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PRESS STATEMENT
FOR IMMEDIATE RELEASE

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Health Plan Seeking to Overcome Financial Difficulties

HONOLULU – July 5, 2001 – Insurance Commissioner Wayne Metcalf announced today that University Health Alliance (UHA), a health plan, has agreed to the State taking a more active role in helping them overcome their financial difficulties, by assuming the management functions of the organization.

"The Insurance Division is taking a more active role in helping UHA meet the reserve and net worth requirements established by law," stated Metcalf. "We are actively exploring different ways to help UHA overcome its financial difficulties and are hopeful that they will be able to continue to serve their policyholders."

UHA has not brought its reserves up to the minimum level required by law. Based upon internal unaudited financial information, UHA was over \$2.3 million short, as of May 31, 2001. Since UHA had more liabilities than assets plus any capital and surplus, they do not meet the legal requirement for the protection of the public.

On May 8, 2001, Metcalf announced that UHA agreed to State supervision of its operations because they fell short of meeting its net worth requirement and did not bring its reserves up to the minimum level by the deadline set by the State. Since that time, UHA has still not been able to meet the net worth requirement established by law, thereby making today's action necessary in order to protect UHA's policyholders and the doctors and hospitals that treat them.

The Hawaii Insurance Division oversees the Hawaii insurance industry, issues licenses; examines the fiscal condition of Hawaii-based companies; reviews rate and policy filings; and investigates insurance related complaints.

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