

Michigan Life & Health
Insurance Guaranty Association

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To: Member Company
Michigan Life & Health Insurance Guaranty Association

From: John C. Colpean, General Counsel & Administrator

Date: March 31, 2017

Re: Penn Treaty Network America Insurance Company Liquidation & Assessments

Health Account Assessment

The Board of Directors of the Michigan Life & Health Insurance Guaranty Association (hereafter "MLHIGA") has approved a health account assessment in the aggregate amount of \$8,000,000 on its members to cover the initial costs and expenses relative to the Penn Treaty Network America Insurance Company (Penn Treaty) insolvency.

Your share of the assessment has been calculated pursuant to section 500.7709 of the Michigan Compiled Laws and is set forth on the enclosed worksheet. Your share of the assessment is based on the percentage that the Michigan health premiums for your company bears to the total Michigan health premiums for all member companies for the 3 most recent calendar years for which information is available.

Background

On July 27, 2016, a petition was filed by the receiver in the Commonwealth Court of Pennsylvania seeking the liquidation of Penn Treaty. On March 1, 2017, the petition was approved by the Court, which triggered MLHIGA and the life and health insurance guaranty associations in every state where Penn Treaty was licensed.

Penn Treaty wrote primarily long-term-care (LTC) insurance, along with a small number of other health insurance policies. As a result, MLHIGA member companies that wrote health insurance in Michigan will be assessed to fund MLHIGA's obligations to covered Penn Treaty policyholders. Nationally, guaranty associations will be providing coverage of more than \$3 billion in policy benefits for approximately 78,000 policyholders, and this coverage will continue for decades. MLHIGA will be providing coverage of approximately \$34 million in policy benefits for 1,185 Michigan resident Penn Treaty policyholders.

The enclosed assessment is the initial assessment needed to fund MLHIGA's Penn Treaty obligations. Additional assessments will be made in the future to fund the balance of MLHIGA's Penn Treaty obligations.

The enclosed assessment is in compliance with section 500.7709(6) of the Michigan Compiled Laws, which states in part that assessments "shall be made with a reasonable degree of accuracy, recognizing that exact determinations may not always be possible."

Pursuant to section 500.7709(14) of the Michigan Compiled Laws, if a member insurer wishes to protest an assessment, the amount assessed shall be paid to MLHIGA pending the outcome of the protest.

If you have any questions regarding this assessment or the Penn Treaty liquidation, please contact me at (517) 339-1898 (direct line) or jcolpean@milifeqa.org. You can also find current information about the liquidation on the Penn Treaty website (www.penn treaty.com) and the MLHIGA website (www.milifeqa.org) which includes a FAQ document with more details about the receivership.

Payment is due on or before May 1, 2017

**Michigan Life Health Insurance Guaranty Association
(Member Balances Due - Penn Treaty Assessment)**

NAIC	Name	Balance Due
80985	4 EVER LIFE INSURANCE COMPANY	94,447
71854	AAA LIFE INSURANCE COMPANY	3,247
71471	ABILITY INSURANCE COMPANY	820
22667	ACE AMERICAN INSURANCE COMPANY	7,377
33898	AEGIS SECURITY INSURANCE CO	171
60054	AETNA LIFE INSURANCE CO	209,130
82406	ALL SAVERS INSURANCE CO	8,613
60134	ALLIANCE HEALTH AND LIFE INSURANCE CO	210,502
90611	ALLIANZ LIFE INS CO OF NORTH AMERICA	4,145
60186	ALLSTATE LIFE INSURANCE COMPANY	685
60275	AMERICAN BANKERS LIFE ASR CO OF FLORIDA	410
12321	AMERICAN CONTINENTAL INSURANCE COMPANY	16,121
60380	AMERICAN FAMILY LIFE ASSUR OF COLUMBUS	158,591
60410	AMERICAN FIDELITY ASSURANCE CO	6,124
60488	AMERICAN GENERAL LIFE INSURANCE COMPANY	5,705
60518	AMERICAN HEALTH & LIFE INS CO	2,335
60534	AMERICAN HERITAGE LIFE INS CO	10,721
60577	AMERICAN INCOME LIFE INSURANCE CO	2,658
81418	AMERICAN MEDICAL AND LIFE INSURANCE CO	209
65811	AMERICAN MODERN LIFE INSURANCE CO	162
60739	AMERICAN NATIONAL INSURANCE CO	219
71773	AMERICAN NATIONAL LIFE INS OF TEXAS	1,464
60801	AMERICAN PUBLIC LIFE INSURANCE COMPANY	365
60836	AMERICAN REPUBLIC INSURANCE	987
42978	AMERICAN SECURITY INSURANCE CO	191
60895	AMERICAN UNITED LIFE INSURANCE CO	1,057
61301	AMERITAS LIFE INSURANCE CORP	13,227
27928	AMEX ASSURANCE CO	1,245
60250	AMFIRST INSURANCE COMPANY	129
11150	ARCH INSURANCE COMPANY	175
71439	ASSURITY LIFE INSURANCE CO	30,488
61492	ATHENE ANNUITY & LIFE ASSURANCE CO.	719
27154	ATLANTIC SPECIALTY INSURANCE COMPANY	1,204
84522	AUTO CLUB LIFE INSURANCE CO	640
61190	AUTO-OWNERS LIFE INSURANCE CO	4,449
62944	AXA EQUITABLE LIFE INSURANCE COMPANY	1,980
37273	AXIS INSURANCE COMPANY	1,493
61239	BANKERS FIDELITY LIFE INSURANCE COMPANY	5,779
61263	BANKERS LIFE AND CASUALTY CO	25,075
38245	BCS INSURANCE CO	5,231
64890	BERKLEY LIFE AND HEALTH INS CO	1,682
71714	BERKSHIRE LIFE INSURANCE CO OF AMERICA	13,565
90638	BEST LIFE & HEALTH INSURANCE COMPANY	1,329
54291	BLUE CROSS BLUE SHIELD OF MI MUTUAL INS	3,729,417
61476	BOSTON MUTUAL LIFE INSURANCE CO	444
87726	BRIGHTHOUSE LIFE INSURANCE COMPANY	2,011
19518	CATLIN INSURANCE COMPANY INC.	290

**Michigan Life Health Insurance Guaranty Association
(Member Balances Due - Penn Treaty Assessment)**

80799	CELTIC INSURANCE CO	1,669
61751	CENTRAL STATES HEALTH & LIFE CO OF OMAHA	1,011
34274	CENTRAL STATES INDEMNITY CO OF OMAHA	3,205
61883	CENTRAL UNITED LIFE INSURANCE CO	146
80896	CENTRE LIFE INSURANCE COMPANY	642
10642	CHEROKEE INSURANCE CO	38,259
61832	CHESAPEAKE LIFE INSURANCE CO, THE	7,130
67369	CIGNA HEALTH AND LIFE INSURANCE COMPANY	74,510
76236	CINCINNATI LIFE INSURANCE CO, THE	489
62626	CMFG LIFE INSURANCE COMPANY	26,775
62049	COLONIAL LIFE & ACCIDENT INS CO	14,661
62065	COLONIAL PENN LIFE INSURANCE CO.	12,091
76023	COLUMBIAN LIFE INSURANCE CO	180
62146	COMBINED INSURANCE CO OF AMERICA	20,788
84824	COMMONWEALTH ANNUITY & LIFE INS COMPANY	136
77828	COMPANION LIFE INSURANCE CO	51,199
62308	CONNECTICUT GENERAL LIFE INS CO	11,961
62359	CONSTITUTION LIFE INSURANCE CO	1,259
71730	CONTINENTAL AMERICAN INSURANCE COMPANY	10,282
20443	CONTINENTAL CASUALTY CO	22,545
71404	CONTINENTAL GENERAL INSURANCE CO	3,584
68500	CONTINENTAL LIFE INS CO OF BRENTWOOD TN	3,227
62553	COUNTRY LIFE INSURANCE CO	323
71129	DEARBORN NATIONAL LIFE INSURANCE CO	6,532
62634	DELAWARE AMERICAN LIFE INSURANCE CO	101
73474	DENTEGRA INSURANCE COMPANY	7,135
62952	EQUITABLE LIFE & CASUALTY INSURANCE CO	4,433
60025	EXPRESS SCRIPTS INSURANCE COMPANY	2,123
77968	FAMILY HERITAGE LIFE INS CO OF AMERICA	1,081
63053	FAMILY LIFE INSURANCE CO	2,691
63177	FARMERS NEW WORLD LIFE INSURANCE CO	118
20281	FEDERAL INSURANCE CO	1,228
63258	FEDERATED LIFE INSURANCE CO	1,225
13935	FEDERATED MUTUAL INSURANCE CO	48,736
71870	FIDELITY SECURITY LIFE INSURANCE CO	21,064
71455	FINANCIAL AMERICAN LIFE INSURANCE COMPAN	105
90328	FIRST HEALTH LIFE & HEALTH INSURANCE CO	263
91642	FORETHOUGHT LIFE INSURANCE CO	435
62324	FREEDOM LIFE INSURANCE CO OF AMERICA	1,737
63665	GENERAL AMERICAN LIFE INSURANCE CO	259
65536	GENWORTH LIFE AND ANNUITY INSURANCE CO	1,657
70025	GENWORTH LIFE INSURANCE COMPANY	65,143
70939	GERBER LIFE INSURANCE CO	10,014
91472	GLOBE LIFE & ACCIDENT INSURANCE CO	892
62286	GOLDEN RULE INSURANCE CO	115,485
63967	GOVERNMENT PERSONNEL MUTUAL LIFE INS CO	4,458
16691	GREAT AMERICAN INSURANCE CO	483
80705	GREAT WEST LIFE ASSURANCE CO	397

**Michigan Life Health Insurance Guaranty Association
(Member Balances Due - Penn Treaty Assessment)**

68322	GREAT-WEST LIFE & ANNUITY INSURANCE	1,978
64211	GUARANTEE TRUST LIFE INSURANCE CO	7,682
64246	GUARDIAN LIFE INSURANCE CO OF AMER	94,979
64327	HARLEYSVILLE LIFE INSURANCE CO	793
70815	HARTFORD LIFE & ACCIDENT INSURANCE CO	39,737
88072	HARTFORD LIFE INSURANCE CO	1,672
92711	HCC LIFE INSURANCE CO	24,802
70670	HEALTH CARE SERVICE CORPORATION	2,006
12826	HEALTHPLUS INSURANCE COMPANY	201,850
93440	HM LIFE INSURANCE COMPANY	12,492
73288	HUMANA INSURANCE COMPANY	67,541
70580	HUMANADENTAL INSURANCE COMPANY	6,937
64580	ILLINOIS MUTUAL LIFE INSURANCE COMPANY	3,599
35408	IMPERIUM INSURANCE COMPANY	272
26581	INDEPENDENCE AMERICAN INSURANCE COMPANY	1,277
29742	INTEGON NATIONAL INSURANCE CO	111
64904	INVESTORS HERITAGE LIFE INSURANCE CO	102
65056	JACKSON NATIONAL LIFE INSURANCE CO	1,548
65080	JOHN ALDEN LIFE INSURANCE CO	15,162
93610	JOHN HANCOCK LIFE & HEALTH INSURANCE CO	390
65838	JOHN HANCOCK LIFE INSURANCE CO (USA)	49,796
65110	KANAWHA INSURANCE CO	7,241
65129	KANSAS CITY LIFE INSURANCE CO	5,647
65315	LIBERTY LIFE ASSURANCE CO OF BOSTON	19,004
65331	LIBERTY NATIONAL LIFE INSURANCE CO	234
66753	LIBERTY UNION LIFE ASSURANCE CO	20,672
65498	LIFE INSURANCE CO OF NORTH AMERICA	66,605
97691	LIFE OF THE SOUTH INSURANCE COMPANY	650
77720	LIFESECURE INSURANCE COMPANY	2,908
65595	LINCOLN BENEFIT LIFE CO	1,791
65927	LINCOLN HERITAGE LIFE INSURANCE COMPANY	1,631
62057	LINCOLN LIFE & ANNUITY COMPANY	112
65676	LINCOLN NATIONAL LIFE INSURANCE CO	74,487
65722	LOYAL AMERICAN LIFE INSURANCE CO	6,202
65781	MADISON NATIONAL LIFE INS CO, INC	15,955
65870	MANHATTAN LIFE INSURANCE CO, THE	1,091
38970	MARKEL INSURANCE CO	290
65935	MASSACHUSETTS MUTUAL LIFE INS CO	14,159
69515	MEDAMERICA INSURANCE CO	1,709
29076	MEDICAL MUTUAL OF OHIO	1,162
79987	MEDICO CORP LIFE INSURANCE COMPANY	1,206
31119	MEDICO INSURANCE COMPANY	2,507
65978	METROPOLITAN LIFE INSURANCE CO	186,812
66087	MID-WEST NATIONAL LIFE INS CO OF TN	2,655
66168	MINNESOTA LIFE INSURANCE COMPANY	15,023
66370	MONY LIFE INSURANCE CO	353
88668	MUTUAL OF AMERICA LIFE INSURANCE CO	122
71412	MUTUAL OF OMAHA INSURANCE CO	11,042

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66583	NATIONAL GUARDIAN LIFE INSURANCE CO	17,252
82538	NATIONAL HEALTH INSURANCE CO	410
30155	NATIONAL INS CO OF WISCONSIN, INC	345
66680	NATIONAL LIFE INSURANCE CO	1,422
87963	NATIONAL TEACHERS ASSOCIATES LIFE INS CO	415
19445	NATIONAL UNION FIRE INS CO OF PITTS	18,486
66869	NATIONWIDE LIFE INSURANCE CO	6,189
66915	NEW YORK LIFE INSURANCE CO	6,699
81264	NIPPON LIFE INSURANCE CO OF AMERICA	18,524
21105	NORTH RIVER INSURANCE CO	151
69000	NORTHWESTERN LONG TERM CARE INSURANCE CO	16,633
67091	NORTHWESTERN MUTUAL LIFE INSURANCE	23,454
89206	OHIO NATIONAL LIFE ASR CORPORATION	1,042
67172	OHIO NATIONAL LIFE INSURANCE CO	467
24147	OLD REPUBLIC INSURANCE CO	129
76007	OLD UNITED LIFE INSURANCE CO	2,145
13100	OMAHA INSURANCE COMPANY	10,567
76112	OXFORD LIFE INSURANCE CO	1,311
70785	PACIFICARE LIFE & HEALTH INSURANCE CO	693
67539	PAN-AMERICAN LIFE INSURANCE CO	7,607
11518	PARAMOUNT INSURANCE COMPANY	7,688
67598	PAUL REVERE LIFE INSURANCE CO	7,588
93777	PAVONIA LIFE INSURANCE CO. OF MICHIGAN	435
67628	PEKIN LIFE INSURANCE CO	3,693
67644	PENN MUTUAL LIFE INSURANCE CO	384
67660	PENNSYLVANIA LIFE INSURANCE CO	1,623
67784	PHILADELPHIA AMERICAN LIFE INS CO	103
12816	PHP INSURANCE COMPANY	47,486
72125	PHYSICIANS LIFE INSURANCE CO	268
80578	PHYSICIANS MUTUAL INSURANCE CO	3,166
61271	PRINCIPAL LIFE INSURANCE COMPANY	33,028
12208	PRIORITY HEALTH INSURANCE COMANY	229,768
68047	PROFESSIONAL INSURANCE CORPORATION	2,029
68136	PROTECTIVE LIFE INSURANCE CO	775
68195	PROVIDENT LIFE & ACCIDENT INS CO	38,718
68241	PRUDENTIAL INSURANCE CO OF AMERICA	34,842
39217	QBE INSURANCE CORPORATION	950
68381	RELIANCE STANDARD LIFE INSURANCE CO	27,608
67105	RELIASTAR LIFE INSURANCE CO	10,810
61360	RELIASTAR LIFE INSURANCE COMPANY OF NY	503
61700	RENAISSANCE LIFE & HEALTH INS CO OF AMER	25,157
68462	RESERVE NATIONAL INSURANCE CO	137
12471	RETAILERS INSURANCE COMPANY	629
65005	RIVERSOURCE LIFE INSURANCE COMPANY	17,715
69914	SEARS LIFE INSURANCE COMPANY	199
93742	SECURIAN LIFE INSURANCE CO	2,725
76325	SENIOR HEALTH INSURANCE CO OF PENNSYLVAN	4,314
68810	SENTRY LIFE INSURANCE CO	400

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68845	SHENANDOAH LIFE INSURANCE CO	152
38776	SIRIUS AMERICA INSURANCE COMPANY	6,002
69019	STANDARD INSURANCE CO	18,840
86355	STANDARD LIFE AND ACCIDENT INSURANCE CO	14,924
69078	STANDARD SECURITY LIFE INS CO OF NY	7,443
68985	STARMOUNT LIFE INSURANCE COMPANY	1,769
25178	STATE FARM MUTUAL AUTOMOBILE INS CO	24,027
69116	STATE LIFE INSURANCE CO	591
77399	STERLING LIFE INSURANCE COMPANY	254
80926	SUN LIFE AND HEALTH INSURANCE CO (US)	2,616
80802	SUN LIFE ASR COMPANY OF CANADA	34,185
68608	SYMETRA LIFE INSURANCE COMPANY	22,365
69345	TEACHERS INSURANCE AND ANNUITY ASSOCIAT	721
60142	TIAA-CREF LIFE INSURANCE COMPANY	301
69477	TIME INSURANCE COMPANY	54,650
10952	TRANSAMERICA CASUALTY INSURANCE COMPANY	132
86231	TRANSAMERICA LIFE INSURANCE COMPANY	24,987
66281	TRANSAMERICA PREMIER LIFE INSURANCE CO	9,717
61425	TRUSTMARK INSURANCE CO (MUTUAL)	5,450
62863	TRUSTMARK LIFE INSURANCE CO	5,034
80314	UNICARE LIFE & HEALTH INSURANCE CO	2,010
11121	UNIFIED LIFE INSURANCE COMPANY	2,085
91529	UNIMERICA INSURANCE COMPANY	4,471
80837	UNION CENTRAL LIFE INSURANCE CO	857
62596	UNION FIDELITY LIFE INSURANCE CO	385
69744	UNION LABOR LIFE INSURANCE CO	3,724
70408	UNION SECURITY INSURANCE COMPANY	15,815
92916	UNITED AMERICAN INSURANCE CO	30,930
85766	UNITED CONCORDIA INSURANCE CO	1,675
69930	UNITED INSURANCE COMPANY OF AMERICA	234
69868	UNITED OF OMAHA LIFE INSURANCE CO	79,203
42129	UNITED SECURITY ASSURANCE CO OF PENNSYL	146
21113	UNITED STATES FIRE INSURANCE CO	2,743
70106	UNITED STATES LIFE INS CO IN CITY OF NY	3,577
72850	UNITED WORLD LIFE INSURANCE CO	3,128
79413	UNITEDHEALTHCARE INSURANCE CO	558,986
97179	UNITEDHEALTHCARE LIFE INSURANCE COMPANY	10,071
62235	UNUM LIFE INSURANCE COMPANY OF AMERICA	108,745
97772	US HEALTH AND LIFE INSURANCE CO	32,111
69663	USAA LIFE INSURANCE CO	2,451
39616	VISION SERVICE PLAN INSURANCE CO	54,641
70319	WASHINGTON NATIONAL INSURANCE CO	7,159
70483	WESTERN & SOUTHERN LIFE INS CO	1,001
39845	WESTPORT INSURANCE CORP	9,662
53139	WISCONSIN PHYSICIANS SERVICE INS CORP	523
16535	ZURICH AMERICAN INSURANCE CO	4,152