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 EIGHTH 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 eighth report on the liquidation of Patriot, as of December 7, 2009, 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.

2. 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 ("Agreement"). 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. EBPA has determined any amounts properly payable under Patriot health insurance policies, and provided Explanation of Benefits ("EOBs") to the provider or subscriber. EBPA has informed the Liquidator that where any claimant contacted EBPA regarding a determination set forth on an EOB, EBPA reviewed the issue and then provided a new EOB as appropriate under the Patriot health insurance policy.

EBPA has advised NHLHIGA of the amounts properly payable on claims under Patriot health insurance policies. Where the total payable amounts on any individual life are less than the $100,000 per life cap on NHLHIGA payments under RSA 408-B, the amounts have been paid to the claimant by or on behalf of the NHLHIGA. There are two subscribers as to whom claims exceed NHLHIGA's statutory individual life cap of $100,000.

As of December 03, 2009, EBPA had received and adjusted claims incurred before January 1, 2008 under Patriot health insurance policies totaling $1,928,093.64, the vast majority of which are within NHLHIGA's statutory limits and are being paid by NHLHIGA. The Liquidator has been monitoring this process. NHLHIGA has filed a proof of claim for any payments it makes on Patriot's behalf and its expenses. To date the NHLHIGA has paid $1,331,086.35 in claims.

3. 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 were required to file proofs of claim. As of December 1, 2009, the Liquidator has received a total of 94 proofs of claim. Including the amounts paid by NHLHIGA to date, the proofs of claim submitted assert claims that total $2,661,372.81. (Thirteen proofs of claims were filed for unstated amounts.) 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.

4. Claim determinations. The process of determining proofs of claim continues. The Liquidator has issued final notices of determination addressing all of the proofs of claim except the NHLHIGA proof of claim. The determinations for the 89 medical provider and four general creditor proofs of claim total $492,899.70. The proof of claim filed by NHLHIGA remains to be addressed. The Liquidator has filed and the Court has approved three reports of Claims and Recommendations totaling $492,899.70. The second of these, the report as of April 14, 2009, addressed at least 1,415 Class II (policy related claims) submissions to EBPA that were deemed to be proof of claims and resolved by EBPA claim recommendations.

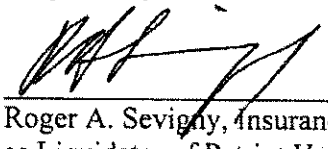
5. Closure Plan. By Order dated October 6, 2008, the Court approved a plan for the closure of the Patriot liquidation. The Liquidation Closure Plan provides a framework for the determination of claims, distribution of assets and closure of the

proceeding. The only significant assets remaining to be collected are potential subrogation recoveries (estimated to be valued at $22,700). 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). See RSA 402-C: 44.

6. Taxes. Patriot was a subsidiary of its parent company, Patriot Healthcare, Inc. ("Patriot Healthcare"), until Patriot Healthcare was dissolved effective September 21, 2009. Patriot was included in the consolidated federal tax returns of Patriot Healthcare for periods through September 21, 2009. The Liquidator will file federal tax returns for Patriot on a "stand alone" basis for periods subsequent to that date. The tax returns filed by Patriot Healthcare through 2008 do not reflect any tax liability for Patriot, although certain periods are potentially still subject to assessment by the Internal Revenue Service.

7. Financial report. A copy of the unaudited September 30, 2009 statement of assets, receipts, and disbursements for Patriot is attached as Exhibit A to this report. The statement reflects $788,141 in assets (all cash) under the Liquidator's direct control at September 30, 2009, and $21,868 in cash receipts and $17,984 in operating disbursements from January 1, 2009 through September 30, 2009. 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 September 30, 2009 was cash held at TD North Bank and Centrix Bank.

Respectfully submitted,



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

December 10, 2009

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2009, a copy of the Liquidator's Eighth Report was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Glenn A. Perlow

Exhibit A

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

	9/30/2009
Beginning Cash at January 1, 2009	$ 784,257
Cash Receipts - Claim Payment Recoveries	$ 21,868
Cash Disbursements:	
Legal Expenses	8,153
Consultant and Outside Service Expenses	8,019
Special Deputy Expenses	1,813
Total Cash Disbursements	$ 17,984
Excess of Receipts Over Disbursements	3,884
Ending Cash	**$ 788,141**

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 (Adminstration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in this financial statement.

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Docket No. 07-E-0517

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

SERVICE LIST

Name	Address/Phone	Representing
Roger A. Sevigny	N.H. Insurance Department 21 South Fruit Street Suite 14 Concord, NH 03301 603-271-2261 603-271-1406/fax roger.sevigny@ins.nh.gov	N.H. Insurance Department Commissioner/Rehabilitator
Alex Feldvebel	N.H. Insurance Department 21 South Fruit Street Suite 14 Concord, NH 03301 603-271-2261 603-271-1406/fax alex.feldvebel@ins.nh.gov	N.H. Insurance Department Rehabilitator
Peter Bengelsdorf	The Home Insurance Co. 59 Maiden Lane New York, NY 10038 212-530-3741 212-530-6143/fax peter.bengelsdorf@homeinsco.com	N.H. 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 jdl@rackemann.com	N.H. Insurance Department Rehabilitator

Eric Smith, Esq.	Rackemann, Sawyer & Brewster 160 Federal Street Boston, MA 02110 617-951-1127 617-542-7437/fax eas@rackemann.com	N.H. 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@rathlaw.com	Patriot Health Insurance Company, Inc.
Robert J. Moses, Esq.	Greenberg, Traurig LLP 54 State Street, 6th 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	N.H. Life & Health Insurance Guaranty Association