



December 10, 2007

Roger A. Sevigny, Commissioner of Insurance
Of the State of New Hampshire and as Rehabilitator of
Patriot Health Insurance Company, Inc. and
Peter A. Bengelsdorf, Special Deputy Commissioner
21 South Fruit Street, Suite 14
Concord NH 03301
Attn: Alexander Feldvebel, Deputy Commissioner

Re: Patriot Health Insurance Company, Inc.

Gentlemen:

This letter of agreement describes the proposed transaction by and among MVP Health Insurance Company of New Hampshire ("MVP") and Roger A. Sevigny, as Rehabilitator of Patriot Health Insurance Company, Inc. ("Patriot"), pursuant to which the parties agree, subject to the conditions described herein, that as of 11:59 p.m., Eastern time, on December 31, 2007 (the "Closing Date"), MVP will assume all of Patriot's responsibilities under its health insurance policies in effect on January 1, 2008 (the "MVP Assumption").

The obligations set forth herein are subject to a final order of approval by the court supervising Patriot's rehabilitation, including an injunction barring any claims against MVP respecting Patriot's obligations or liabilities not transferred to MVP pursuant to the MVP Assumption. The parties agree to negotiate in good faith to enter into any operational addenda reasonably necessary to further define their respective obligations. The Rehabilitator will make a good faith effort to obtain the prompt approval of the court supervising Patriot's rehabilitation. In recognition that upon signing this letter agreement, MVP will begin to engage in activities to facilitate the transition, the Rehabilitator shall not enter into discussions or accept offers from any third party with respect to the MVP Assumption or other assets and liabilities to be assumed hereunder.

The MVP Assumption

Effective as of the Closing Date, the Rehabilitator will cede to MVP, and MVP agrees to assume one hundred percent (100%) of Patriot's responsibilities under all Patriot health insurance policies in effect on January 1, 2008 (the "MVP Assumption"). The Rehabilitator will transfer any unearned premium reserves (net of any unearned broker's commission previously paid by Patriot) respecting such ceded policies to MVP on the Closing Date. MVP shall not be liable for any unearned broker's commission previously paid by Patriot.

Any amounts collected by the Rehabilitator that relate to Patriot business ceded hereunder to MVP shall be promptly remitted to MVP.

Any reinsurance recoveries received by the Rehabilitator respecting reinsurance of claims incurred after the Closing Date (including recoveries from reinsurance provided by the State of New Hampshire and small employer fund) relating to policies subject to the MVP Assumption shall be promptly remitted to MVP.

Any subrogation recoveries relating to post-MVP Assumption claims, which recoveries are received by the Rehabilitator shall be promptly remitted to MVP.

Liabilities and Obligations Other than the MVP Assumption

MVP shall have no responsibility for any liabilities or obligations that were incurred by Patriot prior to the Closing Date, and shall have no responsibility for liabilities of Patriot incurred on and after the Closing Date except for the MVP Assumption. Notwithstanding the foregoing, MVP and the Rehabilitator agree that MVP will assume certain other liabilities and obligations of Patriot on and after the Closing Date, as discussed below under the heading "Operational Matters."

The Rehabilitator and the New Hampshire Life and Health Insurance Guaranty Association ("NHLHIGA") will by separate agreement address their respective obligations under RSA 402 C and 408 B regarding Patriot's obligations prior to the Closing Date, and subsequent to the Closing Date other than the MVP Assumption and such other liabilities or obligations that MVP expressly agrees to assume hereunder or by separate agreement with the Rehabilitator. Unless otherwise discharged, such liabilities shall be the responsibility of Patriot, the Rehabilitator or NHLHIGA.

New Hampshire Insurance Department ("Department") Approvals

1. The Department authorizes MVP to migrate Patriot policyholders on the "Traditional" or "Standard" health plans to an MVP plan with different rates and/or benefit structures at renewal. The Department acknowledges that it will review necessary approvals of rates without delay.

2. The Department approves adoption by MVP of Patriot high deductible HSA plans and rates. This approval will allow MVP to offer the Patriot high deductible HSA plans on MVP paper. The Department acknowledges that it will review any necessary approvals of rates without delay.
3. The Department approves the stacking of all assets from MVP Health Plan of New Hampshire and MVP Health Insurance of New Hampshire for purposes of meeting required reserves for both companies.

Operational Matters

1. The Rehabilitator will deliver a mutually agreeable communication to Patriot-contracted providers seeking their full cooperation and continuation with MVP with respect to the Patriot product lines. The Rehabilitator will make commercially reasonable efforts to cause Patriot personnel, including Mr. Vailas, to facilitate provider cooperation and continuation with MVP. As of the Closing Date, Patriot will be relieved of all liability for services rendered by providers on and after January 1, 2008. The Rehabilitator will cooperate with MVP in order to extend Patriot's administrative services agreement with EBPA and Patriot's pharmacy agreement and to make them available to MVP at least until December 31, 2010, subject to the same termination provisions as are in the current contracts. MVP will bear the cost for the administration by EBPA to conclusion of all claims incurred under Patriot's health insurance policies prior to the Closing Date. Patriot will be relieved of all liability for services rendered under the pharmacy agreement on and after January 1, 2008, and shall also be relieved of all liability for administrative services rendered under the EBPA administrative services agreement with respect to claims incurred both before and after January 1, 2008. As of the Closing Date, MVP also expressly assumes responsibility to pay (a) unpaid brokerage commissions earned by brokers and accrued by Patriot in December 2007 which commissions would ordinarily be paid the following month, (b) unpaid high risk pool charges relating to and accrued by Patriot for the period December 2007, and ordinarily paid the following month, (c) unpaid small employer reinsurance charges relating to and accrued by Patriot for the period December 2007, and ordinarily paid the following month, (d) unpaid CBS charges relating to and accrued by Patriot for the period December 2007, and ordinarily paid the following month, (e) accrued payroll for the Patriot employees hired by MVP relating to the pay period, if any, that under Patriot policies in effect as of the date of this letter, would occur partially in 2007 and partially in 2008

(the intent being that MVP would pay these employees their standard pay when normally due in January, 2008), and (f) accrued vacation for the Patriot employees hired by MVP. MVP agrees to make offers to the following Patriot personnel to become employees of MVP as of the Closing Date at their current salary and MVP standard benefits: Chris Henderson, Mary Grannen, Dina Parker and Ellen Rines. MVP may, in its sole discretion make offers to other Patriot personnel. If, prior to the Closing Date, MVP should choose not to hire a Patriot employee, then the Rehabilitator may, in its sole discretion, terminate the employee's employment, in which case Patriot will be responsible for the cost of any accrued payroll, vacation, and other benefits, provided they are legal obligations of Patriot. In addition, MVP will offer Dan Smith a consulting arrangement to take effect on closing for a period of at least six months, at a rate that is equivalent to his current salary. (The Rehabilitator and MVP will negotiate in good faith an arrangement for the sharing of employee services and the Rehabilitator's reimbursement of the cost for the portion of those services attributable to rehabilitation activities.) If the Rehabilitator does not terminate the employee, then the Rehabilitator will be responsible for payment and benefits for the employee.

2. As of the Closing Date, the Rehabilitator will transfer or assign to MVP the following Patriot assets: fixed assets, telephone numbers, telephone listings and website, office equipment, trademarks and non-exclusive use of the Patriot name. MVP will also assume, as of the Closing Date, Patriot's real estate lease and any equipment leases at their current terms, upon receipt of an appropriate assignment from Patriot and consent, if required from the landlord and vendors. (The Rehabilitator and MVP will work cooperatively to obtain any required consents and will also negotiate in good faith an arrangement for the sharing of office space and equipment and the Rehabilitator's cost of the use of that space and equipment.)
3. Until such time as Patriot's rehabilitation and this letter agreement become public knowledge, no public communication relating to the transactions described in this Agreement shall be made by Patriot, the Rehabilitator, or MVP without the approval of the other parties, which shall not be unreasonably withheld, except for required communications to state or federal regulatory agencies. The Rehabilitator and MVP will seek to make a joint public announcement upon the entering into of this letter by the parties with the purpose of facilitating a smooth transition of Patriot policies to MVP. MVP and the Rehabilitator will coordinate further communications to providers. The Rehabilitator shall provide reasonable notice of any public communications it intends to make relating to the transactions described herein to MVP. Nothing herein is intended to restrict MVP from communicating with Patriot's vendors, groups,

employees, providers, brokers or other persons relating to the business assumed pursuant to the MVP Assumption, or require such communications to be approved by the Rehabilitator after Patriot's rehabilitation and the MVP Assumption become public knowledge.

4. The Rehabilitator and MVP shall cooperate with respect to preserving the business assumed by MVP pursuant to the MVP Assumption, and facilitating MVP's ability to operate such business.
5. Each party is responsible for its own expenses associated with the transactions described herein.
6. Between the date of the Rehabilitation order, and the Closing Date, and subject to the approval of the receivership court, the Rehabilitator shall continue to operate Patriot in the ordinary course of business, including but not limited to payment of brokers, vendors and trade creditors, and selling its insurance products at appropriate rates, but refrain from undertaking any extraordinary transaction except as otherwise described herein or as agreed to by the parties. Miscellaneous

1. Any notices permitted or required under this letter shall be in writing and delivered by courier, or by certified mail, with delivery confirmation. Notices shall be addressed to the signatories at the addresses set forth herein, and copies of notices shall be delivered to each of the parties' and their respective counsel as set forth below:

MVP

Greenberg Traurig, LLP
54 State Street, 6th Floor
Albany, NY 12207
Attention: Robert J. Moses

Rehabilitator

Department of Justice
Civil Bureau
33 Capitol Street
Concord, NH 03301
Attention: Glenn Perlow

Each party may change its notice address and counsel by notice as provided herein.

2. This letter may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.
3. This letter may only be amended by written agreement of the parties.
4. The parties agree to execute any other documents required to effectuate the transfers described herein.

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We look forward to completing this transaction. Each party acknowledges and agrees that signing this letter constitutes a binding obligation of the party, subject to the conditions stated herein.

MVP Health Insurance Company of New Hampshire

By: David W. O'Brien

Title: President CEO

AGREED

ROGER A. SEVIGNY, COMMISSIONER
OF INSURANCE OF THE STATE OF NEW
HAMPSHIRE AND AS REHABILITATOR OF
PATRIOT HEALTH INSURANCE COMPANY,
INC.

By: [Signature]

Title: INSURANCE COMMISSIONER