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PRESS STATEMENT
FOR IMMEDIATE RELEASE

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HHA Organizer Pays \$40,000 of \$50,000 Fine

HONOLULU – August 21, 2001 – Insurance Commissioner Wayne Metcalf today announced that Darren Larson, the organizer of the failed Hawaii HealthCare Alliance (HHA), has made a \$40,000 payment on a \$50,000 fine imposed by the State Insurance Division.

In July 2001, Larson and the State settled three administrative cases that were pending against Larson for his part in the numerous violations of insurance laws arising from the illegal operation of HHA. Larson, who also owns Design Benefits Insurance Services, agreed to pay a \$50,000 fine, with an initial payment of \$40,000, and the remaining \$10,000 in monthly installments of \$500 until the remaining \$10,000 is paid in full. Terms of the settlement also included the revocation of Larson's insurance licenses and Larson, his wife Linda, and mother Lydia Graham, agreeing to not engage in any further insurance business in Hawaii.

When HHA was first organized, Larson maintained that it was exempt from State regulation. However, after an investigation, the Insurance Division concluded that the plan fell under its regulatory authority. On October 19, 2000, the Insurance Division gave Larson 30 days to bring HHA into compliance with State licensing and reserve requirements. On October 31, 2000, it was apparent that HHA was in dire financial

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straits and the State assumed control of HHA to protect policyholders. Rather than attempting to secure additional financing for HHA, Larson attempted to sell HHA policyholders another unauthorized health plan, TRG/SAI Plus LLC.

On November 30, 2000, a cease and desist order was issued against Larson ordering him to cease further referrals to the SAI Plus LLC Health Insurance Plan and the TRG Marketing plan. On January 30, 2001, a circuit court judge ordered the liquidation of HHA, citing HHA's poor and deteriorating financial condition and that any attempt to rehabilitate the company would be futile. HHA lacked the financial resources to meet its obligations and appeared to be using new premium payments to pay old bills and was unfairly denying payments for services to avoid paying claims.

The Hawaii Insurance Division oversees the insurance industry in Hawaii; issues licenses; examines the fiscal condition of Hawaii-based companies; reviews rate and policy filings; and investigates insurance related complaints and prosecutes motor vehicle insurance fraud cases.

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