

AMENDED EXPLANATION COVER

Please find enclosed an amended statement for the first quarter ended March 31, 2009 for American Network Insurance Company. The primary reason for the amendment is to reflect differences between the original 2008 Annual Statement and the Audited Statutory Financial Statement.



QUARTERLY STATEMENT

AS OF MARCH 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

American Network Insurance Company (In Rehabilitation)

NAIC Group Code 0810, 0810 NAIC Company Code 81078 Employer's ID Number 03-0211497
(Current Period) (Prior Period)

Organized under the Laws of Pennsylvania, State of Domicile or Port of Entry Pennsylvania

Country of Domicile US

Incorporated/Organized February 27, 1961 Commenced Business May 26, 1961

Statutory Home Office 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001 610-965-2222
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number or P.O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 3440 Lehigh Street, Allentown, Pennsylvania 18103-7001
(Street and Number, City or Town, State and Zip Code)
610-965-2222
(Area Code) (Telephone Number)

Internet Website Address penntreaty.com

Statutory Statement Contact Mark David Cloutier 610-965-2222
(Name) (Area Code) (Telephone Number) (Extension)
mcloutier@penntreaty.com 610-967-3906
(E-Mail Address) (Fax Number)

OFFICERS

Joseph Di Memmo (Deputy Commissioner)
 Jane Menin Bagley (Secretary)
 Mark David Cloutier (Treasurer)

OTHER OFFICERS

Cameron Barclay Waite (Executive Vice President)
 Stephen Robert La Pierre (Executive Vice President)

DIRECTORS OR TRUSTEES

William Walter Hunt, Jr., Chairman
 Mark David Cloutier
 Emile Gene Ilchuk
 Stephen Robert La Pierre
 Peter Moodey Ross
 Cameron Barclay Waite
 Eugene Joseph Woznicki

State of Pennsylvania }
 County of Lehigh } SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

 Joseph Di Memmo
 Deputy Commissioner

 Jane Menin Bagley
 Corporate Secretary

 Mark David Cloutier
 CFO/Treasurer

Subscribed and sworn to before me this
 22nd day of June, 2009

- a. Is this an original filing? Yes () No (X)
- b. If no: 1. State the amendment number 1
- 2. Date filed June 22, 2009
- 3. Number of pages attached 4

ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	93,987,465		93,987,465	93,823,908
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	8,867,099		8,867,099	8,645,155
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 3,344,725), cash equivalents (\$ 16,194,425) and short-term investments (\$ 141,680)	19,680,830		19,680,830	13,044,830
6. Contract loans (including \$ premium notes)				
7. Other invested assets				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 to Line 9)	122,535,394		122,535,394	115,513,893
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	1,398,040		1,398,040	1,208,657
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	25,864		25,864	28,079
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	3,478	3,478		
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	1,554,354		1,554,354	1,302,548
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	8,791,437	8,090,308	701,129	701,128
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	15,295	15,295		4,428,273
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	134,323,862	8,109,081	126,214,781	123,182,578
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	134,323,862	8,109,081	126,214,781	123,182,578
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301. Prepaid Expense	15,295	15,295		
2302. Escrow for Purchase of Southern Security				4,428,273
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	15,295	15,295		4,428,273

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ less \$ included in Line 6.3 (including \$ Modco Reserve)		
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	117,233,945	10,411,585
3. Liability for deposit-type contracts (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life		
4.2 Accident and health	3,227,009	633,307
5. Policyholders' dividends \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount, including \$ accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on cancelled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ assumed and \$ ceded		
9.4 Interest Maintenance Reserve	807	
10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$	7,759	8,424
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	192,980	112,280
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	47,157	137,017
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)	555,602	574,788
15.2 Net deferred tax liability		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	1,408	3,555
18. Amounts held for agents' account, including \$ agents' credit balances	177,793	174,245
19. Remittances and items not allocated	509	3,327
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	159,303	70,702
24.2 Reinsurance in unauthorized companies		8,585,461
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		98,262,033
24.4 Payable to parent, subsidiaries and affiliates	55,733	33,513
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	35,738	30,561
26. Total liabilities excluding Separate Accounts business (Line 1 to Line 25)	121,695,743	119,040,798
27. From Separate Accounts statement		
28. Total liabilities (Line 26 and Line 27)	121,695,743	119,040,798
29. Common capital stock	2,502,500	2,502,500
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	16,813,089	16,813,089
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(14,796,551)	(15,173,809)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Line 31 through Line 35 minus Line 36) (including \$ in Separate Accounts Statement)	2,016,538	1,639,280
38. Total of Line 29, Line 30 and Line 37	4,519,038	4,141,780
39. Total of Line 28 and Line 38	126,214,781	123,182,578
DETAILS OF WRITE-INS		
2501. Accounts Payable	35,738	30,561
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	35,738	30,561
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Line 3101 through Line 3103 plus Line 3198) (Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Line 3401 through Line 3403 plus Line 3498) (Line 34 above)		

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	6,060,787	2,440,640	8,219,352
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	1,201,959	221,181	881,183
4. Amortization of Interest Maintenance Reserve (IMR)	1,039	8,106	23,629
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded		847,725	4,126,981
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	98,262,033		
9. Totals (Line 1 to Line 8.3)	105,525,818	3,517,652	13,251,145
10. Death benefits			
11. Matured endowments (excluding guaranteed annual pure endowments)			
12. Annuity benefits			
13. Disability benefits and benefits under accident and health contracts	5,813,266	597,133	2,391,857
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts			
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds			
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	106,822,360	527,730	2,478,065
20. Totals (Line 10 to Line 19)	112,635,626	1,124,863	4,869,922
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	547,655	735,950	2,802,565
22. Commissions and expense allowances on reinsurance assumed	126,355	144,443	651,535
23. General insurance expenses	599,753	481,511	1,984,983
24. Insurance taxes, licenses and fees, excluding federal income taxes	35,562	106,244	570,604
25. Increase in loading on deferred and uncollected premiums			
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions			
28. Totals (Line 20 to Line 27)	113,944,951	2,593,011	10,879,609
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(8,419,133)	924,641	2,371,536
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(8,419,133)	924,641	2,371,536
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(20,137)	342,016	207,852
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(8,398,996)	582,625	2,163,684
34. Net realized capital gains or (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)		7,655	(893,952)
35. Net Income (Line 33 plus Line 34)	(8,398,996)	590,280	1,269,732
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	4,141,780	21,221,863	21,221,863
37. Net income (Line 35)	(8,398,996)	590,280	1,269,732
38. Change in net unrealized capital gains (losses) less capital gains tax of \$	224,944	(171,453)	(67,660)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	2,850,565		275,102
41. Change in nonadmitted assets	(2,796,116)	(10,790)	(463,677)
42. Change in liability for reinsurance in unauthorized companies	8,585,462		(8,585,462)
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(88,601)	(69,473)	93,079
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			(22,317)
52. Dividends to stockholders			(8,000,000)
53. Aggregate write-ins for gains and losses in surplus			(1,578,880)
54. Net change in capital and surplus (Line 37 through Line 53)	377,258	338,564	(17,080,083)
55. Capital and surplus as of statement date (Line 36 plus Line 54)	4,519,038	21,560,427	4,141,780
DETAILS OF WRITE-INS			
08.301. Reinsurance Recapture of Premium	98,262,033		
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Line 08.301 through Line 08.303 plus Line 08.398) (Line 8.3 above)	98,262,033		
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)			
5301. Prior Year Surplus Adjustment Due to Reinsurance			(1,578,880)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Line 5301 through Line 5303 plus Line 5398) (Line 53 above)			(1,578,880)

CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	6,063,002	8,213,361
2. Net investment income	1,057,424	1,197,846
3. Miscellaneous income		4,104,664
4. Total (Line 1 through Line 3)	7,120,426	13,515,871
5. Benefit and loss related payments	3,219,949	2,320,207
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,342,875	6,334,080
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	4,562,824	8,654,287
11. Net cash from operations (Line 4 minus Line 10)	2,557,602	4,861,584
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	162,757	14,318,297
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	14,454	
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	177,211	14,318,297
13. Cost of investments acquired (long-term only):		
13.1 Bonds	374,332	6,780,034
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	374,332	6,780,034
14. Net increase or (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(197,121)	7,538,263
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		8,000,000
16.6 Other cash provided (applied)	4,275,519	3,041,376
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	4,275,519	(4,958,624)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	6,636,000	7,441,223
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	13,044,830	5,603,607
19.2 End of period (Line 18 plus Line 19.1)	19,680,830	13,044,830

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1	2	3
	Current Year to Date	Prior Year to Date	Prior Year Ended December 31
1. Industrial life			
2. Ordinary life insurance			
3. Ordinary individual annuities			
4. Credit life (group and individual)			
5. Group life insurance			
6. Group annuities			
7. A & H - group			
8. A & H - credit (group and individual)			
9. A & H - other	5,586,403	5,761,157	24,024,307
10. Aggregate of all other lines of business			
11. Subtotal	5,586,403	5,761,157	24,024,307
12. Deposit-type contracts			
13. Total	5,586,403	5,761,157	24,024,307
DETAILS OF WRITE-INS			
1001			
1002			
1003			
1098. Summary of remaining write-ins for Line 10 from overflow page			
1099. Total (Line 1001 through Line 1003 plus Line 1098) (Line 10 above)			

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

1. The Quarterly Statement for the first quarter of 2009 of American Network Insurance Company is presented on the basis of accounting prescribed or permitted by the State of Pennsylvania Insurance Department.
2. In the current year there are no differences between the Pennsylvania statute and NAIC statutory accounting practices and procedures that impact the financial statements.
3. Not applicable.
4. Not applicable.

B. Use of Estimates in the Preparation of the Financial Statements.

The preparation of these financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

American Network has modified the assumptions employed in its active life reserving for the majority of its long-term care insurance policies issued prior to 2002, beginning in 2007 prospectively. Such assumptions were discussed with the Pennsylvania Insurance Department and tempered as necessary to receive the Department's concurrence. The modified assumptions reflect the results of the Company's recent work regarding higher expected claim duration and severity, along with continued observed trends reflecting reduced incidence of claims. The assumption revisions also include the use of more recent mortality assumptions for policies issued prior to 1999, continuing favorable results of claims adjudication enhancements, as well as substantive recognition of premium increases received through November 30, 2007. The approach is consistent with the principles underlying the method referenced in the Corrective Order as issued by the Pennsylvania Insurance Commissioner in February 2002 in that no unachieved premium increases are anticipated. Reserves are recalculated from inception of the policies reflecting modified claim costs based on actual experience and future patterns consistent with such experience.

Under the modified assumptions, the Company will establish gross statutory additional reserves that will not be less than gross statutory additional reserves as of December 31, 2006. Contract and claim reserves will employ the Company's most recent assumptions, as well.

C. Accounting Policy Disclosure

Premiums are recognized as revenue when due. Policy acquisition costs such as commissions and other marketing and policy issuance expenses incurred in connection with acquiring new business, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost, using the interest method.
3. Not applicable.
4. Not applicable.
5. Not applicable.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective method is used to value the securities.
7. Investments in subsidiaries are valued at the equity or surplus value of the subsidiary. Ownership of parent common stock is valued in accordance with NAIC SVO upstream investment guidelines.
8. Not applicable.
9. The Company utilizes investment income as a factor in its gross premium valuation calculation, as allowed by SSAP No. 54, Individual and Group Accident and Health contracts.
10. Liabilities for losses/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development mode to develop best estimates of liabilities and using tabular reserves employing mortality/morbidity tables and discount rates specified by regulatory authorities. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
11. The Company has not modified its capitalization policy from the prior period.
12. Not applicable.
13. Not applicable.

2. Accounting Changes and Correction of Errors - Not applicable.

3. Business Combinations and Goodwill

In December 2006, we entered into a purchase agreement to acquire Southern Security Life Insurance Company ("Southern Security"), a Florida-domiciled shell insurance company. The purchase price for Southern Security consisted of \$400,000 plus the capital and surplus of Southern Security as of December 31, 2006, which was \$3,861,363, plus all investment income and interest on the capital and surplus accruing between December 31, 2006 and the date of final distributions from escrow. The purchase agreement required the approval of the Pennsylvania Insurance Department, which was obtained, and the Florida Office of Insurance Regulation by December 21, 2007. Because the Florida Office of Insurance Regulation did not complete its review by that date, the seller exercised its right to terminate the purchase agreement. We are making no further attempt to

NOTES TO FINANCIAL STATEMENTS

consummate the transaction. The purchase price was held in escrow pending the completion of the transaction. The escrowed amount, plus interest, was returned to us on January 23, 2009.

4. Discontinued Operations - Not applicable.
5. Investments
 - A. Mortgage Loans - Not applicable.
 - B. Debt Restructuring - Not applicable.
 - C. Reverse Mortgage - Not applicable.
 - D. Loan-Backed Securities
 1. Not applicable.
 2. Prepayment assumptions were obtained from broker dealer survey values.
 3. Not applicable.
 - E. Repurchase Agreements - Not applicable.
 - F. Real Estate - Not applicable.
 - G. Low-Income Housing Tax Credits - Not applicable.
6. Joint Ventures, Partnerships and Limited Liability Companies - Not applicable.
7. Investment Income - Not applicable.
8. Derivative Instruments - Not applicable.
9. Income Taxes - There has been no significant change since prior year-end.
10. Information Concerning Parent, Subsidiaries and Affiliates
 - A. B. and C. The Company is 100% owned by Penn Treaty Network America ("PTNA"), an insurance company. PTNA is 100% owned by Penn Treaty American Corporation ("PTA"), an insurance holding company. The Company owns 100% of American Independent Network Insurance Company of New York ("AINICNY"), an insurance company. In first quarter 2009 and year-end 2008, the Company was allocated \$250,000 and \$1,000,000 respectively related to a cost sharing agreement with PTNA.
 - D. Not applicable.
 - E. Not applicable.
 - F. Not applicable.
 - G. Not applicable.
 - H. Not applicable.
 - I. The Company is under common control with PTNA and ANICNY. The existence of that control could result in operational or financial position changes being substantially different from those that would have been obtained if the Company were autonomous.
 - J. The Company deducted \$248 from the market value of its common stock ownership of its ultimate parent PTA.
 - K. Not applicable.
 - L. Not applicable.
 - M. Not applicable.
 - N. Not applicable.
11. Debt - Not applicable.
12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
 - A. Not applicable.
 - B. Not applicable.
 - C. Not applicable.
 - D. Not applicable.
 - E. Not applicable.
 - F. Not applicable.
13. Capital and Surplus, Shareowners' Dividend Restrictions and Quasi-Reorganizations
 1. The Company's capital is common stock, 2,000,000 shares authorized, 1,750,000 issued and outstanding, \$1.43 par value.
 2. Not applicable.
 3. On February 12, 2002, the Department approved a Corrective Action Plan (the "Plan") for the Company. The Plan requires the Department to approve all dividend requests made by the Company, regardless of normal statutory requirements of the allowable dividends.
 4. Not applicable.
 5. Not applicable.
 6. Not applicable.

NOTES TO FINANCIAL STATEMENTS

- 7. Not applicable.
- 8. Not applicable.
- 9. Not applicable.
- 10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$224,944.
- 11. Not applicable.
- 12. Not applicable.
- 13. Not applicable.

14. Contingencies

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position.
- E. Not applicable.

15. Leases - Not applicable.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk - Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans - Not applicable.

19. Direct Premium Written by Managing General Agents/Third Party Administrators - Not applicable.

20. Other Items

A. Reinsurance Agreements with Imagine International Reinsurance Limited

On August 21, 2008 the Company provided notification of breach to Imagine for its failure to provide the requisite level of collateral in the form of letters of credit as of June 30, 2008 under the 2001 Agreement. The Company does not consider Imagine to be in breach of its obligations under the 2005 Agreement.

The Company took this action based on verbal notification provided by Imagine that the additional letter of credit would not be provided. Imagine has further provided written confirmation contending they are not in breach, stating that since the Company failed to obtain an Obligatory Premium Rate Increase as a result of regulatory action or inaction, a Regulatory Risk Event had occurred under the 2001 Agreement. The Company is pursuing available legal remedies including, but not limited to, the arbitration provisions included in the reinsurance agreement.

On November 10, 2008 the Company and Imagine agreed upon binding terms for a final settlement agreement regarding their dispute.

Under the terms of the agreement, the Company will not pay expense and risk charges to Imagine beyond the first quarter of 2008 for its primary reinsurance treaty or beyond the second quarter of 2008 for its secondary treaty. The Company believes that it would have otherwise been obligated to pay expense and risk charges through the end of 2008 on the primary treaty and potentially through the third quarter of 2010 on the secondary treaty. The Company estimates the value of these fees to be approximately \$1.2 million. In exchange, the Company has withdrawn its notice of intention to arbitrate and released approximately \$100 thousand in supporting letters of credit on December 1, 2008, which would have otherwise been released on January 1, 2009. The Company recaptured policies reinsured under both treaties on January 1, 2009. Both parties also agreed to waive any future contractual or non-contractual claims relating to the treaties other than those relating to the settlement agreement itself. The final settlement agreement was approved by the Pennsylvania Insurance Department.

Economic Restructuring Plan

On October 3, 2008, PTA announced an economic restructuring plan ("the Plan") for PTNA and ANIC policyholders. The primary components of the Plan are:

- 1. Commutation of agreements with Imagine, PTNA's and ANIC's principal reinsurer, and recapture all reinsured policies under the two agreements on January 1, 2009, recognizing that statutory policyholder surplus would be negatively affected by the recapture. The Pennsylvania Insurance Department approved the recapture.
- 2. PTA is continuing the review of strategic alternatives.
- 3. The Company suspended new policy issuance nationwide on October 3, 2008 pending the outcome of the Plan.

On January 6, 2009 the Pennsylvania Insurance Department placed PTNA and ANIC under voluntary rehabilitation. Under rehabilitation, the Pennsylvania Insurance Commissioner will file a rehabilitation plan for the approval of the Commonwealth Court, which generally defines the plan under which the companies will operate. The companies would operate under the rehabilitation plan and would be overseen by the Insurance Commissioner as statutory rehabilitator.

- B. Not applicable.
- C. Not applicable.
- D. Not applicable.
- E. Not applicable.
- F. Not applicable.

NOTES TO FINANCIAL STATEMENTS

G. Not applicable.

H. Not applicable.

21. Events Subsequent - Not applicable.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

A. Are any of the reinsurers, listed in Schedule S as nonaffiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes [] No [X]

B. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes [] No [X]

Section 2 - Ceded Reinsurance Report - Part A

A. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premiums or other similar credits? Yes [] No [X]

B. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes [] No [X]

Section 3 - Ceded Reinsurance Report - Part B

A. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under reflected in Section 2 above), of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. None

B. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as the effective date of the agreement? Yes [] No [X]

B. Uncollectible Reinsurance - Not applicable.

C. Commutation of Ceded Reinsurance - Not applicable.

23. Retrospectively Related Contracts and Contracts Subject to Redetermination - Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

Net reserves as of December 31, 2008 were \$1.9 million. As of March 31, 2009 \$1.9 million has been paid net of reinsurance for incurred claims and claim adjustment expenses attributable to insured events of prior years. Net reserves remaining for prior years as of March 31, 2009 are \$25.0 million. The substantial increase in net reserves was caused by the recapture of the Imagine Re treaty under which the vast majority of the company's reserves were ceded on December 31, 2008.

25. Inter Company Pooling Arrangements - Not applicable.

26. Structure Settlements - Not applicable.

27. Health Care Receivables - Not applicable.

28. Participating Policies - Not applicable.

29. Premium Deficiency Reserves - Not applicable.

30. Reserves for Life Contracts and Annuity Contracts - Not applicable.

31. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics - Not applicable.

32. Premium and Annuity Considerations Deferred and Uncollected - Not applicable.

33. Separate Accounts - Not applicable.

34. Loss/Claim Adjustment Expenses - There has been no significant change since prior year-end.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes () No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes () No ()
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes () No (X)
- 2.2 If yes, date of change:
- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes () No (X)
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes () No () N/A (X)
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2003
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/24/2005
- 6.4 By what department or departments?
Pennsylvania
.....
- 6.5 Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes () No () N/A (X)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes () No () N/A (X)
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes (X) No ()
- 7.2 If yes, give full information
Suspended: AL, AR, ID, ND, WY. Revoked: CT, IL. Impairment Order: VA
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ()
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes () No (X)

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes () No (X)

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes () No (X)

10.2 If yes, indicate the amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes () No (X)

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$

13. Amount of real estate and mortgages held in short-term investments: \$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes (X) No ()

14.2 If yes, please complete the following:

	1 Prior Year-End Book/ Adjusted Carrying Value	2 Current Quarter Book/ Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$ 8,645,155	\$ 8,867,099
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26)	\$ 8,645,155	\$ 8,867,099
14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above	\$ 5,495	\$ 9,010

15.1 Has the reporting entity entered into any hedging transactions reported on schedule DB? Yes () No (X)

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes () No ()

If no, attach a description with this statement.

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian (s)	2 Custodian Address
US Bank	Philadelphia, Pennsylvania
Davidson Trust Company	Devon, Pennsylvania
Bank of New York	New York, New York

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....

16.3 Have there been any changes, including name changes, in the custodian (s) identified in 16.1 during the current quarter? Yes () No (X)

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name (s)	3 Address
.....	US Bank	Philadelphia, Pennsylvania
.....	Davidson Trust Company	Devon, Pennsylvania
.....	Bank of New York	New York, New York

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

17.2 If no, list exceptions:

.....
.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 2 - LIFE AND HEALTH

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:

	1 Amount
1.1 Long-Term Mortgages in Good Standing	
1.11 Farm Mortgages	\$
1.12 Residential Mortgages	\$
1.13 Commercial Mortgages	\$
1.14 Total Mortgages in Good Standing	\$
	<u> </u>
1.2 Long-Term Mortgages in Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing with Restructured Terms	\$
	<u> </u>
1.3 Long-Term Mortgage Loans upon which Interest is in Arrears more than Three Months	
1.31 Farm Mortgages	\$
1.32 Residential Mortgages	\$
1.33 Commercial Mortgages	\$
1.34 Total Mortgages with Interest Overdue more than Three Months	\$
	<u> </u>
1.4 Long-Term Mortgage Loans in Process of Foreclosure	
1.41 Farm Mortgages	\$
1.42 Residential Mortgages	\$
1.43 Commercial Mortgages	\$
1.44 Total Mortgages in Process of Foreclosure	\$
	<u> </u>
1.5 Total Mortgage Loans (Line 1.14 plus Line 1.21 plus Line 1.34 plus Line 1.44) (Page 2, Column 3, Line 3.1 plus Line 3.2)	\$
	<u> </u>
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages	\$
1.62 Residential Mortgages	\$
1.63 Commercial Mortgages	\$
1.64 Total Mortgages Foreclosed and Transferred to Real Estate	\$
	<u> </u>

NONE

Page 10

Schedule S - Ceded Reinsurance

NONE

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

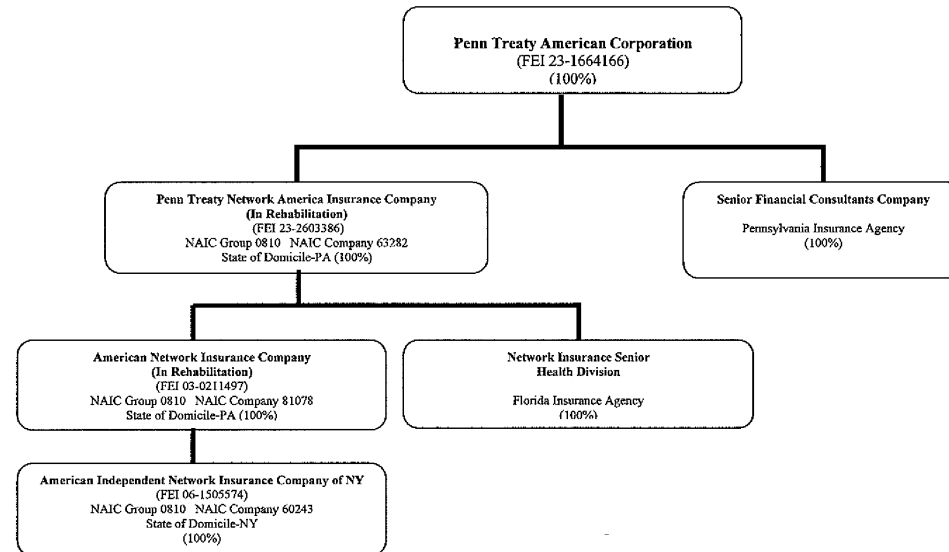
Current Year to Date - Allocated by States and Territories

States, Etc.	1		Direct Business Only					
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Column 2 Through Column 5	7 Deposit-Type Contracts
			2 Life Insurance Premiums	3 Annuity Considerations				
1. Alabama	AL	N			7,870		7,870	
2. Alaska	AK	N			59		59	
3. Arizona	AZ	L			1,399		1,399	
4. Arkansas	AR	N			163		163	
5. California	CA	L			77		77	
6. Colorado	CO	L			478,958		478,958	
7. Connecticut	CT	N			753,800		753,800	
8. Delaware	DE	L						
9. District of Columbia	DC	L						
10. Florida	FL	N			1,140		1,140	
11. Georgia	GA	L			2,245		2,245	
12. Hawaii	HI	L			398		398	
13. Idaho	ID	N			188		188	
14. Illinois	IL	N			135		135	
15. Indiana	IN	L						
16. Iowa	IA	N						
17. Kansas	KS	L			596,192		596,192	
18. Kentucky	KY	L			1,214		1,214	
19. Louisiana	LA	L			4,782		4,782	
20. Maine	ME	L			103,492		103,492	
21. Maryland	MD	L			179		179	
22. Massachusetts	MA	L			908		908	
23. Michigan	MI	N						
24. Minnesota	MN	L			3,726		3,726	
25. Mississippi	MS	L			819		819	
26. Missouri	MO	L			3,647		3,647	
27. Montana	MT	L			750		750	
28. Nebraska	NE	L			2,621		2,621	
29. Nevada	NV	L						
30. New Hampshire	NH	L			95		95	
31. New Jersey	NJ	L			1,873,529		1,873,529	
32. New Mexico	NM	N			106		106	
33. New York	NY	N			2,415		2,415	
34. North Carolina	NC	L			6,922		6,922	
35. North Dakota	ND	N						
36. Ohio	OH	L			402		402	
37. Oklahoma	OK	L						
38. Oregon	OR	L			3,246		3,246	
39. Pennsylvania	PA	L			1,586		1,586	
40. Rhode Island	RI	L			5,911		5,911	
41. South Carolina	SC	L			9,773		9,773	
42. South Dakota	SD	L			85		85	
43. Tennessee	TN	L			6,820		6,820	
44. Texas	TX	L			4,554		4,554	
45. Utah	UT	L			981		981	
46. Vermont	VT	L			338		338	
47. Virginia	VA	N			1,037,818		1,037,818	
48. Washington	WA	L			3,118		3,118	
49. West Virginia	WV	L			663,526		663,526	
50. Wisconsin	WI	N			416		416	
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U. S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CN	N						
58. Aggregate Other Alien	OT	XXX						
59. Subtotal	(a)	36			5,586,403		5,586,403	
90. Reporting entity contributions for employee benefit plans		XXX						
91. Dividends or refunds applied to purchase paid-up additions and annuities		XXX						
92. Dividends or refunds applied to shorten endowment or premium paying period		XXX						
93. Premium or annuity considerations waived under disability or other contract provisions		XXX			169,344		169,344	
94. Aggregate other amounts not allocable by State		XXX						
95. Totals (Direct Business)		XXX			5,755,747		5,755,747	
96. Plus Reinsurance Assumed		XXX			362,219		362,219	
97. Totals (All Business)		XXX			6,117,966		6,117,966	
98. Less Reinsurance Ceded		XXX			54,965		54,965	
99. Totals (All Business) less Reinsurance Ceded		XXX			6,063,001		6,063,001	
DETAILS OF WRITE-INS								
5801.		XXX						
5802.		XXX						
5803.		XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX						
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		XXX						
9401.		XXX						
9402.		XXX						
9403.		XXX						
9498. Summary of remaining write-ins for Line 94 from overflow page		XXX						
9499. Total (Line 9401 through Line 9403 plus Line 9498) (Line 94 above)		XXX						

(a) Insert the number of L responses except for Canada and Other Alien.







SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

- | | Response |
|--|---|
| 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? | NO |
| Explanation:
Not applicable | |
| Barcode
Document Identifier 490: | 8 1 0 7 8 2 0 0 9 4 9 0 0 0 0 0 1
 |
| 2. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | NO |
| Explanation:
Not applicable | |
| Barcode
Document Identifier 365: | 8 1 0 7 8 2 0 0 9 3 6 5 0 0 0 0 1
 |
| 3. Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC? | NO |
| EXPLANATION:
Not applicable | |
| BARCODE:
Document Identifier 445: | 8 1 0 7 8 2 0 0 9 4 4 5 0 0 0 0 1
 |
| 4. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC? | NO |
| EXPLANATION:
Not applicable | |
| BARCODE:
Document Identifier 446: | 8 1 0 7 8 2 0 0 9 4 4 6 0 0 0 0 1
 |
| 5. Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC? | NO |
| EXPLANATION:
Not applicable | |
| BARCODE:
Document Identifier 447: | 8 1 0 7 8 2 0 0 9 4 4 7 0 0 0 0 1
 |
| 6. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC? | NO |
| EXPLANATION:
Not applicable | |
| BARCODE:
Document Identifier 448: | 8 1 0 7 8 2 0 0 9 4 4 8 0 0 0 0 1
 |
| 7. Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC? | NO |
| EXPLANATION:
Not applicable | |
| BARCODE:
Document Identifier 449: | |

SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after ac		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/ad		
7. Deduct current year's other than temporar		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus		
Line 5 plus Line 6 minus Line 7 plus Line 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after ac		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortg		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus		
Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Total Valuation Allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after ac		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	102,469,063	111,141,621
2. Cost of bonds and stocks acquired	374,332	6,780,034
3. Accrual of discount	14,845	68,040
4. Unrealized valuation increase (decrease)	6,515	(67,660)
5. Total gain (loss) on disposals	2,797	31,073
6. Deduct consideration for bonds and stocks disposed of	162,758	14,318,297
7. Deduct amortization of premium	68,660	271,796
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		893,952
10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus		
Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	102,636,134	102,469,063
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	102,636,134	102,469,063

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	87,495,857	536,831	404,962	(4,862,119)	82,765,607			87,495,857
2. Class 2 (a)	5,514,608			4,808,788	10,323,396			5,514,608
3. Class 3 (a)	1,028,105			(484)	1,027,621			1,028,105
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)	9,520			3,000	12,520			9,520
7. Total Bonds	94,048,090	536,831	404,962	(50,815)	94,129,144			94,048,090
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	94,048,090	536,831	404,962	(50,815)	94,129,144			94,048,090

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$; NAIC 2 \$; NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999 Totals	141,679	X X X	141,679	623

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book / adjusted carrying value, December 31 of prior year	224,182	323,021
2. Cost of short-term investments acquired	162,499	9,351,089
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	245,002	9,449,928
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9)	141,679	224,182
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	141,679	224,182

Page SI04

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open

NONE

Page SI05

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets

NONE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	10,876,684	4,784,608
2. Cost of short-term investments acquired	5,317,741	25,085,650
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		18,993,574
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 + Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9)	16,194,425	10,876,684
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	16,194,425	10,876,684

Page E01

Sch. A, Pt. 2, Real Estate Acquired
NONE

Sch. A, Pt. 3, Real Estate Disposed
NONE

Page E02

Schedule B, Part 2, Mortgage Loans Acquired
NONE

Schedule B, Part 3, Mortgage Loans Disposed
NONE

Page E03

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired
NONE

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed
NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous (Unaffiliated)									
10138M-AK-1	BOTTLING GROUP LLC		01/15/2009	CREDIT SUISSE SECURITIES		74,549	75,000.00		1FE
05565Q-BH-0	BP CAP MKTS P L C		03/06/2009	US BANK TRUST		99,889	100,000.00		1FE
85748K-AA-1	STATE STR CORP FDIC GTD TLGP		03/04/2009	US BANK TRUST		199,894	200,000.00	36	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					374,332	375,000.00	36	36
8399997	Subtotal - Bonds - Part 3					374,332	375,000.00	36	36
8399999	Subtotal - Bonds					374,332	375,000.00	36	36
9999999	TOTALS					374,332		36	

E04

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF MARCH 31, 2009 OF THE American Network Insurance Company (In Rehabilitation)

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U. S. Governments																					
912828-JL-5	UNITED STATES TREAS NTS		01/14/2009	CITIGROUP GLOBAL MARKETS		102,523	100,000.00	99,680	99,720		6		6		99,726		2,797	2,797	588	09/30/2010	1
0399999	- Subtotal - Bonds - U. S. Governments					102,523	100,000.00	99,680	99,720		6		6		99,726		2,797	2,797	588		
Bonds - U. S. Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31396C-3C-2	FHLMC REMIC SERIES R003		03/15/2009	PRINCIPAL RECEIPT		4,686	4,686.43	4,652	4,657		30		30		4,686				44	10/15/2015	1
3199999	- Subtotal - Bonds - U. S. Special Revenue and Special Assessment and All Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions					4,686	4,686.43	4,652	4,657		30		30		4,686				44		
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
45920Q-BX-1	INTERNATIONAL BUSINESS MACHS		01/15/2009	MATURITY		55,000	55,000.00	56,232	55,025		(25)		(25)		55,000				1,513	01/15/2009	1FE
79548C-BH-8	SALOMON BROS MTG 7 2001-C1		03/18/2009	PRINCIPAL RECEIPT		548	548.15	566	555		(7)		(7)		548				6	12/18/2035	1FE
3899999	- Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					55,548	55,548.15	56,798	55,580		(32)		(32)		55,548				1,519		
8399997	- Subtotal - Bonds - Part 4					162,757	160,234.58	161,130	159,957		4		4		159,960		2,797	2,797	2,151		
8399999	- Subtotal - Bonds					162,757	160,234.58	161,130	159,957		4		4		159,960		2,797	2,797	2,151		
9999999	- TOTALS					162,757		161,130	159,957		4		4		159,960		2,797	2,797	2,151		

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(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues

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Schedule DB, Part A, Section 1

NONE

Schedule DB, Part B, Section 1

NONE

Page E07

Schedule DB, Part C, Section 1

NONE

Schedule DB, Part D, Section 1

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9 *
						6	7	8	
Name	Location and Supplemental Information	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	
Open Depositories									
Dreyfus Cash Mgmt Plus Inc	Devon, Pennsylvania			482	94	153,974	179,924	178,952	
Wachovia Bank	Allentown, Pennsylvania			6,248	764	2,527,403	2,932,074	3,165,773	
0199999 - TOTAL - Open Depositories				6,730	858	2,681,377	3,111,998	3,344,725	
0399999 - TOTAL Cash on Deposit				6,730	858	2,681,377	3,111,998	3,344,725	
0599999 - TOTALS				6,730	858	2,681,377	3,111,998	3,344,725	

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
Other Cash Equivalents							
Bank of New York Cash Reserve Fund		03/25/2009			16,194,426	680	1,546
8599999 - Other Cash Equivalents					16,194,426	680	1,546
8699999 - Total Cash Equivalents					16,194,426	680	1,546