	325,652		
3. Incurred claims	268,491,596					266,366,914	2,124,682		
4. Commissions	55,362,521					55,362,521			

(a) Includes \$ premium deficiency reserve.

SCHEDULE H - PART 5 - HEALTH CLAIMS

	1	2	3	4
	Medical	Dental	Other	Total
A. Direct:				
1. Incurred claims			280,004,680	280,004,680
2. Beginning claim reserves and liabilities			379,215,900	379,215,900
3. Ending claim reserves and liabilities			433,875,979	433,875,979
4. Claims paid			225,344,601	225,344,601
B. Assumed Reinsurance:				
5. Incurred claims			2,210,470	2,210,470
6. Beginning claim reserves and liabilities			6,953,003	6,953,003
7. Ending claim reserves and liabilities			5,727,624	5,727,624
8. Claims paid			3,435,849	3,435,849
C. Ceded Reinsurance:				
9. Incurred claims			268,491,596	268,491,596
10. Beginning claim reserves and liabilities			374,619,833	374,619,833
11. Ending claim reserves and liabilities			424,901,468	424,901,468
12. Claims paid			218,209,962	218,209,962
D. Net:				
13. Incurred claims			13,723,554	13,723,554
14. Beginning claim reserves and liabilities			11,549,070	11,549,070
15. Ending claim reserves and liabilities			14,702,135	14,702,135
16. Claims paid			10,570,488	10,570,488
E. Net Incurred Claims and Cost Containment Expenses:				
17. Incurred claims and cost containment expenses			13,723,554	13,723,554
18. Beginning reserves and liabilities			11,549,069	11,549,069
19. Ending reserves and liabilities			14,702,135	14,702,135
20. Paid claims and cost containment expenses			10,570,488	10,570,488

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Schedule S, Part 1, Section 1

NONE

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Non-Affiliates											
54704	23-0370270	12/31/1999	Independence Blue Cross	Philadelphia, Pennsylvania	OTH/I	3,310,811	908,844	18,065,385	568,044		
76759	23-3062257	12/31/1999	Senior American Life Insurance Company	Warrington, Pennsylvania	OTH/I	28,442	6,079	161,594			
82627	06-0839705	01/01/1991	Swiss Re Life and Health America Inc	Columbia, Ohio	OTH/I	223,547	69,402	1,464,826	161,201		
0299999 - Totals - Non-Affiliates						3,562,800	984,325	19,691,805	729,245		
0399999 - TOTALS						3,562,800	984,325	19,691,805	729,245		

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Sch. S, Pt. 2, Reinsurance Recoverable on Paid and Unpaid Losses

NONE

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE S - PART 3 - SECTION 1

Reinsurance Ceded Life Insurance, Annuities, Deposit Funds and Other Liabilities
Without Life or Disability Contingencies, and Related Benefits Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type of Reinsurance Ceded	7 Amount in Force at End of Year	Reserve Credit Taken		10 Premiums	Outstanding Surplus Relief		13 Modified Coinsurance Reserve	14 Funds Withheld Under Coinsurance
							8 Current Year	9 Prior Year		11 Current Year	12 Prior Year		
Authorized General Account, Non-Affiliates													
65927	04-2314290	12/31/2002	Lincoln Heritage Life Insurance Company	Springfield, Illinois	CO/I	2,223,760	2,565,814	2,658,148	37,453				
68543	25-1093227	01/01/2006	Liberty Bankers Life Insurance Co.	Dallas, Texas	CO/I	6,238,923	2,413,504	2,529,281	340,586				
0299999 - Authorized General Account, Non-Affiliates						8,462,683	4,979,318	5,187,429	378,039				
0399999 - Total Authorized General Account						8,462,683	4,979,318	5,187,429	378,039				
0799999 - Total Authorized and Unauthorized General Account						8,462,683	4,979,318	5,187,429	378,039				
1599999 - TOTALS						8,462,683	4,979,318	5,187,429	378,039				

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (Estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		
Authorized General Account, Affiliates												
81078	03-0211497	05/13/2005	American Network Insurance Company	Allentown, Pennsylvania	COFW/I	1,393,838	472,998	228,521				1,302,632
0199999 - Authorized General Account, Affiliates						1,393,838	472,998	228,521				1,302,632
Authorized General Account, Non-Affiliates												
	AA-1784112	06/30/2005	Imagine Int'l Reinsurance, LTD	Dublin, Ireland	CO/I	197,978,493	48,950,378	1,031,710,469				893,866,465
	AA-1784112	10/01/2005	Imagine Int'l Reinsurance, LTD	Dublin, Ireland	CO/I	19,218,790	4,481,330	5,008,563				14,680,681
62359	36-1824600	03/24/2004	Constitution Life	Orlando, Florida	CO/I	476,610	51,391					
78301	86-0201136	10/01/2005	Westward Life Insurance Company	Newport Beach, California	CO/I	2,886	72	3,021				
86258	13-2572994	01/01/1991	Cologne Reinsurance	Stamford, Connecticut	CO/I							
86258	13-2572994	10/01/1994	Cologne Reinsurance	Stamford, Connecticut	CO/I	4,359,422	401,371	19,475,303				
0299999 - Authorized General Account, Non-Affiliates						222,036,201	53,884,542	1,056,197,356				908,547,146
0399999 - Total Authorized General Account						223,430,039	54,357,540	1,056,425,877				909,849,778
0799999 - Total Authorized and Unauthorized General Account						223,430,039	54,357,540	1,056,425,877				909,849,778
1599999 - TOTALS						223,430,039	54,357,540	1,056,425,877				909,849,778

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE S - PART 4

Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total (Columns 5 plus 6 plus 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Columns 9 plus 10 plus 11 plus 12 plus 13 But Not in Excess of Column 8
General Account Life and Annuity, Non-Affiliates													
AA-1784112	06/30/2005	Imagine Int'l Reinsurance LTD		1,080,660,847	44,739,848		1,125,400,695			893,866,465			893,866,465
AA-1784112	10/01/2005	Imagine Int'l Reinsurance LTD		9,489,893	96,200		9,586,093			14,680,681			9,586,093
0299999	General Account Life and Annuity, Non-Affiliates			1,090,150,740	44,836,048		1,134,986,788			908,547,146			903,452,558
0399999	TOTAL - General Account Life and Annuity			1,090,150,740	44,836,048		1,134,986,788			908,547,146			903,452,558
0799999	TOTAL - General Account			1,090,150,740	44,836,048		1,134,986,788			908,547,146			903,452,558
1199999	GRAND TOTAL - (General Account and Separate Accounts combined)			1,090,150,740	44,836,048		1,134,986,788			908,547,146			903,452,558

SCHEDULE S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business

(000 Omitted)

	1	2	3	4	5
	2008	2007	2006	2005	2004
A. OPERATIONS ITEMS					
1. Premiums and annuity considerations for life and accident and health contracts	223,821	229,321	240,902	283,308	284,796
2. Commissions and reinsurance expense allowances	55,381	55,664	58,943	113,057	65,446
3. Contract claims	224,136	218,091	209,837	179,535	169,668
4. Surrender benefits and withdrawals for life contracts					
5. Dividends to policyholders					
6. Reserve adjustments on reinsurance ceded					
7. Increase in aggregate reserves for life and accident and health contracts					
B. BALANCE SHEET ITEMS					
8. Premiums and annuity considerations for life and accident and health contracts deferred and uncollected	135	140			
9. Aggregate reserves for life and accident and health contracts	1,115,763	1,042,296	1,030,419	992,365	943,060
10. Liability for deposit-type contracts					
11. Contract claims unpaid	45,655	40,533	37,741	35,148	31,913
12. Amounts recoverable on reinsurance	316	239	8,470	2,752	1,310
13. Experience rating refunds due or unpaid					
14. Policyholders' dividends (not included in Line 10)					
15. Commissions and reinsurance expense allowances unpaid					
16. Unauthorized reinsurance offset	231,534				
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
17. Funds deposited by and withheld from (F)	908,547	928,172	942,036	922,939	328
18. Letters of credit (L)		108,692	86,143	76,300	139,076
19. Trust agreements (T)		19,084	6,300	6,873	817,019
20. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Column 3)			
1. Cash and invested assets (Line 10)	882,423,408		882,423,408
2. Reinsurance (Line 14)	316,292	(316,292)	
3. Premiums and considerations (Line 13)	333,121		333,121
4. Net credit for ceded reinsurance	X X X	16,672,938	16,672,938
5. All other admitted assets (balance)	118,118,169		118,118,169
6. Total assets excluding Separate Accounts (Line 24)	1,001,190,990	16,356,646	1,017,547,636
7. Separate Account assets (Line 25)			
8. Total assets (Line 26)	1,001,190,990	16,356,646	1,017,547,636
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
9. Contract reserves (Line 1 and Line 2)	71,266,702	1,110,783,415	1,182,050,117
10. Liability for deposit-type contracts (Line 3)			
11. Claim reserves (Line 4)	2,479,465	45,654,606	48,134,071
12. Policyholder dividends/reserves (Line 5 through Line 7)			
13. Premium and annuity considerations received in advance (Line 8)			
14. Other contract liabilities (Line 9)	278,593		278,593
15. Reinsurance in unauthorized companies (Line 24.2)	231,534,230	(231,534,230)	
16. Funds held under reinsurance with unauthorized reinsurers (Line 24.3)	908,547,145	(908,547,145)	
17. All other liabilities (balance)	11,122,510		11,122,510
18. Total liabilities excluding Separate Accounts (Line 26)	1,225,228,645	16,356,646	1,241,585,291
19. Separate Account liabilities (Line 27)			
20. Total liabilities (Line 28)	1,225,228,645	16,356,646	1,241,585,291
21. Capital and surplus (Line 38)	(224,037,655)	X X X	(224,037,655)
22. Total liabilities, capital and surplus (Line 39)	1,001,190,990	16,356,646	1,017,547,636
NET CREDIT FOR CEDED REINSURANCE			
23. Contract reserves	1,110,783,415		
24. Claim reserves	45,654,606		
25. Policyholder dividends/reserves			
26. Premium and annuity considerations received in advance			
27. Liability for deposit-type contracts			
28. Other contract liabilities			
29. Reinsurance ceded assets	316,292		
30. Other ceded reinsurance recoverables			
31. Total ceded reinsurance recoverables	1,156,754,313		
32. Premiums and considerations			
33. Reinsurance in unauthorized companies	231,534,230		
34. Funds held under reinsurance treaties with unauthorized reinsurers	908,547,145		
35. Other ceded reinsurance payables/offsets			
36. Total ceded reinsurance payable/offsets	1,140,081,375		
37. Total net credit for ceded reinsurance	16,672,938		

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only				
	Active Status	Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	7 Deposit-Type Contracts
		2 Life Insurance Premiums	3 Annuity Considerations				
1. Alabama	AL	L	76		719,145		719,221
2. Alaska	AK	L			76,051		76,051
3. Arizona	AZ	L	6,684		11,353,971		11,360,655
4. Arkansas	AR	L			891,549		891,549
5. California	CA	L	10,613		36,218,794		36,229,407
6. Colorado	CO	L	5,567		4,654,031		4,659,598
7. Connecticut	CT	L					
8. Delaware	DE	L			186,343		186,343
9. District of Columbia	DC	L			138,068		138,068
10. Florida	FL	L	15,148		36,533,348		36,548,496
11. Georgia	GA	L	13,082		4,791,853		4,804,935
12. Hawaii	HI	L	2,535		734,824		737,359
13. Idaho	ID	L			878,770		878,770
14. Illinois	IL	L	22,081		15,905,750		15,927,831
15. Indiana	IN	L	1,585		2,750,479		2,752,064
16. Iowa	IA	L	456		6,029,985		6,030,441
17. Kansas	KS	N					
18. Kentucky	KY	L			3,044,457		3,044,457
19. Louisiana	LA	L			1,415,064		1,415,064
20. Maine	ME	N					
21. Maryland	MD	L	1,030		2,477,462		2,478,492
22. Massachusetts	MA	N					
23. Michigan	MI	L	24,695		4,504,093		4,528,788
24. Minnesota	MN	L	5,610		42,252		47,862
25. Mississippi	MS	L			1,644,605		1,644,605
26. Missouri	MO	L	25,212		2,849,295		2,874,507
27. Montana	MT	L			621,546		621,546
28. Nebraska	NE	L	5,860		2,729,679		2,735,539
29. Nevada	NV	L			830,319		830,319
30. New Hampshire	NH	L	770		356,992		357,762
31. New Jersey	NJ	N			4,157		4,157
32. New Mexico	NM	L			637,570		637,570
33. New York	NY	N	336		1,143		1,479
34. North Carolina	NC	L	80,085		6,845,643		6,925,728
35. North Dakota	ND	L			694,710		694,710
36. Ohio	OH	L	250		7,918,928		7,919,178
37. Oklahoma	OK	L			1,284,631		1,284,631
38. Oregon	OR	L	2,229		1,420,888		1,423,117
39. Pennsylvania	PA	L	12,985		29,492,157		29,505,142
40. Rhode Island	RI	L	1,380		307,184		308,564
41. South Carolina	SC	L	815		1,324,820		1,325,635
42. South Dakota	SD	L			3,883,425		3,883,425
43. Tennessee	TN	L	339		4,184,808		4,185,147
44. Texas	TX	L	27,769		14,842,317		14,870,086
45. Utah	UT	L			1,188,226		1,188,226
46. Vermont	VT	L	1,547		432,196		433,743
47. Virginia	VA	L	92,903		15,457,721		15,550,624
48. Washington	WA	L	4,536		9,645,920		9,650,456
49. West Virginia	WV	N			84		84
50. Wisconsin	WI	L	10,300		1,741,503		1,751,803
51. Wyoming	WY	L	1,561		412,162		413,723
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CN	N					
58. Aggregate Other Alien	OT	X X X					
59. Subtotal	(a)	45	378,039		244,098,918		244,476,957
90. Reporting entity contributions for employee benefit plans		X X X					
91. Dividends or refunds applied to purchase paid-up additions and annuities		X X X					
92. Dividends of refunds applied to shorten endowment or premium paying period		X X X					
93. Premium or annuity considerations waived under disability or other contract provisions		X X X			8,078,319		8,078,319
94. Aggregate other amounts not allocable by State		X X X					
95. Totals (Direct Business)		X X X	378,039		252,177,237		252,555,276
96. Plus Reinsurance Assumed		X X X			3,562,800		3,562,800
97. Totals (All Business)		X X X	378,039		255,740,037		256,118,076
98. Less Reinsurance Ceded		X X X	378,039		223,430,039		223,808,078
99. Totals (All Business) less Reinsurance Ceded		X X X			(b) 32,309,998		32,309,998
DETAILS OF WRITE-INS							
5801.		X X X					
5802.		X X X					
5803.		X X X					
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X					
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X					
9401.		X X X					
9402.		X X X					
9403.		X X X					
9498. Summary of remaining write-ins for Line 94 from overflow page		X X X					
9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)		X X X					

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

(a) Insert the number of L responses except for Canada and Other Alien.
 (b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10, or with Schedule H, Part 1, Column 1, Line 1; indicate which; N/A (Use only if Column 5, Line 98 is zero)

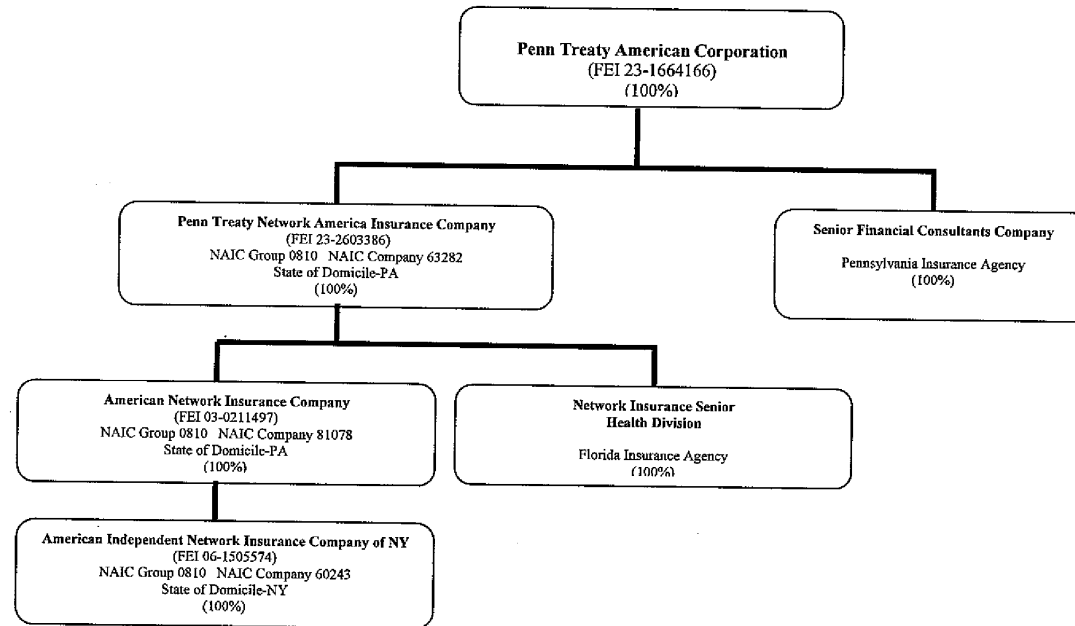
SCHEDULE T - PART 2

INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.		Direct Business Only					6 Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL	76			719,145		719,221
2. Alaska	AK				76,051		76,051
3. Arizona	AZ	6,684			11,353,971		11,360,655
4. Arkansas	AR				891,549		891,549
5. California	CA	10,613			36,218,794		36,229,407
6. Colorado	CO	5,567			4,654,031		4,659,598
7. Connecticut	CT						
8. Delaware	DE				186,343		186,343
9. District of Columbia	DC				138,068		138,068
10. Florida	FL	15,148			36,533,348		36,548,496
11. Georgia	GA	13,082			4,791,853		4,804,935
12. Hawaii	HI	2,535			734,824		737,359
13. Idaho	ID				878,770		878,770
14. Illinois	IL	22,081			15,905,750		15,927,831
15. Indiana	IN	1,585			2,750,479		2,752,064
16. Iowa	IA	456			6,029,985		6,030,441
17. Kansas	KS						
18. Kentucky	KY				3,044,457		3,044,457
19. Louisiana	LA				1,415,064		1,415,064
20. Maine	ME						
21. Maryland	MD	1,030			2,477,462		2,478,492
22. Massachusetts	MA						
23. Michigan	MI	24,695			4,504,093		4,528,788
24. Minnesota	MN	5,610			42,252		47,862
25. Mississippi	MS				1,644,605		1,644,605
26. Missouri	MO	25,212			2,849,295		2,874,507
27. Montana	MT				621,546		621,546
28. Nebraska	NE	5,860			2,729,679		2,735,539
29. Nevada	NV				830,319		830,319
30. New Hampshire	NH	770			356,992		357,762
31. New Jersey	NJ				4,157		4,157
32. New Mexico	NM				637,570		637,570
33. New York	NY	336			1,143		1,479
34. North Carolina	NC	80,085			6,845,643		6,925,728
35. North Dakota	ND				694,710		694,710
36. Ohio	OH	250			7,918,928		7,919,178
37. Oklahoma	OK				1,284,631		1,284,631
38. Oregon	OR	2,229			1,420,888		1,423,117
39. Pennsylvania	PA	12,985			29,492,157		29,505,142
40. Rhode Island	RI	1,380			307,184		308,564
41. South Carolina	SC	815			1,324,820		1,325,635
42. South Dakota	SD				3,883,425		3,883,425
43. Tennessee	TN	339			4,184,808		4,185,147
44. Texas	TX	27,769			14,842,317		14,870,086
45. Utah	UT				1,188,226		1,188,226
46. Vermont	VT	1,547			432,196		433,743
47. Virginia	VA	92,903			15,457,721		15,550,624
48. Washington	WA	4,536			9,645,920		9,650,456
49. West Virginia	WV				84		84
50. Wisconsin	WI	10,300			1,741,503		1,751,803
51. Wyoming	WY	1,561			412,162		413,723
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. U. S. Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CN						
58. Aggregate Other Alien	OT						
59. Totals		378,039			244,098,918		244,476,957

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE Y

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
63282	23-2603386	Penn Treaty Network America Ins Co	8,000,000				1,100,000	(783,286)			8,316,714	
81078	03-0211497	American Network Insurance Co	(8,000,000)				(1,000,000)	783,286			(8,216,714)	
60243	06-1505574	American Independent Network Ins Co NY					(100,000)				(100,000)	
9999999 - CONTROL TOTALS												

If the nature of the transactions reported in Part 2 requires explanation, report such in the following explanatory note:

.....

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	Responses
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 460:	
2. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
3. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 390:	
4. Will an actuarial opinion be filed by March 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 440:	
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 350:	
6. Will the Life, Health and Annuity Guaranty Association Model Act Assessment Base Reconciliation Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 290:	
7. Will the Adjustment Form (if required) be filed with the state of domicile and the NAIC by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 300:	
8. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
EXPLANATION:	
BARCODE: Document Identifier 285:	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

JUNE FILING

9. Will an audited financial report be filed by June 1? YES

EXPLANATION:
.....

BARCODE:
Document Identifier 220:

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

10. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 2 0 0 0 0 0 0


Document Identifier 420:


11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? YES

EXPLANATION:
.....

BARCODE:
Document Identifier 360:

12. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 9 0 0 0 0 0 0


Document Identifier 490:

13. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 to Exhibit 5 be filed by March 1? NO


EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 3 7 1 0 0 0 0 0


Document Identifier 371:

14. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 be filed by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 3 7 0 0 0 0 0 0


Document Identifier 370:

15. Will the actuarial opinion on X-Factors be filed with the state of domicile and electronically with the NAIC by March 1? NO


EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 2 0 0 0 0 0


Document Identifier 442:

16. Will the actuarial opinion on Separate Accounts Funding Guaranteed Minimum Benefit be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 3 0 0 0 0 0


Document Identifier 443

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING (cont.)

17. Will the actuarial opinion on Synthetic Guaranteed Investment Contracts be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 4 0 0 0 0 0


Document Identifier 444:

18. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 5 0 0 0 0 0


Document Identifier 445:

19. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 6 0 0 0 0 0


Document Identifier 446:

20. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 7 0 0 0 0 0


Document Identifier 447:

21. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 8 0 0 0 0 0


Document Identifier 448:

22. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 4 9 0 0 0 0 0


Document Identifier 449:

23. Will the C-3 RBC Certifications required under C-3 Phase I be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 5 0 0 0 0 0 0


Document Identifier 450:

24. Will the C-3 RBC Certifications required under C-3 Phase II be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 6 3 2 8 2 2 0 0 8 4 5 1 0 0 0 0 0


Document Identifier 451:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING (cont.)

25. Will the Actuarial Certifications Related to Annuity Nonforfeiture Ongoing Compliance for Equity Indexed Annuities be filed with the state of domicile and electronically with the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 

Document Identifier 452:

26. Will the Workers' Compensation Carve-Out Supplement be filed by March 1? NO

EXPLANATION:
None

BARCODE: 

Document Identifier 495:

27. Will Supplemental Schedule O be filed with the state of domicile and the NAIC by March 1? YES

EXPLANATION:
.....

BARCODE: 

Document Identifier 465:

28. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? NO

EXPLANATION:
None

BARCODE: 

Document Identifier 365:

APRIL FILING

29. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? YES

EXPLANATION:
.....

BARCODE: 

Document Identifier 330:

30. Will the Interest-Sensitive Life Insurance Products Report Forms be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:
None

BARCODE: 

Document Identifier 280:

31. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1? NO

EXPLANATION:
None

BARCODE: 

Document Identifier 230:

32. Will the Accident and Health Policy Experience Exhibit be filed by April 1? YES

EXPLANATION:
.....

BARCODE: 

Document Identifier 210:

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW WRITE-INS FOR Page 2, Assets

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
AGGREGATED AT Line 23, Other than Invested Assets				
2304. Disallowed Negative IMR	2,219,209	2,219,209		
2398. Line 23, Other than Invested Assets	2,219,209	2,219,209		

OVERFLOW WRITE-INS FOR Page 3, Liabilities, Surplus and Other Funds

	1 Current Year	2 Prior Year
AGGREGATED AT Line 25, Liabilities		
2504. Deferred Gain on Sale		2,625,386
2598. Line 25, Liabilities		2,625,386

OVERFLOW WRITE-INS FOR Page 8, Exhibit of Net Investment Income

	1 Collected During Year	2 Earned During Year
AGGREGATED AT Line 9, Investment Income		
0904. COLI Income	3,089,715	3,089,715
0998. Line 9, Investment Income	3,089,715	3,089,715

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	11,140,034	1.262	11,140,034	1.262
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	94,974,131	10.763	94,974,131	10.763
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	20,151,335	2.284	20,151,335	2.284
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	2,701,911	0.306	2,701,911	0.306
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC	366,025	0.041	366,025	0.041
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	57,932,335	6.565	57,932,335	6.565
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	142,967,777	16.202	142,967,777	16.202
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	500,458,549	56.714	500,458,549	56.714
2.2 Unaffiliated foreign securities	231,403	0.026	231,403	0.026
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	159,645	0.018	159,645	0.018
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated	8,067,076	0.914	8,067,076	0.914
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	4,328,262	0.490	4,328,262	0.490
5.2 Property held for production of income (including \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	34,563,507	3.917	34,563,507	3.917
9. Other invested assets	4,381,417	0.497	4,381,417	0.497
10. Total invested assets	882,423,407	100.000	882,423,407	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS
Real Estate

1. Book/adjusted carrying value, December 31 of prior year		4,438,016
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6)	78,081	
2.2 Additional investment made after acquisition (Part 2, Column 9)		78,081
3. Current year change in encumbrances:		
3.1 Totals, Part 1, Column 13		
3.2 Totals, Part 3, Column 11		
4. Total gain (loss) on disposals, Part 3, Column 18		
5. Deduct amounts received on disposals, Part 3, Column 15		
6. Total foreign exchange change in book/adjusted carrying value:		
6.1 Totals, Part 1, Column 15		
6.2 Totals, Part 3, Column 13		
7. Deduct current year's other than temporary impairment recognized:		
7.1 Totals, Part 1, Column 12		
7.2 Totals, Part 3, Column 10		
8. Deduct current year's depreciation:		
8.1 Totals, Part 1, Column 11	187,835	
8.2 Totals, Part 3, Column 9		187,835
9. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 plus Line 6 minus Line 7 minus Line 8)		4,328,262
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		4,328,262

SCHEDULE B - VERIFICATION BETWEEN YEARS
Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7)		
2.2 Additional investment made after acquisition (Part 2, Column 8)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 12		
3.2 Totals, Part 3, Column 11		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 9		
5.2 Totals, Part 3, Column 8		
6. Total gain (loss) on disposals, Part 3, Column 18		
7. Deduct amounts received on disposals, Part 3, Column 15		
8. Deduct amortization of premium and mortgage interest		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:		
9.1 Totals, Part 1, Column 13		
9.2 Totals, Part 3, Column 13		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 11		
10.2 Totals, Part 3, Column 10		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS
Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year	4,652,000
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8)	
2.2 Additional investment made after acquisition (Part 2, Column 9)	
3. Capitalized deferred interest and other	
3.1 Totals, Part 1, Column 16	
3.2 Totals, Part 3, Column 12	
4. Accrual of discount	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13	
5.2 Totals, Part 3, Column 9	
6. Total gain (loss) on disposals, Part 3, Column 19	
7. Deduct amounts received on disposals, Part 3, Column 16	
• 8. Deduct amortization of premium and depreciation	270,583
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17	
9.2 Totals, Part 3, Column 14	
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 15	
10.2 Totals, Part 3, Column 11	
11. Book/adjusted carrying value at the end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)	4,381,417
12. Deduct total nonadmitted amounts	
13. Statement value at end of current period (Line 11 minus Line 12)	4,381,417

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year	832,865,772
2. Cost of bonds and stocks acquired, Column 7, Part 3	41,203,310
3. Accrual of discount	612,031
4. Unrealized valuation increase (decrease):	
4.1 Column 12, Part 1,	(14,578)
4.2 Column 15, Part 2, Section 1	
4.3 Column 13, Part 2, Section 2	(15,795,706)
4.4 Column 11, Part 4	(15,810,284)
5. Total gain (loss) on disposals, Column 19, Part 4	533,314
6. Deduction consideration for bonds and stocks disposed of, Column 7, Part 4	12,930,393
7. Deduct amortization of premium	2,279,315
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Column 15, Part 1,	
8.2 Column 19, Part 2, Section 1	
8.3 Column 16, Part 2, Section 2	
8.4 Column 15, Part 4	
9. Deduct current year's other than temporary impairment recognized:	
9.1 Column 14, Part 1,	5,203,859
9.2 Column 17, Part 2, Section 1	
9.3 Column 14, Part 2, Section 2	
9.4 Column 13, Part 4	5,203,859
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	838,990,576
11. Deduct total nonadmitted amounts	
12. Statement value at end of current period (Line 10 minus Line 11)	838,990,576

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	106,114,165	119,561,825	106,431,255	95,587,000
	2. Canada				
	3. Other Countries				
	4. Totals	106,114,165	119,561,825	106,431,255	95,587,000
States, Territories and Possessions (Direct and guaranteed)	5. United States	20,151,335	17,568,800	20,161,800	20,000,000
	6. Canada				
	7. Other Countries				
	8. Totals	20,151,335	17,568,800	20,161,800	20,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	2,701,911	2,343,975	2,722,175	2,500,000
	10. Canada				
	11. Other Countries				
	12. Totals	2,701,911	2,343,975	2,722,175	2,500,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	58,298,361	60,050,028	57,808,759	60,138,250
	14. Canada				
	15. Other Countries				
	16. Totals	58,298,361	60,050,028	57,808,759	60,138,250
Public Utilities (unaffiliated)	17. United States	42,554,366	39,010,419	42,995,067	39,193,000
	18. Canada				
	19. Other Countries				
	20. Totals	42,554,366	39,010,419	42,995,067	39,193,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	600,871,960	487,835,798	606,081,687	564,319,915
	22. Canada	99,435	90,443	99,138	100,000
	23. Other Countries	131,968	131,538	144,851	125,000
	24. Totals	601,103,363	488,057,779	606,325,676	564,544,915
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	830,923,501	726,592,826	836,444,732	781,963,165
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals	8,067,076	8,067,076	11,377,530	
	54. Total Common Stocks	8,067,076	8,067,076	11,377,530	
	55. Total Stocks	8,067,076	8,067,076	11,377,530	
	56. Total Bonds and Stocks	838,990,577	734,659,902	847,822,262	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, (Group 1)											
1.1 Class 1	10,508,326	9,843,140	6,600,236	14,657,271	71,407,133	113,016,106	13.5	216,435,691	23.5	113,016,106	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	10,508,326	9,843,140	6,600,236	14,657,271	71,407,133	113,016,106	13.5	216,435,691	23.5	113,016,106	
2. All Other Governments, (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
3. States, Territories and Possessions etc., Guaranteed, (Group 3)											
3.1 Class 1					20,151,335	20,151,335	2.4	20,154,431	2.2	20,151,335	
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals					20,151,335	20,151,335	2.4	20,154,431	2.2	20,151,335	
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, (Group 4)											
4.1 Class 1				2,701,911		2,701,911	0.3	2,707,902	0.3	2,701,911	
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals				2,701,911		2,701,911	0.3	2,707,902	0.3	2,701,911	
5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, (Group 5)											
5.1 Class 1	106,599	825,080	40,314,747	17,049,262	2,672	58,298,360	7.0	58,217,563	6.3	58,298,361	
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals	106,599	825,080	40,314,747	17,049,262	2,672	58,298,360	7.0	58,217,563	6.3	58,298,361	

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), (Group 6)											
6.1 Class 1		493,916	14,872,656	3,495,729	20,936,780	39,799,081	4.8	17,460,516	1.9	39,799,081	
6.2 Class 2		284,801			2,470,484	2,755,285	0.3			2,755,285	
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals		778,717	14,872,656	3,495,729	23,407,264	42,554,366	5.1	17,460,516	1.9	42,554,366	
7. Industrial and Miscellaneous (Unaffiliated), (Group 7)											
7.1 Class 1	6,253,834	57,879,386	158,176,908	104,915,027	193,098,560	520,323,715	62.1	539,469,182	58.7	520,323,714	
7.2 Class 2	100,978	3,142,306	30,788,664	4,509,085	35,219,044	73,760,077	8.8	64,841,757	7.1	73,760,078	
7.3 Class 3				2,035,350		2,035,350	0.2			2,035,350	
7.4 Class 4	568,727	1,730,093	1,298,753	1,110,818	246,846	4,955,237	0.6			4,955,236	
7.5 Class 5											
7.6 Class 6					28,985	28,985				28,985	
7.7 Totals	6,923,539	62,751,785	190,264,325	112,570,280	228,593,435	601,103,364	71.7	604,310,939	65.7	601,103,363	
8. Credit Tenant Loans, (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 10.7	Total from Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	(d) 16,868,759	69,041,522	219,964,547	142,819,200	305,596,480	754,290,508	90.0	X X X	X X X	754,290,508	
10.2 Class 2	(d) 100,978	3,427,107	30,788,664	4,509,085	37,689,528	76,515,362	9.1	X X X	X X X	76,515,363	
10.3 Class 3	(d)		2,035,350	2,035,350		2,035,350	0.2	X X X	X X X	2,035,350	
10.4 Class 4	(d) 568,727	1,730,093	1,298,753	1,110,818	246,846	4,955,237	0.6	X X X	X X X	4,955,236	
10.5 Class 5	(d)					(c)		X X X	X X X		
10.6 Class 6	(d)				28,985	(c) 28,985		X X X	X X X	28,985	
10.7 Totals	17,538,464	74,198,722	252,051,964	150,474,453	343,561,839	(b) 837,825,442	100.0	X X X	X X X	837,825,442	
10.8 Line 10.7 as a % of Column 6	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	
11. Total Bonds Prior Year											
11.1 Class 1	117,481,274	55,223,715	193,569,199	149,726,344	338,444,754	X X X	X X X	854,445,286	93.0	854,445,286	
11.2 Class 2	198,784	1,376,985	27,998,152	7,643,943	27,623,893	X X X	X X X	64,841,757	7.1	64,841,757	
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 Totals	117,680,058	56,600,700	221,567,351	157,370,287	366,068,647	X X X	X X X	(b) 919,287,043	100.0	919,287,043	
11.8 Line 11.7 as a % of Column 8	12.8	6.2	24.1	17.1	39.8	X X X	X X X	100.0	X X X	100.0	
12. Total Publicly Traded Bonds											
12.1 Class 1	16,868,759	69,041,523	219,964,547	142,819,200	305,596,480	754,290,509	90.0	854,445,286	93.0	754,290,508	X X X
12.2 Class 2	100,978	3,427,107	30,788,664	4,509,085	37,689,529	76,515,363	9.1	64,841,757	7.1	76,515,363	X X X
12.3 Class 3			2,035,350	2,035,350		2,035,350	0.2			2,035,350	X X X
12.4 Class 4	568,727	1,730,093	1,298,753	1,110,818	246,846	4,955,237	0.6			4,955,236	X X X
12.5 Class 5											X X X
12.6 Class 6					28,985	28,985				28,985	X X X
12.7 Totals	17,538,464	74,198,723	252,051,964	150,474,453	343,561,840	837,825,444	100.0	919,287,043	100.0	837,825,442	X X X
12.8 Line 12.7 as a % of Column 6	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	X X X
13. Total Privately Placed Bonds											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 Totals										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ current year, \$ prior year of bonds with Z designations and \$ current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$ current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.
 (d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, (Group 1)											
1.1 Issuer Obligations	10,508,326	9,843,140	6,600,236	14,657,271	71,407,133	113,016,106	13.5	216,435,691	23.5	113,016,106	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals	10,508,326	9,843,140	6,600,236	14,657,271	71,407,133	113,016,106	13.5	216,435,691	23.5	113,016,106	
2. All Other Governments, (Group 2)											
2.1 Issuer Obligations											
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 Totals											
3. States, Territories and Possessions, Guaranteed, (Group 3)											
3.1 Issuer Obligations					20,151,335	20,151,335	2.4	20,154,431	2.2	20,151,335	
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 Totals					20,151,335	20,151,335	2.4	20,154,431	2.2	20,151,335	
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, (Group 4)											
4.1 Issuer Obligations				2,701,911		2,701,911	0.3	2,707,902	0.3	2,701,911	
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 Totals				2,701,911		2,701,911	0.3	2,707,902	0.3	2,701,911	
5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, (Group 5)											
5.1 Issuer Obligations											
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	70,756	174,820	83,966	33,812	2,672	366,026		406,656		366,025	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined	35,843	650,261	40,230,781	17,015,450		57,932,335	6.9	57,810,907	6.3	57,932,335	
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined											
5.6 Other											
5.7 Totals	106,599	825,081	40,314,747	17,049,262	2,672	58,298,361	7.0	58,217,563	6.3	58,298,360	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), (Group 6)											
6.1 Issuer Obligations		778,717	14,872,656	3,495,729	23,407,264	42,554,366	5.1	17,460,516	1.9	42,554,366	
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 Totals		778,717	14,872,656	3,495,729	23,407,264	42,554,366	5.1	17,460,516	1.9	42,554,366	
7. Industrial and Miscellaneous (Unaffiliated), (Group 7)											
7.1 Issuer Obligations	1,202,963	24,746,349	132,195,137	79,301,904	220,689,233	458,135,586	54.7	472,087,864	51.4	458,135,587	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined	5,054,800	36,904,446	37,539,598	33,268,376	7,904,201	120,671,421	14.4	103,718,037	11.3	120,671,421	
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined	385,078	633,572	17,653,688			18,672,338	2.2	27,561,018	3.0	18,672,339	
7.6 Other	280,697	467,418	2,875,902			3,624,017	0.4	944,020	0.1	3,624,017	
7.7 Totals	6,923,538	62,751,785	190,264,325	112,570,280	228,593,434	601,103,362	71.7	604,310,939	65.7	601,103,364	
8. Credit Tenant Loans, (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	11,711,289	35,368,206	153,668,029	100,156,815	335,654,965	636,559,304	76.0	X X X	X X X	636,559,305	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	70,756	174,820	83,966	33,812	2,672	366,026		X X X	X X X	366,025	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	5,090,643	37,554,707	77,770,379	50,283,826	7,904,201	178,603,756	21.3	X X X	X X X	178,603,756	
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	385,078	633,572	17,653,688			18,672,338	2.2	X X X	X X X	18,672,339	
10.6 Other	280,697	467,418	2,875,902			3,624,017	0.4	X X X	X X X	3,624,017	
10.7 Totals	17,538,463	74,198,723	252,051,964	150,474,453	343,561,838	837,825,441	100.0	X X X	X X X	837,825,442	
10.8 Line 10.7 as a % of Column 6	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	112,256,191	22,395,243	132,164,917	102,331,876	359,698,178	X X X	X X X	728,846,405	79.3	728,846,405	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	78,180	192,795	94,526	37,914	3,240	X X X	X X X	406,656		406,656	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	3,430,684	27,197,702	73,643,938	51,683,833	5,572,787	X X X	X X X	161,528,944	17.6	161,528,944	
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	1,766,827	6,019,115	15,663,970	3,316,665	794,441	X X X	X X X	27,561,018	3.0	27,561,018	
11.6 Other	148,175	795,844				X X X	X X X	944,020	0.1	944,020	
11.7 Totals	117,680,057	56,600,699	221,567,351	157,370,288	366,068,646	X X X	X X X	919,287,043	100.0	919,287,043	
11.8 Line 11.7 as a % of Column 8	12.8	6.2	24.1	17.1	39.8	X X X	X X X	100.0	X X X	100.0	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	11,711,289	35,368,206	153,668,029	100,156,815	335,654,966	636,559,305	76.0	728,846,405	79.3	636,559,305	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	70,756	174,820	83,966	33,812	2,672	366,026		406,656		366,025	X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined	5,090,644	37,554,707	77,770,379	50,283,826	7,904,201	178,603,757	21.3	161,528,944	17.6	178,603,756	X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined	385,078	633,572	17,653,688			18,672,338	2.2	27,561,018	3.0	18,672,339	X X X
12.6 Other	280,697	467,418	2,875,902			3,624,017	0.4	944,020	0.1	3,624,017	X X X
12.7 Totals	17,538,464	74,198,723	252,051,964	150,474,453	343,561,839	837,825,443	100.0	919,287,043	100.0	837,825,442	X X X
12.8 Line 12.7 as a % of Column 6	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	2.1	8.9	30.1	18.0	41.0	100.0	X X X	X X X	X X X	100.0	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 Totals										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	659,679	659,679			
2. Cost of short-term investments acquired	12,534,895	12,534,895			
3. Accrual of discount	212	212			
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	6,292,845	6,292,845			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book/adjusted carrying value at the end of current period (Lines 1 plus 2 plus 3 plus 4 plus 5 minus 6 minus 7 plus 8 minus 9)	6,901,941	6,901,941			
11. Deduct total nonadmitted amounts					
12. Statement value of end of current period (Line 10 minus Line 11)	6,901,941	6,901,941			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Page SI12

Schedule DB, Part A, Verification Between Years
NONE

Schedule DB, Part B, Verification Between Years
NONE

Page SI13

Schedule DB, Part C, Verification Between Years
NONE

Schedule DB, Part D, Verification Between Years
NONE

Schedule DB, Part E, Verification of Statement and Fair Values
NONE

Page SI14

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open
NONE

Page SI15

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets
NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year	115,747,040	115,747,040	
2. Cost of cash equivalents acquired	227,947,374	227,947,374	
3. Accrual of discount			
4. Unrealized valuation increase (decrease)			
5. Total gain (loss) on disposals			
6. Deduct consideration received on disposals	315,810,176	315,810,176	
7. Deduct amortization of premium			
8. Total foreign exchange change in book/adjusted carrying value			
9. Deduct current year's other than temporary impairment recognized			
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9)	27,884,238	27,884,238	
11. Deduct total nonadmitted amounts			
12. Statement value at end of current period (Line 10 minus Line 11)	27,884,238	27,884,238	

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE A - PART 1

Showing all Real Estate OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	Change in Book/Adjusted Carrying Value Less Encumbrances					16	17
		3	4							11	12	13	14	15		
Description of Property	Code	City	State	Date Acquired	Date of Last Appraisal	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Fair Value Less Encumbrances	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in B./A.C.V. (13-11-12)	Total Foreign Exchange Change in B./A.C.V.	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
Properties occupied by the reporting entity - Administrative																
Home Office		Allentown	Pennsylvania	09/16/1998	08/11/1998	3,553,385		4,328,262	4,326,520	187,574			(187,574)		284,258	267,079
0299999 - Properties occupied by the reporting entity - Administrative						3,553,385		4,328,262	4,326,520	187,574			(187,574)		284,258	267,079
0399999 - TOTAL Properties occupied by the reporting entity						3,553,385		4,328,262	4,326,520	187,574			(187,574)		284,258	267,079
0699999 - TOTALS						3,553,385		4,328,262	4,326,520	187,574			(187,574)		284,258	267,079

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED and Additions Made During the Year

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
Acquired by purchase								
Home Office	Allentown	Pennsylvania	03/26/2008	Edward Reider	5,670		5,670	
Home Office	Allentown	Pennsylvania	06/30/2008	Orlando Diefenderfer	7,881		7,881	
Home Office	Allentown	Pennsylvania	07/02/2008	Advanced Office	1,282		1,282	
Home Office	Allentown	Pennsylvania	08/13/2008	Key Consulting Group	2,940		2,940	
Home Office	Allentown	Pennsylvania	11/12/2008	AKF Engineers	60,308		60,308	
0199999 - Acquired by purchase					78,081		78,081	
0399999 - TOTALS					78,081		78,081	

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Schedule A, Pt. 3, Real Estate Sold

NONE

Page E04

Schedule B, Pt. 1, Mortgage Loans Owned

NONE

Page E05

Schedule B, Pt. 2, Mortgage Loans Acquired

NONE

Page E06

Schedule B, Pt. 3, Mortgage Loans Disposed

NONE

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	4		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Fair Value	12 Book/Adjusted Carrying Value Less Encumbrances	Change in Book/Adjusted Carrying Value					18 Investment Income	19 Commitment for Additional Investment	20 Percentage of Ownership	
			4 City	5 State								13 Unrealized Valuation Increase (Decrease)	14 Current Year's (Depreciation) or (Amortization)/ Accretion	15 Current Year's Other than Temporary Impairment Recognized	16 Capitalized Deferred Interest and Other	17 Total Foreign Exchange Change in B./A.C.V.				
	Any Other Class of Assets - Unaffiliated																			
3799999	Lion 2004 Receivables Trust		Indianapolis	Indiana	TWG Capital, Inc	6	12/29/2006		5,000,000	4,381,417	4,381,417		(270,583)					447,767		10.000
	Subtotal - Any Other Class of Assets - Unaffiliated								5,000,000	4,381,417	4,381,417		(270,583)					447,767		
3999999	Subtotal - Unaffiliated								5,000,000	4,381,417	4,381,417		(270,583)					447,767		
4199999	TOTALS								5,000,000	4,381,417	4,381,417		(270,583)					447,767		

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Schedule BA, Pt. 2, Other Long-Term Invested Assets Acquired

NONE

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B. /A. C. V. (9+10-11+12)	14 Total Foreign Exchange Change in B. /A. C. V.						
Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of Bonds - Unaffiliated																			
0799999	Lion 2004 Receivable Trust	Indianapolis	Indiana	Amortization	12/29/2006	12/31/2008	4,652,000	(270,583)				(270,583)		4,381,417				447,767	
0799999 - Subtotal - Fixed or Variable Interest Rate Investments that have the Underlying Characteristics of Bonds - Unaffiliated							4,652,000	(270,583)			(270,583)		4,381,417				447,767		
3999999 - Subtotal - Unaffiliated							4,652,000	(270,583)			(270,583)		4,381,417				447,767		
4199999 - TOTALS							4,652,000	(270,583)			(270,583)		4,381,417				447,767		

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
U. S. Governments - Issuer Obligations																					
3133MW-BM-2	FEDERAL HOME LN BKS				1	624,923	103,469	672,547	650,000	642,954		6,004			3,875	4,886	FA	9,515	25,188	11/03/2005	02/12/2010
3133X1-BV-8	FEDERAL HOME LN BKS				1	1,133,648	108,969	1,253,141	1,150,000	1,138,171		2,107			4,500	4,759	MS	15,094	51,750	01/08/2008	09/16/2013
3133XF-LE-4	FEDERAL HOME LN BKS				1	327,731	106,250	345,313	325,000	328,134		(739)			5,250	4,997	JD	948	17,063	10/10/2006	06/11/2010
3133XH-VS-8	FEDERAL HOME LN BKS				1	346,682	113,469	397,141	350,000	347,192		280			5,000	5,124	JD	1,069	17,500	02/22/2007	12/09/2016
3128X4-BE-0	FEDERAL HOME LN MTG CORP		1		1	8,453,675	98,042	8,333,571	8,500,000	8,461,220		2,425			5,300	5,354	MN	61,318	450,500	09/12/2005	05/12/2020
3134A4-HF-4	FEDERAL HOME LN MTG CORP				1	795,482	110,844	831,328	750,000	770,936		(7,132)			5,500	4,395	MS	12,146	41,250	05/10/2005	09/15/2011
3134A4-KX-1	FEDERAL HOME LN MTG CORP				1	22,301,165	139,656	25,522,180	18,275,000	22,014,738		(84,443)			6,250	4,791	JJ	526,675	1,142,188	05/24/2005	07/15/2032
3134A4-UM-4	FEDERAL HOME LN MTG CORP				1	299,621	110,313	330,938	300,000	299,767		40			4,500	4,517	JJ	6,225	13,500	02/28/2005	01/15/2014
3134A4-VB-7	FEDERAL HOME LN MTG CORP				1	684,370	103,969	727,781	700,000	694,569		3,346			4,125	4,656	JJ	13,555	28,875	10/18/2005	07/12/2010
3134A4-VJ-0	FEDERAL HOME LN MTG CORP				1	99,576	107,094	107,094	100,000	99,781		99			4,750	4,863	JJ	2,151	4,750	11/17/2006	01/18/2011
3137EA-AB-5	FEDERAL HOME LN MTG CORP				1	995,674	108,000	1,080,000	1,000,000	997,248		1,098			5,125	5,254	AO	10,392	51,250	07/19/2007	04/18/2011
3137EA-AD-1	FEDERAL HOME LN MTG CORP				1	294,939	113,875	341,625	300,000	296,037		431			5,250	5,472	AO	3,194	15,750	05/02/2006	04/18/2016
3137EA-AM-1	FEDERAL HOME LN MTG CORP				1	752,847	113,375	793,625	700,000	748,897		(3,950)			5,000	3,985	FA	13,125	17,500	03/18/2008	02/16/2017
313400-BV-4	FEDERAL HOME LN MTG CORP ZERO	@			1	5,206,407	64,746	6,796,388	10,497,000	6,196,050		292,226			4,890	N/A				05/24/2005	11/29/2019
3133XP-WW-0	FEDERAL HOME LOAN BANKS				1	245,700	104,250	260,625	250,000	246,529		829			3,250	3,916	MS	2,483	4,491	06/12/2008	03/11/2011
3133XQ-PK-2	FEDERAL HOME LOAN BANKS				1	200,000	100,563	201,125	200,000	200,000					2,270	2,270	AO	971	2,270	04/14/2008	04/14/2009
31359M-2D-4	FEDERAL NATL MTG ASSN				1	99,585	111,750	111,750	100,000	99,656		35			4,875	4,928	JD	217	4,875	11/17/2006	12/15/2016
31359M-AA-5	FEDERAL NATL MTG ASSN				1	104,530	113,313	113,313	100,000	103,133		(423)			5,000	4,424	AO	1,056	5,000	07/08/2005	04/15/2015
31359M-FJ-7	FEDERAL NATL MTG ASSN				1	606,005	149,938	682,216	455,000	593,335		(3,736)			7,125	4,811	JJ	14,949	32,419	05/24/2005	01/15/2030
31359M-FP-3	FEDERAL NATL MTG ASSN				1	28,306,542	152,625	31,898,625	20,900,000	27,698,487		(179,356)			7,250	4,800	MN	193,615	1,515,250	05/24/2005	05/15/2030
31359M-GJ-6	FEDERAL NATL MTG ASSN				1	140,830	110,156	137,695	125,000	129,594		(2,298)			6,625	4,556	MN	1,058	8,281	08/13/2003	11/15/2010
31359M-GK-3	FEDERAL NATL MTG ASSN				1	21,454,263	144,375	24,522,094	16,985,000	21,100,573		(104,354)			6,625	4,820	MN	143,783	1,125,256	05/24/2005	11/15/2030
31359M-NU-3	FEDERAL NATL MTG ASSN				1	1,518,750	105,402	1,581,030	1,500,000	1,513,374		(3,330)			5,250	4,975	FA	32,813	78,750	05/11/2007	08/01/2012
31398A-DM-1	FEDERAL NATL MTG ASSN				1	255,996	113,776	255,996	225,000	255,753		(243)			5,375	3,493	JD	638	6,047	12/03/2008	06/12/2017
912827-5G-3	UNITED STATES TREAS NTS	SD			1	1,497,586	101,938	1,503,578	1,475,000	1,477,946		(7,677)			5,500	4,951	MN	10,754	80,769	05/02/2006	05/15/2009
912827-6T-4	UNITED STATES TREAS NTS				1	917,030	109,313	978,347	895,000	905,893		(4,799)			5,000	4,394	FA	16,903	44,761	05/24/2007	02/15/2011
912827-7L-0	UNITED STATES TREAS NTS				1	764,209	111,906	839,297	750,000	756,998		(2,071)			4,875	4,555	FA	13,810	36,563	08/11/2006	02/15/2012
912828-AU-4	UNITED STATES TREAS NTS				1	297,563	111,406	334,219	300,000	298,869		248			3,875	3,975	FA	4,391	11,625	03/20/2003	02/15/2013
912828-BR-0	UNITED STATES TREAS NTS				1	242,939	114,125	285,313	250,000	244,695		948			4,250	4,743	MN	1,379	10,625	02/09/2007	11/15/2013
912828-CA-6	UNITED STATES TREAS NTS				1	294,184	113,344	340,031	300,000	296,507		598			4,000	4,256	FA	4,533	12,000	05/10/2003	02/15/2014
912828-CJ-7	UNITED STATES TREAS NTS				1	303,305	117,688	353,063	300,000	301,704		(278)			4,750	4,631	MN	1,850	14,250	07/19/2007	05/15/2014
912828-CN-8	UNITED STATES TREAS NTS				1	521,674	101,781	519,084	510,000	515,078		(6,597)			3,625	1,758	JJ	8,540	9,244	04/17/2008	07/15/2009
912828-CS-7	UNITED STATES TREAS NTS				1	1,023,828	101,969	1,019,688	1,000,000	1,009,851		(13,977)			3,500	1,901	FA	13,220	35,000	02/08/2008	08/15/2009
912828-CT-5	UNITED STATES TREAS NTS				1	142,242	114,938	160,913	140,000	141,463		(227)			4,250	4,040	FA	2,247	5,950	05/25/2005	08/15/2014
912828-CX-6	UNITED STATES TREAS NTS				1	307,277	102,406	307,219	300,000	303,428		(3,850)			3,375	1,904	AO	2,170	10,125	02/08/2008	10/15/2009
912828-DC-1	UNITED STATES TREAS NTS				1	1,324,328	115,688	1,561,781	1,350,000	1,332,188		2,586			4,250	4,509	MN	7,449	57,375	03/21/2006	11/15/2014
912828-EE-6	UNITED STATES TREAS NTS				1	720,277	116,125	870,938	750,000	725,062		3,105			4,250	4,846	FA	12,040	31,875	07/05/2007	08/15/2015
912828-EJ-5	UNITED STATES TREAS NTS				1	299,121	106,781	320,344	300,000	299,648		186			4,250	4,319	AO	2,732	12,750	01/17/2006	10/15/2010
912828-EN-6	UNITED STATES TREAS NTS				1	579,779	118,594	717,492	605,000	585,593		2,307			4,500	5,059	MN	3,535	27,225	11/17/2006	11/15/2015
912828-EV-8	UNITED STATES TREAS NTS				1	100,859	100,500	100,500	100,000	100,083		(659)			4,500	3,819	FA	1,700	4,500	10/26/2007	02/15/2009
912828-FS-4	UNITED STATES TREAS NTS				1	123,691	109,906	137,383	125,000	124,125		301			4,625	4,909	FA	1,964	5,781	07/19/2007	08/31/2011
912828-GM-6	UNITED STATES TREAS NTS				1	655,002	110,500	718,250	650,000	653,621		(1,020)			4,500	4,314	MS	7,473	29,250	08/20/2007	03/31/2012
912828-HZ-6	UNITED STATES TREAS NTS				1	496,330	114,031	570,156	500,000	496,484		154			3,875	3,966	MN	2,516	9,688	07/02/2008	05/15/2018

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates		
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity	
U. S. Governments - Issuer Obligations (continued)																						
912828-JH-4	UNITED STATES TREAS NTS				1	204,790	115,469	230,938	200,000	204,659		(131)		4.000	3.710	FA	3,022			09/03/2008	08/15/2018	
912828-JR-2	UNITED STATES TREAS NTS				1	366,298	113,188	396,156	350,000	366,142		(157)		3.750	3.201	MN	1,704			11/21/2008	11/15/2018	
0199999	U. S. Governments - Issuer Obligations					106,431,255		119,561,825	95,587,000	106,114,165		(112,095)						1,190,922			5,109,057	
0399999	Subtotal - U. S. Governments					106,431,255		119,561,825	95,587,000	106,114,165		(112,095)						1,190,922			5,109,057	
States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																						
452151-LF-8	ILLINOIS ST GO				1FE	20,161,800	87,844	17,568,800	20,000,000	20,151,335		(3,096)		5.100	5.046	JD	85,000			05/24/2005	06/01/2033	
1199999	States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations					20,161,800		17,568,800	20,000,000	20,151,335		(3,096)						85,000			1,020,000	
1799999	Subtotal - States, Territories and Possessions (Direct and Guaranteed)					20,161,800		17,568,800	20,000,000	20,151,335		(3,096)						85,000			1,020,000	
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																						
686053-CT-4	OREGON SCH BRDS ASSN LTD				1FE	2,722,175	93,759	2,343,975	2,500,000	2,701,911		(5,991)		5.680	5.025	JD	394			05/24/2005	06/30/2028	
1899999	Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations					2,722,175		2,343,975	2,500,000	2,701,911		(5,991)						394			142,000	
2499999	Subtotal - Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)					2,722,175		2,343,975	2,500,000	2,701,911		(5,991)						394			142,000	
Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities																						
3128JM-MK-0	FHLMC PC 1 YR LIBOR VR				1	100,920	100,390	102,620	102,221	100,924		4		5.026	5.200	MON	848			01/25/2006	07/01/2035	
31409V-YJ-6	FNMA PASS-THRU ADJ LIBOR				1	234,917	101,131	235,943	233,304	234,896		(14)		5.282	5.009	MON	1,027			12/05/2006	04/01/2036	
31388V-U7-1	FNMA PASS-THRU INT 15 YEAR				1	30,147	103,718	31,505	30,375	30,206		5		5.500	5.567	MON	139			01/11/2002	01/01/2015	
2699999	Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Single Class Mortgage-Backed/Asset-Backed Securities					365,984		370,067	365,901	366,025		(5)						2,014			19,134	
Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																						
31394L-SA-1	FHLMC REMIC SERIES 2704				1	4,641,406	97,610	4,880,500	5,000,000	4,726,932		26,231		4.500	5.295	MON	18,750			02/01/2006	11/15/2023	
31394W-CK-2	FHLMC REMIC SERIES 2773				1	3,671,250	97,982	3,919,280	4,000,000	3,746,347		21,858		4.500	5.370	MON	15,000			02/08/2006	04/15/2024	
31395L-4G-3	FHLMC REMIC SERIES 2914				1	19,767,213	100,002	20,229,085	20,228,680	19,874,784		31,306		5.000	5.226	MON	84,286			08/18/2005	06/15/2032	
31395W-ZU-4	FHLMC REMIC SERIES 3018				1	9,301,875	99,868	9,587,328	9,600,000	9,360,968		16,532		5.000	5.287	MON	40,000			08/17/2005	11/15/2033	
31395X-HA-6	FHLMC REMIC SERIES 3022				1	9,825,000	100,707	10,070,700	10,000,000	9,865,324		11,911		5.000	5.181	MON	41,667			08/19/2005	03/15/2034	
31396C-6F-2	FHLMC REMIC SERIES 3056				1	2,871,797	100,747	3,022,410	3,000,000	2,889,432		10,329		5.000	5.547	MON	12,500			04/13/2007	02/15/2034	
31396C-3C-2	FHLMC REMIC SERIES R003				1	164,351	101,451	167,982	165,579	164,558		90		5.125	5.293	MON	707			10/05/2006	10/15/2015	
31394A-PY-6	FNMA REMIC TRUST 2004-65				1	3,580,000	100,830	4,033,200	4,000,000	3,659,169		28,872		4.500	5.649	MON	15,000			06/13/2006	11/25/2031	
31394B-7J-7	FNMA REMIC TRUST 2005-32				1	3,619,882	99,772	3,769,476	3,778,090	3,644,822		7,528		5.000	5.368	MON	15,742			10/11/2005	04/25/2025	
2799999	Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities					57,442,774		59,679,960	59,772,349	57,932,335		154,657						243,652			2,923,838	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
3199999 - Subtotal - Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						57,808,759	60,050,028	60,138,250	58,298,361		154,652							245,666	2,942,972		
Public Utilities (Unaffiliated) - Issuer Obligations																					
010392-EB-0	ALABAMA POWER			1FE		3,535,838	99,758	3,242,148	3,250,000	3,495,729	(11,875)				5.875	5.109	JD	15,911	190,938	05/24/2005	12/01/2022
202795-HG-8	COMMONWEALTH EDISON CO			2FE		2,485,823	83,585	1,880,651	2,250,000	2,470,484	(4,543)				5.875	5.160	FA	55,078	132,188	05/24/2005	02/01/2033
20825C-AE-4	CONOCOPHILLIPS			1FE		492,165	99,672	498,361	500,000	493,916	1,420				4.750	5.107	AO	5,014	23,750	10/04/2007	10/15/2012
209111-EB-5	CONSOLIDATED EDISON CO NY INC			1FE		2,565,707	94,897	2,206,362	2,325,000	2,550,253	(4,579)				5.875	5.170	AO	34,148	136,594	05/24/2005	04/01/2033
250847-DU-1	DETROIT EDISON CO			1FE		2,664,180	93,197	2,199,452	2,360,000	2,644,814	(5,757)				6.350	5.440	AO	31,637	149,860	05/24/2005	10/15/2032
264399-EM-4	DUKE ENERGY CORP			1FE		3,629,045	104,302	3,650,573	3,500,000	3,591,184	(11,172)				5.300	4.843	AO	46,375	185,500	05/24/2005	10/01/2015
341081-EQ-6	FLORIDA PWR & LT CO			1FE		6,033,216	106,116	5,942,502	5,600,000	6,006,952	(7,775)				5.625	5.110	AO	78,750	315,000	05/24/2005	04/01/2034
595620-AB-1	MIDAMERICAN ENERGY CO			1FE		4,980,469	102,514	4,203,062	4,100,000	4,919,993	(18,101)				6.750	5.244	JD	769	276,750	06/27/2005	12/30/2031
637432-CG-8	NATIONAL RURAL UTILITIES			1FE		5,739,600	94,127	4,706,360	5,000,000	5,586,886	(45,167)				6.550	5.023	MN	54,583	327,500	05/24/2005	11/01/2018
67021C-AB-3	NSATR ELEC CO DEB			1FE		1,215,744	100,108	1,201,295	1,200,000	1,210,136	(1,652)				4.875	4.693	AO	12,350	58,500	05/24/2005	04/15/2014
837004-BW-9	SOUTH CAROLINA ELEC & GAS CO			1FE		3,839,185	101,469	3,551,398	3,500,000	3,816,990	(6,571)				5.800	5.140	JJ	93,606	203,000	05/24/2005	01/15/2033
842400-EY-5	SOUTHERN CALIF EDISON CO			1FE		843,096	101,179	842,824	833,000	840,236	(844)				5.000	4.853	JJ	19,205	41,650	05/24/2005	01/15/2016
842434-CD-2	SOUTHERN CALIF GAS CO			1FE		3,684,870	102,553	3,589,355	3,500,000	3,644,213	(12,005)				5.450	4.893	AO	40,269	190,750	05/24/2005	04/15/2018
843646-AC-4	SOUTHERN POWER CO			2FE		288,380	102,221	281,108	275,000	284,801	(2,465)				6.250	5.136	JJ	7,925	17,188	10/26/2007	07/15/2012
927804-FE-9	VIRGINIA ELEC & PWR CO			1FE		997,750	101,497	1,014,969	1,000,000	997,778	26				6.350	6.367	MN	5,468	62,794	12/01/2007	11/30/2037
3299999 - Public Utilities (Unaffiliated) - Issuer Obligations						42,995,067		39,010,419	39,193,000	42,554,366	(131,058)							501,090	2,311,961		
3899999 - Subtotal - Public Utilities (Unaffiliated)						42,995,067		39,010,419	39,193,000	42,554,366	(131,058)							501,090	2,311,961		
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
002819-AA-8	ABBOTT LABORATORIES			1FE		514,020	106,725	533,627	500,000	511,270	(2,577)				5.150	4.515	MN	2,217	27,252	12/06/2007	11/30/2012
002824-AT-7	ABBOTT LABS			1FE		1,543,830	108,307	1,624,601	1,500,000	1,536,392	(3,912)				5.875	5.471	MN	11,260	88,125	01/19/2007	05/15/2016
00139P-AA-6	AIG SUNAMERICA GLOBAL FING X			1FE		4,754,520	65,816	2,632,644	4,000,000	4,705,191	(14,679)				6.900	5.541	MS	81,267	276,000	05/24/2005	03/15/2032
020002-AH-4	ALLSTATE CORP			1FE		5,347,546	98,031	4,509,435	4,600,000	5,185,726	(47,867)				6.750	5.030	MN	39,675	310,500	05/24/2005	05/15/2018
020002-AS-0	ALLSTATE CORP			1FE		2,007,960	81,360	1,627,194	2,000,000	2,007,569	(125)				5.550	5.523	MN	16,033	111,000	09/06/2005	05/09/2035
026609-AC-1	AMERICAN HOME PRODT			1FE		3,563,490	116,291	3,488,718	3,000,000	3,488,956	(22,187)				7.250	5.571	MS	72,500	217,500	05/24/2005	03/01/2023
03076C-AA-4	AMERIPRISE FINL INC			1FE		197,724	90,114	180,229	200,000	198,946	519				5.350	5.651	MN	1,367	10,700	07/20/2006	11/15/2010
035229-CJ-0	ANHEUSER BUSCH			2FE		4,939,880	92,507	3,700,264	4,000,000	4,877,068	(18,609)				6.800	5.181	FA	98,978	272,000	05/24/2005	08/20/2032
035229-CV-3	ANHEUSER BUSCH			2FE		2,057,520	90,093	1,801,862	2,000,000	2,042,514	(4,421)				5.050	4.721	AO	21,322	101,000	05/24/2005	10/15/2016
037411-AP-0	APACHE CORPORATION			1FE		2,942,283	114,867	2,687,885	2,340,000	2,826,107	(34,360)				7.625	5.051	JJ	89,213	178,425	05/24/2005	07/01/2019
039483-AR-3	ARCHER DANIELS MIDLAND			1FE		2,338,800	101,613	2,032,262	2,000,000	2,310,883	(6,291)				6.625	5.360	MN	22,083	132,500	05/24/2005	05/01/2029
039483-AT-9	ARCHER DANIELS MIDLAND			1FE		6,102,956	95,052	5,346,697	5,625,000	6,071,996	(9,191)				5.935	5.341	AO	83,461	333,844	05/24/2005	10/01/2032
057224-AK-3	BAKER HUGHES INC			1FE		2,834,957	103,029	2,369,662	2,300,000	2,788,794	(13,671)				6.875	5.161	JJ	72,913	158,125	05/24/2005	01/15/2029
060505-BD-5	BANK OF AMERICA CORP			1FE		10,551,789	93,189	9,784,888	10,500,000	10,531,783	(6,030)				4.750	4.676	FA	188,417	498,750	05/24/2005	08/15/2013
060505-BG-8	BANK OF AMERICA CORPORATION			1FE		2,073,840	89,397	1,787,944	2,000,000	2,052,576	(6,272)				5.250	4.799	JD	8,750	105,000	05/24/2005	12/01/2015
054937-AE-7	BB&T CORPORATION			1FE		4,667,815	95,042	4,276,890	4,500,000	4,612,646	(13,315)				5.200	4.774	JD	5,200	234,000	05/24/2005	12/23/2015
07385T-AJ-5	BEAR STEARNS & CO INC			1FE		3,380,928	97,630	3,124,173	3,200,000	3,321,795	(17,440)				5.700	4.945	MN	23,307	182,400	05/24/2005	11/15/2014
079857-AH-1	BELLSOUTH CAP FDG CORP			1FE		14,541,635	109,716	12,617,295	11,500,000	14,319,151	(66,474)				7.875	5.840	FA	342,125	905,625	05/24/2005	02/15/2030
079860-AG-7	BELLSOUTH CORP			1FE		8,157,840	97,353	7,788,271	8,000,000	8,105,074	(15,587)				5.200	4.933	MS	122,489	416,000	05/24/2005	09/15/2014

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																					
097023-AU-9	BOEING CO				1FE	7,284,030	104.184	6,771,960	6,500,000	7,234,150		(14,797)			6.125	5.291	FA	150,403	398,125	05/24/2005	02/15/2033
10138M-AF-2	BOTTLING GROUP LLC				1FE	211,316	97.679	200,242	205,000	210,462		(854)			5.000	4.387	MS	1,310	10,250	02/20/2008	11/15/2013
10138M-AH-8	BOTTLING GROUP LLC				1FE	99,793	108.581	108,581	100,000	99,799		6			6.950	6.997	MS	1,293		10/22/2008	03/15/2014
10513Q-BD-2	BRANCH BANKING & TRUST				1FE	149,322	94.206	141,309	150,000	149,687		68			4.875	4.933	JJ	3,372	7,313	12/16/2002	01/15/2013
136375-BM-3	CANADIAN NATL RY CO				1FE	168,490	102.715	169,480	165,000	168,194		(296)			5.800	5.479	JD	798	9,570	02/20/2008	06/01/2016
14149Y-AL-2	CARDINAL HEALTH INC				2FE	2,985,860	90.468	2,714,034	3,000,000	2,996,590		337			5.800	5.818	AO	36,733	180,167	10/01/2006	10/15/2016
14149Y-AQ-1	CARDINAL HEALTH INC				2FE	1,030,220	91.203	912,031	1,000,000	1,027,728		(2,492)			6.000	5.584	JD	2,667	60,271	01/03/2008	06/15/2017
141781-AX-2	CARGILL INC				1FE	2,997,540	89.665	2,689,935	3,000,000	2,997,744		187			6.000	6.011	MS	17,000	180,000	11/21/2007	11/27/2017
149123-BF-7	CATERPILLAR INC DEL				1FE	5,224,428	98.333	4,326,656	4,400,000	5,151,149		(21,717)			6.625	5.221	JJ	134,414	291,500	05/24/2005	07/15/2028
125577-AZ-9	CIT GROUP INC				2FE	989,830	84.417	844,169	1,000,000	991,716		1,744			7.625	7.875	MS	6,566	76,250	11/27/2007	11/30/2012
125581-AR-9	CIT GROUP INC				2FE	3,991,840	70.400	2,816,000	4,000,000	3,994,428		765			5.000	5.027	FA	83,333	200,000	05/24/2005	02/01/2015
172967-BC-4	CITIGROUP INC				1FE	208,502	100.439	200,877	200,000	203,921		(1,763)			6.500	5.475	JJ	5,886	13,000	04/12/2006	01/18/2011
172967-BL-4	CITIGROUP INC				1FE	19,916,350	95.383	16,215,195	17,000,000	19,725,445		(56,717)			6.625	5.410	JD	50,056	1,126,250	05/24/2005	06/15/2032
172967-DH-1	CITIGROUP INC				1FE	297,306	97.599	292,798	300,000	298,756		540			5.125	5.334	FA	5,851	15,375	03/08/2006	02/14/2011
126117-AH-3	CNA FINL CORP				2FE	1,082,230	68.256	682,564	1,000,000	1,071,704		(5,853)			6.950	5.915	JJ	32,047	69,500	02/28/2007	01/15/2018
191216-AK-6	COCA COLA CO				1FE	249,628	107.891	269,727	250,000	249,661		29			5.350	5.369	MS	1,709	13,895	11/01/2007	11/15/2017
191219-AU-8	COCA COLA ENTERPRISES INC				1FE	2,344,680	101.478	2,029,568	2,000,000	2,300,059		(13,235)			6.750	5.271	MS	39,750	135,000	05/24/2005	09/15/2023
191219-BE-3	COCA COLA ENTERPRISES INC				1FE	9,397,680	99.987	7,998,936	8,000,000	9,277,866		(35,603)			6.750	5.421	MS	159,000	540,000	05/24/2005	09/15/2028
20029P-AL-3	COMCAST CABLE COMMUNICATIONS				2FE	129,560	100.380	125,475	125,000	127,244		(966)			6.750	5.822	JJ	3,539	8,438	07/20/2006	01/30/2011
20029P-AM-1	COMCAST CABLE COMMUNICATIONS INC				2FE	105,033	100.469	100,469	100,000	100,978		(2,074)			6.875	4.682	JD	306	6,875	05/06/2003	06/15/2009
20030N-AM-3	COMCAST CORP NEW				2FE	3,138,180	99.512	2,985,351	3,000,000	3,135,009		(1,767)			6.450	6.113	MS	56,975	193,500	02/28/2007	03/15/2037
20825C-AF-1	CONOCOPHILLIPS				1FE	15,882,430	98.358	14,261,955	14,500,000	15,791,809		(26,872)			5.900	5.240	AO	180,606	855,500	05/24/2005	10/15/2032
222372-AJ-3	COUNTRYWIDE FINANCIAL CORP				1FE	1,026,240	94.951	949,508	1,000,000	1,022,052		(2,329)			6.250	5.877	MS	7,986	62,500	02/28/2007	05/15/2016
22303Q-AG-5	COVIDIEN INTL FIN S A				1FE	3,057,630	98.651	2,959,518	3,000,000	3,054,867		(2,763)			6.000	5.732	AO	38,000	90,000	06/01/2008	10/15/2017
22541L-AM-5	CREDIT SUISSE FB USA INC				1FE	3,560,760	94.190	3,296,639	3,500,000	3,538,456		(6,582)			5.125	4.876	JJ	82,712	179,375	05/24/2005	01/15/2014
22541L-AE-3	CREDIT SUISSE FIRST BOSTON USA				1FE	1,235,810	106.407	1,064,070	1,000,000	1,220,550		(4,535)			7.125	5.451	JJ	32,854	71,250	05/24/2005	07/15/2032
22541L-BH-5	CREDIT SUISSE USA INC				1FE	487,635	99.979	499,896	500,000	494,732		3,019			4.875	5.563	FA	9,208	24,375	07/21/2006	08/15/2010
233835-AQ-0	DAIMLER CHRYSLER NORTH AMER HL				1FE	3,750,900	73.122	2,193,666	3,000,000	3,724,651		(14,627)			8.500	6.435	JJ	115,458	255,000	02/28/2007	01/18/2031
235851-AG-7	DANAHER CORP DEL				1FE	2,980,470	102.884	3,086,511	3,000,000	2,981,254		784			5.625	5.714	JJ	77,813	100,313	07/01/2008	01/15/2018
244199-AU-9	DEERE & CO				1FE	5,604,167	119.634	4,904,978	4,100,000	5,377,075		(67,288)			8.500	5.181	JJ	166,506	348,500	05/24/2005	01/09/2022
244199-BB-0	DEERE & CO				1FE	2,322,940	106.022	2,120,434	2,000,000	2,208,409		(33,744)			6.950	4.712	AO	25,483	139,000	05/24/2005	04/25/2014
25243Y-AM-1	DIAGEO CAP PLC				1FE	1,973,160	96.760	1,935,202	2,000,000	1,974,340		1,180			5.750	5.939	AO	21,722	57,500	06/17/2008	10/23/2017
254887-CC-8	DISNEY WALT CO				1FE	509,115	106.098	530,490	500,000	506,229		(2,240)			5.700	5.170	JJ	13,142	28,500	09/14/2007	07/15/2011
25746U-AJ-8	DOMINION RESOURCES INC				2FE	214,486	100.317	200,634	200,000	207,930		(2,027)			6.250	5.000	JD	35	12,500	07/26/2005	06/30/2012
260543-BJ-1	DOW CHEM CO				2FE	6,298,950	94.178	4,708,885	5,000,000	6,196,805		(30,365)			7.375	5.441	MS	61,458	368,750	05/24/2005	11/01/2029
263534-BG-3	DU PONT E I DE NEMOURS & CO				1FE	2,400,600	105.042	2,100,848	2,000,000	2,362,756		(11,187)			6.500	5.011	JJ	59,944	130,000	05/24/2005	01/15/2028
291011-AQ-7	EMERSON ELEC CO				1FE	8,614,957	106.148	8,242,354	7,765,000	8,558,590		(16,711)			6.000	5.241	FA	176,007	465,900	05/24/2005	08/15/2032
291011-AV-6	EMERSON ELEC CO				1FE	149,412	101.292	151,939	150,000	149,474		53			5.125	5.180	JD	641		10/26/2007	12/01/2016
26884A-AN-3	ERP OPER LTD PARTNERSHIP				2FE	207,084	82.167	164,334	200,000	204,300		(1,185)			6.625	5.880	MS	3,901	13,250	07/20/2006	03/15/2012
337358-BA-2	FIRST UN CORP				1FE	7,315,660	90.238	4,963,090	5,500,000	7,215,794		(29,631)			7.500	5.290	AO	87,083	412,500	05/24/2005	04/15/2035
338915-AM-3	FLEET FINL GROUP INC NEW				1FE	3,550,140	96.096	2,882,892	3,000,000	3,501,768		(14,352)			6.700	5.314	JJ	92,683	201,000	05/24/2005	07/15/2028
35177P-AK-3	FRANCE TELECOM		F		1FE	144,851	105.230	131,538	125,000	131,968		(2,971)			7.750	5.005	MS	3,229	9,688	05/11/2004	03/01/2011
36862G-G5-7	GENERAL ELEC CAP CORP MTN BE				1FE	175,620	97.322	170,314	175,000	175,488		(132)			4.375	4.280	MS	2,510	7,656	01/24/2008	03/03/2012

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																					
36962G-XZ-2	GENERAL ELEC CAP CORP MTN BE				1FE	22,526,088	106.323	19,776,004	18,600,000	22,259,335		(79,121)			6.750	5.271	MS	369,675	1,255,500	05/24/2005	03/15/2032
37247D-AE-6	GENWORTH FINL INC				1FE	359,443	38.408	134,429	350,000	357,076		(1,091)			5.750	5.318	JD	894	20,125	10/05/2006	06/15/2014
377372-AD-9	GLAXOSMITHKLINE CAP INC				1FE	3,278,757	105.033	3,466,083	3,300,000	3,279,698		941			5.650	5.736	MN	23,824	94,261	06/01/2008	05/15/2018
38143V-AA-7	GOLDMAN SACHS CAP I				1FE	23,681,056	72.565	16,254,649	22,400,000	23,612,152		(20,599)			6.345	5.928	FA	536,928	1,421,280	05/24/2005	02/15/2034
38141G-AL-8	GOLDMAN SACHS GROUP INC				1FE	219,625	98.882	197,764	200,000	207,161		(6,366)			7.800	4.357	JJ	6,630	15,600	05/14/2003	01/28/2010
38141G-BU-7	GOLDMAN SACHS GROUP INC				1FE	108,493	98.667	99,653	101,000	105,737		(1,412)			6.600	4.920	JJ	3,074	6,666	02/12/2004	01/15/2012
38141G-EA-8	GOLDMAN SACHS GROUP INC				1FE	171,806	91.746	160,556	175,000	172,506		341			5.125	5.405	JJ	4,136	8,969	11/20/2006	01/15/2015
386088-AH-1	GRAND MET INVT CORP				1FE	2,208,160	106.147	2,122,940	2,000,000	2,204,538		(2,838)			7.450	6.624	AO	31,456	149,000	09/17/2007	04/15/2035
416515-AL-8	HARTFORD FINL SVCS GROUP INC				1FE	4,260,311	75.911	3,264,191	4,300,000	4,274,050		4,969			4.625	4.775	JJ	91,703	198,875	01/08/2008	07/15/2013
437076-AP-7	HOME DEPOT INC				2FE	1,990,220	89.492	1,789,840	2,000,000	1,992,442		841			5.400	5.464	MS	36,000	108,000	03/21/2006	03/01/2016
438516-AW-6	HONEYWELL INTL INC				1FE	298,410	99.807	299,421	300,000	298,682		272			4.250	4.366	MS	4,250	6,446	02/26/2008	03/01/2013
441812-JW-5	HOUSEHOLD FIN CORP NTS				1FE	313,752	98.385	274,494	279,000	291,987		(4,269)			6.375	4.579	AO	3,755	17,786	05/07/2003	10/15/2011
40429C-AA-0	HSBC FINANCE CORP				1FE	313,239	99.567	298,700	300,000	306,965		(2,668)			6.750	5.690	MN	2,588	20,250	07/20/2006	05/15/2011
459200-AG-6	INTERNATIONAL BUSINESS MACHS				1FE	6,658,100	126.294	6,314,710	5,000,000	6,349,607		(91,328)			8.375	5.101	MN	69,792	418,750	05/24/2005	11/01/2019
459200-BB-6	INTERNATIONAL BUSINESS MACHS				1FE	5,383,350	105.221	5,261,065	5,000,000	5,358,792		(7,292)			5.875	5.340	MN	26,111	293,750	05/24/2005	11/29/2032
46625H-AT-7	JP MORGAN CHASE & CO				1FE	203,340	101.455	202,909	200,000	202,383		(520)			5.750	5.415	JJ	5,718	11,500	02/13/2007	01/02/2013
46625H-BH-2	JP MORGAN CHASE & CO				1FE	191,144	100.010	200,019	200,000	199,251		3,504			3.500	5.342	MS	2,061	7,000	08/07/2006	03/15/2009
46625H-BJ-8	JP MORGAN CHASE & CO				1FE	2,483,050	95.880	2,396,988	2,500,000	2,489,110		1,791			4.875	4.971	MS	35,885	121,875	05/24/2005	03/15/2014
49337W-AH-3	KEYSPAN CORP				1FE	1,627,230	78.836	1,182,540	1,500,000	1,619,206		(2,381)			5.875	5.290	AO	22,031	88,125	05/24/2005	04/01/2033
50075N-AV-6	KRAFT FOODS INC				2FE	1,956,820	98.587	1,971,748	2,000,000	1,958,585		1,765			6.125	6.416	FA	74,521		06/01/2008	08/23/2018
52517P-VM-0	LEHMAN BROS HLDGS INC MTN BE				6FE	37,500	9.500	28,500	300,000	28,500	(9,000)	1,054	259,230		4.375		MN			01/18/2006	11/30/2010
532457-AM-0	LILLY ELI & CO				1FE	2,987,880	111.837	2,684,076	2,400,000	2,921,024		(19,804)			7.125	5.150	JD	14,250	171,000	05/24/2005	06/01/2025
539830-AL-3	LOCKHEED MARTIN CORP				1FE	117,311	103.908	109,103	105,000	109,022		(4,225)			8.200	3.908	JD	718	8,610	02/26/2003	12/01/2009
548861-CJ-4	LOWES COS INC				1FE	991,700	80.630	806,299	1,000,000	992,085		126			5.500	5.557	AO	11,611	55,000	10/03/2005	10/15/2035
565849-AA-4	MARATHON OIL CORP				2FE	244,271	101.209	227,721	225,000	234,404		(2,657)			6.125	4.706	MS	4,058	13,781	01/10/2005	03/15/2012
565849-AE-6	MARATHON OIL CORP				2FE	998,040	75.602	756,020	1,000,000	998,068		22			6.600	6.615	AO	16,500	66,733	09/20/2007	10/01/2037
5528E2-AC-3	MBNA AMERICA BANK NATL ASSN				1FE	107,555	102.248	102,248	100,000	103,529		(785)			7.125	6.089	MN	910	7,125	02/04/2003	11/15/2012
58013M-EE-0	MCDONALDS CORP MED TERM NT BE				1FE	346,570	103.878	363,575	350,000	346,681		111			5.350	5.483	MS	6,242	9,415	08/13/2008	03/01/2018
585515-AE-9	MELLON FDG CORP				1FE	3,117,810	86.205	2,586,138	3,000,000	3,093,675		(7,145)			5.500	5.094	MN	21,083	165,000	05/24/2005	11/15/2018
59018Y-RZ-6	MERRILL LYNCH CO INC MTN BE				1FE	96,461	6,269,972	6,651,243	6,500,000	6,651,243		(18,504)			5.300	4.891	MS	87,082	344,500	05/24/2005	09/30/2015
59018Y-UH-2	MERRILL LYNCH CO INC MTN BE				1FE	289,092	99.133	297,399	300,000	297,396		3,591			4.125	5.418	MS	3,816	12,375	08/07/2006	09/10/2009
59156R-AP-3	METLIFE INC				2FE	2,757,390	60.000	1,800,000	3,000,000	2,757,787		308			6.400	6.974	JD	8,533	192,000	09/13/2007	12/15/2066
61746S-BS-7	MORGAN STANLEY				1FE	200,446	96.049	192,099	200,000	200,197		(89)			5.050	4.999	JJ	4,489	10,100	01/18/2006	01/21/2011
61748A-AE-6	MORGAN STANLEY SUB				1FE	97,718	76.189	76,189	100,000	98,506		243			4.750	5.078	AO	1,188	4,750	07/19/2005	04/01/2014
629527-AU-6	NABISCO INC				2FE	2,300,900	106.383	2,021,269	1,900,000	2,179,009		(35,977)			7.550	4.872	JD	6,376	143,450	05/24/2005	06/15/2015
63490Z-JZ-4	NATL CITY BK CLEVE SR MTN BE				1FE	481,450	98.480	492,401	500,000	496,316		6,042			4.150	5.448	FA	8,646	20,750	06/08/2006	08/01/2009
628931-AB-3	NBD BANK NA MICHIGAN				1FE	7,380,505	125.166	6,884,147	5,500,000	7,161,318		(65,119)			8.250	5.390	MN	75,625	453,750	05/24/2005	11/01/2024
652478-AR-9	NEWS AMER HLDGS INC				2FE	4,531,725	100.277	4,011,088	4,000,000	4,509,085		(19,624)			7.750	6.419	JJ	138,639	310,000	11/27/2007	01/20/2024
655844-AP-3	NORFOLK SOUTHERN CORP				2FE	111,280	101.161	101,161	100,000	104,368		(1,917)			6.750	4.568	FA	2,550	6,750	02/28/2005	02/15/2011
655844-AX-6	NORFOLK SOUTHERN CORP				2FE	2,749,920	91.687	2,750,622	3,000,000	2,757,202		5,711			5.640	6.354	MN	20,680	169,200	09/18/2007	05/17/2029
670346-AF-2	NUCOR CORP				1FE	114,474	97.613	112,254	115,000	114,577		95			5.000	5.105	JD	479	5,718	12/01/2007	12/01/2012
674599-BV-6	OCCIDENTAL PETE CORP				1FE	110,858	104.167	101,042	97,000	102,476		(1,638)			6.750	4.734	JJ	3,019	6,548	04/21/2003	01/15/2012
68389X-AC-9	ORACLE CORP				1FE	3,075,660	104.597	3,137,904	3,000,000	3,071,433		(4,227)			5.750	5.420	AO	36,417	89,125	04/08/2008	04/15/2018

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																						
694032-AT-0	PACIFIC BELL				1FE	8,190,560	102.872	7,303,919	7,100,000	8,081,910		(32,450)			7.125	5.840	MS	148,952	505,875	05/24/2005	03/15/2026	
708160-BQ-8	PENNEY J C INC				2FE	3,401,460	76.260	2,287,809	3,000,000	3,348,459		(31,657)			7.950	6.137	AO	59,625	238,500	09/14/2007	04/01/2017	
713409-AC-4	PEPSI BOTTLING GROUP INC				1FE	5,190,948	111.217	4,671,105	4,200,000	5,107,163		(24,844)			7.000	5.251	MS	98,000	294,000	05/24/2005	03/01/2029	
71713U-AQ-5	PHARMACIA				1FE	6,350,410	115.661	6,361,372	5,500,000	6,175,301		(51,725)			6.500	4.921	JD	29,792	357,500	05/24/2005	12/01/2018	
718172-AA-7	PHILIP MORRIS INTL INC				1FE	2,947,560	99.133	2,973,999	3,000,000	2,949,865		2,305			5.650	5.884	MN	21,188	84,750	06/01/2008	05/16/2018	
74005P-AN-4	PRAXAIR INC				1FE	263,230	98.864	257,047	260,000	262,952		(267)			5.375	5.197	MN	2,329	13,975	02/20/2008	11/01/2016	
742718-BH-1	PROCTER & GAMBLE CO				1FE	1,969,671	116.227	1,975,854	1,700,000	1,940,576		(8,619)			6.450	5.189	JJ	50,561	109,650	05/24/2005	01/15/2026	
74432Q-BD-6	PRUDENTIAL FINL INC MTNS BOOK				1FE	991,770	68.181	681,806	1,000,000	991,868		91			6.625	6.689	JD	5,521	65,882	12/01/2007	12/01/2037	
75884R-AH-6	REGENCY CTRS LP				2FE	183,213	89.484	143,175	160,000	168,893		(4,041)			7.950	5.047	JJ	5,865	12,720	07/26/2005	01/15/2011	
760719-AS-3	REPUBLIC N Y CORP				1FE	8,667,079	113.148	6,992,553	6,180,000	8,279,218		(115,370)			9.300	5.491	JD	47,895	574,740	05/24/2005	06/01/2021	
803111-AM-5	SARA LEE CORP				2FE	2,881,548	82.168	2,218,525	2,700,000	2,870,362		(3,333)			6.125	5.640	MN	27,563	165,375	05/24/2005	11/01/2032	
78387G-AP-8	SBC COMMUNICATIONS INC				1FE	10,733,877	98.299	10,468,812	10,650,000	10,705,865		(8,270)			5.100	4.993	MS	159,928	543,150	05/24/2005	09/15/2014	
806605-AH-4	SCHERING PLOUGH CORP				2FE	3,013,380	100.803	3,024,099	3,000,000	3,013,183		(154)			6.550	6.516	MS	57,858	195,408	09/13/2007	09/15/2037	
828807-AH-0	SIMON PPTY GROUP LP				1FE	326,592	90.821	272,463	300,000	312,303		(5,504)			7.750	5.608	JJ	10,398	23,250	04/12/2006	01/20/2011	
78442F-AQ-1	SLM CORP MTN BOOK ENTRY				2FE	8,720,097	63.441	5,519,359	8,700,000	8,713,879		(1,838)			5.000	4.970	AO	91,833	435,000	05/24/2005	04/15/2015	
852060-AG-7	SPRINT CAP CORP				3FE	2,039,380	71.000	1,420,000	2,000,000	2,035,350		(2,327)			6.900	6.662	MN	23,000	138,000	11/01/2007	05/01/2019	
86787G-AC-6	SUNTRUST BK ATLANTA MDTMSBNTBE				1FE	5,713,950	92.980	5,113,878	5,500,000	5,665,339		(14,378)			5.450	5.028	JD	24,979	299,750	05/24/2005	12/01/2017	
87612E-AF-3	TARGET CORPORATION				1FE	5,048,360	91.860	3,674,388	4,000,000	4,972,608		(22,434)			7.000	5.162	JJ	129,111	280,000	05/24/2005	07/15/2031	
87927V-AF-5	TELECOM ITALIA CAP				2FE	2,928,300	70.000	2,100,000	3,000,000	2,930,262		1,094			6.375	6.566	MN	24,438	191,250	02/28/2007	11/15/2033	
87927V-AE-8	TELECOM ITALIA CAPITAL GTD				2FE	253,015	76.250	190,625	250,000	251,783		(315)			5.250	5.083	MN	1,677	13,125	10/07/2004	11/15/2013	
88168L-CT-1	TEXACO CAP INC MTNS B E				1FE	3,853,650	133.103	3,993,084	3,000,000	3,738,080		(34,331)			7.900	5.384	AO	50,033	237,000	05/24/2005	01/27/2023	
88319Q-J2-0	TEXTRON FINL CORP MTN BE				2FE	467,405	75.264	357,502	475,000	471,457		1,558			5.125	5.508	FA	10,008	24,344	04/11/2006	02/03/2011	
904764-AH-0	UNILEVER CAP CORP				1FE	3,797,185	99.902	3,496,580	3,500,000	3,778,010		(5,691)			5.900	5.309	MN	26,386	206,500	05/24/2005	11/15/2032	
907818-CP-1	UNION PAC CORP				2FE	137,244	102.667	128,333	125,000	130,656		(1,545)			6.500	4.992	AO	1,715	8,125	05/04/2004	04/15/2012	
913017-BA-6	UNITED TECHNOLOGIES CORP				1FE	5,938,013	120.592	5,507,450	4,567,000	5,827,113		(32,902)			7.500	5.291	MS	100,855	342,525	05/24/2005	09/15/2029	
913017-BC-2	UNITED TECHNOLOGIES CORP				1FE	482,297	106.492	479,213	450,000	471,439		(10,742)			7.125	4.446	MN	4,097	32,063	12/27/2007	11/15/2010	
90333W-AB-4	US BK NATL ASSN MINN SUB MTNBE				1FE	5,570,600	103.555	5,177,730	5,000,000	5,361,642		(61,530)			6.300	4.687	FA	128,625	315,000	05/24/2005	02/04/2014	
92344X-AB-5	VERIZON NEW YORK INC				1FE	4,009,355	83.529	2,923,515	3,500,000	3,979,404		(8,990)			7.375	6.250	AO	64,531	258,125	05/24/2005	04/01/2032	
925524-AH-3	VIACOM INC				2FE	2,692,196	62.684	1,441,739	2,300,000	2,666,798		(7,644)			7.875	6.491	JJ	75,972	181,125	05/24/2005	07/30/2030	
92976G-AA-9	WACHOVIA BK NATL ASSN MTN SUB				1FE	3,347,850	87.124	2,875,108	3,300,000	3,333,574		(4,211)			5.000	4.819	FA	62,333	165,000	05/24/2005	08/15/2015	
931142-BF-9	WAL MART STORES INC				1FE	4,672,150	120.670	4,223,450	3,500,000	4,578,373		(27,768)			7.550	5.142	FA	99,828	264,250	05/24/2005	02/15/2030	
931142-CB-7	WAL MART STORES INC				1FE	4,485,880	99.566	4,480,479	4,500,000	4,485,983		236			5.250	5.272	MS	78,750	236,250	08/24/2005	09/01/2035	
93933W-AB-2	WASH MUT BK CA GLBL SUB BK MTN				6FE	4,000	0.010	320	3,200,000	320	(3,680)	(10,705)	3,295,184		5.650		FA	180,800	180,800	05/24/2005	08/15/2014	
93933W-AC-0	WASH MUT BK CA GLBL SUB BK MTN				6FE	2,063	0.010	165	1,650,000	165	(1,898)	(161)	1,649,445		5.125		JJ	84,563	84,563	09/01/2006	01/15/2015	
947075-AC-1	WEATHERFORD INTL LTD				2FE	249,485	88.057	220,143	250,000	249,556		71			5.150	5.198	MS	6,080	6,080	03/19/2008	03/15/2013	
949746-FS-5	WELLS FARGO & CO NEW				1FE	5,357,178	93.587	5,053,720	5,400,000	5,372,413		4,490			4.625	4.735	AO	52,725	249,750	05/24/2005	04/15/2014	
949746-FJ-5	WELLS FARGO & COMPANY				1FE	1,206,354	97.628	1,159,827	1,188,000	1,199,317		(2,059)			4.950	4.726	AO	12,251	58,806	05/24/2005	10/16/2013	
94980V-AA-6	WELLS FARGO BANK NA				1FE	125,039	101.219	126,524	125,000	125,026		(4)			4.750	4.746	FA	2,342	5,938	02/01/2005	02/09/2015	
988498-AD-3	YUM BRANDS INC				2FE	3,016,710	79.246	2,377,377	3,000,000	3,016,502		(180)			6.875	6.831	MN	26,354	221,146	11/01/2007	11/15/2037	
136385-AF-8	CANADIAN NAT RES LTD		F		2FE	99,138	90.443	90,443	100,000	99,435		80			4.900	5.012	JD	408	4,900	01/07/2005	12/01/2014	
3999999	Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations					463,408,734		399,373,011	420,302,000	458,135,587	(14,578)	(1,619,380)	5,203,859						7,000,024	26,094,955		

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	Code	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity	
Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities																						
05949C-QD-1	BA MTG SECS INC 2005-12				1FE	5,003,516	72.754	3,637,700	5,000,000	4,996,215		(1,430)			5.750	5.703	MON	23,958	287,500	01/23/2006	01/25/2036	
05946X-KP-7	BANC AMERICA FDG 2004-4				1FE	13,953,701	77.806	10,845,378	13,939,000	13,930,756		(4,804)			5.500	5.448	MON	63,887	766,644	08/16/2005	11/25/2034	
172973-2F-5	CITICORP MORTGAGE SECS 2005-5				1FE	4,649,394	37.893	1,773,991	4,681,580	4,653,291		116			5.389	5.434	MON	21,022	252,687	09/12/2005	08/25/2035	
2254W0-PP-4	CSFB MTG BKD TR 2005-11				1FE	4,918,494	72.275	3,613,750	5,000,000	4,936,083		4,347			5.500	5.641	MON	22,917	275,000	01/24/2006	12/25/2035	
12669G-R4-5	CWBS INC 2005-15				1FE	10,004,688	74.974	7,497,400	10,000,000	9,994,557		(2,231)			5.500	5.465	MON	45,833	550,000	08/22/2005	08/25/2035	
12669G-4C-2	CWBS INC 2005-16				1FE	9,464,379	29.004	2,760,143	9,516,422	9,466,272		163			5.500	5.530	MON	43,617	523,627	08/17/2005	09/25/2035	
126694-EK-0	CWBS INC 2005-18				1FE	7,272,070	70.276	5,270,700	7,500,000	7,335,954		13,450			5.500	5.791	MON	34,375	412,500	01/26/2006	10/25/2035	
126694-DR-6	CWBS INC 2005-21				1FE	13,547,461	76.012	10,281,620	13,500,000	13,514,172		(6,305)			5.500	5.426	MON	61,875	742,500	08/16/2005	10/25/2035	
32051G-Z9-9	FIRST HORIZON MTG TR 2006-1				1FE	7,528,125	70.081	5,256,075	7,500,000	7,515,212		(4,493)			6.000	5.894	MON	37,500	450,000	02/24/2006	05/25/2036	
362341-EU-9	GSR MTG TR 2005-6F				1FE	14,612,428	51.174	7,425,553	14,510,402	14,559,679		(1,108)			5.764	5.629	MON	69,698	836,731	08/17/2005	07/25/2035	
52520M-BE-2	LEHMAN MTG TR 2005-1				1FE	1,846,660	6.528	124,963	1,914,257	1,852,398		568			5.553	6.085	MON	8,858	106,314	11/01/2005	11/25/2035	
76111X-XW-8	RESIDENTIAL FDG MTG 2005-S6				1FE	5,038,096	35.753	1,831,606	5,122,945	5,049,798		608			5.250	5.452	MON	22,413	269,045	09/15/2005	08/25/2035	
76111X-ZW-6	RFSI TRUST 2005-S7				1FE	1,459,595	76.597	1,148,955	1,500,000	1,467,870		2,409			5.500	5.765	MON	6,875	82,498	11/08/2005	11/25/2035	
86359D-QY-6	STRUCTURED ASSET SECS 2005-16				4FE	4,979,398	20.163	992,826	4,924,001	4,955,236		(522)			5.640	5.454	MON	23,144	277,352	08/30/2005	09/25/2035	
86359D-SW-8	STRUCTURED ASSET SECS 2005-17				1FE	2,892,394	35.895	1,056,571	2,943,504	2,905,822		308			5.538	5.683	MON	13,584	163,045	10/03/2005	10/25/2035	
94981S-AL-8	WELLS FARGO MBS 2005-16 20351225 5				1FE	992,813	80.212	802,120	1,000,000	993,729		311			5.750	5.796	MON	4,792	57,498	12/15/2005	12/25/2035	
94983Q-AL-0	WELLS FARGO MBS 2006-3				1FE	9,726,016	62.700	6,270,000	10,000,000	9,792,526		18,759			5.500	5.759	MON	45,833	550,001	02/03/2006	03/25/2036	
94986A-BB-3	WELLS FARGO MBS 2007-8				1FE	2,747,813	45.979	1,379,370	3,000,000	2,751,850		4,038			6.000	6.795	MON	15,000	74,980	07/09/2008	07/25/2037	
4199999	Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Residential Mortgage-Backed Securities					120,637,040		71,948,722	121,552,111	120,671,421		24,183							565,182	6,677,922		
Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities																						
05947U-X4-5	BANC AMER CMBS 2005-4 FIX				1FE	7,537,913	81.059	6,079,425	7,500,000	7,524,580		(4,305)			4.997	4.916	MON	31,231	374,775	09/15/2005	07/10/2045	
059511-BA-2	BANC AMER CMBS 2007-2				2FE	1,347,601	7.266	108,990	1,500,000	1,363,889		11,306			5.877	7.307	MON	7,346	86,814	05/24/2007	04/10/2049	
20047A-AB-6	COMM 2004-LNB2				1FE	36,985	99.788	38,030	38,111	38,172		662			3.600	5.556	MON	114	1,372	02/16/2007	03/10/2039	
20047R-AE-3	COMM 2007-C9				1FE	2,497,559	75.826	1,895,650	2,500,000	2,497,532		(27)			5.816	5.809	MON	12,117	73,916	06/03/2008	12/10/2049	
22546B-AF-7	CSFB COML MTG PTC 2007-C5 FIX				1FE	3,354,094	66.143	2,315,005	3,500,000	3,357,665		3,571			5.695	6.297	MON	16,610	99,662	06/11/2008	09/15/2040	
396789-FQ-7	GREENWICH CAP CMBS 2004-GG1				1FE	243,594	97.065	242,663	250,000	247,807		1,954			4.755	5.603	MON	991	11,888	08/01/2006	06/10/2036	
36228C-TF-0	GS MORTGAGE SECS 2004-GG2				1FE	245,039	90.988	227,470	250,000	247,630		1,221			4.964	5.513	MON	1,034	12,410	08/09/2006	08/10/2038	
52108H-E3-4	LB-UBS CMBS 2004-C4				1FE	248,789	94.576	236,440	250,000	249,252		259			4.974	5.093	MON	691	12,692	02/12/2007	06/15/2029	
617451-CL-1	MORGAN STANLEY CAP 2005-HQ7				1FE	2,908,708	81.160	2,369,872	2,920,000	2,910,023		621			5.378	5.407	MON	13,086	154,577	10/01/2006	11/14/2042	
79548C-BH-8	SALOMON BROS MTG 7 2001-C1				1FE	240,320	97.804	227,584	232,694	235,790		(1,483)			6.428	4.951	MON	1,246	14,883	08/11/2006	12/18/2035	
4399999	Industrial and Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities					18,660,601		13,741,128	18,940,804	18,672,339		13,779							84,468	842,988		
Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities																						
17310N-AC-2	CITICORP RES MTG TR 2006-3 FIX				1FE	249,995	91.762	229,405	250,000	249,529		(331)			5.610	5.443	MON	1,169	14,025	11/16/2006	11/25/2036	
36828Q-HU-3	GE CAP CMBS 2004-C3				1FE	247,119	98.402	246,005	250,000	248,714		1,154			4.433	4.927	MON	924	11,082	12/04/2006	07/10/2039	
20173Q-AE-1	GREENWICH CAP CMBS 2007-GG9				1FE	2,872,500	76.113	2,283,390	3,000,000	2,875,902		3,402			5.444	6.086	MON	13,610	81,660	06/18/2008	03/10/2039	
40052K-AD-0	GS AUTO LN TR 2006-1				1FE	249,888	94.447	236,118	250,000	249,873		124			5.380	5.409	MON	598	13,450	07/01/2007	01/15/2014	
4499999	Industrial and Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					3,619,302		2,994,918	3,750,000	3,624,017		4,348							16,300	120,217		

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book / Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 Code	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
4599999	- Subtotal - Industrial and Miscellaneous (Unaffiliated)					606,325,677		488,057,779	564,544,915	601,103,364	(14,578)	(1,577,070)	5,203,859					7,665,973	33,736,083		
5499999	- Total Bonds - Subtotal - Issuer Obligations					635,719,032		577,858,030	577,582,000	629,657,363	(14,578)	(1,871,620)	5,203,859					8,777,430	34,677,973		
5599999	- Total Bonds - Subtotal - Single Class Mortgage-Backed/Asset-Backed Securities					365,984		370,067	365,901	366,025		(5)						2,014	19,134		
5699999	- Total Bonds - Subtotal - Defined Multi-Class Residential Mortgage-Backed Securities					178,079,814		131,628,682	181,324,460	178,603,756		178,840						808,834	9,601,760		
5899999	- Total Bonds - Subtotal - Defined Multi-Class Commercial Mortgage-Backed Securities					18,660,601		13,741,128	18,940,804	18,672,339		13,779						84,468	842,988		
5999999	- Total Bonds - Subtotal - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities					3,619,302		2,994,918	3,750,000	3,624,017		4,348						16,300	120,217		
6099999	- TOTALS					836,444,733		726,592,826	781,963,166	830,923,501	(14,578)	(1,674,658)	5,203,859					9,689,046	45,262,073		

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Sch. D, Pt. 2, Sn. 1, Preferred Stocks Owned

NONE

SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate Per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign						10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		
Common Stocks - Parent, Subsidiaries, and Affiliates																	
02863*-10-2	AMERICAN NETWORK INS COMPANY			1,750,000.000	4,808,397	2.748	4,808,397	11,377,529				(16,413,466)		(16,413,466)		U	03/31/2001
64129#-10-8	NETWORK INS SENIOR HEALTH DIVISION			1,000.000	3,258,679	3,258.679	3,258,679	1				617,760		617,760		U	01/01/2000
6999999	Subtotal - Common Stocks - Parent, Subsidiaries, and Affiliates				8,067,076		8,067,076	11,377,530				(15,795,706)		(15,795,706)			
7299999	TOTAL - Common Stocks				8,067,076		8,067,076	11,377,530				(15,795,706)		(15,795,706)			
7399999	TOTAL - Preferred and Common Stocks				8,067,076		8,067,076	11,377,530				(15,795,706)		(15,795,706)			

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues 2 , the total \$ value (included in Column 8) of all such issues \$ 23,773,692 .

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U. S. Governments								
3133X1-BV-8	FEDERAL HOME LN BKS		01/08/2008	BARCLAYS-CORPORATE		414,424	400,000.00	5,650
3137EA-AM-1	FEDERAL HOME LN MTG CORP		03/18/2008	UBS SECURITIES LLC		752,847	700,000.00	3,208
3133XP-WW-0	FEDERAL HOME LOAN BANKS		06/12/2008	CHASE SECURITIES		245,700	250,000.00	2,505
3133XQ-PK-2	FEDERAL HOME LOAN BANKS		04/14/2008	STIFEL, NICOLAUS & CO		200,000	200,000.00	38
31398A-DM-1	FEDERAL NATL MTG ASSN		12/03/2008	DEUTSCHE		255,996	225,000.00	5,778
912828-CN-8	UNITED STATES TREAS NTS		04/17/2008	DAVIDSON TRUST COMPANY		521,674	510,000.00	4,723
912828-CS-7	UNITED STATES TREAS NTS		02/08/2008	DAVIDSON TRUST COMPANY		1,023,828	1,000,000.00	16,834
912828-CX-6	UNITED STATES TREAS NTS		02/08/2008	DAVIDSON TRUST COMPANY		307,277	300,000.00	3,209
912828-HZ-6	UNITED STATES TREAS NTS		07/02/2008	BANC AMERICA SECUR. LLC		496,330	500,000.00	2,580
912828-JH-4	UNITED STATES TREAS NTS		09/03/2008	MORGAN STANLEY		204,790	200,000.00	435
912828-JR-2	UNITED STATES TREAS NTS		11/21/2008	BANC AMERICA SECUR. LLC		366,298	350,000.00	326
0399999	- Subtotal - Bonds - U. S. Governments					4,789,165	4,635,000.00	45,287
Bonds - Industrial and Miscellaneous (Unaffiliated)								
10138M-AF-2	BOTTLING GROUP LLC		02/20/2008	BANC AMERICA SECUR. LLC		211,316	205,000.00	2,847
10138M-AH-8	BOTTLING GROUP LLC		10/22/2008	MORGAN STANLEY		99,793	100,000.00	
136375-BM-3	CANADIAN NATL RY CO		02/20/2008	BANC AMERICA SECUR. LLC		168,490	165,000.00	2,233
14149Y-AQ-1	CARDINAL HEALTH INC		01/03/2008	FTN FINANCIAL SECURITIES		1,030,220	1,000,000.00	3,833
20047R-AE-3	COMM 2007-C9		06/03/2008	GOLDMAN SACHS & CO		2,497,559	2,500,000.00	2,020
22303Q-AG-5	COVIDIEN INTL FIN S A		06/01/2008	JPM SECURITIES-FIXED INCO		3,057,630	3,000,000.00	23,500
22546B-AF-7	CSFB COML MTG PTC 2007-C5 FIX		06/11/2008	GOLDMAN SACHS & CO		3,354,094	3,500,000.00	7,261
235851-AG-7	DANAHER CORP DEL		07/01/2008	CREDIT SUISSE FIRST BOSTO		2,980,470	3,000,000.00	94,219
25243Y-AM-1	DIAGEO CAP PLC		06/17/2008	UBS FINANCIAL SERVICES IN		1,973,160	2,000,000.00	18,208
36962G-G5-7	GENERAL ELEC CAP CORP MTN BE		01/24/2008	UBS SECURITIES LLC		175,620	175,000.00	3,105
377372-AD-9	GLAXOSMITHKLINE CAP INC		06/01/2008	VARIOUS		3,278,757	3,300,000.00	8,946
20173Q-AE-1	GREENWICH CAP CMBS 2007-GG9		06/18/2008	GOLDMAN SACHS & CO		2,872,500	3,000,000.00	9,981
416515-AL-8	HARTFORD FINL SVCS GROUP INC		01/08/2008	BEAR, STEARNS SECURITIES		291,711	300,000.00	6,783
438516-AW-6	HONEYWELL INTL INC		02/26/2008	BANC AMERICA SECUR. LLC		298,410	300,000.00	
50075N-AV-6	KRAFT FOODS INC		06/01/2008	BANC/AMERICA SECUR LLC MO		1,956,820	2,000,000.00	3,403
58013M-EE-0	MCDONALDS CORP MED TERM NT BE		08/13/2008	MORGAN STANLEY		346,570	350,000.00	8,738
68389X-AC-9	ORACLE CORP		04/08/2008	UBS FINANCIAL SERVICES IN		3,075,660	3,000,000.00	958
718172-AA-7	PHILIP MORRIS INTL INC		06/01/2008	BARCLAYS-CORPORATE		2,947,560	3,000,000.00	7,533
74005P-AN-4	PRAXAIR INC		02/20/2008	BANC AMERICA SECUR. LLC		152,559	150,000.00	2,553
947075-AC-1	WEATHERFORD INTL LTD		03/19/2008	EDWARDS, A. G. & SONS, INC		249,485	250,000.00	
94986A-BB-3	WELLS FARGO MBS 2007-8		07/09/2008	CREDIT SUISSE FIRST BOSTO		2,747,813	3,000,000.00	6,500
4599999	- Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					33,766,195	34,295,000.00	212,622
6099997	- Subtotal - Bonds - Part 3					38,555,360	38,930,000.00	257,909
6099998	- Summary Item from Part 5 for Bonds					2,647,950	3,000,000.00	14,167
6099999	- Subtotal - Bonds					41,203,310	41,930,000.00	272,076
7499999	- TOTALS					41,203,310		272,076

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
									10 Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. /A. C. V. (11+12-13)							15 Total Foreign Exchange Change in B. /A. C. V.
Bonds - U. S. Governments																			
3134A4-US-1	FEDERAL HOME LN MTG CORP		03/18/2008	CITIGROUP GLOBAL MARKETS		463,285	450,000.00	452,236	450,934		(126)		(126)	450,808		12,477	12,477	12,963	07/15/2009
31359M-U6-8	FEDERAL NATL MTG ASSN		03/19/2008	BANC AMERICA SECUR.LLC		313,677	300,000.00	301,734	300,964		(124)		(124)	300,840		12,837	12,837	9,854	08/15/2009
31359M-VE-0	FEDERAL NATL MTG ASSN		01/08/2008	DEUTSCHE		303,202	300,000.00	302,960	301,100		(15)		(15)	301,085		2,118	2,118	1,913	05/15/2009
912828-AT-7	UNITED STATES TREAS NTS		02/15/2008	MATURITY		1,300,000	1,300,000.00	1,263,438	1,263,438					1,263,438		36,563	36,563	25,142	02/15/2008
912828-CN-8	UNITED STATES TREAS NTS		03/18/2008	VARIOUS		1,021,332	1,000,000.00	975,625	975,625					975,625		45,707	45,707	21,617	07/15/2009
912828-CV-0	UNITED STATES TREAS NTS		05/06/2008	VARIOUS		177,800	175,000.00	169,148	169,148					169,148		8,652	8,652	3,789	09/15/2009
912828-DR-8	UNITED STATES TREAS NTS		07/02/2008	DEUTSCHE BANK SEC		513,045	500,000.00	494,512	496,916		649		649	497,565		15,480	15,480	14,317	04/15/2010
912828-ED-8	UNITED STATES TREAS NTS		10/22/2008	VARIOUS		259,722	250,000.00	244,355	246,502		886		886	247,388		12,334	12,334	11,086	08/15/2010
912828-FC-9	UNITED STATES TREAS NTS		04/30/2008	MATURITY		510,000	510,000.00	509,522	509,917		83		83	510,000				12,431	04/30/2008
0399999	Subtotal - Bonds - U. S. Governments					4,862,063	4,785,000.00	4,713,529	4,714,544		1,352		1,352	4,715,896		146,167	146,167	113,111	
Bonds - Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																			
3128JM-MK-0	FHLMC PC 1 YR LIBOR VR		12/15/2008	PRINCIPAL RECEIPT		12,299	12,298.56	12,142	12,142		157		157	12,299				400	07/01/2035
31396C-3C-2	FHLMC REMIC SERIES R003		12/15/2008	PRINCIPAL RECEIPT		33,454	33,453.68	33,205	33,229		225		225	33,454				842	10/15/2015
31409V-YJ-6	FNMA PASS-THRU ADJ LIBOR		12/25/2008	PRINCIPAL RECEIPT		23,876	23,875.98	24,041	24,040		(164)		(164)	23,876				577	04/01/2036
31388V-U7-1	FNMA PASS-THRU INT 15 YEAR		12/25/2008	PRINCIPAL RECEIPT		4,469	4,469.10	4,436	4,443		26		26	4,469				149	01/01/2015
3199999	Subtotal - Bonds - Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					74,097	74,097.32	73,824	73,855		243		243	74,097				1,968	
Bonds - Industrial and Miscellaneous (Unaffiliated)																			
14149Y-AH-1	CARDINAL HEALTH INC		01/03/2008	FTN FINANCIAL SECURITIES		1,019,340	1,000,000.00	1,010,090	1,009,504		(4)		(4)	1,009,501		9,839	9,839	3,738	12/15/2017
172973-2F-5	CITICORP MORTGAGE SECS 2005-5		12/25/2008	PRINCIPAL RECEIPT		104,186	104,185.85	103,470	103,554		632		632	104,186				2,926	08/25/2035
20047A-AB-6	COMM 2004-LNB2		12/10/2008	PRINCIPAL RECEIPT		161,889	161,889.40	157,109	159,340		2,549		2,549	161,889				4,566	03/10/2039
126408-BR-3	CSX CORP		10/15/2008	MATURITY		196,000	196,000.00	202,174	198,784		(2,784)		(2,784)	196,000				12,250	10/15/2008
12669G-4C-2	CWMBS INC 2005-16		12/25/2008	PRINCIPAL RECEIPT		143,470	143,470.12	142,686	142,712		759		759	143,470				4,092	09/25/2035
251529-AF-0	DEUTSCHE BK FINL INC SUB NT		01/08/2008	MORGAN STANLEY		103,536	100,000.00	106,448	101,317		(19)		(19)	101,298		2,238	2,238	1,583	04/25/2009
319455-BU-4	FIRST CHICAGO CORPORATION		04/14/2008	BEAR, STEARNS SECURITIES		112,142	110,000.00	114,348	112,308		(599)		(599)	111,709		433	433	5,006	01/30/2009
369550-AK-4	GENERAL DYNAMICS CORP		04/08/2008	VARIOUS		2,635,828	2,600,000.00	2,540,590	2,557,662		1,887		1,887	2,559,549		76,279	76,279	44,814	05/15/2013
362341-EU-9	GSR MTG TR 2005-6F		12/25/2008	PRINCIPAL RECEIPT		212,449	212,449.04	213,943	213,187		(738)		(738)	212,449				6,363	07/25/2035
404280-AA-7	HSBC HLDGS PLC		04/14/2008	BEAR, STEARNS SECURITIES		103,247	100,000.00	107,779	104,814		(869)		(869)	103,945		(698)	(698)	5,667	07/15/2009
52520M-BE-2	LEHMAN MTG TR 2005-1		12/25/2008	PRINCIPAL RECEIPT		29,662	29,662.46	28,615	28,695		967		967	29,662				865	11/25/2035
713411-AB-2	PEPSI BOTTLING HLDGS INC NT		01/08/2008	BANC AMERICA SECUR.LLC		101,448	100,000.00	96,585	99,394		10		10	99,404		2,044	2,044	2,250	02/17/2009
76111X-XW-8	RESIDENTIAL FDG MTG 2005-S6		12/25/2008	PRINCIPAL RECEIPT		61,706	61,706.15	60,684	60,818		888		888	61,706				1,682	08/25/2035
79548C-BH-8	SALOMON BROS MTG 7 2001-C1		12/18/2008	PRINCIPAL RECEIPT		17,306	17,306.11	17,647	17,647		(341)		(341)	17,306				563	12/18/2035
86359D-QY-6	STRUCTURED ASSET SECS 2005-16		12/25/2008	PRINCIPAL RECEIPT		24,735	24,734.85	25,013	24,894		(160)		(160)	24,735				722	09/25/2035
86359D-SW-8	STRUCTURED ASSET SECS 2005-17		12/25/2008	PRINCIPAL RECEIPT		18,971	18,971.25	18,642	18,726		245		245	18,971				549	10/25/2035
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					5,045,916	4,980,375.23	4,946,048	4,953,355		2,425		2,425	4,955,781		90,135	90,135	97,635	
6099997	Subtotal - Bonds - Part 4					9,982,077	9,839,472.55	9,733,400	9,741,754		4,020		4,020	9,745,774		236,302	236,302	212,715	
6099998	Summary Item from Part 5 for Bonds					2,948,316	3,000,000.00	2,647,950	2,647,950		3,354		3,354	2,651,304		297,012	297,012	35,417	
6099999	Subtotal - Bonds					12,930,393	12,839,472.55	12,381,350	12,381,350		7,374		7,374	12,397,078		533,314	533,314	248,131	
7499999	TOTALS					12,930,393		12,381,350	12,381,350		7,374		7,374	12,397,078		533,314	533,314	248,131	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/Adjusted Carrying Value at Disposal						17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends	
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (12+13-14)	16 Total Foreign Exchange Change in B./A.C.V.						
Bonds - U.S. Governments																					
3134A4-ZZ-0	FEDERAL HOME LN MTG CORP		07/17/2008	BANC/AMERICA SECUR LLC MO	09/08/2008	BANK OF AMERICA	3,000,000.000	2,647,950	2,948,316	2,651,304		3,354					297,012	297,012	35,417	14,167	
0399999	Subtotal - Bonds - U.S. Governments						3,000,000.000	2,647,950	2,948,316	2,651,304		3,354					297,012	297,012	35,417	14,167	
6099998	Subtotal - Bonds						3,000,000.000	2,647,950	2,948,316	2,651,304		3,354					297,012	297,012	35,417	14,167	
7499999	TOTALS							2,647,950	2,948,316	2,651,304		3,354					297,012	297,012	35,417	14,167	

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
Common Stocks - U.S. Life Insurer									
02863*-10-2	American Network Insurance Company		81078	iiA	No		4,808,397	1,750,000.000	100.000
1299999	- Subtotal - Common Stocks - U.S. Life Insurer						4,808,397		
Common Stocks - Other Affiliates									
64129#-10-8	Network Insurance Senior Health Division			iiA	No		3,258,679	1,000.000	100.000
1799999	- Subtotal - Common Stocks - Other Affiliates						3,258,679		
1899999	- Subtotal - Common Stocks						8,067,076		
1999999	- TOTALS						8,067,076		

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ 18,280,733
2. Total amount of intangible assets nonadmitted \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Penn Treaty Network America Insurance Company

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 Description	Codes		4 Date Acquired	5 Name of Vendor	6 Maturity Date	7 Book/Adjusted Carrying Value	Change In Book/Adjusted Carrying Value				12 Par Value	13 Actual Cost	Interest						20 Paid for Accrued Interest
	2 Code	3 Foreign					8 Unrealized Valuation Increase/ (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Total Foreign Exchange Change in B./A.C.V.			14 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	15 Non-Admitted Due and Accrued	16 Rate of	17 Effective Rate of	18 When Paid	19 Amount Received During Year	
U. S. Governments - Issuer Obligations																			
EVERGREEN MONEY MKT			11/28/2008	US BANK TRUST	12/31/2009	6,901,941					6,901,941	6,901,941	633	7,203	3.300	3.350	MON	7,998	
0199999 - U. S. Governments - Issuer Obligations						6,901,941					6,901,941	6,901,941	633	7,203				7,998	
0399999 - Subtotal - U. S. Government Bonds						6,901,941					6,901,941	6,901,941	633	7,203				7,998	
5499999 - Total Bonds - Subtotal - Issuer Obligations						6,901,941					6,901,941	6,901,941	633	7,203				7,998	
6099999 - TOTAL - Bonds						6,901,941					6,901,941	6,901,941	633	7,203				7,998	
8299999 - TOTALS						6,901,941					6,901,941	6,901,941	633	7,203				7,998	

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Sch. DB, Pt. A, Sn. 1, Financial Options Owned
NONE

Sch. DB, Pt. A, Sn. 2, Financial Options Acquired
NONE

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Sch. DB, Pt. A, Sn. 3, Financial Options Terminated
NONE

Sch. DB, Pt. B, Sn. 1, Written and In-Force
NONE

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Sch. DB, Pt. B, Sn. 2, Financial Options Written
NONE

Sch. DB, Pt. B, Sn. 3, Financial Options Terminated
NONE

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Sch. DB, Pt. C, Sn. 1, Collar, Swap and Forwards Open
NONE

Sch. DB, Pt. C, Sn. 2, Collar, Swap and Forwards Opened
NONE

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Sch. DB, Pt. C, Sn. 3, Collar, Swap and Forwards Terminated
NONE

Sch. DB, Pt. D, Sn. 1, Futures and Ins Futures Contracts Open
NONE

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Sch. DB, Pt. D, Sn. 2, Futures Contracts Opened Current Year
NONE

Sch. DB, Pt. D, Sn. 3, Futures Contracts Terminated Current Year
NONE

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Sch. DB, Pt. E, Sn. 1, Counterparty Exposure Derivative Instr.
NONE

SCHEDULE E - PART 1 - CASH

1		2	3	4	5	6	7
Depository				Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Name	Location and Supplemental Information	Code	Rate of Interest				
Open Depositories							
Wachovia Bank	Allentown, Pennsylvania		2.000	110,150	3,766	(2,420,668)	
Citizens Bank	Concord, New Hampshire		4.550			11,899	
Treasury Cash Depository Trust Fund	Tallahassee, Florida		2.270		249,657	2,048,293	
Bank of America	Tampa, Florida					137,804	
Dreyfus Cash Mngmt Plus Inc	Devon, Pennsylvania			5,433	230	159,645	
0199999 - TOTAL - Open Depositories				115,583	253,653	(63,027)	
0399999 - TOTAL Cash on Deposit				115,583	253,653	(63,027)	
0599999 - TOTAL Cash				115,583	253,653	(63,027)	

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	4,820,534	4. April	5,703,285	7. July	5,711,806	10. October	308,306
2. February	8,228,284	5. May	4,673,502	8. August	5,296,488	11. November	2,568,354
3. March	5,194,374	6. June	3,102,331	9. September	3,107,183	12. December	(63,027)

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
Industrial and Miscellaneous (Unaffiliated), Issuer Obligation							
BANK OF NEW YORK CASH RESERVE FUND		12/31/2008			27,884,238	1,130	13,284
3999999 - Industrial and Miscellaneous (Unaffiliated), Issuer Obligation					27,884,238	1,130	13,284
4599999 - Subtotals - All Other Government Bonds					27,884,238	1,130	13,284
5499999 - TOTAL Bonds, Subtotals - Issuer Obligations					27,884,238	1,130	13,284
6099999 - TOTAL Bonds, Subtotals - Bonds					27,884,238	1,130	13,284
8799999 - TOTAL Cash Equivalents					27,884,238	1,130	13,284

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits		
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value	
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR	B Special Deposit			175,350	178,391	
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL	ST Special Deposit			2,000,000	2,000,000	
11. Georgia	GA	B Special Deposit			50,609	54,656	
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI	B Special Deposit			1,009,851	1,019,688	
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO	B Special Deposit			515,078	519,084	
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH	C Special Deposit			11,899	11,899	
31. New Jersey	NJ						
32. New Mexico	NM	B Special Deposit			100,200	101,937	
33. New York	NY						
34. North Carolina	NC	B Special Deposit			986,967	1,004,084	
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA	B Special Deposit	1,839,508	1,926,343			
40. Rhode Island	RI						
41. South Carolina	SC	B Special Deposit			215,429	219,166	
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA	B Special Deposit			526,105	547,708	
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. U. S. Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CN						
58. Aggregate Alien and Other	OT	XXX	XXX				
59. Total		XXX	XXX	1,839,508	1,926,343	5,591,488	5,656,613
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX					
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX	XXX					

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Asset Valuation Reserve Equity	32	Schedule DB - Part C - Section 1	E21
Asset Valuation Reserve Replicated (Synthetic) Assets	35	Schedule DB - Part C - Section 2	E21
Asset Valuation Reserve	29	Schedule DB - Part C - Section 3	E22
Assets	2	Schedule DB - Part C - Verification Between Years	SI13
Cash Flow	5	Schedule DB - Part D - Section 1	E22
Exhibit 1 - Part 1 - Premiums and Annuity Considerations for Life and Accident & Health Contracts	9	Schedule DB - Part D - Section 2	E23
Exhibit 1 - Part 2 - Dividends and Coupons Applied, Reinsurance Commissions and Expense	10	Schedule DB - Part D - Section 3	E23
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