



STATE OF HAWAII
INSURANCE DIVISION

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PRESS STATEMENT
FOR IMMEDIATE RELEASE

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University Health Alliance Continues to Meet its Obligations During Rehabilitation

HONOLULU – November 15, 2001 – University Health Alliance Rehabilitator Wayne Metcalf today addressed the current status of the University Health Alliance while under rehabilitation.

“I am very pleased that UHA is current in meeting its requisite payment obligations and am impressed by the efforts and dedication of its employees on their work towards removing UHA from rehabilitation,” Metcalf said.

“Since UHA entered rehabilitation numerous parties have stepped forward and expressed interest in bringing UHA back into full compliance with Hawaii’s reserve requirements,” Metcalf added. “The Insurance Division has been reviewing all proposals in depth to make as certain as possible that these interested parties have the necessary reserves to accomplish this task.”

On May 21, 2001, Governor Cayetano approved Act 186, which increased the minimum mandatory reserve requirements of UHA, other mutual benefit societies, and health maintenance organizations. This is the second amendment passed by the Legislature and approved by the Governor in recent years affecting minimum mandatory

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reserve requirements for mutual benefit societies and health maintenance organizations.

The first amendment occurred in 1997 after the Pacific Group Medical Association ("PGMA") was placed in liquidation and the second amendment, this year's legislative action, became law after the placement into liquidation of the Hawaii Healthcare Association ("HHA") in 2000. Both amendments strengthened Hawaii's minimum reserve requirement laws to ensure the financial viability of health insurers in the State.

UHA was placed under Rehabilitation on July 5, 2001, after its minimum reserves, as required by Act 186, were found to be approximately \$2.3 million short, as of May 31, 2001. Metcalf was appointed by the court as Rehabilitator of UHA on July 5, 2001.

Metcalf concluded, "I am very hopeful that UHA will be able to emerge from rehabilitation and that it remain a competitive contributor in Hawaii's healthcare community."

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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