

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Penn Treaty American	:	Holding Companies Act, Article
Corporation Requesting Exemption	:	XIV of the Insurance Company
from the Requirements of 40 P.S.	:	Law of 1921, Act of May 17, 1921,
§991.1402 for the Restructure of the	:	P.L. 682, <u>as amended</u> , 40 P.S.
Holding Company System Containing	:	§§991.1401, 991.1402, and
American Network Insurance	:	991.1403
Company	:	
	:	ID-RC-01-20

DECISION AND ORDER

AND NOW, on this 15th day of May, 2001, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania ("Deputy Commissioner"), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

1. American Network Insurance Company ("American Network") is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Allentown, Pennsylvania.
2. Penn Treaty Network America Insurance Company ("Penn Treaty") is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business

located in Allentown, Pennsylvania.

3. Penn Treaty American Corporation ("Parent") is an insurance holding company organized pursuant to the laws of the state of Pennsylvania with its principal place of business located in Allentown, Pennsylvania. Parent currently directly holds 100% of the issued and outstanding capital stock of Network America and Penn Treaty.
4. Parent is publicly traded on the New York Stock Exchange.
5. Parent is the sole ultimate controlling person of American Network.
6. On May 4, 2001, the Insurance Department of the Commonwealth of Pennsylvania ("Department") received an initial request (which together with all material received subsequently is collectively referenced as "Request") from Parent for approval to effectuate a corporate restructuring which would result in a change in the chain of control within the holding company system of American Network, although the ultimate controlling person would not change.
7. As described in the Request, the plan involves the contribution of the voting stock of American Network to Penn Treaty.
8. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. ("Insurance Holding Companies Act"), provides that all changes in control of domestic insurers must be filed with the Department for approval or disapproval.
9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not have the effect of changing or influencing the control of a domestic insurer.
11. As provided in the Request, the ultimate controlling person of American Network would remain Parent.
12. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the ultimate

control of a domestic insurer.

13. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The restructure of the holding company system proposed in the Request is not being contemplated to change or influence the ultimate control of American Network and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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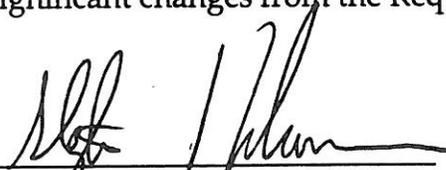
ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of Penn Treaty American Corporation requesting exemption from the requirements of 40 P.S. §991.1402 for the restructure of the Holding Company System containing American Network Insurance Company, as set forth in the Request, is hereby granted subject to this Order.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.




STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Regulation of Companies