

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Senior Health Insurance : No. 1 SHP 2020  
Company of Pennsylvania in :  
Rehabilitation :

**ORDER**

AND NOW, this \_\_\_\_ day of \_\_\_\_\_, 2020, upon consideration of the Unopposed Application of the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) to Intervene for a Limited Purpose and the Rehabilitator’s response thereto, it is hereby ORDERED that NOLHGA is permitted to intervene in this proceeding for the limited purpose of submitting evidence and analysis and otherwise participating in the Court’s consideration of the Proposed Plan of Rehabilitation, including by calling or examining witnesses, introducing exhibits and participating in any discovery that this Court may permit.

BY THE COURT:

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MARY HANNAH LEAVITT  
President Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Senior Health Insurance : No. 1 SHP 2020  
Company of Pennsylvania in :  
Rehabilitation :

**RESPONSE OF THE REHABILITATOR TO THE UNOPPOSED  
APPLICATION TO INTERVENE OF THE NATIONAL ORGANIZATION  
OF LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATIONS**

Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Rehabilitator of Senior Health Insurance Company of Pennsylvania (“SHIP”), responds to the Unopposed Application to Intervene for a Limited Purpose of the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”). For the reasons and to the extent stated herein, the Rehabilitator does not oppose the Application for limited intervention. Below are the Rehabilitator’s responses to the allegations in the Application:

1. It is admitted that NOLHGA's membership consists of life and health insurance guaranty associations in all U.S. States and the District of Columbia, and

that NOLHGA serves the collective interests of its member guaranty associations by coordinating their activities in multi-state life and health insurance company receiverships and seeking to protect policyholders when a life or health insurance company with policyholders in multiple states becomes insolvent.

2. The allegations in Paragraph 2 are legal conclusions to which no answer is required. By way of further answer, it is admitted that state legislatures have established insurance guaranty associations through statutes to protect policyholders of licensed insurance companies in the event the life or health insurance company fails. Individual laws vary in terms of how individual guaranty associations operate in each jurisdiction and the protections they afford. Generally, these statutes require guaranty associations to provide for the continuation of the life and health insurance coverage provided by a failed insurer, in most cases up to statutory maximum coverage amounts and subject to specified conditions. A mandatory trigger of guaranty association benefits generally include an insurer not paying claims on time and being placed in liquidation with a finding of insolvency. Each guaranty association evaluates its own liability and makes its own coverage determinations in accordance with applicable law. Those laws vary to some degree among the states and benefits available in some states may differ from those available in others.

3. It is admitted that prior to Rehabilitation, SHIP was licensed in 46 states (excluding Connecticut, New York, Rhode Island, and Vermont), the District of

Columbia, and the U.S. Virgin Islands. It is admitted that in the event SHIP is placed in liquidation, 47 of NOLHGA's member guaranty associations would have potential obligations to SHIP's policyholders.

4. The allegations in Paragraph 4 are legal conclusions to which no answer is required. By way of further answer, it is admitted that NOLHGA's member guaranty associations have exercised the right to join and act collectively through NOLHGA.

5. The allegations in Paragraph 5 are legal conclusions to which no answer is required. By way of further answer, it is admitted that most states have adopted a provision allowing a guaranty association the right to appear in court regarding an impaired or insolvent insurer where jurisdiction is otherwise proper and the guaranty association is or may become obligated.

6. The allegations in Paragraph 6 are legal conclusions to which no answer is required. By way of further answer, it is admitted that NOLHGA seeks limited intervention in its associational capacity. It is further admitted that the interests of 47 of NOLHGA's member guaranty associations are potentially affected by SHIP's rehabilitation. By way of further answer, in the event SHIP is placed in liquidation, 47 of NOLHGA's member guaranty associations would have potential obligations to SHIP's policyholders.

7. It is admitted that NOLHGA seeks limited intervention. The Rehabilitator is without knowledge or information sufficient to form a belief as to the truth of the remainder of the allegations in Paragraph 7.

8. The allegations in Paragraph 8 are legal conclusions to which no answer is required. It is admitted that obligations of guaranty associations are not typically triggered by a rehabilitation, but the Rehabilitator is without knowledge or information sufficient to form a belief as to the truth of the remainder of the allegations in the first sentence of Paragraph 8. The allegations in the second sentence of Paragraph 8 seek to paraphrase a written document, filed of record in this proceeding, that speaks for itself. The remainder of the allegations in Paragraph 8 are legal conclusions to which no answer is required.

9. The allegations in Paragraph 9 seek to paraphrase a written document, filed of record in this proceeding, that speaks for itself.

10. It is admitted that if SHIP were placed in liquidation, then guaranty associations may become obligated to protect policyholders in accordance with applicable state statutes. The Rehabilitator denies that individual guaranty associations collectively constitute a single creditor for purposes of liquidation. The remainder of the allegations in Paragraph 10 are legal conclusions to which no answer is required.

11. The allegations in Paragraph 11 seek to paraphrase a written document, filed of record in this proceeding, that speaks for itself. The remainder of the allegations in Paragraph 11 are legal conclusions to which no answer is required. By way of further answer, it is admitted that the Proposed Rehabilitation Plan discusses the possibility of SHIP being placed in liquidation, and discusses guaranty association coverage in the event SHIP is placed in liquidation. It is further admitted that NOLHGA and its member guaranty associations have an interest in SHIP's rehabilitation and the Proposed Plan of Rehabilitation, and as such, the Rehabilitator does not oppose NOLHGA's application for limited intervention.

12. The Rehabilitator is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 12.

13. It is admitted that it may be in the best interests of SHIP's policyholders that NOLHGA and its member guaranty associations be apprised of and potentially participate in receivership proceedings related to SHIP.

14. It is admitted that no other party represents the same interests of NOLHGA or its member guaranty associations, and that none is currently in a position to do so adequately.

15. Admitted.

16. The Rehabilitator is without knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 16.

17. Admitted.

WHEREFORE, the Rehabilitator does not object to NOLHGA's intervention for a limited purpose in the above-captioned matter.

Respectfully submitted,

/s/ Dexter R. Hamilton

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Pennsylvania, as Statutory Rehabilitator of  
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Date: August 21, 2020

**CERTIFICATE OF SERVICE**

I, Michael J. Broadbent, hereby certify that on August 21, 2020 I served the foregoing Response on all parties listed on the Master Service List by electronic mail and that an electronic copy of the foregoing document will be posted on SHIP's website at <https://www.shipltc.com/court-documents>.

/s/ Michael J. Broadbent