

Management & Operations

Operational Implications of Insolvencies

March 19, 2018

Las Vegas, Nevada



18th Annual Intercompany Long Term Care Insurance Conference

ILTCI Mobile App Download Instructions

iPhone

iPad

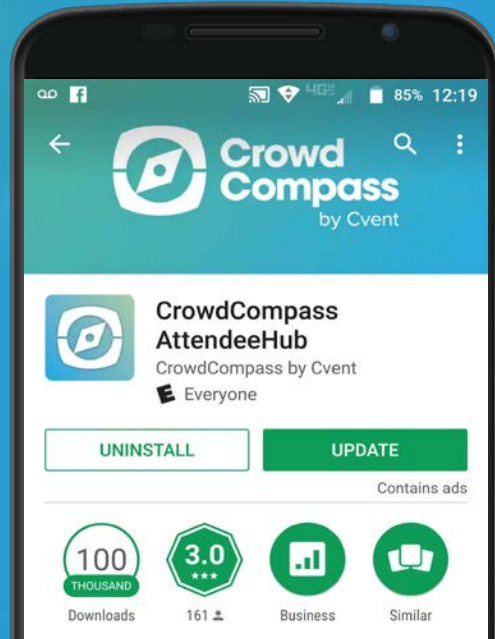
- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download iPhone/iPad App” to load Apple’s App Store and download the app.

android

- 1) Type <https://crowd.cc/s/1flyo> in web browser
- 2) Click “Download Android App” to load the Google Play Store and download the app.

BlackBerry

- 1) You’ll be using the web version of the app. Open the web browser, click the BlackBerry menu button, select “Go To” and type <https://crowd.cc/s/1flyo>.



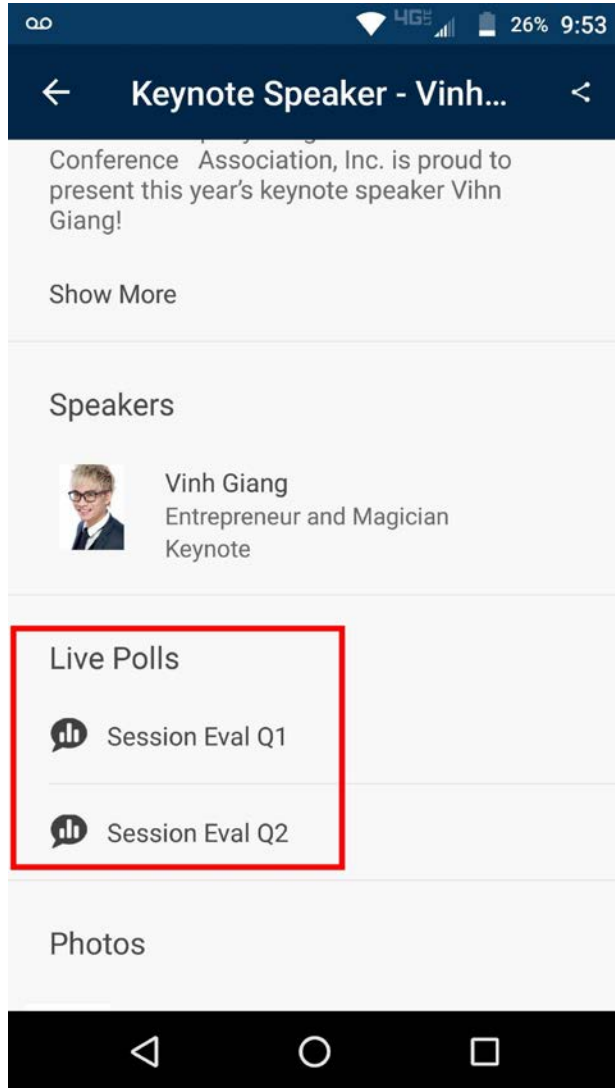
You can also just go to your app store and search ‘AttendeeHub’. Once installed search ‘ILTCI’ and you’ll find our app.

A Special Thank You to this year’s
Mobile App Sponsor



Nationwide[®]
is on your side

Session Survey Instructions



Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.



Moderator:

Peter Lucas: CEO, TriPlus Services

Panel Members:

Richard Klipstein: Executive VP, NOLHGA

Keith Passwater: SVP, Anthem / LTC Re Board Member

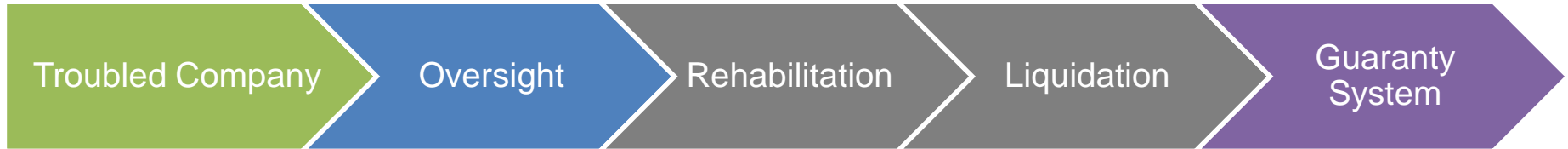
Robert Robinson: Chief Liquidation Officer, Penn Treaty

Outline of Today's Session



- Regulatory steps leading up to liquidation
- How insolvencies work
 - ❑ Relationships between the commissioner, state guaranty associations, NOLHGA and the insolvent insurer
 - ❑ Impact on policyholders
 - ❑ Impact on the industry
- Administering an insolvency
 - ❑ Is LTC different than other products?
- Lessons learned

Insolvency Process



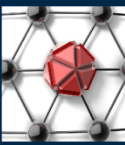
Oversight

- Insurance Regulator Exercises Oversight Authority
- Company Is Not In Receivership
- Evaluates Company Financial Condition
- Possible Development of Workout or Runoff Plan
- Often Confidential

Rehabilitation & Liquidation

- Commissioner Petitions the Court to Place Insurer in Rehabilitation or Liquidation
- Evaluates Company Financial Condition
- Manages Estate Operations
- Maximizes Value of Estate Assets
- In Rehabilitation, Develops Plan for Resolving Financial or Other Issues
- In Liquidation, Coordinates with NOLHGA to Protect Policyholders

Life & Health Guaranty System



State Guaranty Associations

- Protect resident policyholders by:
 - ❑ Continuing coverage to policyholders
 - ❑ Protecting policyholder benefits
- All companies licensed in state are member companies
- Guaranty associations (GAs) are members of NOLHGA
 - ❑ Assists members in promptly and cost-effectively handling multi-state insolvencies
 - ❑ Establishes a task force with representation from GAs, NOLHGA, and consultants

NOLHGA Task Force

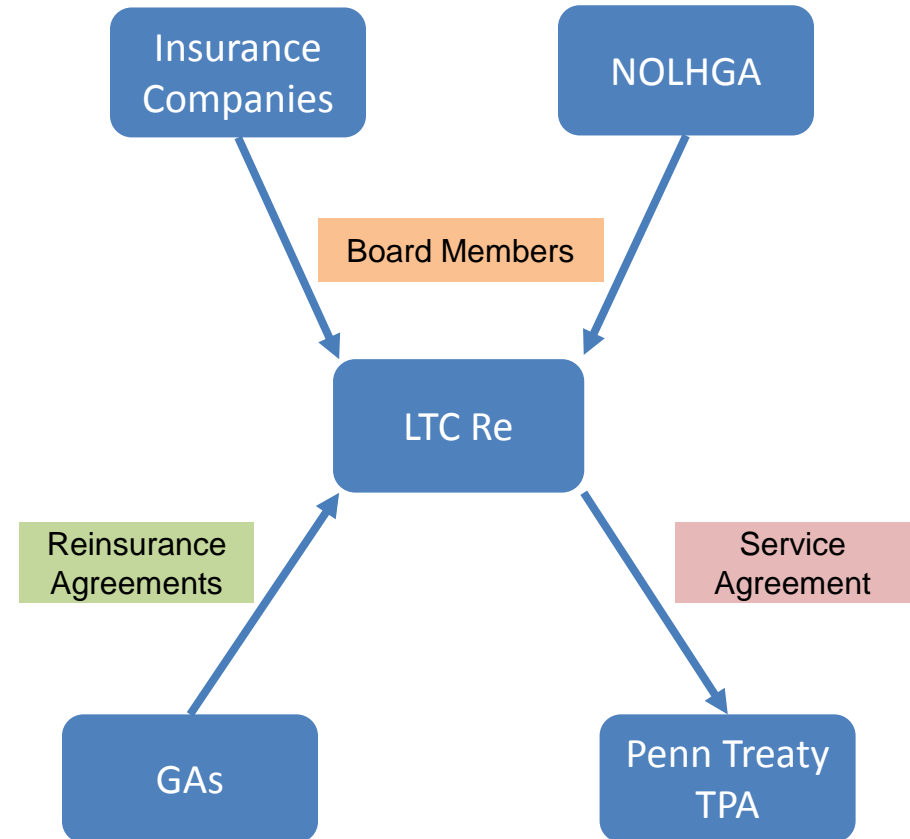
- Analyzes policies and conducts due diligence
- Develops plan to provide coverage for policyholders (with receiver)
- Recommends plan to member GAs
- Executes approved coverage plan
- Files claim with estate and monitors asset recovery activities

A New Player

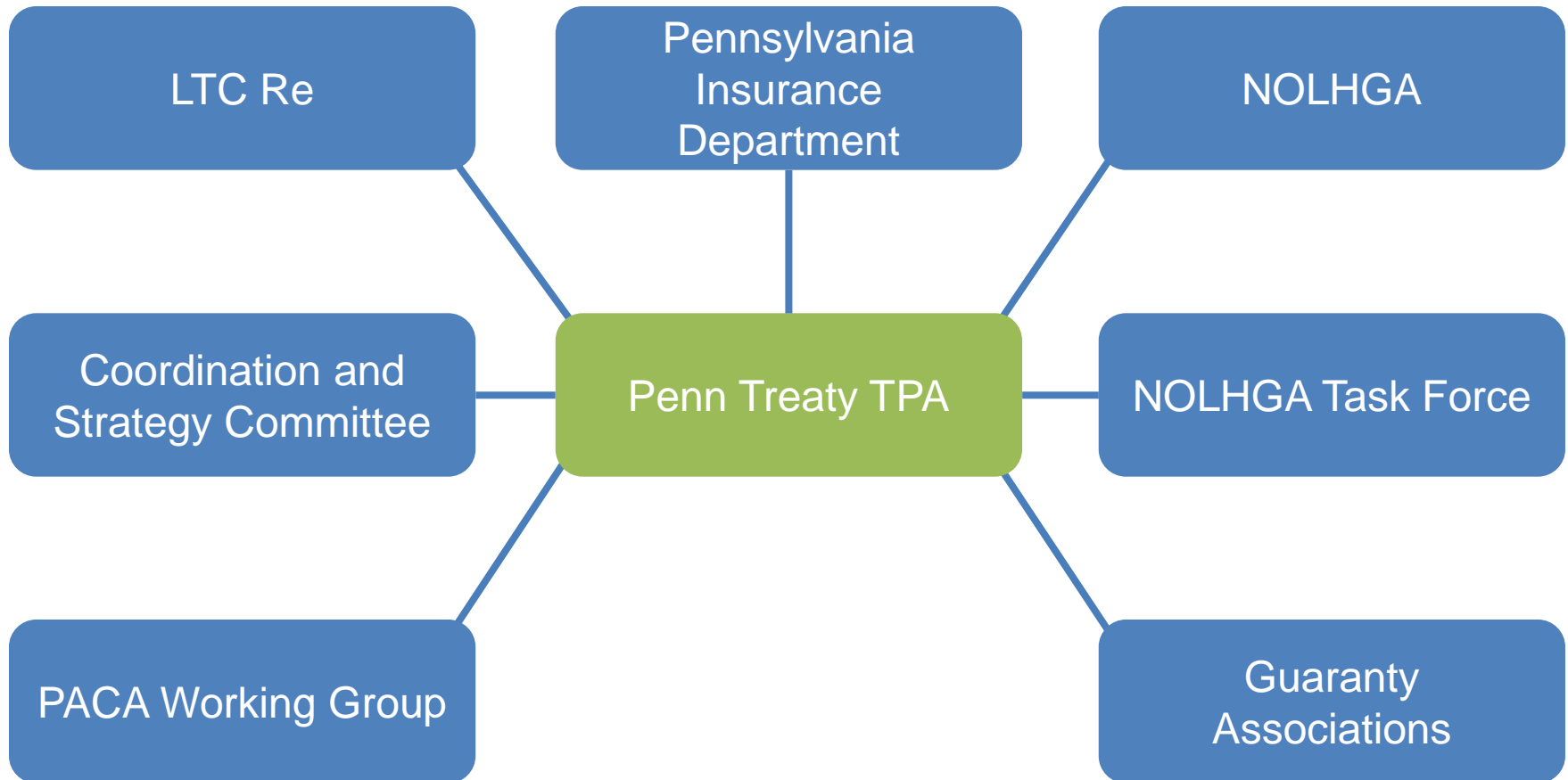
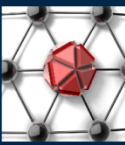


LTC Re

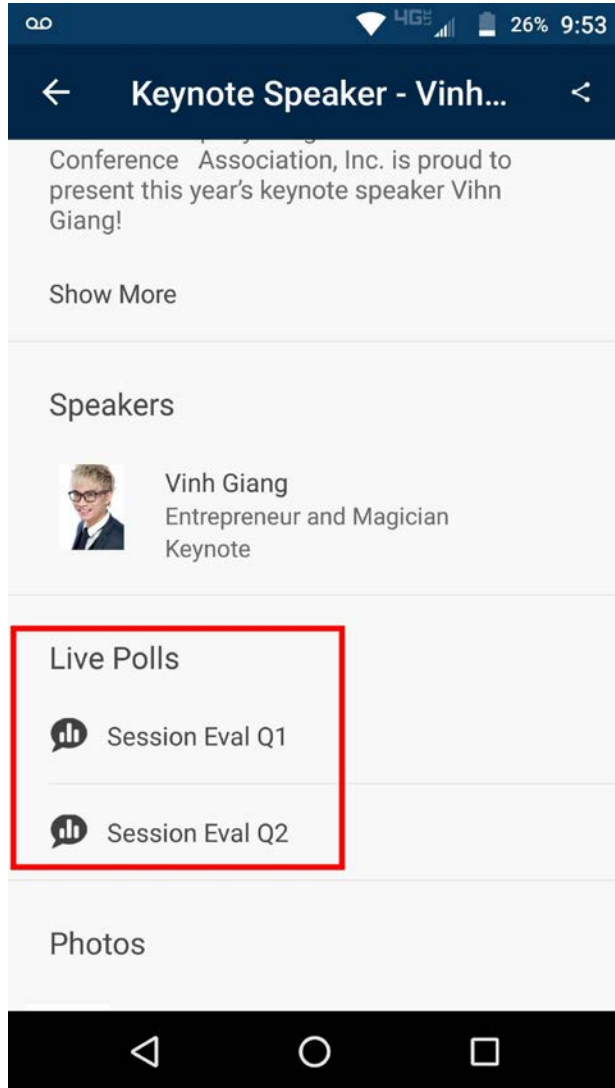
- Health insurers exposed to significant assessments for the Penn Treaty/ANIC insolvencies and became more engaged
- LTC Re was created by the GAs as a special purpose reinsurer
- LTC Re receives estate assets plus the GA assessments for 44 participating GAs
 - ❑ Efficient investment of assets for future policy obligations
 - ❑ Manage the continuing performance of the LTC insurance policies through oversight of the TPA
 - ❑ Timely reporting to the GAs
- LTC Re retained Penn Treaty in liquidation as TPA to provide administrative services



The Penn Treaty TPA Relationships



Session Survey Instructions



Once you are in the app go to the schedule and the session you are in.

Scroll to the bottom to find the Live Polling questions.

This year the session survey questions can be found in this section and will take just a couple seconds to complete.