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PRESS STATEMENT
FOR IMMEDIATE RELEASE

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Hawaii Licenses First Foreign Owned Captive Insurance Company

HONOLULU – April 26, 2001 – Governor Benjamin Cayetano announced the recent incorporation and licensure of Heiwa Insurance Inc., the State’s first captive insurance company that is directly owned by a Japanese corporation and insures risks located in Japan.

“The licensing of Heiwa Insurance Inc. represents the unique opportunities that Hawaii’s captive insurance industry offers,” Governor Cayetano said today during a ceremony in his office to present Heiwa with its license. “This is the first foreign owner that is taking direct advantage of Hawaii’s favorable regulatory and U.S. investment environments to finance insurance risks abroad, while at the same time optimizing its home country taxes.”

Heiwa Insurance Inc., licensed on March 30, 2001, is owned by Heiwa Corporation of Japan. Heiwa Corporation’s stock is publicly traded in Japan and the country’s largest developer and manufacturer of pachinko machine systems, a popular electronic amusement game in Japan with an estimated following of over 18 million enthusiasts.

“We have been examining the use of a captive insurance company for several years and decided to set up a captive in Hawaii because of several advantages to our parent company in Japan,” said Mr. Kazuyoshi Horie, President of Heiwa Insurance Inc. “Hawaii’s prudent yet flexible regulatory environment, ease of access, related business

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interests and beneficial differential tax rates between the U.S. and Japan are the more important issues that made a difference for us.”

“We anticipate continued growth in Hawaii’s captive insurance industry,” said Wayne Metcalf, Insurance Commissioner of the State of Hawaii. “Rising prices in the national and international insurance markets, as well as, increasing demand for more innovative ways to efficiently finance losses are some of the underlying reasons.”

Captive insurance is a formalized approach to self-insurance, where an organizer (for profit or not-for profit) incorporates a new company in Hawaii, and obtains a special license to provide insurance to the organizer and its affiliates. Hawaii’s enabling captive legislation was signed into law on May 29, 1986, and the State is currently one of the world’s top ten locations for captive insurance companies and second in the country.

The State has licensed 96 captive insurance companies to date. At the end of 2000, Hawaii captives had approximately US\$ 1.6 billion in total assets, wrote US\$ 264 million in premiums, and maintained US\$ 275 million in investments through local Hawaii financial institutions.

This local industry creates specialized jobs for insurance managers, accountants, auditors, banking and investment managers and attorneys, and also enhances the State’s business-oriented visitor industry. Estimated economic benefits to the State for 2000 was US\$ 16.5 million.

Development and regulation of the captive insurance industry rests with the Insurance Commissioner, Insurance Division, Department of Commerce and Consumer Affairs, State of Hawaii. For further information about this press release contact Insurance Commissioner Wayne Metcalf at (808) 586-2790 or check the website at <http://www.state.hi.us/dcca/ins/branches3.html>

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