Government of the District of Columbia

Department of Insurance and Securities Regulation

Lawrence H. Mirel
Commissioner

In The Matter of:	)	
	)	
Penn Treaty Network America Insurance Company,	)	ORDER#: SA01-002
	)	
Respondent	)	
	)	

TO: Thomas J. Parry, VP
Penn Treaty Network America
3440 Lehigh Street
Allentown, PA 18103

Mark Schaefer, Registered Agent
1614 Twentieth Street, NW
Washington, D.C. 20009

NOTICE OF SUMMARY ACTION TO SUSPEND CERTIFICATE OF AUTHORITY

In accordance with the provisions of the District of Columbia Administrative Procedure Act, D.C. Code § 2-509, (2001 Ed.), formerly D.C. Code § 1-1509(a) (1997 Supp.), notice is hereby given of the summary suspension of your certificate of authority to transact the business of insurance in the District of Columbia, pursuant to D.C. Code § 31-4305(a)(3) (2001 Ed.), formerly 35-405 (a)(3) (1997 Repl.).

Whereas, Penn Treaty Network America Insurance Company, is a foreign corporation, authorized to transact life and health insurance business in the District of Columbia under a certificate of authority issued pursuant to D.C. Code § 31-4304 (2001 Ed.), formerly D.C. Code § 35-404 (1997 Repl.).

Whereas, D.C. Code § 31-4305(a)(3) (2001 Ed.), formerly D.C. Code § 35-405(a)(3) (1997 Repl.) grants the Commissioner of the Department of Insurance and Securities Regulation the power to revoke or suspend the certificate of authority to transact business in the District of any company which is determined to be in such

condition that further transaction of business by the company will be hazardous to its policyholders, creditors, or the general public.

Whereas, D.C. Code § 31-4305(b) (2001 Ed.), formerly D.C. Code § 35-405(b) (1997 Repl.) states that the Commissioner shall not revoke or suspend the certificate of authority of any company until he has given the company not less than 30 days notice of the proposed revocation or suspension and of the grounds alleged therefore, and has afforded the company an opportunity for a full hearing; provided, that if the Commissioner shall find upon examination that the further transaction of business by the company would be hazardous to the public or to the policyholders or creditors in the District, he may suspend such authority without giving notice as herein required.

Whereas, the Pennsylvania Insurance Department reported to the Commissioner that Penn Treaty Network America Insurance Company reported a statutory net loss of $27, 597, 198 for the year ending December 31, 2000. The company's surplus at December 31, 2000 was $12,468,098, which was down from $49,287,993 at December 31, 1999.

Whereas, upon examination of Penn Treaty Network America Insurance Company, the Commissioner has found that the company's operating loss in the last 12-month period is greater than 50% of the company's remaining surplus as regards to policyholders in excess of the minimum required. Based on the foregoing, the Commissioner has determined that, based on the standards for determining the financial condition as outlined in D.C. Code § 31-2101(a)(6), formerly D.C. Code § 35-3501(a)(6), the continued operation by Penn Treaty Network America Insurance Company would be hazardous to the public and to the policyholders and creditors of the company in the District of Columbia, pursuant to D.C. Code § 31-4305(a)(3) (2001 Ed.), formerly 35-405(a)(3); and

Whereas, pursuant to D.C. Code § 31-2101(a)(2) formerly 35-3501(a)(2), the Commissioner has determined that Penn Treaty America Insurance Company is in hazardous financial condition based upon a review of Penn Treaty Network America Insurance Company which revealed that the company has also failed 6 out of the 12 National Association of Insurance Commissioners Insurance Regulatory Information System ratios.

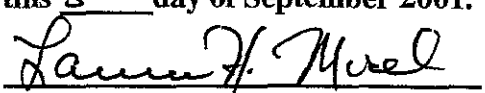
Therefore, EFFECTIVE IMMEDIATELY, it is hereby ORDERED by the Commissioner of the Department of Insurance and Securities Regulation:

That the Certificate of Authority authorizing Penn Treaty Network America Insurance Company, a foreign corporation in the District of Columbia, to transact business of insurance in the District of Columbia is SUSPENDED pending further notice;

That Penn Treaty Network America Insurance Company shall not transact any new insurance business or related activities in the District of Columbia; and

That Penn Treaty Network America Insurance Company shall continue to service existing insurance policies currently in force in the District of Columbia.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of this Department at the City of Washington, D.C., this 5th day of September 2001.



Lawrence H. Mirel
Commissioner
Department of Insurance and Securities Regulation

RIGHT TO HEARING

Please be advised that pursuant to D.C. Code § 31-4305(b)(2001 Ed.), formerly D.C. Code § 35-405(b) (1997 Repl.) and District of Columbia Municipal Regulation, Title 26, Chapter 1, Section 100.4, you have a right you to request a hearing within thirty (30) days of the date of this Order. Failure to request a hearing by **October 5, 2001** will result in the entry of a default concerning the issues set forth in this notice and your license will be automatically SUSPENDED without any further proceedings.

CERTIFICATION

I hereby certify that a copy of the foregoing NOTICE OF SUMMARY ACTION TO SUSPEND CERTIFICATE OF AUTHORITY was sent to Respondent, via first-class mail, postage pre-paid to Thomas J. Parry, VP, Penn Treaty Network America, 3440 Lehigh Street, Allentown, PA 18103, and Mark Schaefer, Registered Agent, 1614 Twentieth Street, NW, Washington, D.C. 20009.

Mary E. Manning 9/6/01
Signature Date