

PRESS RELEASE

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2001-07
For Immediate Release
September 13, 2001

Arizona Insurance Director Suspends License of Penn Treaty Network America Insurance Company

On September 13, 2001, Arizona Insurance Director Charles R. Cohen suspended the license of Penn Treaty Network America Insurance Company, prohibiting the company from issuing any new insurance policies in Arizona. The action is based on a finding that the insurer is in hazardous financial condition as a result of excessive losses through June 30, 2001, the most recent date for which it has filed financial results with the Department of Insurance.

Penn Treaty is the second largest carrier of long term care insurance operating in Arizona, insuring over 10,000 policyholders as of December 31, 2000. Long term care insurance covers claims for nursing home care and/or home health care. This order does not affect in-force policies already issued by Penn Treaty in Arizona. The insurer must continue to renew existing policies and must continue to pay claims arising under policies currently in-force. Long term care insurance is guaranteed renewable by law.

Penn Treaty has not been declared insolvent and its assets appear adequate to meet its expected claim obligations. However, the order is being issued to prevent the insurer from taking on additional insurance obligations in Arizona.

Penn Treaty is based in Pennsylvania. Several other states have also suspended Penn Treaty's ability to write new business in their states.

To obtain a list of insurance companies writing long term care insurance in Arizona, consumers can visit the Department's web site at www.state.az.us/id, or call the Department of Insurance at (602) 912-8444 (Phoenix), (520) 623- 6370 (Tucson) or (800) 325-2548 (outside Maricopa county).