

WYOMING DEPARTMENT OF INSURANCE
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*****FOR IMMEDIATE RELEASE*****

Penn Treaty Liquidation Impacts Wyoming Policyholders

CHEYENNE, Wyo. – The Wyoming Department of Insurance recently received notice Penn Treaty and American Network Insurance Company (“Penn Treaty”) have been placed into liquidation due to financial insolvency. Penn Treaty is domiciled in Pennsylvania and specialized in offering long-term care policies to consumers nationwide. Wyoming Insurance Commissioner Tom Glause says the Penn Treaty liquidation impacts over 75,000 policyholders nationwide, including 109 Wyoming policyholders.

Typically, long term care insurance provides nursing-home care, home-health care, personal or adult day care for individuals above the age of 65 or with a chronic or disabling condition that needs constant supervision. Individuals who require long-term care are generally not sick in the traditional sense, but instead, are unable to perform activities of daily living (ADLs) such as dressing, bathing, eating, toileting, continence, transferring (getting in and out of a bed or chair), and walking.

The company was placed into rehabilitation, and petitions were filed for liquidation in Oct. 2009 after it was determined that the companies do not have adequate assets (including premiums to be collected in the future) to fully pay for expected future claims. Liquidation petitions were denied by the court in May 2012, but on March 1, 2017, Penn Treaty was placed in court-approved liquidation. The Pennsylvania Commissioner of Insurance Teresa Miller was appointed liquidator.

“Throughout the country, long-term care insurers have faced significant challenges over the past several years. Pricing of these policies for many companies has proven to be insufficient based on incorrect assumptions regarding increased care costs, benefit utilization and low investment returns,” said Glause. “These assumptions and their associated financial losses caused many long-term care insurers to leave the market or seek large premium rate increases.”

Glause said in Penn Treaty’s situation, the Pennsylvania Insurance Department had no alternative other than to place the company into liquidation. “The court-approved order of liquidation provides some protection to the policy holders, including the continued payment of valid claims.” Penn Treaty policyholders must continue to pay premiums in full and on time in order to be eligible for guaranty association coverage.

Guaranty associations are established by state laws, and the coverage limits vary from state to state. The Wyoming Life and Health Insurance Guaranty Association fund, provides a safety net to eligible Penn Treaty claimants in Wyoming. The fund is designed to protect policyholders in the event of insurance company insolvency.

Commissioner Glause said, “The liquidator is in the process of notifying all policy holders, claimants and other interested parties by mail to outline the procedure to file claims and receive information on the liquidation status. Also, NOLHGA, the National Organization of Life and Health Insurance Guaranty Association, an association of all 50 states, has been coordinating with the each state’s life and health guarantee association. The Wyoming Life and Health Insurance Guaranty Association will contact policyholders with further instructions.”

“It is very important that Wyoming policyholders complete and return the proof of claim form they receive in the mail. The process to pay premiums will remain the same as before the liquidation,” said Glause. Additional information on the liquidation order can be found at the Department’s website at: www.doi.wyo.gov. or contact the Wyoming Department of Insurance at 307-777-7401 or 1-800-438-5768.