

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Jessica K. Altman, Insurance
Commissioner of the
Commonwealth of Pennsylvania,

Plaintiff,

v.

No. 1 SAI 2018

Senior American Insurance Company,

Defendant.

**LIQUIDATOR’S PROPOSAL TO DISTRIBUTE ASSETS
TO STATE GUARANTY ASSOCIATIONS PURSUANT TO 40 P.S. § 221.36**

Petitioner, Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator (“Liquidator”) of Senior American Insurance Company (“SAIC”), by her attorney, respectfully represents that:

1. By Order of this Court dated August 15, 2019, with an effective date of September 3, 2019, SAIC was ordered liquidated, and the Insurance Commissioner of the Commonwealth of Pennsylvania was directed to take possession of its property and to liquidate its business and affairs.

2. The Liquidator makes this proposal in accordance with the provisions of Section 536 of the Insurance Department Act, Act of May 17, 1921, P.L. 789, No. 285, as amended, 40 P.S. § 221.36.

3. The purpose of this proposal is to provide the various state guaranty associations with early access to the available funds of SAIC in payment of the associations' administrative expenses and claims payments.

Statutory Provision for Early Access to Guaranty Associations

4. Once an insolvent insurer such as SAIC is placed in liquidation, guaranty associations of the states where SAIC is licensed are triggered to perform their statutory function of continuing insurance policy coverage and paying covered claims pursuant to the statutory limitations in each state. Most guaranty association statutes provide that once a guaranty fund has paid a covered claim that would otherwise have been an obligation of the insolvent insurer, it becomes subrogated to the claim of the insured or the claimant, and steps into the shoes of the policyholder for purposes of the priority of distribution under 40 P.S. § 221.44.

5. Based on their payment of covered claims pursuant to their statutory obligations, guaranty associations in the SAIC estate will become the largest class (b) policyholder claimants of the estate.

6. Section 536 of the Insurance Department Act, 40 P.S. § 221.36, provides a mechanism for early distribution of estate assets (sometimes referred to as "early access") to guaranty associations to assist them in fulfilling their obligation to pay claims against the insolvent insurer. The statute provides:

The liquidator shall make application to the Commonwealth Court for approval of a proposal to disburse assets out of [the insolvent insurer's] marshaled assets, from time to time as such assets become available, to any guaranty association in the Commonwealth or in any other state having substantially the same provision of law.

7. The statute further provides that the proposal shall include (a) a reserve for the payment of administrative expenses and secured claims; (b) disbursement of assets marshaled to

date and the prospect of future disbursements as assets become available; (c) equitable allocation to the various guaranty associations; (d) the securing by the Liquidator of an agreement to return assets under certain circumstances to ensure pro rata distributions amongst members of the same class of creditors; and the proposal may require reports by the guaranty associations.

Early Access Proposal

8. If approved by this Court, this proposed early access distribution will be the first distribution to the state guaranty associations in the SAIC liquidation. Because of the small size of the SAIC estate, it is probable that this proposed distribution will be the only early access funding provided to the state guaranty associations during the SAIC liquidation, with future distributions likely being provided as part of the final distribution of SAIC's assets at the conclusion of the liquidation proceeding.

9. In determining the amount of assets available, the Liquidator has considered the nature of the assets owned by the estate and has reserved sufficient assets to pay the administrative expenses of the Liquidator as required by 40 P.S. § 221.36(b)(1). The Liquidator knows of no secured claims that would require a reserve beyond the security interest held, nor any other claims with a priority higher than that of policyholders.

10. The total assets at June 30, 2021, includes approximately \$6.17 million in liquid assets and approximately \$.78 million in special/statutory deposits.

11. These amounts include \$6 million available for early access distribution to the state guaranty associations, which includes special/statutory deposits, and \$.95 million reserved to pay estimated future Liquidator expenses and other priority claims not covered by the guaranty associations. See 40 P.S. § 221.36.

Early Access Agreement

12. To facilitate the proposed early access distribution, the Liquidator has entered into an Early Access Agreement (“EA Agreement”) with the National Organization of Life and Health Guaranty Associations (“NOLHGA”) and its member state life and health insurance guaranty associations that are or become Participating Associations by electing to participate in the EA Agreement in accordance with NOLHGA’s participation procedures. The EA Agreement memorializes the terms, conditions, and procedures under which, subject to this Court’s approval, the Liquidator will provide early access funding to NOLHGA on behalf of all Participating Associations.¹

13. A copy of the EA Agreement is attached hereto as Exhibit A, which includes a list of the Participating Associations in Exhibit 3.1A. All triggered state guaranty associations have elected to become participating associations, with the exception of the Virginia guaranty association, which has opted not to participate. The Virginia Life, Accident & Sickness Insurance Guaranty Association will pursue its claims solely against its state held special/statutory deposit and has released the estate from any additional claims.

14. In accordance with § 221.36(b)(4), the EA Agreement requires all Participating Associations to reimburse the Liquidator any funds, including any investment income the association earned thereon, in excess of its share of the assets of SAIC.

¹By way of background, in the Penn Treaty Network America Insurance Company (“Penn Treaty”) and American Network Insurance Company (“ANIC”) receivership proceedings, which, like SAIC, were life and health companies that wrote almost exclusively long-term care policies, the then Rehabilitator entered early access agreements with NOLHGA and its participating guaranty associations during the final months that the companies were in rehabilitation in anticipation of the companies entering liquidation. Shortly following the entry of the liquidation orders for Penn Treaty and ANIC, upon application of the liquidator, the Court authorized the advancement of funds from the estates to pay policyholder claims on behalf of the state guaranty associations in recognition of 40 P.S. § 221.36, which authority was periodically continued in subsequent years upon application of the liquidator. While SAIC was never in rehabilitation and is a much smaller estate than either Penn Treaty or ANIC, the entry of an early access agreement in anticipation of seeking this Court’s approval of a proposed early access distribution is the same procedure that was utilized in the Penn Treaty and ANIC receivership proceedings.

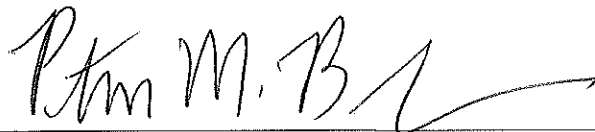
15. The share to be received in cash of the total early access distribution for each Participating Association will be reduced by the dollar amount of any special/statutory deposits released to a Participating Association by a state insurance department.

Notice

16. Pursuant to 40 P.S. § 221.36 (d), notice of this proposal was given on July 1, 2021, to the various state guaranty associations and to the state insurance commissioners of the states in which SAIC was licensed.

WHEREFORE, the Liquidator prays your Honorable Court that the Liquidator be authorized to distribute \$6 million in cash and special/statutory deposits to the Participating Associations through NOLHGA, in accordance with 40 P.S. §§ 221.36 and 221.44, in partial payment of their claims for administrative costs and claims payments that they will incur in the SAIC liquidation.

Respectfully submitted,



PRESTON M. BUCKMAN (I.D. #57570)

pbuckman@pa.gov

Insurance Department Counsel

Office of Liquidations, Rehabilitations

& Special Funds

Governor's Office of General Counsel

901 North 7th Street, Suite 201

Harrisburg, PA 17102

(717) 886-2080

Attorney for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of Pennsylvania,
in her capacity as Statutory Liquidator of Senior
American Insurance Company, In Liquidation

Dated: September 28, 2021

EXHIBIT A

EARLY ACCESS AGREEMENT

Among
National Organization of Life and Health Insurance Guaranty
Associations and
Its Participating Member Guaranty
Associations and
Jessica K. Altman, Insurance Commissioner of the Commonwealth of
Pennsylvania in her official capacity as Statutory Liquidator for
Senior American Insurance Company

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EXHIBIT 3.1A TO EARLY ACCESS AGREEMENT

EXHIBIT 3.1B TO EARLY ACCESS AGREEMENT

EARLY ACCESS AGREEMENT

THIS EARLY ACCESS AGREEMENT is entered into and effective as of the 4 th day of August, 2021 by and among the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”), its member state life and health insurance guaranty associations that are or become Participating Associations under this Agreement, and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator for Senior American Insurance Company (“Receiver”).

RECITALS

A. On September 3, 2019, the Commonwealth Court of Pennsylvania entered an Order of Liquidation for Senior American Insurance Company (“Senior American”) (the “Liquidation Order”). Pursuant to the Liquidation Order, the Insurance Commissioner of the Commonwealth of Pennsylvania was named Statutory Liquidator of Senior American under 40 P.S. §§ 221.19 to 221.63 and was bestowed with all power and authority granted to a liquidator pursuant to that statute.

B. In all of the jurisdictions in which Senior American was licensed, there are life and health insurance guaranty associations. When Senior American was placed under an Order of Liquidation with a finding of insolvency, it triggered the obligations of those life and health insurance guaranty associations, subject to statutory conditions and limitations on coverage and applicability, to Policyholders who reside or resided within the life and health insurance guaranty associations’ jurisdictions.

C. NOLHGA is a voluntary association of its members organized as a nonprofit corporation. Its members consist of life and health insurance guaranty associations established by the laws of all the states and the District of Columbia and include all of the Affected Guaranty Associations. NOLHGA has the authority to execute this Agreement on behalf of its members that are Affected Guaranty Associations so as to provide them the opportunity to become Participating Associations as provided in this Agreement.

D. NOLHGA, NOLHGA’s participating member guaranty associations and AF&L Insurance Company have entered into the Services Agreements in order to facilitate and expedite claims processing and other administrative functions required for life and health insurance guaranty associations to begin performing their obligations including providing coverage and benefits with respect to Covered Obligations as soon as practical after the Liquidation Order Date.

E. The Receiver and NOLHGA believe that this Agreement and its terms are necessary and appropriate to carry out the provisions of a Liquidation Order and 40 P.S. § 221.36, to assure equality in the treatment of Affected Guaranty Associations with respect to Early Access Distributions and to ensure the proper return of Early Access Distributions if necessary to recognize the priority to be accorded all creditors of Senior American under 40 P.S. § 221.44.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and intending to be legally bound, the parties agree as follows:

1. Definitions. As used in this Agreement and its exhibits, the following terms have the meanings set forth below:
 - 1.1. Affected Guaranty Associations. Affected Guaranty Associations means those life and health insurance guaranty associations that, as a result of a Liquidation Order have, or will have, obligations, subject to statutory conditions and limitations on coverage and applicability, to Policyholders.
 - 1.2. Agreement. Agreement means this Early Access Agreement.
 - 1.3. Court. Court means the Commonwealth Court of Pennsylvania with jurisdiction over the Senior American receivership under Docket Number 1 SAI 2018.
 - 1.4. Covered Obligations. With respect to each Participating Association, Covered Obligations means the obligations of that Participating Association, pursuant to its governing law and subject to statutory conditions and limitations on coverage and applicability, which may arise in connection with the Policies as a result of a Liquidation Order.
 - 1.5. Early Access Distributions. Early Access Distributions means distributions made by the Receiver to Participating Associations, pursuant to 40 P.S. § 221.36, including any distributions deemed to be 40 P.S. § 221.36 distributions pursuant to any Order of the Court and any Unrecovered Deposits for a Participating Association, except to the extent returned to the Receiver after the Effective Date.
 - 1.6. Effective Date. The Effective Date of this Agreement shall be the date indicated in the first paragraph of this Agreement.
 - 1.7. Liquidation Order. Liquidation Order means an Order entered by the Court placing Senior American into liquidation and finding or declaring Senior American to be insolvent.
 - 1.8. Liquidation Order Date. Liquidation Order Date means September 3, 2019.
 - 1.9. NOLHGA. NOLHGA means the National Organization of Life and Health Insurance Guaranty Associations.
 - 1.10. Participating Association. Participating Association means each Affected Guaranty Association that has elected to participate in this Agreement in accordance with NOLHGA's participation procedures. Exhibit 3.1, to be prepared by NOLHGA and delivered to the Receiver in accordance with Article 3.1 (which may be updated from time to time by NOLHGA), shall identify each Participating Association.

- 1.11. Senior American. Senior American means Senior American Insurance Company, in Liquidation.
- 1.12. Policies. Policies means all insurance policies (including long term care), contracts and certificates issued by Senior American, or any substitute for any such policy, contract or certificate of insurance that may be issued by a Participating Association in accordance with applicable law, for which any Participating Association has Covered Obligations.
- 1.13. Policyholders. Policyholders means any person who is a policyholder, contract holder or certificate holder under a Policy.
- 1.14. Priority of Distribution. Priority of Distribution means the statutory priority to be accorded creditors and claims in the distribution of Senior American assets under 40 P.S. § 221.44.
- 1.15. Proposal to Distribute Assets. Proposal to Distribute Assets means a proposal by the Receiver to make Early Access Distributions in accordance with 40 P.S. § 221.36 and the provisions of this Agreement.
- 1.16. Receiver. Receiver means Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania in her official capacity of Statutory Liquidator for Senior American, her successors in office, all deputies, agents, legal counsel, actuaries, accountants, consultants and other personnel who are retained by and operate under the control and supervision of the Receiver.
- 1.17. Service Agreements. Service Agreements means the Service Agreements among NOLHGA, NOLHGA's participating member guaranty associations and AF&L Insurance Company effective September 3, 2019 and the subsequent Service Agreement with Disability Insurance Specialists that became effective on July 1, 2020.
- 1.18. Unrecovered Deposits. Unrecovered Deposits means those deposits of funds or other assets previously made by Senior American in certain states which have not been recovered by the Receiver on behalf of Senior American and which are still held or maintained by a state insurance department, related regulatory official or Affected Guaranty Association as of the Effective Date of this Agreement. The Unrecovered Deposits as of the Effective Date of this Agreement are identified in Article 4 of this Agreement.

2. Duties of the Receiver.

2.1 Subject to approval of the Court and any condition imposed thereby, including any approval contained in the Liquidation Order, the Receiver shall from time to time make to the Participating Associations, as available, Early Access Distributions of the assets of Senior American attributable to the Policies giving rise to Covered Obligations, which assets are not determined by the Receiver in the Receiver's discretion to be reasonably

necessary for use by the Receiver for (i) expenses of administration of the estate of Senior American, (ii) claims of secured creditors, to the extent of the value of the security held, (iii) as a reserve for claims falling within the priority Class (a) as established in 40 P.S. § 221.44(a), or (iv) as a reserve as required by the Receiver to make equivalent distributions to creditors of the same class of priority as Policyholders (“Available Assets”). The amount of the Early Access Distributions shall be determined pursuant to the priority of claims and early access provisions contained in 40 P.S. §§ 221.44 and 221.36, and the Early Access Distributions each Participating Association receives that are not returned to the Receiver shall be included in its pro rata share of the assets allocated for each statutory priority level class in which the Participating Association has qualifying claims. The Early Access Distributions may not exceed the amount needed to pay each such claim in full for each class of claim. In accordance with 40 P.S. § 221.36(c), if the Available Assets from time to time do not equal or exceed the Covered Obligations to be paid by the Participating Associations, then the amount of Early Access Distributions shall be in the amount of Available Assets.

2.2 The Receiver shall have no obligation to determine whether any claims for benefits under the Policies constitute Covered Obligations of any Participating Association.

2.3 Subject to Article 4, each Participating Association will be entitled to participate in and receive pro-rata Early Access Distributions from Senior American, as recommended by the Receiver and approved by the Court after the filing of a Proposal to Distribute Assets, in the same manner and to the same extent as may be provided to other Participating Associations.

2.4 Subject to the review and approval of the Receiver, the expenses of the Participating Associations in handling claims will be treated by the Receiver as administrative expenses of the estate, pursuant to 40 P.S. § 221.44(a).

2.5 The Receiver shall deliver the Early Access Distributions to NOLHGA or as directed by NOLHGA, on behalf of all Participating Associations. NOLHGA shall, upon its or its designee’s receipt of Early Access Distributions from the Receiver, be responsible for making disbursements to the Participating Associations in accordance with procedures and directives as agreed between NOLHGA and the Participating Associations, and in accordance with this Agreement. Each Participating Association expressly authorizes and consents to the Receiver’s payment of Early Access Distributions directly to NOLHGA or as directed by NOLHGA. The Participating Associations and NOLHGA further acknowledge and agree that the Receiver, following delivery of Early Access Distributions to NOLHGA or as directed by NOLHGA, shall have no responsibility for the timing or manner in which NOLHGA or its designee thereafter disburses the Early Access Distributions to or for the benefit of the Participating Associations.

3. Duties of NOLHGA and the Participating Associations.

3.1 NOLHGA will advise the Receiver within thirty days after the execution of this

Agreement by NOLHGA of the identities of the Participating Associations, as the same shall be determined pursuant to the rules, regulations and bylaws of NOLHGA, by preparation and delivery to the Receiver of a list of Participating Associations, the form of which is attached as Exhibit 3.1A. Each Affected Guaranty Association not listed by NOLHGA as a Participating Association may elect to become a Participating Association at a later date, by informing NOLHGA of its decision and by executing an addendum to this Agreement agreeing to be bound hereby, the form of which is attached as Exhibit 3.1B, and delivering the same to the Receiver with a copy to NOLHGA.

3.2 Each Participating Association will return to the Receiver, within thirty days of the receipt of a written demand from the Receiver (or within ninety days if the Participating Association must make an assessment of its member companies in order to make the repayment), any Early Access Distributions, or portions thereof, made to or for the benefit of such Participating Association (including amounts paid to NOLHGA), together with any investment income earned thereon, that are required to pay (i) claims of secured creditors, (ii) claims falling within the priorities referred to in subsection (b)(1) of 40 P.S. § 221.36, including expenses of the Pennsylvania Insurance Department allocable to Senior American, and (iii) the proportional share of the assets disbursed required by the Receiver to make equivalent distributions to creditors of the same class of priority as policyholders in the event that the Participating Association may have received a disbursement of assets in excess of that equivalent distribution amount for all creditors of Senior American in the same class of priority as policyholders. To the extent that NOLHGA, or one or more of the Participating Associations, objects to or desires to be heard regarding a written demand from the Receiver to repay an Early Access Distribution, or some portion thereof, such dispute shall be submitted to and resolved by the Court.

3.3 Each Participating Association will file a proof of claim either for itself or through an omnibus proof of claim filed through NOLHGA, as supplemented from time to time, for all claims of such Participating Association to be asserted against the Senior American estate. The Receiver will review such proofs of claims and advise NOLHGA and the Participating Associations as to the amount of Covered Obligations and administrative expenses included in the proof of claim for each Participating Association that the Receiver will recommend to the Court for approval. Should NOLHGA or a Participating Association timely disagree with or object to the Receiver's claim recommendations and should the involved parties be unable to resolve such dispute by negotiation, then that disagreement or objection will be heard and resolved by the Court.

3.4 In addition to the accounting and reports required herein, each Participating Association will respond in good faith to reasonable requests for information from the Receiver concerning the receipt and disbursement of all assets transferred under this Agreement and any investment income earned by the Participating Association on such assets.

4. Unrecovered Deposits.

4.1 As of the Effective Date, Unrecovered Deposits are maintained in the following states in the following par amounts:

<i>State</i>	<i>Amount</i>
<i>Florida</i>	<i>\$475,000</i>
<i>New Mexico</i>	<i>\$125,000</i>
<i>Virginia</i>	<i>\$250,000 (Non-Participating Association)</i>

4.2 To the extent that one or more of the Affected Guaranty Associations in the states listed in Section 4.1 above elect to become Participating Associations, then the Receiver and such Participating Associations shall cooperate in good faith and provide reasonable assistance to one another in an effort to collect the Unrecovered Deposit either by seeking payment to the Participating Association or by seeking payment to the Receiver. Such cooperation and assistance shall include, but not be limited to, communicating with the state regulators in possession of the Unrecovered Deposits and executing, as appropriate, either assignments of right to the Participating Associations or acknowledgments that such funds can be returned to and disbursed by the Receiver as general assets of the Senior American estate.

4.3 For purposes of calculating and making Early Access Distributions, no Participating Association shall be treated as having received an Unrecovered Deposit unless it actually receives the Unrecovered Deposit.

4.4 Early Access Distributions for Participating Associations in states with Unrecovered Deposits shall be calculated and paid but only to the extent necessary for that Participating Association to share on a pro rata basis with creditors having the same Priority of Distribution, taking into account the Participating Association's receipt of such Unrecovered Deposit and any return of the Unrecovered Deposit to the Receiver and previously disbursed Early Access Distributions. If a Participating Association receives Early Access Distributions under this Agreement and also receives the Unrecovered Deposit for its state, the Receiver may request the return of the Early Access Distributions together with investment income earned thereon, but only to the extent necessary for that Participating Association to share on a pro rata basis with creditors of the same level Priority of Distribution taking into account the Participating Association's receipt of such Unrecovered Deposit. If the amount of the Unrecovered Deposit that is actually received by the Participating Association exceeds the amount of claims and expenses incurred by the Participating Association, the Participating Association shall pay the excess amount to the Receiver together with investment income earned thereon.

5. Access to Records and Information.

5.1 The Receiver, to the extent not prohibited or restricted by applicable law, will provide NOLHGA and the Participating Associations with reasonable access, during normal business hours, to the books, records and files of Senior American under the control of the Receiver pertaining to Covered Obligations and (ii) timely provide such information, files and documents pertaining to Covered Obligations as may be reasonably requested from time to time by NOLHGA or the Participating Associations; provided, however, that general financial information concerning Senior American shall not be deemed to be “pertaining to Covered Obligations” and will be shared with NOLHGA and the Participating Associations in accordance with Section 5.3 below.

5.2 NOLHGA and the Participating Associations will (i) provide the Receiver with reasonable access, during normal business hours, to the books, records and files of NOLHGA and the Participating Associations which are reasonably related to Covered Obligations and (ii) timely provide such information, files and documents pertaining to the Covered Obligations or the distribution or use of Early Access Distributions pursuant to this Agreement as reasonably requested from time to time by the Receiver.

5.3 The Receiver will provide periodically, but no less frequently than annually, financial information concerning Senior American to NOLHGA and the Participating Associations. The financial information shall be provided in a format determined by the Receiver and will be subject to any Confidentiality Agreement that is entered between NOLHGA and Senior American or the Receiver. The financial information will include the Receiver’s best estimate of the nature and amount of all remaining assets, the nature and amount of all known liabilities, a classification of these liabilities by Priority of Distribution, and the nature and amount of all income and disbursements for the period in question; provided that the Receiver has received all necessary information requested pursuant to Section 5.2 from NOLHGA and the Participating Associations.

5.4 On a semi-annual basis, each Participating Association will provide the Receiver through NOLHGA a written report, together with such other information as may reasonably be required by the Receiver in accordance with 40 P.S. § 221.36(b)(5); provided, however, that the Receiver may request the information contained in the reports be submitted in electronic format, and NOLHGA and the Participating Association will use commercially reasonable efforts to accommodate any such request. Reports shall be mailed by NOLHGA on behalf of each Participating Association to the Receiver at the address set forth in Section 8 of this Agreement or to such other address or by such other means as the Receiver may from time-to-time designate in writing.

5.5 The Receiver shall give NOLHGA reasonable prior written notice, in the form given to other persons on the Court service list, of any hearing before the Court requested by the Receiver in connection with the liquidation of Senior American. Said notice shall be considered supplemental to, and not in lieu of, the rights of NOLHGA and/or the Participating Associations to appear at any Court proceeding concerning the liquidation of Senior American.

6. Premiums. Premiums due on the Policies for coverage for periods prior to the Liquidation Order Date shall be assets of the estate, subject to the provisions of this Agreement and applicable law. Premiums due Participating Associations on the Policies for coverage for periods after the Liquidation Order Date shall belong to and be payable at the direction of each Participating Association and shall not constitute Early Access Distributions, but shall be considered in determining the amount of the Participating Associations' claims. The Receiver and each Participating Association shall account to each other for such premium receipts.

7. Review of Records. The Receiver shall, prior to and in connection with the final distribution of assets of this liquidation, be authorized to review the financial accounts and records of the Participating Associations with respect to receipt of Early Access Distributions, investment income earned on such assets, the payment or discharge of Covered Obligations, and the expenses of the Participating Associations in handling claims.

8. Notice.

8.1 Any notice required or permitted to be given hereunder shall be deemed to be given if delivered by hand or if mailed by certified mail, postage prepaid, or by postal or a commercial express document delivery service which issues an individual delivery receipt, to the following address:

(a) If to Receiver, to:

Laura Slaymaker
Deputy Insurance Commissioner
Pennsylvania Insurance Department
Capital Associates Building
901 North Seventh Street
Harrisburg, Pennsylvania 17102

(b) If to NOLHGA, to:

Joni Forsythe
National Organization of Life & Health Insurance Guaranty Associations
13873 Park Center Road, Suite 1875
Herndon, VA 20171

and

Bart A. Boles
Executive Director
Texas Life and Health Insurance Guaranty Association
1717 West 6th Street, Suite 230
Austin, Texas 78703

And a copy to:

John Finston
McDermott Will & Emery LLP
415 Mission Street, Suite 5600
San Francisco, California 94105-2533

If to a Participating Association, to the person and address set forth in Exhibit 3.1A or Exhibit 3.1B, as applicable.

8.2 Each Party shall be responsible for notifying the others promptly of any change of address or addressee which change shall become effective upon notice given in accordance with the terms of this Section 8.

9. Merger and Choice of Law.

9.1 Except as specifically noted below, this Agreement constitutes the entire agreement of the parties and supersedes and merges all prior oral or written offers and agreements of the parties with respect to the subject matter herein and expresses the full and final intent of the parties. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. Any action or suit at law or equity or other judicial proceeding concerning any claim, issue, dispute or controversy between or among the Receiver, NOLHGA or any of the Participating Associations over (i) the legal obligations of the parties to each other under this Agreement, (ii) the construction of any term or provision of this Agreement or (iii) any Proposal to Distribute Assets, shall be brought in the Court, and each of the parties hereby consent to the exclusive personal and subject matter jurisdiction of the Court for the limited purpose of adjudicating said issues, waives any objection it may now or hereafter have to venue or convenience of forum and agrees not to bring any such action or suit in any other court. This consent shall not extend to matters other than those expressly referenced in the previous sentence. Process in any proceeding referred to in this Section 9.1 may be served on any party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for giving of notice in Section 8. Nothing in this Section 9.1 will affect the right of any party to serve legal process in any other manner permitted by law or at equity.

9.2 The parties acknowledge that the Court has jurisdiction to hear and decide certain disputes and controversies, including those specifically referenced in Sections 3.3 and 9.1. However, this Agreement shall not confer jurisdiction on the Court to resolve any application or interpretation of a governing statute of a Participating Association which shall be made in accordance with the laws of the state of that Participating Association and solely by a court of that state.

10. Termination. This Agreement may be terminated by each Participating Association, with respect to that Participating Association only, by giving written notice in accordance with Section 8 to the Receiver, with a copy to NOLHGA, and by returning to the Receiver all

assets, together with income earned thereon, previously advanced to the Participating Association by the Receiver under this Agreement.

11. Amendment and Waiver. This Agreement may not be amended or modified except by a written instrument signed by authorized representatives of the Receiver, NOLHGA and any Participating Association affected by such amendment or modification. Any waiver of or failure to require adherence to any provision of this Agreement in any instance or series of instances by any party hereto shall not constitute a waiver of such provision in any other instance or constitute a modification of this Agreement.

12. Counterparts. This Agreement may be executed in separate counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. No Third Party Beneficiaries. This Agreement creates no third party beneficiaries and shall not create any rights or benefits that may be enforced by any persons not party to this Agreement.

14. Interpretation of Ambiguities. The parties agree that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. References herein to any Section shall mean and refer to a Section of this Agreement unless otherwise provided.

15. Exhibits. Any exhibit referenced in and attached to this Agreement is incorporated herein by reference as if set forth in the text of this Agreement.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement on the date noted below.

Jessica J. Altman, Insurance Commissioner
of the Commonwealth of Pennsylvania, in
her official capacity as Statutory Liquidator
For Senior American Insurance Company

Laura Lyon
By: Slaymaker

Digitally signed by Laura Lyon
Slaymaker
Date: 2021.09.13 12:59:32 -04'00'

Name: LAURA SLAYMAKER
DEPUTY INSURANCE COMMISIONER
Date: _____

NATIONAL ORGANIZATION OF LIFE
AND HEALTH INSURANCE GUARANTY
ASSOCIATIONS

By: Peter Gallanis

Name: PETER GALLANIS
Title: PRESIDENT
Date: 8/4/2021

EXHIBIT 3.1A TO EARLY ACCESS AGREEMENT

NOLHGA CERTIFICATE OF PARTICIPATING ASSOCIATIONS in the EARLY ACCESS AGREEMENT

Among
National Organization of Life and Health Insurance Guaranty
Associations and Its Participating Member Guaranty Associations
and
Jessica K. Altman, Insurance Commissioner of the Commonwealth of
Pennsylvania in her official capacity as Statutory Liquidator for
Senior American Insurance Company

The National Organization of Life and Health Insurance Guaranty Associations hereby certifies that, pursuant to NOLHGA's bylaws and Members' Participation Council Rules and Procedures, the following state life and health insurance guaranty associations have elected to become Participating Associations under the Early Access Agreement entered into as of August 4, 2021 by NOLHGA and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania in her official capacity as Statutory Liquidator for Senior American Insurance Company. The Participating Associations agree to be bound by the terms and conditions of the Early Access Agreement.

Any notice required or permitted to be given under the Agreement to the Participating Associations shall be deemed to be given if given as provided for in Section 8 of the Early Access Agreement to such Participating Associations at the following addresses:

Alabama Life & Disability Insurance Guaranty Association Dotty Still, Executive Director 2009 Eagle Ridge Drive Birmingham, AL 35242	Arizona Life & Disability Insurance Guaranty Fund Lori D. Nestor, Executive Director 100 N. 15th Avenue, Suite 261 Phoenix, AZ 85007-2630
Colorado Life and Health Insurance Guaranty Association James W. Rhodes, Esq., Administrator 201 Robert S. Kerr, Suite 600 Oklahoma City, OK 73102	Florida Life & Health Insurance Guaranty Association Michelle Robleto, Executive Director 1400 Village Square Boulevard Suite 3-13 Tallahassee, FL 32312
Louisiana Life & Health Insurance Guaranty Association Julie Fuselier, Executive Director 620 Florida Street, Suite 210 Baton Rouge, LA 70801	Maryland Life & Health Insurance Guaranty Corporation Beth Hoffman, Executive Director 6210 Guardian Gateway, Suite 195APG Aberdeen, MD 21005

<p>Mississippi Life & Health Insurance Guaranty Association Gordon B. Haydel, Executive Director 330 North Mart Plaza, Suite 2 Jackson, MS 39206</p>	<p>New Mexico Life & Health Insurance Guaranty Association Michael Batte, Administrator PO Box 2880 Santa Fe, NM 87504-2880</p>
<p>Pennsylvania Life & Health Insurance Guaranty Association Nancy Margolis, Executive Director Radnor Station Building No. 2 290 King of Prussia Road, Suite 218 Radnor, PA 19087</p>	

Date: September 3, 2021

NATIONAL ORGANIZATION OF LIFE
AND HEALTH INSURANCE
GUARANTY ASSOCIATIONS

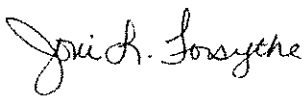
By: 

EXHIBIT 3.1B TO EARLY ACCESS AGREEMENT

JOINDER ADDENDUM

The undersigned hereby agrees, effective as of the date hereof, to become a party to and be bound as a Participating Association to that certain Early Access Agreement entered into and effective as of the ___th day of _____, 2021 by and among the National Organization of Life and Health Insurance Guaranty Associations, its Participating Member Guaranty Associations, and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator for Senior American Insurance Company (“Receiver”) (as amended from time to time pursuant to the terms of the Agreement, the “Agreement”). Capitalized terms used but not defined in this Joinder Addendum shall have the meanings ascribed to such terms in the Agreement.

Any Notice to be given to the undersigned Association pursuant to section 8 of the Early Access Agreement shall be provided to:

Date: _____

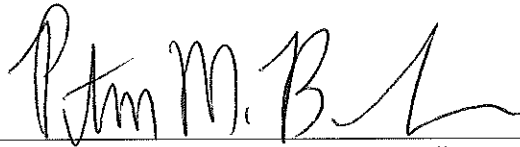
By: _____

Name: _____

Title: _____

**CERTIFICATION OF COMPLIANCE
WITH PUBLIC ACCESS POLICY**

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.



PRESTON M. BUCKMAN (I.D. #57570)

pbuckman@pa.gov

Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds

Governor's Office of General Counsel

901 North 7th Street, Suite 201

Harrisburg, PA 17102

(717) 886-2080

Attorney for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Senior American Insurance Company, In
Liquidation

Dated: September 28, 2021

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding, in accordance with the requirements of Pa. R.A.P. 3780, in the following manner:

Service via email or regular U.S. Mail addressed as follows:

Benedict J. Iacovetti, Chief
Executive Officer
biacovetti@afltc.com
AF&L Insurance Company
Senior American Insurance Company
580 Virginia Drive, Suite 330
Fort Washington, PA 19034
(215) 918-0515
(215) 918-0565 (Fax)

Matthew Coble, Esquire
mdcoble@mette.com
Mette, Evans & Woodside
3401 North Front Street
P.O. Box 5950
Harrisburg, PA 17110-0950
(717) 232-5000
(717) 236-1816 (Fax)

Bart A. Boles, Executive Director
bboles@txlifega.org
Texas Life & Health Insurance
Guaranty Association
1717 West 6th Street, Suite 230
Austin, TX 78703
(512) 476-5101
(512) 472-1470 (Fax)

Dotty Still, Executive Director
Alabama Life & Disability Insurance
Guaranty Association
2009 Eagle Ridge Drive
Birmingham, AL 35242
(205) 879-2202
(205) 879-2292 (Fax)

Lori D. Nestor, Executive Director
Arizona Life & Disability Insurance
Guaranty Fund
100 North 15th Avenue, Suite 261
Phoenix, AZ 85007-2630
(602) 364-3863
(602) 364-3872 (Fax)

James W. Rhodes, Esquire, Administrator
jwrhodes@colifega.org
Colorado Life and Health Insurance
Guaranty Association
201 Robert S. Kerr, Suite 600
Oklahoma City, OK 73102
(800) 337-7796

Michelle Robleto, Executive Director
Florida Life & Health Insurance
Guaranty Association
1400 Village Square Blvd., Suite 3-13
Tallahassee, FL 32312
(850) 523-1870
(850) 386-1313 (Fax)

Julie Fuselier, Executive Director
Julie.fuselier@amstrategies.co
Louisiana Life & Health Insurance
Guaranty Association
620 Florida Street, Suite 210
Baton Rouge, LA 70801
(225) 381-0656
(225) 344-1132 (Fax)

Beth Hoffman, Executive Director
beth.hoffman@mdlifega.org
Maryland Life & Health Insurance
Guaranty Corporation
6210 Guardian Gateway, Suite 195APG
Aberdeen, MD 21005
(410) 248-0407
(410) 248-0409 (Fax)

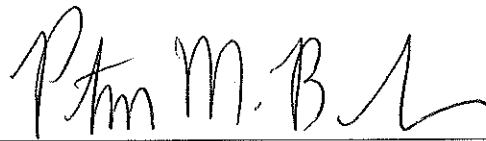
Gordon B. Haydel, Executive Director
Mississippi Life & Health Insurance
Guaranty Association
330 North Mart Plaza, Suite 2
Jackson, MS 39206
(601) 981-0755
(601) 362-9544 (Fax)

Michael Batte, Administrator
New Mexico Life & Health Insurance
Guaranty Association
P.O. Box 2880
Santa Fe, NM 87504-2880
(505) 820-7355
(505) 820-7356 (Fax)

Nancy Margolis, Executive Director
Pennsylvania Life & Health Insurance
Guaranty Association
Radnor Station Building No. 2
290 King of Prussia Road, Suite 218
Radnor, PA 19087
(610) 975-0572
(610) 975-9348 (Fax)

Margaret M. Parker, Executive Director
pparker@valifega.org
Virginia Life, Accident & Sickness
Insurance Guaranty Association
1503 Santa Rosa Road, Suite 101
Henrico, VA 23229-5105
(804) 282-2240
(804) 282-1816 (Fax)

Peter G. Gallanis, President
NOLHGA
13873 Park Center Road, Suite 505
Herndon, VA 20171
(703) 481-5206
(703) 481-5209 (Fax)



PRESTON M. BUCKMAN (I.D. #57570)
pbuckman@pa.gov
Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds
Governor's Office of General Counsel
901 North 7th Street, Suite 201
Harrisburg, PA 17102
(717) 886-2080

Attorney for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Senior American Insurance Company, In
Liquidation

Dated: September 28, 2021

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Jessica K. Altman, Insurance :
Commissioner of the :
Commonwealth of Pennsylvania, :
 :
Plaintiff, :
 :
v. :
 :
Senior American Insurance Company, :
 :
Defendant. :

No. 1 SAI 2018

RE: Liquidator’s Proposal To Distribute Assets To State Guaranty Associations Pursuant To 40 P.S. § 221.36

ORDER

AND NOW, this ____ day of _____, 2021, upon consideration of the Liquidator’s Proposal To Distribute Assets To State Guaranty Associations Pursuant To 40 P.S. § 221.36 (“Proposal”), it is hereby ORDERED and DECREED:

1. The Liquidator is authorized to distribute \$6 million in cash and special/statutory deposits to the Participating Associations, as identified in the Agreement attached to the Proposal as Exhibit A, through the National Organization of Life and Health Guaranty Associations, in accordance with 40 P.S. §§ 221.36 and 221.44, in partial payment of the Participating Associations’ claims for administrative costs and claims payments that they will incur in the Senior American Insurance Company liquidation.

P. KEVIN BROBSON, PRESIDENT JUDGE



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

September 28, 2021

Michael F. Krimmel, Chief Clerk
Commonwealth Court of Pennsylvania
601 Commonwealth Avenue, Suite 2100
P.O. Box 69185
Harrisburg, PA 17120-9185

***Re: Jessica K. Altman, Insurance Commissioner of the Commonwealth of
Pennsylvania v. Senior American Insurance Company ("SAIC")
No. 1 SAI 2018***

Dear Mr. Krimmel:

Attached for filing please find the Liquidator's Proposal to Distribute Assets to State Guaranty Associations Pursuant to 40 P.S. § 221.36 with regard to the above-referenced matter.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "P.M. Buckman".

Preston M. Buckman
Insurance Department Counsel

PMB:drh

Enclosure