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INSURANCE DIVISION

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PRESS STATEMENT  
FOR IMMEDIATE RELEASE

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**Commissioner warns against new Unauthorized Health Insurance Plan**

HONOLULU – December 26, 2001 – State Insurance Commissioner Wayne Metcalf announced today that a new unauthorized health Insurance plan (the Plan) is being marketed in the wake of the TRG Marketing, LLC's (TRG) decision to voluntarily shut down all operations nationwide effective November 30, 2001.

The new Plan is being offered in association with various names, including: Consumer Health Education Association (CHEA), of El Cajon, California; STAT-CARE, of El Cajon, California; EOS Health, LLC, of Tempe, Arizona; Benefits Group, Inc. of Everett, Washington; and Peak Benefits Group, Inc. of Henderson, Nevada. The marketing of the Plan appears to be primarily targeting former members of TRG. The Commissioner has warned consumers to specifically avoid this Plan and unauthorized health insurers in general. On December 5, Commissioner Metcalf sent out a letter to all TRG members warning them to avoid this plan.

“The Insurance Division is working closely with regulators in others states to investigate these claims, and have concluded that the letter contains material misrepresentations. **I strongly recommend that you reject this offer.** As the saying goes: ‘if it sounds to good to be true it probably is’,” Commissioner Metcalf wrote in the letter referring to the CHEA Plan.

“The Insurance Division began receiving reports of the new unauthorized CHEA health insurance plan on December 4. With the assistance of other state insurance

regulators, we confirmed that this was another unauthorized health insurance scheme,” Metcalf said. “The goal of the scheme, we have concluded preliminarily is to re-victimize the residents of the State of Hawaii who were very badly taken in by TRG.”

Some of the preliminary findings include:

- The Plan is being sold through CHEA and is administered by EOS Health, LLC, and STAT-CARE. It is a group health insurance plan issued by Universal International Insurance Company, Ltd. (“UIIC”), which is located in the Federation of St. Kitts and Nevis, a small Caribbean nation located south of Puerto Rico.
- UIIC is an unauthorized insurer, which has already been served with a cease and desist order from the State of Texas, which seeks to shut down the company. There is no evidence the UIIC has obtained reinsurance to support the CHEA plan.
- The CHEA plan is being marketed to TRG members in Hawaii through direct mailings by an organization in Everett, Washington named “Benefits Group, Inc.,” which is connected to Peak Benefits Group Inc. in Henderson, Nevada.
- CHEA and EOS Health officials have stated that the plan will in the near future be backed by a licensed carrier or reinsurance company in the United States, however the companies named by CHEA and EOS Health as potential backers have shown that this is highly unlikely.

CHEA, STAT-CARE and EOS Health have all promised to return any application or premium payment submitted by Hawaii consumers and to not enroll any Hawaii consumers into the unauthorized health insurance plan.

Metcalf said that it is important for consumers to educate themselves about the insurance industry so that they may make wise decisions in selecting their coverage. Specifically, he recommended that consumers avoid unauthorized insurers and check

PRESS RELEASE  
FOR IMMEDIATE RELEASE  
December 26, 2001

the Division's website licensee database at <http://www.ehawaii.gov.org/serv/hils> to determine whether their insurance company or agent is properly licensed. Metcalf added that his office would continue to help educate the public on the dangers posed by unauthorized insurers, which include but are not limited to the probability that claims will be unfairly denied or will simply not be paid at all due to the insurers insolvency.

The CHEA Plan is the latest unauthorized health insurance scheme, which targets Hawaii's self-employed and small business people. In October 2000, the Insurance Division seized the Hawaii HealthCare Alliance (HHA), which was also an unauthorized health insurer, which targeted Hawaii's self-employed and small business people. HHA left hundreds of thousands of dollars of unpaid claims in its wake. After HHA's seizure a large number of the HHA members were enrolled into the TRG plan by Mr. Darren Larson and his agency Design Benefits Insurance Services.

In July 2001, the Insurance Division revoked the insurance licenses of Mr. Larson for his responsibility in the organization and operation of HHA and activities in the sale of the TRG plan. Mr. Larson also agreed to pay a fine of \$50,000. Also, Mr. Larson, his mother Olivia Lydia Graham, aka Lydia Hinton, his sister Stephanie Koppisch, and his wife, Linda Larson, all agreed to not engage in the business of insurance in the State of Hawaii ever again. Civil Suits are pending against Mr. Larson and other HHA organizers to recover money for HHA's unpaid claims.

TRG was an unauthorized health insurer based in Indiana, which was marketed and sold illegally in the State of Hawaii. The Hawaii Insurance Division, along with other federal and state agencies, continues to investigate the activities of TRG. TRG marketed its health plan as a federal ERISA plan that was exempt from state regulation, but it now admits that its health plan is subject to state regulation, and that it is insolvent and can not pay all claims incurred.

TRG never applied with the Hawaii Insurance Division as an admitted insurance carrier to sell insurance in the State of Hawaii and ignored repeated demands that it comply with State law. As of November 2001, TRG reported that there were approximately 293 members from Hawaii enrolled in the TRG health plan.

PRESS RELEASE  
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December 26, 2001

Those who enrolled in TRG or health care providers who treated TRG members may call the Hawaii Insurance Division at (808) 586-2790 for more information. For more information about the HHA liquidation or the HHA claims process, please call the HHA Liquidator at (808) 536-1771.

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

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