

PRESS RELEASE
Indiana Department of Insurance
Office of the Commissioner

For Immediate Release: October 5, 2007

Contact: Connie Ridinger
Chief Deputy Commissioner
Financial Services Division
Indiana Department of Insurance
(317) 232-2407

COURT DECLARES BENICORP INSOLVENT

Judge Issues Order of Liquidation, Appoints Insurance Commissioner as Liquidator, Approves Service Agreement

Indianapolis -- Marion County Circuit Court Judge Theodore Sosin has entered an Order of Liquidation against Benicorp Insurance Company and has appointed Jim Atterholt, Commissioner of the Indiana Department of Insurance (IDOI), to serve as Liquidator. Representatives of the IDOI appeared before Judge Sosin today to recommend liquidation of the company and to gain approval of a Service Agreement with the National Organization of Life and Health Insurance Guaranty Association ("NOLHGA") and potentially with the individual guaranty associations that will have obligations to pay covered claims to the residents of their state. The judge approved the request for liquidation and the Service Agreement.

"Today's court order allows us to take the final steps necessary to protect Benicorp policyholders and group members," said Atterholt. "For two months, we have fulfilled our duty as Rehabilitator; we have cleared a three-month backlog of claims; we have paid more than 38,000 claims; and, because of our transition plan, more than eighty (80%) percent of Benicorp policyholders have moved, or are in the process of moving, to quality health insurance plans.

"Given the Court's order, the guaranty associations will now begin to provide funding for covered claims, subject to statutory caps and limitations, and we are now able to continue with efforts to pay outstanding claims and liquidate the company's final assets. It is the best resolution given the unfortunate circumstances."

During his time as Rehabilitator, Atterholt also prepared for liquidation of the company, should the Court enter the Order.

"My number one goal throughout this process has been to minimize the impact that policyholders and claimants may bear and provide policyholders with a viable option for future coverage. The transition plan which was previously recommended to and approved by the Court, was very successful in assisting many Benicorp insureds in making their transition to other health care plans in anticipation of the Liquidation Order. We appreciate the diligence and efforts of United Healthcare in implementing that transition plan."

Atterholt has also been working with NOLHGA to facilitate and expedite the involvement of those guaranty associations who have been triggered by the Order of Liquidation. "I want to acknowledge the professional and expedient manner in which NOLHGA and its member associations have addressed the Benicorp situation." The Service Agreement with NOLHGA, as approved by the Court, will expedite the processing of claims, so that they can be submitted to and considered by the guaranty associations, and minimize administrative costs to the estate.

NOLHGA is a voluntary association made up of the life and health insurance guaranty associations of all 50 states, the District of Columbia, and Puerto Rico. It helps state guaranty associations coordinate efforts to provide protection to policyholders when a life or health insurance company insolvency affects people in many states. (For more information, visit www.NOLHGA.org.)

Under the Service Agreement, IDOI and its representatives will continue to review and process all enrollee and health care provider claims and will distribute processed claims to the appropriate guaranty associations. The state guaranty associations will be responsible for payment of all unpaid claims that qualify for coverage under their enabling acts, subject to individual statutory caps and limitations. The statutory cap on payments by the Indiana Life and Health Insurance Guaranty Association is \$300,000 per individual. The caps for the other states vary from \$100,000 to \$500,000. (For more information and for links to each of the individual associations, visit www.NOLHGA.com.)

The guaranty associations will continue the coverage still in force with Benicorp for covered policyholders who have not elected to transfer to another insurer prior to the liquidation date. It is anticipated, however, that the associations will move to cancel this continued coverage as soon as legally possible following the Order of Liquidation. Therefore, policyholders will need to pursue coverage with other insurers immediately.

Payment of covered claims will continue after liquidation, but some temporary delays in payments may occur during the transition period. IDOI requests that medical providers be patient and allow claims to be processed by Benicorp in liquidation and to refrain from collection efforts against the patients, as collection efforts could cause further delays in the processing of claims.

Liquidation of the company will begin immediately. Randy Lamberjack, President of Noble Consulting Services Inc., who was selected by Atterholt to oversee the rehabilitation process, will also oversee the liquidation proceedings.

DRAFT