

MIYAGI, NOHR & MYHRE

ATTORNEYS AT LAW, A LAW CORPORATION
PAUAAHI TOWER, SUITE 1200
1001 BISHOP STREET
HONOLULU, HAWAII 96813-3498

MELVYN M. MIYAGI
KATHARINE M. NOHR
JAMES V. MYHRE
MICHAEL H. TSUCHIDA
JOHN E. DROTZ
CARLETON B. REID, OF COUNSEL

TELEPHONE
(808) 524-2466
TOLL FREE
(NEIGHBOR ISLANDS)
(800) 200-2829
FAX (808) 524-2556

May 26, 2000

Via Facsimile
586-1239

Attorney General Earl I. Anzai
Department of the Attorney General
425 Queen Street
Honolulu, HI 96813

**Re: Request for Action Against X.L. Insurance Co.,
Ltd.**

Dear Mr. Anzai:

This is in response to your 4/27/00 letter to CEO Hamilton McCubbin and the Interim Trustees for Kamehameha Schools, and your request that the Interim Trustees initiate action against X.L. Insurance Co., Ltd. ("X.L.") to "enforce" the reinsurance agreement between P & C Insurance Company ("P&C") and X.L. There has been careful consideration of Kamehameha Schools' rights, if any, under the reinsurance agreement; its standing, if any, to demand arbitration against X.L.; and the timeliness and feasibility of making a demand for arbitration. It would be inaccurate to suspect or conclude that the Interim Trustees are walking away from \$50 million, assuming that X.L. has an obligation to pay \$50 million.

Your request appears to have assumed that Kamehameha Schools is in a position relative to the reinsurance agreement to initiate action against X.L., and within the context of the reinsurance agreement, demand arbitration against X.L. Under the "Multiline Multiyear Excess Lines Reinsurance Agreement" issued by X.L., X.L. was identified as the "Reinsurer", P&C as the "Named Entity", and Kamehameha Schools/Bernice Pauahi Bishop Estate as the "Named Insured". As the Named Entity, P&C paid the premiums for the reinsurance agreement, which reinsured insurance policies issued by P&C. There is no question that Kamehameha Schools has an interest in the reinsurance agreement; however, before demanding arbitration against X.L., the Interim Trustees wanted to make a prudent assessment of the right to make such a demand.

EXHIBIT 8

Attorney General Earl I. Anzai
May 26, 2000
Page 2

Your request also assumed that an "action" against X.L. is legally ripe. It is understood that X.L. reserved its right to deny coverage under the reinsurance agreement relative to the interrelated wrongful acts claimed against the former Trustees; it has not denied coverage yet. Given the nature and terms of the reinsurance agreement, X.L.'s obligation to pay would be triggered potentially when the primary Association Liability policy limit is paid and P&C has an obligation to pay. As you know, the primary insurer has not tendered or paid its policy limit yet. Again, the Interim Trustees wanted to be prudent in assessing whether a demand for arbitration would be timely at this stage.

On behalf of Kamehameha Schools, the Interim Trustees are prepared to notify X.L. of a "dispute, controversy or claim" and the "desire to arbitrate the matter" pursuant to the reinsurance agreement. Written notification is being prepared at the present time.

Very truly yours,

MIYAGI, NOHR & MYHRE



MELVYN M. MIYAGI

MMM:an

CC: Colleen Wong, Esq.