

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 NINETEENTH 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 nineteenth report on the liquidation of Patriot, as of March 11, 2013, 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 on 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 and approved by the Court. All Patriot assets justifying the expense of collection have been collected.

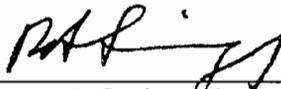
3. Release of United States claims. In light of the uncertainty regarding potential claims of the United States and the federal priority statute, 31 U.S.C. § 3713, distribution to creditors will be subject to receipt of a waiver of federal priority claims from the United States. As previously reported, the Liquidator requested a waiver of federal priority claims from the United States Department of Justice (“DOJ”) on December 14, 2011, exchanged correspondence with DOJ during 2012, and ultimately received a release agreement from DOJ on November 6, 2012. The release agreement was subject to approval by the Court.

4. Court Approval of Final Claim, Release and Distribution. On January 23, 2013, the Liquidator filed with the Court a Motion for Approval of Claim, Release Agreement, and Distribution of Assets. On February 8, 2013, the Court issued an order granting the motion and approving (i) the New Hampshire Life and Health Insurance Guaranty Association’s (“NHLHIGA”) updated claim as a Class I claim in the aggregate amount of \$175,983 (inclusive of previously allowed amounts); (ii) the Release Agreement entered into by the Liquidator with the United States; and (iii) the distribution of Patriot’s assets (after payment of NHLHIGA’s claim for administration costs and establishment of a reserve not to exceed \$33,000 for the Liquidator’s administration costs) to claimants with allowed Class II claims.

5. Distribution. Over the last month, the Liquidator has prepared to make the distribution to claimants with allowed Class II claims in accordance with the February 8, 2013 order. The distribution is expected to be made in the next ten days. The Liquidator will report to the Court following the distribution and 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.

6. Financial report. A copy of the unaudited February 28, 2013 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects \$610,382 in assets (all cash) under the Liquidator's direct control at February 28, 2013; the only cash activity was \$13,599 in operating disbursements for the period from January 1, 2013 to February 28, 2013. After reserving for the upcoming distribution, the remaining cash is \$33,024. 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 March 1, 2013 was cash held, originally at both TD North Bank and Centrix Bank and now consolidated at TD North Bank.

Respectfully submitted,



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

March 12, 2013

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

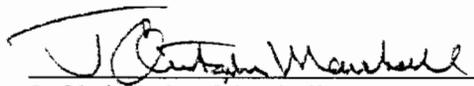
	January 1, 2013 to February 28, 2013	January 1, 2012 to December 31, 2012
Beginning Cash	\$ <u>623,981</u>	<u>631,032</u>
Cash Receipts - Claim Payment Recoveries	-	12,210
Total Cash Receipts	-	12,210
Cash Disbursements:		
Legal Expenses	12,360	16,128
Consultant and Outside Service Expenses	1,239	3,133
Total Cash Disbursements	<u>13,599</u>	<u>19,262</u>
Excess of Receipts Over Disbursements	<u>(13,599)</u>	<u>(7,052)</u>
Ending Cash	<u>610,382</u>	<u>623,981</u>
Reserve for NHLHIGA Class I Administrative Expense Claim	29,354	29,354
Reserve for Amount to be Distributed to Class II Claimants	548,004	-
Ending Cash less Reserve for Class I Claim and Class II Distribution	<u>\$ 33,024</u>	<u>594,627</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. 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, as well as liabilities for a distribution to Class II creditors, which was approved by the Court on February 8, 2013.

CERTIFICATE OF SERVICE

I hereby certify that on March 13, 2013, a copy of the Liquidator's Nineteenth Report was served upon the persons named on the attached Service List, by first class mail, postage prepaid.



J. Christopher Marshall

NH Bar No. 1619

Dated: March 13, 2013

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