



REHABILITATION PLAN FREQUENTLY ASKED QUESTIONS

On April 22, 2020, the Commissioner, as statutory Rehabilitator of SHIP, filed a proposed Plan of Rehabilitation (“Plan”), along with an application seeking Approval of the Plan and an application for the Approval of Form and Distribution of Notice. On June 12, 2020, the Court issued a Case Management Order establishing deadlines and procedures for Comments and a Hearing on the Proposed Plan of Rehabilitation and approved a form of notice of the filing of the application seeking Approval of the Plan.

FREQUENTLY ASKED QUESTIONS AND ANSWERS

Question 1. When will the proposed Rehabilitation Plan be implemented? When will policy modifications take effect?

The Rehabilitation Plan (“Plan”) will not be implemented until it is approved by the Commonwealth Court of Pennsylvania (“Court”). The Court may approve, disapprove, or modify and approve the Plan. No policy modifications will be implemented prior to the Court’s approval of a Plan. Once a Plan is approved, you will be notified of the specific modification options available for your policy, if any.

Question 2. Who do I contact with my comments about the proposed Rehabilitation Plan?

The Legal Notice and cover letter included in this mailing advise you how to submit formal or informal comments, including those supporting or objecting to the proposed Rehabilitation Plan.

Question 3. How can I determine the impact of the proposed Rehabilitation Plan on my policy?

The proposed Rehabilitation Plan is found on <https://www.shipltc.com/court-documents> (the “Site”). You may also obtain a hard copy of the Plan as explained in the cover letter and in the attached Legal Notice.

It is important that you read the Plan to provide comments on the overall Plan concept. The Plan document does not include details of specific options available for, or anticipated upon individual policies. Specific policy information will not be available until after the Court has approved the Plan. However, the Rehabilitation Plan document provides detailed explanations of how options offered to policyholders under the Rehabilitation Plan would affect specific policies and includes some illustrative sample policies demonstrating the effect of options under the Plan.

As a reminder, your current policy provisions, coverage, and premiums remain the same. As explained in the proposed Plan, premiums and coverage may change when the Plan is implemented. If and when a rehabilitation plan is approved, you will be informed in advance about how your policy will be affected.

Question 4. Is there a summary description of the proposed Rehabilitation Plan available for my review?

Yes. A summary description of the Plan is included in the proposed Rehabilitation Plan on pages 6 through 8. A copy of that summary is included in this Notice Packet.

Question 5. Is my coverage changing? Is my premium increasing?

At this time, your policy provisions, coverage, and premiums remain the same. As explained in the proposed Rehabilitation Plan, premiums and coverage may change if and when the Plan is implemented. Once a Rehabilitation Plan is approved, you will be informed in advance about how your policy coverage and premium will be impacted, including options to elect the changes to be made to your policy and the default option.

Please note that a few states authorized premium rate increases prior to January 29, 2020 when the Company was ordered into Rehabilitation. These rate increases are not a part of the proposed Rehabilitation Plan. If your policy is subject to one of these rate increases, you will receive a written notice about the premium rate increase, including available options to help offset the increase. If applicable, you will receive such notice before your next premium payment is due, as your policy requires based on state regulations.

Question 6. What happens if I decide to stop paying my premiums?

You must continue to pay your policy premium, when due, to continue the coverage provided by your policy. If you stop paying premium, your policy will lapse. If your policy lapses, you will lose your long-term care insurance protection. After your policy lapses, it will be subject to the reinstatement provisions in your policy.

Question 7. How does the proposed Rehabilitation Plan affect current pending or open claims?

Claims for policy benefits will continue to be processed and paid in the normal course of business while the proposed Rehabilitation Plan is being considered by the Court. No policy changes will be implemented prior to the Court's approval of the Plan. If and when a Rehabilitation Plan is approved, you will be provided more specific information about how your policy will be affected.

Question 8. Have any other rehabilitation alternatives been considered?

A number of other alternatives have been explored and it has been determined by the Rehabilitator that they are either not feasible or that the proposed Rehabilitation Plan is preferable under the current circumstances.

Question 9. Who can I call for more information?

Rehabilitation information is posted in the rehabilitation section of our Site at <https://www.shipltc.com/court-documents>.

For rehabilitation related information:

- **Policyholders** may call 833-894-8577
- **Agents and Brokers** may call 877-956-7447
- **Vendors** may call 855-871-9330

Please be aware that we expect an increase in call volume and there may be delays in responding to some calls. We apologize in advance for any such inconvenience. For claim or policyholder service inquiries not related to rehabilitation, please call 877-450-5824.

Question 10. What can I do if I don't have access to a computer or the internet?

If you do not have access to a computer where you can view the documents, you can request to be placed on a mailing list to receive hard copies of Court orders and filings.

This request must meet the following requirements:

- 1) The request must be submitted in writing and sent to SHIP by mail, fax, or email as follows:
 - a. **Mail** to Senior Health Insurance Company of Pennsylvania (In Rehabilitation), Attention: Rehabilitation Administrator, 550 Congressional Boulevard, Suite 200, Carmel, IN 46032, **or**

- b. **Fax** to Senior Health Insurance Company of Pennsylvania (In Rehabilitation), Attention: Rehabilitation Administrator, at the following number: 317-566-7588, **or**
- c. **Email** to rehabilitation@shipltc.com.

2) The written request should be signed and contain the following statement:

In making this request, I hereby affirm to the Commonwealth Court of Pennsylvania that I do not have regular access to a computer or other device providing me internet access to the Site or I am otherwise unable to view, download or print documents from the Site related to this matter.

Question 11. Is there a possibility that the Company will be liquidated?

Yes, liquidation is possible. The Commonwealth Court of Pennsylvania could decide at some time in the future to place SHIP into liquidation.

Question 12. What would happen if the Company was liquidated?

In the event that SHIP would be ordered into liquidation, it is probable that state insurance guaranty associations would continue coverage for policyholders up to applicable statutory coverage limits. Generally, guaranty associations become responsible for an insurer's obligations only if the insurer is found by the court to be insolvent and placed in liquidation. SHIP has not been found by the court to be insolvent and has not been placed in liquidation. Therefore, no guaranty association is responsible for SHIP's policy obligations at this time. That will change if SHIP is placed in liquidation.

All states other than New Jersey cap the amount of guaranty association coverage available for their residents. It is also likely, based on past experience, that the guaranty associations if triggered in a liquidation of SHIP would raise the insurance rates policyholders are required to pay and offer policy modification options in lieu of rate increases. For information about state guaranty associations, please visit www.nolhga.org.

Question 13. My policy was issued by a different Company. How is it affected?

If your policy was issued by Transamerica Life Insurance Company ("Transamerica"), Primerica Life Insurance Company ("Primerica"), and American Health & Life Insurance Company ("American Health & Life") or their predecessors it will not be affected by SHIP's Rehabilitation Plan. Transamerica, Primerica, and American Health & Life policies (the reinsured policies) will NOT be modified under the Plan and their policyholders will not be asked (or have the ability) to make elections under the Plan.

Under the Plan, SHIP will not be financially responsible for claims arising under these policies and will not have the right to treat these policy premiums as assets of SHIP. If SHIP is placed in liquidation, the terms of these policies will remain unchanged and these policyholders will not receive benefits from any life and health insurance guaranty association. In that case, Transamerica, Primerica, and American Health & Life (whichever issued the policy) will remain fully responsible for these policies and any claims covered by these policies.

It is possible that Transamerica, Primerica, and or American Health & Life will seek regulatory approval for future premium rate increases on these policies. It is also possible that one or more of these companies will ask SHIP to continue administering these policies. Neither of such events would change the treatment of those policies as described here.

ABOUT THESE QUESTIONS AND ANSWERS: The information contained in these questions and answers is intended to be general guidance and does not address any specific claim or circumstances. Nothing herein constitutes a binding legal statement by the Commissioner, the Rehabilitator, the SDR, the Department or SHIP. The statements contained herein are not intended to serve as, and do not constitute, legal advice or complete legal descriptions of the events or matters to which they relate. Any forward-looking statements are based on current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. For full legal information, interested parties should review the Rehabilitation Order and the applicable Pennsylvania statutes and other legal authorities.