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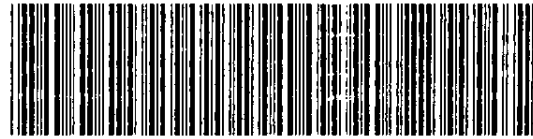
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FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
11 MAR 28 PM 12:08

EFFECTIVE DATE

5/20/2011

merger/cc
@ 3/30/11

March 25, 2011

COVER LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: **Penn Treaty Network America Insurance Company (In Rehabilitation)**
Name of Surviving Corporation

The enclosed Articles of Merger and fee are submitted for filing.

Please return all correspondence concerning this matter to following:

Linda G. Carraghan, Esq.
Penn Treaty Network America Insurance Company
3440 Lehigh Street
Allentown, PA 18103
lcarraghan@penn treaty.com
E-mail address: (to be used for future annual report notification)

For further information concerning this matter, please call:

Linda G. Carraghan, Esq. at (610)965-2222 ext. 3126

☒ Certified copy (optional) \$8.75 (Please send an additional copy of your document if a certified copy is requested)

STREET ADDRESS:

Amendment Section
Division of Corporations
Clifton Building
2661 Executive Center Circle
Tallahassee, Florida 32301

MAILING ADDRESS:

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, Florida 32314

Thank you for your prompt handling of this matter.


Linda G. Carraghan, Esq.
Senior Staff Attorney

ARTICLES OF MERGER
(Profit Corporations)

EFFECTIVE DATE
5/20/2011

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, Florida Statutes.

First: The name and jurisdiction of the **surviving** corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Penn Treaty Network America Insurance Company	Pennsylvania	809805

Second: The name and jurisdiction of each **merging** corporation:

<u>Name</u>	<u>Jurisdiction</u>	<u>Document Number</u> (If known/ applicable)
Network Insurance Senior Health Division, Inc.	Florida	K87255

Third: The Plan of Merger is attached.

Fourth: The merger shall become effective on 5 / 20 /2011.

Fifth: Adoption of Merger by **surviving** corporation

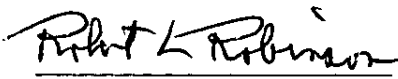


Surviving corporation is the parent corporation owning at least 80 percent of the outstanding shares of each class of the subsidiary/merging corporation. The Plan of Merger was adopted by the Rehabilitator of the surviving/parent corporation, Penn Treaty Network America Insurance Company (In Rehabilitation), on March 22, 2011, pursuant to the authority provided under 40 P.S. §221.16(b) and (d) (copy attached) with the full force and effect as if it had been duly adopted at a duly convened special meeting of the Board of Directors of the surviving/parent corporation. Pursuant to section 607.1104(1)(a), Florida Statutes, shareholder approval of the surviving/parent corporation was not required.

Sixth: Adoption of Merger by **merging** corporation

Merging corporation is a wholly owned direct subsidiary of surviving/parent corporation which owns at least 80 percent of the outstanding shares of each class of the merging/subsidiary corporation. Accordingly, the Plan of Merger was adopted by the Rehabilitator of the surviving/parent corporation, Penn Treaty Network America Insurance Company (In Rehabilitation), as parent of the merging/subsidiary corporation, on March 22, 2011, pursuant to the authority provided under 40 P.S. §221.16(b) and (d) (copy attached) with the full force and effect as if it had been duly adopted at a duly convened special meeting of the Board of Directors of the surviving/parent corporation. Pursuant to section 607.1104(1)(a), Florida Statutes, shareholder approval of the merging/subsidiary corporation was not required.

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Seventh: SIGNATURES FOR EACH CORPORATION

<u>Name of Corporation</u>	<u>Signature of an Officer or Director</u>	<u>Typed or Printed Name of Individual & Title</u>
<i>Surviving Corporation</i> Penn Treaty Network America Insurance Company		Robert L. Robinson, Chief Rehabilitation Officer
Penn Treaty Network America Insurance Company		José A. Viñas, SVP & Treasurer
<i>Merging Corporation</i> Network Insurance Senior Health Division, Inc.		Jane Menin Bagley, SVP & Corporate Secretary

PLAN OF MERGER
(Merger of subsidiary corporation(s))

The following plan of merger is submitted in compliance with section 607.1104, Florida Statutes, and in accordance with the laws of any other applicable jurisdiction of incorporation.

The name and jurisdiction of the **parent** corporation owning at least 80 percent of the outstanding shares of each class of the subsidiary corporation:

<u>Name</u>	<u>Jurisdiction</u>
Penn Treaty Network America Insurance Company ("PTNA")	Pennsylvania

The name and jurisdiction of each **subsidiary** corporation:

<u>Name</u>	<u>Jurisdiction</u>
Network Insurance Senior Health Division, Inc. ("NISHD")	Florida

The manner and basis of converting the shares of the subsidiary or parent into shares, obligations, or other securities of the parent or any other corporation or, in whole or in part, into cash or other property, and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, and other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

- *See Section 5 of the attached Exhibit A (Plan of Merger)*

If the merger is between the parent and a subsidiary corporation and the parent is not the surviving corporation, a provision for the pro rata issuance of shares of the subsidiary to the holders of the shares of the parent corporation upon surrender of any certificates is as follows:

- *Not applicable*

If applicable, shareholders of the subsidiary corporations, who, except for the applicability of section 607.1104, Florida Statutes, would be entitled to vote and who dissent from the merger pursuant to section 607.1321, Florida Statutes, may be entitled, if they comply with the provisions of chapter 607 regarding appraisal rights of dissenting shareholders, to be paid the fair value of their shares.

Other provisions relating to the merger are as follows:

- *See attached Exhibit A (Plan of Merger)*

EXHIBIT A

PLAN OF MERGER

1. The Merger. At the Effective Time (as defined in Section 2) and subject to and upon the terms and conditions of this Plan, the Pennsylvania 1988 Business Corporation Law, as amended (the "BCL"), and the Florida Business Corporation Act, as amended (the "BCA"), Network Insurance Senior Health Division, Inc., a Florida corporation ("NISHD") shall be merged with and into Penn Treaty Network America Insurance Company (in Rehabilitation), a Pennsylvania corporation ("PTNA"), the separate corporate existence of NISHD shall cease and PTNA shall continue as the surviving insurance company. PTNA, as the surviving insurance company after the Merger, is sometimes hereinafter referred to as the "Surviving Corporation."

2. Effective Time. The Merger shall be effective as of the "Effective Time," which shall be the later of (a) 11:59 p.m. Pennsylvania time on May 20, 2011, or (b) the filing of Articles of Merger both with the Department of State of the Commonwealth of Pennsylvania, in accordance with the relevant provisions of the BCL, and Articles of Merger with the Department of State of the State of Florida, in accordance with the relevant provisions of the BCA.

3. Effect of the Merger. The Merger shall have the effects set forth in Section 1929 of the BCL and Section 607.1106 of the BCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of NISHD shall vest in the Surviving Corporation, and all debts, liabilities and duties of NISHD shall become the debts, liabilities and duties of the Surviving Corporation. The Surviving Corporation shall be governed under the laws of the Commonwealth of Pennsylvania.

4. Name; Articles of Incorporation; By-Laws; Directors and Officers.

4.1 The name of the Surviving Corporation shall be Penn Treaty Network America Insurance Company. At the Effective Time, the Articles of Incorporation of PTNA as in effect immediately before the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended as provided by law and such Articles of Incorporation.

4.2 The By-laws of PTNA, as in effect immediately before the Effective Time, shall be the By-laws of the Surviving Corporation until thereafter amended as provided by law, the Articles of Incorporation of the Surviving Corporation and such By-laws.

4.3 The directors of PTNA immediately before the Effective Time shall be the initial directors of the Surviving Corporation, and the officers of PTNA immediately before the Effective Time shall be the initial officers of the Surviving Corporation, in each case until their successors are duly elected or appointed. If, at the Effective Time, a vacancy shall exist on the Board of Directors of PTNA or in any office of the Surviving Corporation, such vacancy may thereafter be filled in the manner provided by law and the By-laws of the Surviving Corporation.

5. Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of PTNA or NISHD, all of the shares of NISHD stock will be cancelled, and all of the outstanding shares of PTNA stock shall remain outstanding.

40 P.S. § 221.16

§ 221.16. Powers and duties of the rehabilitator

(a) The commissioner as rehabilitator may appoint a special deputy who shall have all the powers of the rehabilitator granted under this section. The commissioner shall make such arrangements for compensation as are necessary to obtain a special deputy of proven ability. The special deputy shall serve at the pleasure of the commissioner.

(b) The rehabilitator may take such action as he deems necessary or expedient to correct the condition or conditions which constituted the grounds for the order of the court to rehabilitate the insurer. He shall have all the powers of the directors, officers and managers, whose authority shall be suspended, except as they are redelegated by the rehabilitator. He shall have full power to direct and manage, to hire and discharge employees subject to any contract rights they may have, and to deal with the property and business of the insurer.

(c) If it appears to the rehabilitator that there has been criminal or tortious conduct, or breach of any contractual or fiduciary obligation detrimental to the insurer by any officer, manager, agent, broker, employee, or other person, he may pursue all appropriate legal remedies on behalf of the insurer.

(d) The rehabilitator may prepare a plan for the reorganization, consolidation, conversion, reinsurance, merger or other transformation of the insurer. Upon application of the rehabilitator for approval of the plan, and after such notice and hearing as the court may prescribe, the court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. If it is approved, the rehabilitator shall carry out the plan. In the case of a life insurer, the plan proposed may include the imposition of liens upon the equities of policyholders of the company, provided that all rights of shareholders are first relinquished. A plan for a life insurer may also propose imposition of a moratorium upon loan and cash surrender rights under policies, for such period and to such an extent as may be necessary.

(e) The rehabilitator shall have the power to avoid fraudulent transfers under sections 528 and 529.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel Ario,	:	
Insurance Commissioner of the	:	
Commonwealth of Pennsylvania,	:	
Plaintiff	:	
	:	
v.	:	No. 5 M.D. 2009
	:	
Penn Treaty Network America	:	
Insurance Company,	:	
Defendant	:	

ORDER

AND NOW, this 6th day of January, 2009, upon consideration of the Pennsylvania Insurance Commissioner's Petition for Rehabilitation of Penn Treaty Network America Insurance Company ("Penn Treaty"), it is hereby ORDERED as follows:

1. The Petition for Rehabilitation is GRANTED, and effective January 6th, 2009, Penn Treaty is placed into rehabilitation in accordance with the provisions of Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, 40 P.S. §§221.1-221.63, on the ground that rehabilitation has been requested by and consented to by the Board of Directors of Penn Treaty.

2. Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania is, and his successors in office are, hereby appointed Rehabilitator of Penn Treaty and invested with the full powers and authority of a rehabilitator as set forth in Section 516 of The Insurance Department Act of 1921, 40 P.S. §221.16.

3. The Rehabilitator is hereby directed to rehabilitate the business of Penn Treaty; to take possession of the assets of Penn Treaty; and to administer the Penn Treaty assets in accordance with the orders of this Court. Specifically, the Rehabilitator is directed to:

- (a) Inform all banks, investment banks, and other financial institutions or persons with custody of Penn Treaty assets to identify and report these assets to the Rehabilitator and advise these afore-listed institutions not to disburse, transfer, hypothecate or encumber such assets without the prior written consent of the Rehabilitator.
- (b) Inform all banks and other financial institutions with Penn Treaty accounts that checks or other payments that have been processed and transmitted may be honored without prejudice to the ability of the Rehabilitator to recover said amounts from the recipient or payee in accordance with applicable law.
- (c) Inform all insurance producers, agents, managing general agents, brokers or other persons who have collected premiums on behalf of Penn Treaty to account for all earned and unearned premiums and commissions to the Rehabilitator at the offices of Penn Treaty within thirty (30) days of the date of this Order and that premium monies owed to Penn Treaty must be remitted to the Rehabilitator.
- (d) Inform all attorneys employed or retained by Penn Treaty that within thirty (30) days of this Order they must report to the Rehabilitator the name of the case or claim they are handling;

the claim or docket number, if one is assigned; the status of each such case; and, further, that the Rehabilitator will not make payment for any unsolicited reports.

- (e) Inform all vendors providing claims or data processing services to Penn Treaty that they shall continue such services unless and until instructed to the contrary by the Rehabilitator.
- (f) Inform all vendors with custody or control of any data processing information and electronic records belonging to Penn Treaty to preserve these electronic files and information and to transfer the data to the control of the Rehabilitator upon request.

4. The filing of this Order with the Clerk of the Commonwealth Court shall impart the same notice as a deed, bill of sale or other evidence of title duly filed or recorded with the Recorder of Deeds of Lehigh County, where Penn Treaty's principal place of business is located.

5. The Rehabilitator shall take such actions as are necessary to correct the condition that prompted the Board of Directors' request for and consent to the rehabilitation of Penn Treaty.

6. The Rehabilitator shall authorize, where appropriate and necessary, the payment of expenses, including employee compensation, incurred in the ordinary course of Penn Treaty's business, as well as the actual, reasonable, and necessary costs of preserving or recovering the assets of Penn Treaty.

7. The Rehabilitator shall prepare a plan of rehabilitation, which may include a consolidation, merger or other transformation of Penn Treaty and to

that end may retain accountants, actuaries, attorneys and other consultants at the expense of Penn Treaty.

8. In the event this Court should determine that a rehabilitation of Penn Treaty is not feasible and a liquidation of Penn Treaty is ordered, the actual, reasonable and necessary costs of goods or services provided to and approved by the Rehabilitator during the period of rehabilitation will be treated as costs and expenses of administration for purposes of Section 544 of The Insurance Department Act of 1921, 40 P.S. §221.44.

9. The Rehabilitator may, in his discretion, pay claims, in whole or in part, arising under Penn Treaty's contracts of insurance; provided, however, that the Rehabilitator may not pay bad faith claims or claims for extra-contractual charges or damages.

10. The Rehabilitator may, in his discretion, write new and renewal policies or may cancel or refuse to renew existing policies, as he deems appropriate.

11. In accordance with Section 515 of The Insurance Department Act of 1921, 40 P.S. §221.15(c), the Rehabilitator is authorized to take possession of the statutory deposits held by any state or territory and to do all things necessary to manage and apply the deposits in accordance with the application agreements; provided, however, the Rehabilitator shall not post additional statutory security deposits in any state or territory on behalf of Penn Treaty.

12. All court actions, arbitrations and mediations currently or hereafter pending against Penn Treaty in the Commonwealth of Pennsylvania are stayed for ninety (90) days from the effective date of this Order and such

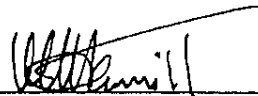
additional time as the Rehabilitator may request, to allow the Rehabilitator an opportunity to review litigation and where appropriate retain new counsel.

13. The Rehabilitator is directed to review all litigation pending outside the courts of the Commonwealth of Pennsylvania and petition these other courts or tribunals for a ninety (90) day stay of litigation where necessary to protect the estate of Penn Treaty.

14. This Order is not, and shall not be considered, a finding or declaration of insolvency that can activate the provisions of the Pennsylvania Life and Health Insurance Guaranty Act, *as added by* the Act of Dec. 18, 1992, P.L. 1519, 40 P.S. §§991.1701-991.1718, or the provisions of similar acts of any other state or territory.

15. On or before April 6, 2009, the Rehabilitator shall file a preliminary plan of rehabilitation with the Court, which shall include a timeline for the preparation of a final plan of rehabilitation.

16. This Court shall retain jurisdiction of this proceeding to the full extent necessary to enforce the terms of this Order and to issue such other orders that may be required in the course of the rehabilitation.



MARY HANNAH LEAVITT, Judge

Certified from the Record

JAN 06 2009

and Order Exit