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PRESS STATEMENT
FOR IMMEDIATE RELEASE

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HHA Organizer Settles with State

HONOLULU – July 17, 2001 – Insurance Commissioner Wayne Metcalf announced today the settlement of administrative proceedings against Hawaii HealthCare Alliance (HHA) organizer Darren Larson who is also owner of Design Benefits Insurance Services. Terms of the settlement include: (1) Larson paying a \$50,000 fine; (2) the revocation of his insurance licenses; and (3) Larson, his wife Linda, and his mother, Lydia Graham, agreeing to not engage in any further business of insurance in Hawaii. These terms are in exchange for settling the State's administrative claims in this action against Larson.

"Mr. Larson has agreed to the Insurance Division's conditions in settling the three administrative cases currently pending against him for his part in the numerous violations of insurance laws arising from the operation of HHA," Metcalf said.

On January 30, 2001, circuit court judge Sabrina S. McKenna ordered the liquidation of HHA citing HHA's poor and deteriorating financial condition. HHA was found to be insolvent and lacked the financial resources to meet its obligations. "HHA was using new premium payments to pay old bills," explained Metcalf, "and was unfairly denying payments for services to avoid paying claims."

-M O R E-

Although the Insurance Commissioner agreed to dismiss the administrative cases, the settlement does not restrict any of the remedies the Liquidator of HHA may pursue in the recovery of any assets in the liquidation of HHA. "The settlement does not affect the Liquidator's ability to liquidate HHA under the general supervision of the court and does not preclude the Liquidator from seeking compensation from all responsible parties contributing to HHA's insolvency," said Metcalf.

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.

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