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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.

LIQUIDATOR'S FOURTH REPORT

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of Patriot Health Insurance Company, Inc. ("Patriot"), hereby submit this report on the liquidation of Patriot, as of October 10, 2008, in accordance with RSA 402-C:25.

1. Claim administration and funding. On February 12, 2008, the Court approved a Claim Administration and Funding Agreement between the Liquidator, the New Hampshire Life and Health Insurance Guaranty Association ("NHLHIGA"), Comprehensive Benefits Administrator d/b/a EBPA ("EBPA"), and MVP Health Insurance Company of New Hampshire ("MVP"). Pursuant to that agreement, EBPA has been adjusting claims incurred under Patriot health insurance policies prior to 11:59 PM on December 31, 2007 when MVP assumed Patriot's responsibilities. As of October 10, 2008, EBPA had received claims incurred before January 1, 2008 under Patriot health insurance policies totaling \$1,937,687, the vast majority of which are within NHLHIGA's statutory limits and are being paid by NHLHIGA. The Liquidator has been monitoring this process.

2. Proofs of claim. The claim filing deadline in the Patriot liquidation was July 18, 2008. Patriot subscribers or members, or healthcare providers submitting claims on behalf of members or subscribers, were not required to submit proofs of claims unless

they were not 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 should have filed proofs of claim. As of October 10, 2008, the Liquidator has received a total of 84 proofs of claim. The proofs of claim submitted assert claims that total \$1,133,303. Most proofs of claim are for unpaid medical costs, and the Liquidator has forwarded copies of all supporting material to EBPA for adjusting of the claims.

3. Claim determinations. The process of determining proofs of claim has started. The Liquidator has issued partial or final notices of determination addressing 24 medical provider proofs of claim totaling \$412,498.35. The Liquidator will file a report of claims and recommendations with the Court when a sufficient number of the claims have passed the 60-day period for objections.

4. Objection to a Claim determination. On September 16, 2008, Scott and Mary Fox, Patriot subscribers, filed an objection with the Court with respect to a claim determination. The Liquidator responded and showed that the claim had been paid in full. Mrs. Fox acknowledged this in her email of September 27, 2008 in which she confirmed that she no longer objected to the claim determination. The email was attached to the Liquidator's response to the objection.

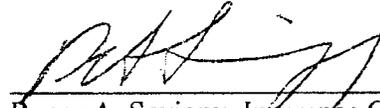
5. Notice and Closure Plan. On July 22, 2008, the Liquidator filed with the Court a Motion for Approval of Liquidation Closure Plan. The Motion sought Court approval of (i) an Order of Notice setting a deadline for objections to the Motion and directing the Liquidator to provide notice of the Motion and deadline for objections and (ii) an Order Approving Liquidation Closure Plan. On August 1, 2008, the Court

Approved the Order of Notice which required that any objections to the Motion be filed within 30 days from the date of the Order. The Order also prescribed those to whom notice of the Motion would be sent, as well as the form of the notice. In accordance with the Order of Notice, the Liquidator mailed 6,349 notices on August 9, 2008 and posted the Motion and Order of Notice on the New Hampshire Insurance Department website. The Liquidator filed an Affidavit of Service on September 15, 2008. No objections having been filed, the Court granted the Motion and approved the Order Approving Liquidation Closure Plan on October 6, 2008.

6. The Liquidation Closure Plan provides a framework for the determination of claims, distribution of assets and closure of the proceeding. The Liquidator has \$668,794 in Patriot assets under his direct control as of September 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.

7. Financial report. A copy of the unaudited September 30, 2008 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects \$668,794 in assets under the Liquidator's direct control at September 30th, and \$380,857 in cash receipts and \$174,509 in operating disbursements from January 18, 2008 through September 30, 2008. In light of the Assumption Agreement with MVP approved by the Court on December 12, 2007, Patriot's sole asset on January 18, 2008 (the beginning of the liquidation) and on September 30, 2008 was the cash held at TD North Bank and Centrix Bank.

Respectfully submitted,



Roger A. Sevigny, Insurance Commissioner,
as Liquidator of Patriot Health Insurance
Company, Inc.

October 20, 2008

CERTIFICATE OF SERVICE

I hereby certify that on October 20, 2008, a copy of the Liquidator's Fourth Report was served upon the persons named on the Service List, by first class mail, postage prepaid.



Glenn A. Perlow

Dated: October 20, 2008

**Patriot Health Insurance Company In Liquidation
Statements of Assets, Receipts and Disbursements**

9/30/2008

\$ 462,446

Beginning Cash at January 18, 2008

Claim Payment Recoveries	334,655
Premiums Receivable	24,651
Interest Income	5,846
All Other	15,705
Total Cash Receipts	\$ <u>380,857</u>

Cash Operating Disbursements:

Legal Expenses	78,562
Consultant and Outside Service Expenses	49,246
Special Deputy Expenses	27,095
Other Rehabilitation Expenses	19,605
Total Cash Disbursements	<u>174,509</u>

Excess of Operating Disbursements Over Receipts

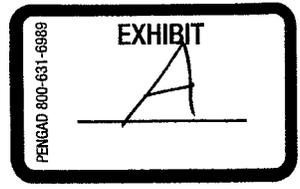
206,348

Ending Cash

\$ 668,794

Note - Basis of Accounting

This financial statement is prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statement.



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SUPERIOR COURT

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In the Matter of the Rehabilitation of
Patriot Health Insurance Company, Inc.

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