

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of the Certificate of Authority of)	SUSPENSION ORDER
Penn Treaty Network America Insurance)	
Company, Allentown, Pennsylvania)	Case No. INS 09-09-001

INTRODUCTION

The Director of the Department of Consumer and Business Services (Director) hereby issues a Suspension Order to Penn Treaty Network America Insurance Company (PENN TREATY) under Oregon Revised Statutes (ORS) 731.256 and 731.414 because the Director has reason to believe the following:

FINDINGS OF FACT

Since August 19, 1961, PENN TREATY, a Pennsylvania corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact life and health insurance within the state of Oregon.

On January 6, 2009, the Commonwealth Court of Pennsylvania granted the Pennsylvania Insurance Commissioner's Petition for Rehabilitation. The Pennsylvania Insurance Commissioner is preparing a plan of rehabilitation.

Rehabilitation is a form of delinquency proceeding.

On or about May 15, 2009, PENN TREATY filed financial statements reflecting capital and surplus of (\$243,575,184) as of March 31, 2009.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of Pennsylvania commenced a delinquency proceeding against PENN TREATY .

PENN TREATY did not maintain at least \$2,500,000 in capital and surplus, or any combination thereof, as required by ORS 731.554.

CONCLUSIONS OF LAW

The Director may suspend PENN TREATY's Oregon certificate of authority without a hearing under 731.414 (2) when a delinquency proceeding has been commenced.

PENN TREATY did not comply with the minimum capital and surplus requirement of ORS 731.554 for a certificate of authority. Such condition is a ground under ORS 731.414(1)(a) for suspending an insurer's certificate of authority without a hearing under ORS 731.414(2).

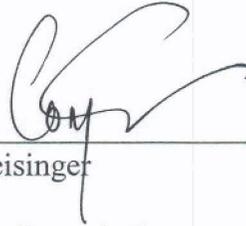
ORDER

Pursuant to ORS 731.414, the Oregon certificate of authority issued to PENN TREATY is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Director, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, PENN TREATY shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, PENN TREATY may issue renewal policies in this state. PENN TREATY shall file its annual financial statement and pay any fees and taxes required to be paid. PENN TREATY shall service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent PENN TREATY within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to PENN TREATY is suspended. During the period of suspension, a producer may represent PENN TREATY only to the extent that PENN TREATY may service any existing policies of insurance issued to persons residing in Oregon and that PENN TREATY has authorized the producer to represent it.

PENN TREATY is hereby ordered to provide a copy of this suspension order to all appointed producers within 14 days of the date of this order. The company shall provide to the director within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 17th day of September, 2009.



Cory Streisinger
Director
Insurance Commissioner
Department of Consumer and Business Services

RIGHT TO A HEARING

The party has the right to a hearing pursuant to ORS 183.415. A party may request a hearing by sending a written request to the Insurance Division. A party may send the request to the Insurance Division by delivering it to the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailing it to PO Box 14480, Salem, OR 97309-0405, or faxing it to 503-378-4351; or e-mailing it to mitchel.d.curzon@state.or.us. The Insurance Division must *receive* the request within 21 days from the date this notice was *sent* to the party.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above, then the Insurance Division will refer the request to the Office of Administrative Hearings (OAH). OAH will schedule the hearing and notify the party of the date and location of the hearing and other related information. OAH will conduct the hearing in accordance with the Oregon Administrative Procedures Act, ORS Chapter 183; and related rules, Oregon Administrative Rules (OAR) 137-03-0502 *et seq.* A party that is a corporation, partnership, limited liability company, unincorporated association, trust, or government agency must be represented at a hearing by an attorney licensed in Oregon except as otherwise provided by law. Subsequently, OAH will issue a proposed order, and the director will issue a final order.

If the Insurance Division does not receive from or on behalf of a party a written request for a hearing by the due date described above; or a party that has timely requested a hearing withdraws the request, notifies the Insurance Division or OAH that the party will not appear at a hearing, or does not appear at a scheduled hearing, then the director will issue a final order by default taking the action proposed therein. If the director issues a final order by default, then the record of this proceeding to date, including the designated portion of the Insurance Division's file on the party, automatically become part of the contested case record for the purpose of proving a *prima facie* case.