

**ATTORNEY GENERAL
DEPARTMENT OF JUSTICE**

33 CAPITOL STREET
CONCORD, NEW HAMPSHIRE 03301-6397

KELLY A. AYOTTE
ATTORNEY GENERAL



ORVILLE B. "BUD" FITCH II
DEPUTY ATTORNEY GENERAL

July 22, 2008

William S. McGraw, Clerk
Merrimack County Superior Court
PO Box 2880
Concord NH 03302-2880

RECEIVED
2008 JUL 23 AM 10:39
NH INSURANCE DEPT.

RE: *In the Matter of Rehabilitation of Patriot Health Insurance*
Docket No. 07-E-0517

Dear Clerk McGraw:

Enclosed please find the following for docketing and filing in the above-captioned matter:

1. Motion for Approval of Liquidation Closure Plan.

Also enclosed, for the Court's signature, are:

1. Order Approving Liquidation Closure Plan; and
2. Order of Notice.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn A. Perlow".

Glenn A. Perlow
Assistant Attorney General
Civil Bureau
603-271-3650

GAP/sd
Enclosures
cc: Service List
285745

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

MOTION FOR APPROVAL OF LIQUIDATION CLOSURE PLAN

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire (the "Commissioner"), as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), hereby moves for an order of notice setting a deadline for filing of objections to this motion and for an order approving the Liquidation Closure Plan attached as Exhibit A. Approval of the Liquidation Closure Plan will provide a framework for the determination of claims, distribution of assets and closure of the proceeding. As reasons therefor, the Liquidator states:

1. Order of notice. This motion seeks approval of a plan for the closure of the Patriot liquidation. The Liquidator as an initial matter requests that the Court issue an Order of Notice in the form submitted herewith setting a deadline of three weeks for objections to the motion and directing the Liquidator to provide notice of the motion and the deadline for objections by mail to claimants who have filed a proof of claim and persons who have submitted bills to EBPA (the claim administrator) for Patriot claims since January 18, 2008 (the date when the liquidation commenced).

2. Background. On December 12, 2007, Patriot was placed in rehabilitation and the Commissioner was appointed as its Rehabilitator. The Rehabilitator entered an Assumption Agreement with MVP Health Insurance Company of New Hampshire

("MVP") ("Assumption Agreement"), which was approved by the Court on December 12, 2007. Under the Assumption Agreement, MVP agreed to bear the cost for the administration by Comprehensive Benefits Administrator d/b/a EBPA ("EBPA") to conclusion of all claims incurred under Patriot health insurance policies prior to January 1, 2008 ("Patriot Claims"). The policy obligations for Patriot Claims remain the responsibility of Patriot. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Liquidation Closure Plan ("Bengelsdorf Aff.") ¶ 3.

3. On January 18, 2008, the Court entered an Order of Liquidation placing Patriot in liquidation and appointing the Commissioner as Liquidator. Bengelsdorf Aff. ¶ 4.

4. The Liquidator entered a Claim Administration and Funding Agreement with the New Hampshire Life and Health Insurance Guaranty Association ("NHLHIGA"), EBPA and MVP (the "Claim Agreement"), which was approved by the Court on February 12, 2008. Pursuant to the Claim Agreement, EBPA has been adjusting Patriot Claims, and NHLHIGA has been paying such claims subject to its statutory limitations. As of July 3, 2008, EBPA had received Patriot Claims totaling \$1,858,188.88, the vast majority of which are within NHLHIGA's statutory limits and are being paid by NHLHIGA. The Liquidator has been monitoring this process. Bengelsdorf Aff. ¶ 5.

5. In the Order of Liquidation, the Court established July 18, 2008 as the deadline for filing of claims. The Liquidator gave notice of the liquidation and the claim filing deadline as set forth in the Liquidator's reports. Patriot subscribers or members, or healthcare providers submitting claims on behalf of members or subscribers, need not

submit proofs of claims unless they will not be able to submit the claim in the normal course to EBPA (the claim administrator) by the July 18, 2008 claim filing deadline. Producers, attorneys, vendors and other general creditors must file proofs of claim. As of July 3, 2008, the Liquidator has received a total of 46 proofs of claim. The proofs of claim submitted that quantified the claims assert claims that total \$262,517.84. Most proofs of claim are for unpaid medical costs, and the Liquidator has forwarded copies of the supporting material to EBPA for adjusting of the claims. Bengelsdorf Aff. ¶ 6.

6. The Liquidator has \$569,768 in Patriot assets under his direct control as of June 30, 2008. The only significant assets remaining to be collected are potential subrogation and reinsurance recoveries. It is anticipated that Patriot's liabilities will exceed its assets, and that no distributions will be made to any priority class below Class II (policy related claims) under RSA 402-C:44. Bengelsdorf Aff. ¶ 7.

7. The New Hampshire Insurers Rehabilitation and Liquidation Act, RSA 402-C ("Act"), provides that the rights and obligations of an insolvent insurer and its creditors are fixed as of the date of the filing of the petition for liquidation. RSA 402-C:21. Claims against the insurer generally are to be asserted through the proof of claim process, which requires that claims be filed by a claim filing deadline but permits late filed claims so long as they do "not prejudice the orderly administration of the liquidation." RSA 402-C:37, 39. The Liquidator is to determine claims and make recommendations concerning them to the Court. RSA 402-C:45. The Liquidator, under the direction of the Court, is to pay dividends in a manner that "will assure the proper recognition of priorities" under RSA 402-C:44 and "a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and

undetermined claims.” RSA 402-C:46, I. When the assets “justifying the expense of collection and distribution have been collected and distributed,” the Liquidator is to apply to the Court for discharge. RSA 402-C:48.

8. The Liquidation Closure Plan. As the assets of the estate have almost all been marshaled and it appears there will be a significant deficiency, the Liquidator seeks to prepare to close the estate as soon as possible after the claim filing deadline has passed in order to minimize administrative expense. To that end, the Liquidator requests approval of the attached Liquidation Closure Plan (“Plan”). The elements of the Plan are set forth below. Bengelsdorf Aff. ¶ 8.

9. The Liquidator will issue notices of determination to trigger the 60-day objection period as promptly as possible after the claim filing deadline as follows:

- a. Proofs of claim for healthcare services with respect to members/subscribers expected to be within the \$100,000 per life cap on NHLHIGA coverage will be determined as set forth on the explanations of benefits (“EOBs”) issued by EBPA since January 18, 2008 and denied on the ground that the claim has been satisfied by NHLHIGA coverage. The provider submissions are being provided to EBPA, which is reviewing the submissions and determining appropriate amounts for payment by NHLHIGA, subject to statutory limitations. NHLHIGA is paying these claims as they are determined by EBPA. To the extent the claims are paid by NHLHIGA, they will become part of NHLHIGA’s Class II claim.
- b. The claims of medical providers (or members/subscribers) who made claim submissions directly to EBPA without a proof of claim (as is

permitted before the claim filing deadline), unless they concern the three members/subscribers discussed in the following subparagraph, will be determined as Class II claims as set forth in EOBs issued by EBPA since January 18, 2008 and denied on the ground that the claim has been satisfied by NHLHIGA coverage. (EBPA will immediately start including such notices of determination with explanations of benefits issued after July 18, 2008.) NHLHIGA is expected to pay all other claims submitted to EBPA through July 18, 2008 as they are determined by EBPA. To the extent the claims are paid by NHLHIGA, they will become part of NHLHIGA's Class II claim.

- c. Claims for healthcare services with respect to each of three particular members/subscribers who were involved in serious accidents are expected to exceed the \$100,000 per life cap on NHLHIGA coverage. NHLHIGA has determined that it will pro rate the \$100,000 cap amount across claims regarding the three members as adjusted by EBPA. As a result, there will be numerous claims regarding these three members that will not be completely satisfied by NHLHIGA coverage. The Liquidator will allow the claims as Class II claims in amounts determined by EBPA on EOBs. Distributions on these claims will be net of amounts ultimately paid by NHLHIGA. This netting process will be more fully described in the Liquidator's motion to the Court seeking approval of distributions.
- d. NHLHIGA's proof of claim has two parts. The part concerning loss payments on claims under Patriot health insurance policies will be allowed

as a Class II claim in the amount of NIHLHIGA's payments on medical provider or member/subscriber claims through the claim filing deadline. The part concerning administration expenses through the claim filing deadline will be allowed as a Class I claim.

- e. All other proofs of claim will be determined as to priority. Any claims assigned Class I or Class II priority will be determined. Claims assigned a priority below Class II will be determined only as to priority class and otherwise indefinitely deferred because no distribution below Class II is anticipated.
- f. Any proofs of claim filed with the Liquidator and claims submitted to EBPA after the claim filing deadline will be determined only as to priority class (Class VIII) and otherwise indefinitely deferred. (EBPA will immediately start including such Class VIII notices of determination with explanations of benefits on claims submitted after July 18, 2008.) The further determination of such late filed claims will adversely affect the orderly administration of the liquidation. The Liquidator needs to identify and determine (or defer) the entire universe of claims. In the context of this liquidation, where there are very limited assets and the estate should be wound up promptly to avoid expense, that universe is properly bounded by the claim filing deadline. Since no distribution is expected to Class VIII, the claims will not be further addressed by the Liquidator.

Bengelsdorf Aff. ¶ 9.

10. The Liquidator will apply for approval to distribute all Patriot's assets (after reserving for or paying administrative expenses and NHLHIGA's Class I claim) pro rata based on each claimant's allowed amount to the Class II claimants once those claims are determined after the claim filing deadline. (It is anticipated that the only Class II claimants will be NHLHIGA and the providers on the three significant accident claims who have claims that will only be partially paid by NHLHIGA.) Bengelsdorf Aff. ¶ 10.

11. Once all proofs of claim have been finally determined and distributions made to Class II claimants, the Liquidator will transfer records that may be useful to NHLHIGA and request the Court's approval for destruction of other records pursuant to RSA 402-C:50. Bengelsdorf Aff. ¶ 11.

12. The Liquidator will assign any future recoveries of assets to NHLHIGA. The only such assets are expected to be potential subrogation and reinsurance recoveries. Bengelsdorf Aff. ¶ 12.

13. The Liquidator will confirm that federal tax returns were filed for prior periods and file a return for 2008. Once the tax return is filed and any disputed claims resolved, the Liquidator will file for discharge. Bengelsdorf Aff. ¶ 13.

14. The Liquidation Closure Plan is fair and reasonable, and it is in the best interests of the Patriot liquidation and the claimants. It will facilitate the prompt resolution of claims and advance the distribution of the estate's assets and the closure of this proceeding without unnecessary administrative expense, while allowing over seven months for medical providers to file a proof of claim or bill EBPA for services rendered. Bengelsdorf Aff. ¶ 14.

WHEREFORE, the Liquidator respectfully requests that the Court:

- (a) Issue an Order of Notice in the form submitted herewith directing the Liquidator to provide notice of the motion and a thirty day deadline for objections to claimants who have filed a proof of claim and medical providers who have submitted bills to EBPA for Patriot claims since January 18, 2008;
- (b) After consideration of any objection filed by the deadline, grant this motion;
- (c) Enter an order in the form submitted herewith approving the Liquidation Closure Plan; and
- (d) Grant such other and further relief as justice may require.

Respectfully submitted,

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

By his attorneys,

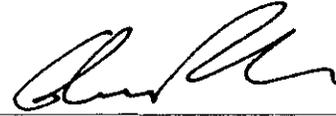
KELLY A. AYOTTE
ATTORNEY GENERAL

July 22, 2008

By: 
Glenn A. Perlow, No. 13085
Assistant Attorney General
Civil Bureau
33 Capitol Street
Concord, NH 03301-6397

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of July 2008, a true and correct copy of the foregoing document was served via first class mail, postage paid to all parties on the Service List.



Glenn A. Perlow

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

**AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL DEPUTY LIQUIDATOR, IN
SUPPORT OF MOTION FOR APPROVAL OF LIQUIDATION CLOSURE PLAN**

I, Peter A. Bengelsdorf, hereby depose and say:

1. On December 12, 2007, I was appointed as Special Deputy Commissioner for the Rehabilitation of Patriot Health Insurance Company ("Patriot"). On January 18, 2008, I was appointed as the Special Deputy Liquidator of Patriot, in which capacity I now serve. The facts and information set forth below are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information and belief.

2. I submit this affidavit in support of the motion of Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of Patriot, for approval of a liquidation closure plan.

3. On December 12, 2007, Patriot was placed in rehabilitation and the Commissioner was appointed as its Rehabilitator. The Rehabilitator entered an Assumption Agreement with MVP Health Insurance Company of New Hampshire ("MVP") ("Assumption Agreement"), which was approved by the Court on December 12, 2007. Under the Assumption Agreement, MVP agreed to bear the cost for the administration by Comprehensive Benefits Administrator d/b/a EBPA ("EBPA") to

conclusion of all claims incurred under Patriot health insurance policies prior to January 1, 2008 (“Patriot Claims”). The policy obligations for Patriot Claims remain the responsibility of Patriot.

4. On January 18, 2008, the Court entered an Order of Liquidation placing Patriot in liquidation and appointing the Commissioner as Liquidator.

5. The Liquidator entered a Claim Administration and Funding Agreement with the New Hampshire Life and Health Insurance Guaranty Association (“NHLHIGA”), EBPA and MVP (the “Claim Agreement”), which was approved by the Court on February 12, 2008. Pursuant to the Claim Agreement, EBPA has been adjusting Patriot Claims, and NHLHIGA has been paying such claims subject to its statutory limitations. As of July 3, 2008, EBPA had received Patriot Claims totaling \$1,858,188.88, the vast majority of which are within NHLHIGA’s statutory limits and are being paid by NHLHIGA. The Liquidator has been monitoring this process.

6. In the Order of Liquidation, the Court established July 18, 2008 as the deadline for filing of claims. The Liquidator gave notice of the liquidation and the claim filing deadline as set forth in the Liquidator’s reports. Patriot subscribers or members, or healthcare providers submitting claims on behalf of members or subscribers, need not submit proofs of claims unless they will not be able to submit the claim in the normal course to EBPA (the claim administrator) by the July 18, 2008 claim filing deadline. Producers, attorneys, vendors and other general creditors must file proofs of claim. As of July 3, 2008, the Liquidator has received a total of 46 proofs of claim. The proofs of claim submitted that quantified the claims assert claims that total \$262,517.84. Most

proofs of claim are for unpaid medical costs, and the Liquidator has forwarded copies of the supporting material to EBPA for adjusting of the claims.

7. The Liquidator has \$569,768 in Patriot assets under his direct control as of June 30, 2008. The only significant assets remaining to be collected are potential subrogation and reinsurance recoveries. It is anticipated that Patriot's liabilities will exceed its assets, and that no distributions will be made to any priority class below Class II (policy related claims) under RSA 402-C:44.

8. As the assets of the estate have almost all been marshaled and it appears there will be a significant deficiency, the Liquidator seeks to prepare to close the estate as soon as possible after the claim filing deadline has passed in order to minimize administrative expense. To that end, the Liquidator requests approval of the Liquidation Closure Plan ("Plan") attached as Exhibit A to the motion. The elements of the Plan are set forth below.

9. The Liquidator will issue notices of determination to trigger the 60-day objection period as promptly as possible after the claim filing deadline as follows:

- a. Proofs of claim for healthcare services with respect to members/subscribers expected to be within the \$100,000 per life cap on NHLHIGA coverage will be determined as set forth on the explanations of benefits ("EOBs") issued by EBPA since January 18, 2008 and denied on the ground that the claim has been satisfied by NHLHIGA coverage. The provider submissions are being provided to EBPA, which is reviewing the submissions and determining appropriate amounts for payment by NHLHIGA, subject to statutory limitations. NHLHIGA is paying these

claims as they are determined by EBPA. To the extent the claims are paid by NHLHIGA, they will become part of NHLHIGA's Class II claim.

- b. The claims of medical providers (or members/subscribers) who made claim submissions directly to EBPA without a proof of claim (as is permitted before the claim filing deadline), unless they concern the three members/subscribers discussed in the following subparagraph, will be determined as Class II claims as set forth in EOBs issued by EBPA since January 18, 2008 and denied on the ground that the claim has been satisfied by NHLHIGA coverage. (EBPA will immediately start including such notices of determination with explanations of benefits issued after July 18, 2008.) NHLHIGA is expected to pay all other claims submitted to EBPA through July 18, 2008 as they are determined by EBPA. To the extent the claims are paid by NHLHIGA, they will become part of NHLHIGA's Class II claim.
- c. Claims for healthcare services with respect to each of three particular members/subscribers who were involved in serious accidents are expected to exceed the \$100,000 per life cap on NHLHIGA coverage. NHLHIGA has determined that it will pro rate the \$100,000 cap amount across claims regarding the three members as adjusted by EBPA. As a result, there will be numerous claims regarding these three members that will not be completely satisfied by NHLHIGA coverage. The Liquidator will allow the claims as Class II claims in amounts determined by EBPA on EOBs. Distributions on these claims will be net of amounts ultimately paid by

NHLHIGA. This netting process will be more fully described in the Liquidator's motion to the Court seeking approval of distributions.

- d. NHLHIGA's proof of claim has two parts. The part concerning loss payments on claims under Patriot health insurance policies will be allowed as a Class II claim in the amount of NHLHIGA's payments on medical provider or member/subscriber claims through the claim filing deadline. The part concerning administration expenses through the claim filing deadline will be allowed as a Class I claim.
- e. All other proofs of claim will be determined as to priority. Any claims assigned Class I or Class II priority will be determined. Claims assigned a priority below Class II will be determined only as to priority class and otherwise indefinitely deferred because no distribution below Class II is anticipated.
- f. Any proofs of claim filed with the Liquidator and claims submitted to EBPA after the claim filing deadline will be determined only as to priority class (Class VIII) and otherwise indefinitely deferred. (EBPA will immediately start including such notices of determination with explanations of benefits issued after July 18, 2008.) The further determination of such late filed claims will adversely affect the orderly administration of the liquidation. The Liquidator needs to identify and determine (or defer) the entire universe of claims. In the context of this liquidation, where there are very limited assets and the estate should be wound up promptly to avoid expense, that universe is properly bounded by

the claim filing deadline. Since no distribution is expected to Class VIII, the claims will not be further addressed by the Liquidator.

10. The Liquidator will apply for approval to distribute all Patriot's assets (after reserving for or paying administrative expenses and NHLHIGA's Class I claim) pro rata based on each claimant's allowed amount to the Class II claimants once those claims are determined after the claim filing deadline. (It is anticipated that the only Class II claimants will be NHLHIGA and the providers on the three significant accident claims who have claims that will only be partially paid by NHLHIGA.)

11. Once all proofs of claim have been finally determined and distributions made to Class II claimants, the Liquidator will transfer records that may be useful to NHLHIGA and request the Court's approval for destruction of other records pursuant to RSA 402-C:50.

12. The Liquidator will assign any future recoveries of assets to NHLHIGA. The only such assets are expected to be potential subrogation and reinsurance recoveries.

13. The Liquidator will confirm that federal tax returns were filed for prior periods and file a return for 2008. Once the tax return is filed and any disputed claims resolved, the Liquidator will file for discharge.

14. I believe that the Liquidation Closure Plan is fair and reasonable, and it is in the best interests of the Patriot liquidation and the claimants. It will facilitate the prompt resolution of claims and advance the distribution of the estate's assets and the closure of this proceeding without unnecessary administrative expense, while allowing over seven months for medical providers to file a proof of claim or bill EBPA for services rendered.

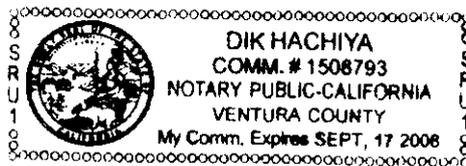
Signed under the penalties of perjury this 17th day of July, 2008.


Peter A. Bengelsdorf
Special Deputy Liquidator

STATE OF CALIFORNIA
COUNTY OF VENTURA

Subscribed and sworn to, before me, this 17 day of July, 2008.


Notary Public/Justice of the Peace



THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

ORDER OF NOTICE

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire (the "Commissioner"), as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), having filed a Motion for Approval of Liquidation Closure Plan ("Motion"), the Court hereby orders as follows:

1. Any objections to the Motion shall be filed on or before the date 30 days from the date of this Order. Objections shall be filed with the Clerk, Merrimack County Superior Court, 163 North Main Street, Concord, New Hampshire 03301 in In the Matter of the Liquidation of Patriot Health Insurance Company, Docket No. 07-E-0517. A copy of any objection should be mailed to counsel for the Liquidator, Glenn A. Perlow, Assistant Attorney General, Civil Bureau, New Hampshire Department of Justice, 33 Capitol Street, Concord, NH 03301.
2. The Liquidator shall promptly, but within ten days of this Order, provide notice of the Motion and the deadline for objections in the form attached to this Order by first class mail, postage prepaid to (a) all claimants who filed proofs of claim with the Liquidator and (b) all medical providers who have submitted bills since January 18, 2008 to EBPA for services provided under Patriot health insurance policies on or before December 31, 2008.
3. The Liquidator shall also promptly post the Motion and this Order of Notice on the New Hampshire Insurance Department website.

SO ORDERED

Dated: _____

Presiding Justice

**NOTICE OF MOTION FOR APPROVAL OF LIQUIDATION CLOSURE PLAN
FOR PATRIOT HEALTH INSURANCE COMPANY, INC.**

To Persons who have submitted Proofs of Claim to the Liquidator of Patriot Health Insurance Company, Inc. ("Patriot") and persons who have submitted bills to EBPA since January 18, 2008 for services provided under Patriot health insurance policies on or before December 31, 2007:

Patriot is in liquidation proceedings before the Superior Court of the State of New Hampshire, Merrimack County (the "Court"), In the Matter of the Liquidation of Patriot Health Insurance Company, Inc., Docket No. 07-E-0527.

Roger A. Sevigny, Commissioner of Insurance of the State of New Hampshire, as Liquidator of Patriot, has filed a motion for approval of a liquidation closure plan. A copy of the Liquidation Closure Plan is attached. The Liquidator's motion may be found on the New Hampshire Insurance Department website.

The Court has set a deadline of _____, 2008 for the filing of any objections to the Liquidator's motion for approval of the liquidation closure plan. Any objections to the motion shall be filed on or before _____, 2008 with the Clerk, Merrimack County Superior Court, 163 North Main Street, Concord, New Hampshire 03301 in In the Matter of the Liquidation of Patriot Health Insurance Company, Inc., Docket No. 07-E-0517. A copy of any objection should be mailed to counsel for the Liquidator, Glenn A. Perlow, Assistant Attorney General, Civil Bureau, New Hampshire Department of Justice, 33 Capitol Street, Concord, NH 03301.

**Roger A. Sevigny, New Hampshire Commissioner of Insurance,
as Liquidator of US International Reinsurance Company**

Patriot Closure Plan

1. The Liquidator will promptly issue notices of determination to commence the 60-day objection period as follows.
 - a. Claims for healthcare services with respect to members/subscribers expected to be within the \$100,000 per life cap on NHLHIGA coverage will be determined as Class II claims as set forth on the explanations of benefits ("EOBs") issued by EBPA since January 18, 2008 and denied on the ground that the claim has been satisfied by the NHLHIGA coverage. The provider submissions are being provided to the claims administrator, EBPA, who will review the submission for payment by the NHLHIGA as appropriate.
 - b. Claims with respect to the members/subscribers regarding whom claims are expected to exceed the \$100,000 per life cap on NHLHIGA coverage will be handled as follows: EBPA will review the submissions with respect to each such member/subscriber made prior to the claim filing deadline and provide EOBs determining amounts appropriate for payment, and the Liquidator will allow the claims as Class II claims in those amounts. It is anticipated that NHLHIGA will pro rate the \$100,000 NHLHIGA cap (or presently unexhausted portion) to the claims with respect to each such member/subscriber. The Liquidator will make distributions on the claims net of the amounts satisfied by the NHLHIGA coverage.
 - c. The portion of NHLHIGA's proof of claim related to payment of losses will be allowed as a Class II claim in the amount of its payments through the claim filing deadline. The portion of NHLHIGA's claim related to its administrative expenses through the claim filing deadline will be allowed as a Class I claim.
 - d. Other claims will be determined as to priority and indefinitely deferred as no distribution below Class II is anticipated.
 - e. Any proofs of claim filed with the Liquidator or claims submitted to EBPA after the July 18, 2008 deadline will be determined to be Class VIII claims filed late whose determination will adversely affect the orderly administration of the liquidation. Since no distribution is expected to this class, the claims will not be further addressed by the Liquidator.
2. The Liquidator will seek approval to distribute all Patriot's assets (after reserving for or paying administrative expenses and NHLHIGA's Class I claim) pro rata based on each claimant's allowed amount to the Class II claimants (expected to be NHLHIGA and the providers on the members/subscribers expected to exceed the NHLHIGA cap) after the claims are determined.
3. The Liquidator will assign any future recoveries of assets (subrogation and reinsurance) to NHLHIGA. The Liquidator will transfer any useful Patriot records to NHLHIGA and dispose of other records after application to the Court.

4. The Liquidator will confirm that federal tax returns were filed for prior periods and file a return for 2008.
5. Once the tax return is filed and any disputed claims resolved, the Liquidator will seek to be discharged.

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

ORDER APPROVING LIQUIDATION CLOSURE PLAN

On consideration of the motion of Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire (the "Commissioner"), as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), for approval of the Liquidation Closure Plan attached as Exhibit A to the motion, notice of the motion and deadline for filing of objections having been given and no objections having been timely filed, the Court hereby orders as follows:

1. The Liquidation Closure Plan is fair and reasonable, and it is in the best interests of the Patriot liquidation and the claimants.
2. The Liquidator's Motion for Approval of Liquidation Closure Plan is GRANTED and the Liquidation Closure Plan is APPROVED.

SO ORDERED

Dated: _____

Presiding Justice

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 07-E-0517

**In the Matter of the Liquidation of
Patriot Health Insurance Company, Inc.**

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1. Order of notice. This motion seeks approval of a plan for the closure of the Patriot liquidation. The Liquidator as an initial matter requests that the Court issue an Order of Notice in the form submitted herewith setting a deadline of three weeks for objections to the motion and directing the Liquidator to provide notice of the motion and the deadline for objections by mail to claimants who have filed a proof of claim and persons who have submitted bills to EBPA (the claim administrator) for Patriot claims since January 18, 2008 (the date when the liquidation commenced).

2. Background. On December 12, 2007, Patriot was placed in rehabilitation and the Commissioner was appointed as its Rehabilitator. The Rehabilitator entered an Assumption Agreement with MVP Health Insurance Company of New Hampshire

("MVP") ("Assumption Agreement"), which was approved by the Court on December 12, 2007. Under the Assumption Agreement, MVP agreed to bear the cost for the administration by Comprehensive Benefits Administrator d/b/a EBPA ("EBPA") to conclusion of all claims incurred under Patriot health insurance policies prior to January 1, 2008 ("Patriot Claims"). The policy obligations for Patriot Claims remain the responsibility of Patriot. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Liquidation Closure Plan ("Bengelsdorf Aff.") ¶ 3.

3. On January 18, 2008, the Court entered an Order of Liquidation placing Patriot in liquidation and appointing the Commissioner as Liquidator. Bengelsdorf Aff. ¶ 4.

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