



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

DCCA News Release

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HAWAII INSURANCE COMMISSIONER SEEKS ORDER TO LIQUIDATE HAWAIIAN INSURANCE & GUARANTY COMPANY, LTD. (HIG)

HONOLULU - Hawaii Insurance Commissioner J.P. Schmidt yesterday filed an application for an Order of Liquidation of The Hawaiian Insurance & Guaranty Company, Limited ("HIG").

The order seeks to authorize Commissioner Schmidt as Liquidator to take possession and control of HIG's assets for the protection of policyholders, creditors, and the public.

"This is the next step that we anticipated would be necessary to protect policyholders. We are continuing discussions with several parties who are interested in investing capital or purchasing HIG to put it back in a financially stable condition," stated Commissioner Schmidt.

HIG's financial condition had been adversely affected by the experience of its parent company, Vesta Fire Insurance Corporation ("VFI"), and VFI's affiliated insurance companies. VFI and four other VFI subsidiary insurance companies were ordered into liquidation in Texas on August 1, 2006.

Schmidt is currently considering a number of options, including proposals from companies that will provide additional capital to HIG.

During liquidation, claims will be serviced and paid by the Hawaii Insurance Guaranty Association, the organization established by law to handle the Hawaii claims of property and casualty insurers in liquidation. Policyholders will receive written notice about the liquidation. HIG was previously placed into rehabilitation on June 30, 2006.

“The order would authorize me to assume legal control of HIG’s assets and property,” Schmidt explained. “We are continuing to explore all available alternatives and pursue those that offer the most favorable protection to policyholders, creditors, and the public. We anticipate receiving proposals from interested buyers today. We are working to close a sale by the end of the month, so that HIG policyholders may continue coverage with the new buyer. At the same time, HIG policyholders may check with their insurance agents or other insurers if they have questions about their insurance coverage or wish to consider other options.”

HIG, an insurance company with its principal offices in Honolulu, Hawaii, sells homeowners and motor vehicle insurance policies in Hawaii and California. HIG insures approximately 24,000 dwellings in Hawaii and is the state’s fourth largest provider of homeowners insurance.

Consumers may view a listing of homeowners and motor vehicle insurers at the Insurance Division’s website, www.hawaii.gov/dcca/ins.

The Insurance Division is an agency of the Department of Commerce and Consumer Affairs (DCCA). It regulates insurance companies for financial responsibility and compliance with the Hawaii Insurance Code.

Policyholders with questions may call:

- HIG: (808) 536-2777
- Hawaii Insurance Division: (808) 586-2790
- The Hawaii Insurance Guaranty Association: (808) 528-1222

California policyholders may contact the California Department of Insurance Consumer Hotline at (800) 927-HELP (4357).

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