

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 EIGHTEENTH 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 eighteenth report on the liquidation of Patriot, as of December 18, 2012, in accordance with RSA 402-C:25 and the order dated April 11, 2008 granting the Liquidator's motion regarding filing of Liquidator's reports.

1. Patriot's background. Patriot wrote coverage only in New Hampshire and specialized in consumer directed health plans. It started business in 2005. 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"), which was approved by the Court December 12, 2007. The agreement provided for the transfer of policies effective January 1, 2008 with no disruption to the policyholders or subscribers. The responsibility for claims incurred under Patriot health insurance policies prior to January 1, 2008 remained with Patriot. On January 18, 2008, the Court entered an Order of Liquidation placing Patriot in liquidation and appointing the Commissioner as Liquidator. Thereafter, by order dated October 6, 2008, the Court approved a plan providing a framework for the eventual closure of the Patriot liquidation. Since that time

the liquidation has been proceeding under the supervision of the Court and in accordance with the Insurers Rehabilitation and Liquidation Act, RSA 402-C ("Act").

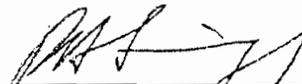
2. Claims and asset collection. The claim determination process has been completed and all claims presented to the Liquidator have been determined, except for an amendment to its Proof of Claim by the New Hampshire Life and Health Insurance Guaranty Association ("NHLHIGA"). NHLHIGA submitted its updated claim on December 18, 2012, and the Liquidator will review and seek to resolve it in advance of the motion discussed in paragraph 4 below. All Patriot assets justifying the expense of collection have been collected.

3. Request for waiver of United States claims. In light of the uncertainty regarding potential claims of the United States and the federal priority statute, 31 U.S.C. § 3713, a distribution to creditors will be subject to receipt of a waiver of federal priority claims from the United States. Accordingly, on December 14, 2011, the Liquidator requested a waiver of federal priority claims from the United States Department of Justice. Thereafter, on February 22, 2012, the Department of Justice requested additional information, and the Liquidator responded to the request on March 8, 2012. The Liquidator followed up on the request on June 21, 2012. In light of DOJ's response, the Liquidator submitted clarifying information on August 8, 2012. The Liquidator again followed up on the request on October 12, 2012, and on October 16, 2012, the DOJ advised that the relevant federal agencies had completed their searches for possible US claims and that the matter was under consideration. The Liquidator received a release agreement from DOJ on November 6, 2012. The release agreement is subject to approval by the Court.

4. Motion for approval. The Liquidator is preparing a motion for approval of the release agreement with the United States, the updated NHLHIGA claim when reviewed, and a distribution of the assets of the estate to creditors with allowed Class II claims. Once those matters are addressed, the Liquidator intends to seek the court's approval of the disposal of Patriot's records and distribution of any remaining assets. This will be followed by a motion for discharge of the Liquidator and termination of the proceeding.

5. Financial report. A copy of the unaudited October 31, 2012 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects \$629,015 in assets (all cash) under the Liquidator's direct control at October 31, 2012; the only cash activity was \$12,210 in cash receipts and \$14,227 in operating disbursements for the period from January 1, 2012 to October 31, 2012. In light of the Assumption Agreement with MVP approved by the Court on December 12, 2007, Patriot's sole asset both on January 18, 2008 (the beginning of the liquidation) and on October 31, 2012 was cash held, originally at both TD North Bank and Centrix Bank and now consolidated at TD North Bank.

Respectfully submitted,



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

January 7, 2013

Patriot Health Insurance Company In Liquidation
Statement of Assets and Liabilities, and Receipts and Disbursements

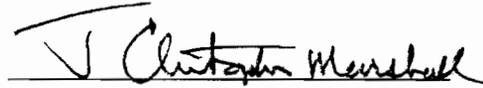
	January 1, 2012 to October 31, 2012	January 1, 2011 to December 31, 2011
Beginning Cash	\$ <u>631,032</u>	<u>786,347</u>
Cash Receipts - Claim Payment Recoveries	12,210	11,561
Misc Income	-	8,200
Total Cash Receipts	<u>12,210</u>	<u>19,761</u>
Cash Disbursements:		
Legal Expenses	11,695	20,922
Consultant and Outside Service Expenses	2,532	2,340
Other Expenses	-	1,312
Total Cash Disbursements	<u>14,227</u>	<u>24,574</u>
Excess of Receipts Over Disbursements	<u>(2,018)</u>	<u>(4,813)</u>
NHLHIGA Class I Claim Paid	<u>-</u>	<u>(150,502)</u>
Ending Cash	<u>629,015</u>	<u>631,032</u>
Ending Cash less Reserve for Class I Claim	<u>\$ <u>629,015</u></u>	<u><u>631,032</u></u>

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 this financial statement.

CERTIFICATE OF SERVICE

I hereby certify that on January 4, 2013, a copy of the Liquidator's Eighteenth Report was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

A handwritten signature in black ink that reads "J. Christopher Marshall". The signature is written in a cursive style with a horizontal line above the first few letters.

J. Christopher Marshall
NH Bar No. 1619

Dated: January 4, 2013

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SERVICE LIST

Name	Address/Phone/E-mail	Representing
Roger A. Sevigny	NH Insurance Department 21 South Fruit Street Suite 14 Concord, NH 03301 603-271-2261 603-271-1406 (fax) roger.sevigny@ins.nh.gov	NH Insurance Department Commissioner/Rehabilitator
Alex Feldvebel	NH Insurance Department 21 South Fruit Street Suite 14 Concord, NH 03301 603-271-2261 603-271-1406 (fax) alex.feldvebel@ins.nh.gov	NH Insurance Department Rehabilitator
Peter A. Bengelsdorf	Patriot Health Insurance Company 61 Broadway, 6 th Floor New York, NY 10006-2504 805-498-2020 peter.bengelsdorf@homeinsco.com	NH Insurance Department Special Deputy Rehabilitator
J. David Leslie, Esq.	Rackemann, Sawyer & Brewster 160 Federal Street Boston, MA 02110 617-951-1131 617-542-7437 (fax) dleslie@rackemann.com	NH Insurance Department Rehabilitator

Eric A. Smith, Esq.	Rackemann, Sawyer & Brewster 160 Federal Street Boston, MA 02110 617-951-1127 617-542-7437 (fax) esmith@rackemann.com	NH Insurance Department Rehabilitator
Stephen J. Lauwers, Esq.	Rath, Young & Pignatelli P.O. Box 1500 Concord, NH 03302-1500 603-226-2600 603-226-2700 (fax) sjl@rahlaw.com	Patriot Health Insurance Company, Inc.
Robert J. Moses, Esq.	Greenberg, Traurig LLP 54 State Street, 6 th Floor Albany, NY 12207 518-689-1400 603-491-0374 (cell) 518-689-1499 (fax) mosesb@gtlaw.com	MVP Health Insurance Company of New Hampshire
George Roussos, Esq.	Orr & Reno P.O. Box 3550 Concord, NH 03302-3550 603-224-2381 603-224-2318 (fax) groussos@orr-reno.com	NH Life and Health Insurance Guaranty Association
Lisa Snow Wade, Esq.	Orr & Reno P.O. Box 3550 Concord, NH 03302-3550 603-224-2381 603-224-2318 (fax) lwade@orr-reno.com	NH Life and Health Insurance Guaranty Association