STATE OF OHIO
DEPARTMENT OF INSURANCE
2100 Stella Court
Columbus, Ohio 43215-1067

IN THE MATTER OF	:	MARY JO HUDSON
	:	SUPERINTENDENT OF
CONSECO SENIOR HEALTH INSURANCE	:	INSURANCE
COMPANY AND BANKERS LIFE &	:	
CASUALTY COMPANY	:	ORDER ADOPTING REGULATORY
	:	SETTLEMENT AGREEMENT

WHEREAS, Conseco Senior Health Insurance Company ("Conseco Senior") and Bankers Life and Casualty Company ("Bankers Life") (collectively the "Insurance Companies") were the subject of a multi-state market regulation examination of their claims practices and procedures, complaint handling, and marketing and sales practices conducted by the states of Florida, Illinois, Indiana, Pennsylvania and Texas (the "Lead Regulators") pursuant to the procedures established in the NAIC Market Conduct Examiners Handbook.

WHEREAS, the areas of review included the claims and complaint handling practices for Conseco Senior and Bankers Life related to Long Term Care, and complaint handling and marketing practices for Bankers Life for all lines of business,

WHEREAS, the Lead Regulators have negotiated a settlement of the issues identified in the course of the examination,

WHEREAS, this matter comes to the attention of the Superintendent of Insurance for the State of Ohio ("Superintendent") upon notification of resolution of the above referenced market conduct examination of the Insurance Companies,

NOW, THEREFORE, IT IS HEREBY ORDERED that, the Regulatory Settlement Agreement ("Agreement") entered into between the Company and the Lead Regulators, a copy of which is attached hereto and is incorporated herein, is approved and adopted.

IT IS HEREBY FURTHER ORDERED that, the Company shall immediately initiate compliance with all terms and conditions of the Agreement and follow all recommendations outlined in the report.

Dated: 29 April 2008

Mary Jo Hudson
Superintendent of Insurance

IN THE MATTER OF
CONSECO SENIOR HEALTH INSURANCE COMPANY
AND
BANKERS LIFE & CASUALTY COMPANY
REGULATORY SETTLEMENT AGREEMENT

INTRO:

This Regulatory Settlement Agreement ("Agreement") is entered into as of this 30th day of March 2008 ("Execution Date"), by and among Conseco Senior Health Insurance Company ("Conseco Senior"), Bankers Life and Casualty Company ("Bankers Life") (collectively the "Insurance Companies"), the Commissioner of the Florida Office of Insurance Regulation, the Director of the Illinois Division of Insurance, the Commissioner of the Indiana Department of Insurance, the Commissioner of the Pennsylvania Insurance Department, and the Commissioner of the Texas Department of Insurance, (collectively the "Lead Regulators"), and the insurance regulators of each of the remaining states and the District of Columbia that agree to adopt this Agreement (the "Participating Regulators") (the Lead Regulators and Participating Regulators are collectively referred to herein as "Signatory Regulators").

A. RECITALS

1. Conseco Senior is a Pennsylvania corporation and, at all relevant times, has been a licensed insurance company admitted to do business in 46 states, the District of Columbia and the U.S. Virgin Islands.

2. Bankers Life is an Illinois corporation and at all relevant times has been a licensed insurance company admitted to do business in all states except the State of New York.

3. The Insurance Companies are subsidiaries of Conseco, Inc., a Delaware corporation with its principal place of business in Carmel, Indiana.

4. On April 10, 2007, the Lead Regulators called a multistate targeted market conduct examination of the Insurance Companies (the "Multistate Examination") to review the Insurance Companies' claims practices and procedures, complaint handling, and marketing and sales practices pursuant to the procedures established in the NAIC Market Conduct Examiners Handbook.

5. As a result of the Multistate Examination, the Lead Regulators engaged in discussions with the Insurance Companies with respect to multistate areas of regulatory concern raised by the Multistate Examination, a plan of corrective actions by the Insurance Companies to address those concerns for the benefit of the Insurance Companies' current and former policyholders and insureds, and a means of providing for the enforcement of such a plan. After extensive discussion, the Insurance Companies agreed to a plan of corrective actions to be set forth in this Agreement.

6. Contemporaneously with the execution of this Agreement, separate examination reports concerning the Multistate Examination of the respective Insurance Companies are being released that contemplate the execution of this Agreement and/or the entry of consent orders where necessary under the law or practice of a particular Participating Regulator's jurisdiction ("Examination Reports"). The Insurance Companies neither admit nor deny the regulatory findings and desire to enter into this Agreement in order to promote regulatory efficiency, and avoid disruption to insureds, and are willing and desirous to resolve all multistate areas of regulatory concern. The Insurance Companies' execution of this Agreement is not to be construed as, nor does it constitute, an admission of liability or wrongdoing by the Insurance Companies.

B. MULTISTATE AREAS OF REGULATORY REVIEW

1. The Multistate Examination identified certain areas of concern that the Insurance Companies have agreed should be subject to review on a collaborative basis for the benefit of the Participating Regulators (the "Multistate Areas of Regulatory Review" ("Exhibit A")). The Multistate Areas of Regulatory Review include, inter alia, claims and complaint handling practices for Conseco Senior and Bankers Life related to Long Term Care, and complaint handling and marketing practices for Bankers Life for all lines of business.

2. The Multistate Areas of Regulatory Review may, upon the mutual consent of the Lead Regulators and the Insurance Companies, be amended to include additional areas of review that may arise during the term of this Agreement as provided for in paragraph D.9, infra. ("Term").

3. After the Effective Date, a Signatory Regulator may seek to add an additional area of review by bringing it to the attention of the Lead Regulators with supporting documentation. The Lead Regulators, in consultation with and the agreement of the Insurance Companies, may add the additional area of review to the Multistate Areas of Regulatory Review and develop appropriate standards to determine compliance with this Agreement.

C. CORRECTIVE ACTION PLANS

1. The Insurance Companies shall develop Corrective Action Plans ("Corrective Action Plans"), acceptable to the Lead Regulators. The Corrective Action Plans shall, as applicable, consist of plans designed to, inter alia, ensure full and timely achievement of the Claims Readjudication Process (described in Exhibit B), full and timely achievement of

each of the Benchmarks as applied on a nationwide basis, (see Exhibit C) and full and timely implementation of all recommendations ("Recommendations") in the Examination Reports.

2. The Insurance Companies have agreed to adopt and comply with all Recommendations of the Lead Regulators as set forth in the Examination Reports and to implement Corrective Action Plans to address the Multistate Areas of Regulatory Review. The Recommendations require the Insurance companies to accomplish, inter alia, the following:

a. implementation of changes to the Insurance Companies' claims and complaint handling procedures and standards to ensure that they are timely, appropriate and that they are otherwise compliant with applicable state laws;

b. establishment of a compliance plan for marketing activities of Bankers Life to ensure that its producers comply with applicable state laws and that Bankers Life has sufficient oversight to monitor, document and enforce such practices, in compliance with all applicable state laws.

3. Except as otherwise provided herein, the Insurance Companies shall commence implementation of the Recommendations within thirty (30) calendar days of the Effective Date.

4. Compliance with the Recommendations includes, but is not limited to, satisfying the Benchmark ratios reflected in the Insurance Companies' Corrective Action Plans relating to claims handling and complaint handling practices, and which shall be applied on a nationwide basis. The Insurance Companies shall fully achieve timely compliance with each of the Benchmarks within each of the applicable timeframes contained in its Corrective Action Plan(s).

5. Claims Readjudication Process. Conseco Senior shall develop a Claims Readjudication Process, acceptable to the Lead Regulators, to ensure remediation to disaffected policyholders where appropriate, and in compliance with the processes established in Exhibit B, attached hereto.

6. Marketing and Sales Practices. As part of the Corrective Action Plan, Bankers Life shall develop policies and procedures for its sales and marketing practices, which are acceptable to the Lead Regulators and are designed to: 1) ensure that Bankers Life fully and timely meets the complaint handling Benchmarks reflected in Exhibit C; and 2) otherwise ensure compliance with the Recommendations including but not limited to improving Bankers Life's marketing and sales practices. Bankers Life's plan shall place particular emphasis on and address: enhancements to producer training programs, elimination of producer transaction thresholds for disciplinary actions, and attenuating local or regional sales managers and agencies from local compliance responsibilities. Under the Corrective Action Plan, Bankers Life shall also review producer activity for calendar years 2005 through 2007, identify all producers terminated in that period, determine and identify those who should have been terminated "for cause" and provide a report of such to the Lead Regulators pursuant to the ongoing examination described in paragraph D.2 of this Agreement.

D. MONITORING

1. The Lead Regulators, on behalf of and for the benefit of the Participating Regulators, shall monitor the Insurance Companies' compliance with this Agreement and any Consent Order to which it is attached. Compliance with the Agreement will be measured according to the Insurance Companies' full and timely implementation of the Corrective Action

Plans, including full and timely: completion of the Claims Readjudication Process, achievement of each of the Benchmarks as applied on a nationwide basis, and implementation of all Recommendations.

2. Ongoing Examination. The monitoring of the Insurance Companies for compliance with the terms of this Agreement constitutes an ongoing examination by the Pennsylvania Insurance Department, as a Lead Regulator, pursuant to 40 P.S. §323.1-323.8. To the extent permitted by law, the work papers, recorded information, documents, copies of work papers, recorded information and documents produced by, obtained by, or disclosed to the Participating Regulators shall be given confidential treatment and shall not be subject to subpoena and may not be made public by the Participating Regulators or any other person, and shall not be public records subject to disclosure as provided under relevant Pennsylvania law. Nothing in this Agreement is intended to, nor shall it, preclude Participating Regulators from disclosing the results of compliance with the Agreement.

3. The Lead Regulators shall have full authority pursuant to 40 P.S. §323.1-323.8 to oversee and monitor compliance with this Agreement, including but not limited to: assigning an examiner or examiners ("Examiners") to conduct periodic compliance reviews and prepare reports and updates of such reviews for the Lead Regulators and the Insurance Companies; to review the Insurance Companies' progress in implementing the Corrective Action Plans; to assess the accuracy and validity of the Insurance Companies' quarterly reports by conducting sampling in accordance with accepted standards; and to otherwise assess the Insurance Companies' compliance hereunder.

4. Prior to the issuance of any periodic written report or update where exceptions or violations are noted, the Lead Regulators and the Examiners shall review the

findings or determinations with the Insurance Companies and give reasonable consideration to any issues raised by the Insurance Companies regarding such findings or determinations.

5. All costs of the Examiners shall be the sole responsibility of the Insurance Companies.

6. Quarterly Reports. The Insurance Companies shall provide to the Lead Regulators quarterly reports ("Quarterly Reports") on the implementation of the Corrective Action Plans to address, resolve and monitor the Multistate Areas of Review and compliance with the Recommendations generally, including reports of their achievement of the Benchmarks, including, with respect to Conseco Senior only, the number of claims readjudicated, the number of claims for which restitution was found to be appropriate, the amount of restitution paid and any other information or documents deemed necessary by the Lead Regulators to monitor compliance thereof. Each Quarterly Report shall be due and delivered to the Lead Regulators in a form acceptable to the Lead Regulators within 30 calendar days of the end of the calendar quarter, with the first report covering the second quarter of calendar year 2008, or the quarter following the Effective Date of this Agreement, whichever is later.

7. Meeting With The Board Of Directors. If the Lead Regulators determine that the Quarterly Reports show, or if the Lead Regulators otherwise have information, that the Insurance Companies are not fully and timely complying with the Corrective Action Plans, including but not limited to the failure to fully and timely achieve the Benchmarks, the Lead Regulators may request, and the Insurance Companies shall consent to, access to the Board of Directors of the company that failed to achieve the applicable Benchmark or otherwise failed to comply with the Corrective Action Plan. In their sole discretion, the Lead Regulators may agree

to a meeting with a proxy for the Board of Directors or the Audit Committee in lieu of meeting with those entities.

8. Re-Examination. It is further expected that the Lead Regulators, on behalf of and for the benefit of the Participating Regulators, will conduct a full re-examination of the issues addressed by the Multistate Examination not sooner than 18 months after the Effective Date of this Agreement for Bankers Life and 30 months after the Effective Date for Conseco Senior, and make all reasonable efforts to complete such re-examinations within six months of their dates of commencement ("Re-Examination"). Nothing in this section shall abrogate the Lead Regulators' ability to utilize the Examiners to the fullest extent under applicable examination laws to perform all functions necessary and authorized under the examination laws to ensure timely and competent monitoring for compliance with this Agreement.

9. With respect to the periods of time represented by the Term of this Agreement (prospectively, 18 months after the Effective Date for Bankers Life and 30 months after the Effective Date for Conseco Senior) and for the two calendar years immediately preceding the Effective Date, each of the Participating Regulators agrees that his or her regulatory agency: i) will not engage in any investigative or examination activities of the Insurance Companies relating to the issues subject to this Agreement; (ii) will not impose a fine, injunction or any other remedy on any of the Insurance Companies for any of the matters that are the subject matter of this Agreement; and (iii) may only participate in any assessment or remedy that may be imposed under this Agreement pursuant to the terms set forth in this Agreement. Notwithstanding the foregoing, any Signatory Regulator may take any and all appropriate action should the Insurance Companies violate any provision of the insurance laws and regulations of that Signatory State, which are not related to the Multistate Areas of Regulatory Review and

which are not otherwise subject to this Agreement, as well as with respect to individual consumer complaints or as otherwise provided for herein.

10. This Agreement is not intended to, nor may it be construed to, limit the authority of a Signatory Regulator's consumer services division, or its equivalent, in investigating and taking appropriate Action against the Insurance Companies, its producers or other representatives, or third parties, as provided by law or regulation, with regard to a valid consumer, provider or third-party complaint.

E. ASSESSMENTS AND REMEDIES

1. In full and final settlement and resolution of the regulatory findings set forth in the Examination Reports, the Insurance Companies agree to pay a) a fine in the amount of $2,342,728 less any amount allocated to any non-participating state (i.e., a state that does not adopt the Settlement Agreement) under the allocation methodology developed by the Lead Regulators and b) other amounts as provided in Section E, *infra*.

2. The fine shall be payable within twenty (20) business days of the Effective Date of this Agreement. The Signatory Regulators hereto find that such fine is sufficient to deter and punish the Insurance Companies with respect to, and no additional punishment is warranted with respect to, all actions and or inactions of the Insurance Companies from January 1, 2005 through the Effective Date regarding in any way all claims practices and procedures, complaint handling, and marketing and sales practices concerning or relating to the Multistate Examination Report. Conseco Senior also agrees to timely undertake, implement, and fully complete: the Claims Readjudication Process, achievement of the Benchmarks, and compliance with the Recommendations. Further, Bankers Life also agrees to timely undertake, implement, and fully

complete: achievement of the Benchmarks for complaint handling and compliance with the Corrective Action Plan with respect to its marketing and sales practices.

3. The Insurance Companies shall remit payment to each state adopting this Settlement Agreement (a Participating State) in the amount due to that state under the allocation methodology developed by the Lead Regulators. The Insurance Companies shall have no obligation hereunder to make payments to states that do not adopt this Agreement.

4. With respect to any Participating State that has adopted this Agreement at or before the Effective Date of this Agreement the Insurance Companies shall remit payment to that Participating State within twenty (20) days of the Effective Date.

5. With respect to any Participating State that adopts this Settlement Agreement after the Effective Date, the Insurance Companies shall remit payment to that Participating State within twenty (20) days of that state's adoption of the Agreement.

6. If the total expended by Conseco Senior for restitution pursuant to the Claims Readjudication Process as described in Exhibit B, combined with the amount of the reasonable costs of the Claims Readjudication Process, does not equal or exceed $4,000,000, Conseco Senior agrees to pay the difference to the Signatory Regulators as an additional monetary assessment related to resolution of the Multistate Examination in accordance with the formula developed by the Lead Regulators.

7. Penalty for Noncompliance. Following the receipt of the first Quarterly Report, or any Quarterly Report thereafter, if the Lead Regulators, in consultation with other Participating Regulators, determine that either Insurance Company is not in compliance with any Benchmark, an additional monetary assessment of $70,000 may be assessed per missed

Benchmark per quarter. Should the same Benchmark be missed for two consecutive quarters, a monetary assessment of $150,000 may be imposed.

8. Further, if after re-examination, either or both Insurance Companies have not timely and fully implemented either the Recommendations, or the Benchmarks and are found to be materially, substantially and consistently noncompliant with the Recommendations or the Corrective Action Plans, after notice and opportunity to respond, the Lead Regulators may impose an additional monetary assessment ("Total Performance Assessment") of $10 million and the Insurance Companies shall undertake such other remedial measures as agreed to by the Lead Regulators and the Insurance Companies.

9. In the event that the Insurance Companies must pay the Total Performance Assessment, that amount shall be reduced by any amounts paid or due as a result of noncompliance with the quarterly Benchmarks, as provided for and referenced in paragraph 7, above.

10. The Insurance Companies shall retain all their legal rights to challenge any finding, assessment, or penalty made during or as a result of the Monitoring of this Agreement including, but not limited to, the Re-Examination.

11. If, at the end of the Term of the Agreement, the Lead Regulators, in consultation with other Participating Regulators, determine that Conseco Senior is in compliance with the Benchmarks but that there are deficiencies involving compliance with respect to the Multistate Areas of Regulatory Review in a particular jurisdiction of a Signatory Regulator, Conseco Senior agrees to work with that Signatory Regulator within the context of that state's laws to address and resolve the issues, including the development of an individual Corrective Action Plan in that state.

12. If, at the end of the Term, the Lead Regulators, in consultation with other Participating Regulators, determine that Bankers Life has implemented the Recommendations but that there are deficiencies involving compliance with respect to the Multistate Areas of Regulatory Review in a particular jurisdiction of a Signatory Regulator, Bankers Life agrees to work with that Signatory Regulator within the context of that state's laws to address and resolve the issues, including the development of an individual Corrective Action Plan in that state.

13. In the event that the Lead Regulators find, after reasonable consultation with Conseco Senior or Bankers Life, that Conseco Senior or Bankers Life has willfully and materially breached the terms of the Agreement, then any penalty or fine imposed as a result of such finding shall not be limited by the assessment or other limiting provisions of this Agreement.

14. The Insurance Companies are expending approximately $26 million in systems enhancements, including contracting with an independent third party administrator, to substantially improve claims and complaint handling practices. The Insurance Companies shall continue to fund any operational enhancements necessary to timely and fully implement and accomplish the Corrective Action Plans.

F. OTHER PROVISIONS:

1. By entering into this Agreement, the Signatory Regulators and the Insurance Companies intend to resolve all the concerns addressed by the Multistate Areas of Regulatory Review, including any alleged violations of laws and regulations or administrative orders issued or which could have been issued by the Signatory Regulators through the Term relating to issues reviewed in, and addressed by, the Examination Reports, and this Agreement

shall be deemed a full and final resolution and release of all claims or liability relating thereto. This release will not be final until the Insurance Companies have implemented the Recommendations and are otherwise found to be in full and final compliance with this Agreement. In no event shall the Insurance Companies be excused from the restitution and remediation obligations set forth in this Agreement.

2. This Agreement shall be binding on and inure to the benefit of the Signatory Regulators and the Insurance Companies and their respective legal representatives, successors and assigns.

3. Each of the Signatory Regulators has full and unqualified legal authority to enter into this Agreement, and, where such signatory is signing on behalf of a party, to bind that party now and in the future.

4. The failure of the Signatory Regulators at any time to require the strict performance by the Insurance Companies of any of the terms, provisions or conditions hereof shall in no way affect the right thereafter to enforce the same, nor shall the waiver by the Signatory Regulators of any breach of any terms, provisions or conditions hereof be construed or deemed to constitute a waiver of any subsequent breach of any term, provision or condition thereof.

5. When an issue pertaining to this Agreement is specific to an individual state, the Signatory Regulators and the Insurance Companies agree that the particular substantive law of that state shall be utilized for the purpose of interpreting, applying and enforcing any provision of this Agreement in that state. In such case(s), the appropriate forum shall be the courts or regulatory agency of that particular state, as appropriate. Nothing in this Agreement

enlarges, supersedes or preempts the insurance laws and regulations of any of the Signatory Regulators' states.

6. If the Insurance Companies default with respect to any obligation under this Agreement, they shall use commercially reasonable efforts to cure such default as soon as reasonably practicable. If such default is not remedied within thirty (30) business days following personal delivery or delivery by facsimile of a written notice pursuant to paragraph F.22 specifying such default, during which period the Signatory Regulators and the Insurance Companies shall make reasonable efforts to amicably resolve any disputes regarding the default, the Signatory Regulator(s) may seek administrative and/or judicial enforcement of this Agreement.

7. Nothing herein shall confer any rights upon any persons or entities other than the Signatory Regulators and the Insurance Companies.

8. This Agreement shall not be effective unless and until both of the following conditions are met: (i) the approval and execution of this Agreement by the Insurance Companies and the Lead Regulators and (ii) the approval and execution of this Agreement by at least thirty-five (35) states of the United States (deemed to include the District of Columbia and the Lead Regulators) and (iii) whose combined share equals or exceeds at least fifty percent (50%) of Conseco Senior's total Long Term Care Insurance written premium for year end 2006. The date on which the last state executes, or signs on to and participates in, this Agreement in compliance with paragraph F.9, infra., thereby fulfilling the conditions precedent in this paragraph, above, shall be the Effective Date of this Agreement.

9. To become a party to this Agreement, an Insurance Director, Commissioner, Superintendent or their designee shall execute a signature page within thirty (30)

calendar days from the Execution Date. At the time of execution, any State Specific Endorsement required of the Insurance Companies must be identified as to the specific company and attached hereto. If a Signatory Regulator finds that, under applicable state law, regulation or procedure, the preparation and execution of a consent order is necessary to carry out the terms of this Agreement, such a consent order (the "Applicable Consent Order") shall be prepared by such Participating Regulator within thirty (30) calendar days following the Execution Date. The Lead Regulators may waive the thirty (30) calendar-day period for Participating Regulators to execute this Agreement. For purposes of this Agreement, an "Applicable Consent Order" shall be satisfactory to the Insurance Companies if it: (i) incorporates by reference and attaches via exhibit a copy of this Agreement, (ii) expressly adopts and agrees to the provisions of this Agreement, and (iii) includes only those other terms that may be legally required in the state of the applicable Participating Regulator. However, nothing in this Agreement shall be construed to require any state to execute and deliver an Applicable Consent Order if such state elects instead to sign this Agreement.

10. Each Signatory Regulator hereby gives express assurance that this Agreement is enforceable by its terms under the applicable laws, regulations and judicial rulings in its respective state and that the Signatory Regulator, on behalf of his/her respective state, has the authority to enter into this Agreement and bind that party now and in the future. By execution of this Agreement with the Insurance Companies, each Signatory Regulator acknowledges that he/she has reviewed and agrees with the terms and conditions as set forth herein.

11. The Signatory Regulators and the Insurance Companies may mutually agree, in writing, to any reasonable extensions of time that might become necessary to carry out the provisions of this Agreement.

12. This Agreement and/or any Applicable Consent Order or any other order issued by a Signatory Regulator set forth the entire agreement among the parties with respect to its subject matter and supersedes all prior agreements, arrangements or understandings (whether in written or oral form) between the Insurance Companies and the Signatory Regulators.

13. This Agreement shall remain in effect until the later of (i) the Term or (ii) the completion of the Re-Examinations. This Agreement and its provisions shall terminate for all purposes pursuant to this paragraph.

14. Nothing in this Agreement or any of its terms and conditions shall be interpreted to alter in any way the contractual terms of any insurance policy or health benefit plan issued or acquired either by the Insurance Companies or by the parties to such insurance contract.

15. Except in a proceeding to enforce the terms hereof, neither this Agreement nor any related negotiations, statements or court proceedings shall be offered by the Insurance Companies or the Signatory Regulators as evidence of or an admission, denial or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including but not limited to the Insurance Companies or any affiliates thereof, or as a waiver by Insurance Companies or any affiliates thereof of any applicable defense, including without limitation any applicable statute of limitations or statute of frauds.

16. In addition to payments required hereunder, the Insurance Companies agree to pay the reasonable expenses incurred by the Lead Regulators and the Participating

Regulators for their travel and incidental expenses associated with the negotiation and implementation of the provisions of this Agreement. Such expenses shall be payable to the Lead Regulators within thirty (30) calendar days of the presentation of valid receipts. Moreover, reasonable expenses of the Lead Regulators incurred in monitoring the Insurance Companies' compliance with this Agreement, including the expenses of conducting or attending any meetings, presentations, or discussions with the Insurance Companies or other Signatory Regulators, shall be the responsibility of the Insurance Companies.

17. Nothing contained herein shall limit the authority of the Signatory Regulators to address specific instances of consumer complaints, licensing changes, rate and form filings, investigatory or enforcement actions relating to representatives or producers of the Companies, or conducting other office-based regulatory functions. Such regulatory functions shall not be deemed within the scope of this Agreement.

18. This Agreement may be signed in multiple counterparts, each of which shall constitute a duplicate original, but which taken together shall constitute but one and the same instrument.

19. Nothing herein shall prevent or otherwise restrict a Signatory Regulator from pursuing regulatory actions against the Insurance Companies for regulatory issues other than the Multistate Areas of Regulatory Review.

20. In the event that any portion of this Agreement is held invalid under any particular state's law as it is relevant to a Signatory Regulator, such invalid portion shall be deemed to be severed only in that state and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.

21. The Insurance Companies understand and agree that by entering into this Agreement, the Insurance Companies waive any and all rights to notice, hearing and appeal respecting the Examination Reports and this Agreement under the applicable laws of the states represented by the Signatory Regulators.

22. All notices permitted or required to be delivered under this Agreement shall be in writing and shall be deemed so delivered by hand, one (1) business day after transmission by facsimile or other electronic system (evidenced by machine generated receipt), five (5) business days after being placed in the hands of a commercial courier service for express delivery, or ten (10) business days after placement in the mails by registered or certified mail, return receipt requested, postage prepaid and addressed to the following addresses or a party's most current principal address of which the party sending the notice has been notified:

If to the Insurance Companies: Mark Johnson, Senior Vice President, Chief of Compliance, Conseco Senior Health Insurance Company, 11825 N. Pennsylvania St., Carmel, IN 46032

If to the Lead Regulators: Dennis Shoop, Director of the Bureau of Enforcement, Pennsylvania Insurance Department, 1227 Strawberry Sq., HBG. Pa. 17120.

23. The Insurance Companies shall be excused from performance for any period and to the extent that the Insurance Companies are prevented from performing any services, in whole or in part, as a result of delays caused by an act of God, civil disturbance, court order, or other cause beyond the Insurance Companies reasonable control, including failures or fluctuations in electrical power, light, or telecommunications equipment and such nonperformance shall not be considered for determining the Insurance Companies' Compliance with this Agreement. Notwithstanding the above, the Insurance Companies agree to establish and maintain commercially reasonable recovery steps, including technical disaster recovery facilities, uninterruptible power supplies for computer equipment and communications and that

as a result thereof the Insurance Companies will use commercially reasonable efforts to ensure that its systems shall be operational within forty-eight (48) hours of a performance failure.

CONSECO SENIOR HEALTH INSURANCE COMPANY

BY: John Wells

John Wells

ITS: Senior Vice President

3/27/08

[DATE]

BANKERS LIFE AND CASUALTY COMPANY

BY: John Wells

John Wells

ITS: Senior Vice President

3/27/08

[DATE]

FLORIDA OFFICE OF
INSURANCE REGULATION

BY:_____

, COMMISSIONER

[DATE]

INDIANA DEPARTMENT OF
INSURANCE

BY:_____

, COMMISSIONER

[DATE]

TEXAS DEPARTMENT OF INSURANCE

BY:_____

, COMMISSIONER

[DATE]

ILLINOIS DIVISION OF INSURANCE

BY:_____

, DIRECTOR

[DATE]

PENNSYLVANIA INSURANCE
DEPARTMENT

BY:_____

JOEL S. ARIO, ACTING COMMISSIONER

[ ]

PARTICIPATING REGULATOR ADOPTION

On behalf of [Insert the State and Insurance Regulatory Agency], I, [Insert name of insurance regulatory official executing the Agreement], hereby adopt, agree, and approve this Agreement.

[NAME OF INSURANCE REGULATORY AGENCY]

BY:_____
[Name of Regulator], [Title]
[DATE]

EXHIBIT A
Multistate Areas of Regulatory Review

A. **Claims**: The Insurance Companies shall ensure; that claims are investigated and paid, denied or contested within the required timeframes; that claims-related correspondence is completed within the required timeframes; that claims are paid correctly and interest is paid when required; that payments are made at the correct rate; that providers and covered persons are given an opportunity to provide missing information that is needed to process claims before closing claims; that claim files contain all necessary documentation; that explanatory information provided to insureds, enrollees, and providers is accurate and complete and contains all required information; and that claims personnel shall be properly trained in these duties.

B. **Appeals, Grievances and Complaints**: The Insurance Companies shall ensure: that insured appeals and complaints are being addressed timely, efficiently, and thoroughly; that proper and accurate explanations and information are provided; and that the appeals, complaints, and all related matters are conducted and addressed within required timeframes.

C. **Operations/Management:** The Insurance Companies shall ensure that there is an over-all structure to address state regulatory concerns, and that their responses to regulator, provider, insured, and enrollee inquiries, issues, and concerns are complete, accurate and timely.

D. **Marketing and Sales:** The Insurance Companies shall ensure that the Company's field force programs, policies and procedures ensure compliance with relevant laws and the Company's Code of Conduct, the Company's efforts to implement legal obligations

arising from settlement agreements and other similar documents are monitored, and compliance policies and procedures which conform to applicable legal standards are developed and monitored. Bankers Life's plan shall also place particular emphasis on and address: enhancements to producer training programs, elimination of producer transaction thresholds for disciplinary actions, and attenuating local or regional sales managers and agencies from local compliance responsibilities.

EXHIBIT B

Claims Readjudication Process

1. Conseco Senior shall implement a claims readjudication process approved by the Lead Regulators, designed to make restitution or other adjustments on claims where appropriate, as more fully set forth below, including the payment of interest as required by the applicable laws of the Signatory Regulators, within a timeframe acceptable to the Lead Regulators or as otherwise specified herein, after making such determinations. The Claim Readjudication Process is intended to address certain claims denied by Conseco Senior in calendar years 2005 through 2007.

2. Conseco Senior shall hire a Claims Reviewer to implement and effectuate the Claims Readjudication Process provided herein. The costs of the Claims Reviewer shall be Conseco Senior's sole responsibility, but the selection of the Claims Reviewer, and the process itself, will be subject to the approval of the Lead Regulators. Conseco Senior shall submit a proposed Claims Reviewer to the Lead Regulators for approval within fifteen (15) calendar days of the Effective Date of this Agreement.

3. Readjudication of True Initial Denials. The Claims Reviewer, on behalf of Conseco Senior, shall review and readjudicate all "True Initial Denials" of claims for such claims that were denied by Conseco Senior in calendar years 2005 through 2007. The Claims Reviewer shall readjudicate all True Initial Denials(a "True Initial Denial" is a decision made on a first request for benefits covered under the policy in which the claim is denied based on a determination of the claim's ineligibility.) , advise claimants of the outcome of the readjudication, and where appropriate, pay restitution with interest as required by the laws of the Signatory Regulators, within 90 calendar days of the Effective Date. If the Claims Reviewer

determines that a claim file contains inadequate documentation to determine whether the claim was properly adjudicated, the Claims Reviewer shall request the needed information from the claimant. If the requested information is not provided within forty-five (45) calendar days of the request, the Claims Reviewer may close the readjudication of that claim and advise the claimant that the review was closed due to insufficient documentation.

4. Notice to Claimants Involving True Continuation Denials and Other Categories of Denials. In accordance with a schedule acceptable to the Lead Regulators, the Conseco Senior shall after the Effective Date send a notice, in a time, manner and form acceptable to the Lead Regulators to all claimants whose claims or benefits were denied in calendar years 2005 through 2007 for the following reasons:

(i) True Continuation Denials ("True Continuation Denials" are denials of requests for benefits covered under the policy during an episode of care in which the claim is denied based on a determination of the claim's ineligibility): including (a) ADLs Not Met; (b) Claimant Not Covered; (c) Condition Not Covered; (d) LTC Services Not Covered; (e) Non-Timely Proof of Loss; (f) Pre-Existing Condition; (g) Provider/Facility Not Covered and; (g) Eligibility Not Met and;

(ii) Other Categories of Denied Claims: (a) Incomplete Proof of Loss; (b) Non-Covered Services; (c) Benefits Maxed; and (d) Elimination Period Not Met;

as well as to any complainant who filed a complaint with Conseco Senior in calendar years 2005 through 2007 and whose complaint relates to an assertion that Conseco Senior incorrectly denied, or made an inadequate or incorrect payment, of a claim or benefit. Said notice shall advise those claimants that they have the right to submit a request for review of such denial.

5. Upon a claimant's submission of a written request for review under paragraph 4. above, the Claims Reviewer shall readjudicate any such True Continuation Denials and Other Categories of Denied Claims, advise claimants of the outcome of the readjudication, and, where appropriate, pay restitution with interest as required by the laws of the Participating Regulators. If the Claims Reviewer determines that a claim file and the request for review contain inadequate documentation to determine whether the claim was properly adjudicated, the Claims Reviewer shall request the needed information from the claimant. If the requested information is not provided within forty-five (45) calendar days of the request, the Claims Reviewer may close the readjudication of that claim and advise the claimant that the review was closed due to insufficient documentation. Otherwise, the Claims Reviewer shall readjudicate and pay any such claim within 90 days of receipt of all documentation and information necessary for the readjudication.

6. Upon a claimant's submission of a written request for review under paragraph 4, above, the Claims Reviewer shall readjudicate any such claim, advise the claimant of the outcome of the readjudication, and pay restitution where appropriate, with interest as required by the laws of the Signatory Regulators. If the Claims Reviewer determines that a claim file and the request for review contain inadequate documentation to determine whether the claim was properly adjudicated, the Claims Reviewer shall request the needed information from the claimant. If the requested information is not provided within 45 calendar days of the Claims Reviewer's request, the Claims Reviewer may close the readjudication of that claim and advise the claimant that the review was closed due to insufficient documentation. Otherwise, the Claims Reviewer shall readjudicate and pay any such claim within 90 days of receipt of all documentation and information necessary for the readjudication.

7. Establishment of a Call Center. Conseco Senior shall establish a dedicated call center to respond to policyholder inquiries regarding the Claims Readjudication Process. The call center shall timely and adequately respond to inquiries relating to the readjudication process described above in paragraphs 4 through 6, above. In addition to those classes of policyholders and claimants outlined herein, the call center shall provide any other potential claimant information on how such claimant may submit a request for review of any denied claim or benefits that were denied in calendar years 2005 through 2007. The dedicated call center shall include a toll free telephone number, qualified consumer service representatives, and sufficient hours and staffing to respond to policyholder inquiries. Further, the dedicated call center shall be operable for a period of six months following the date of the last Notice that is sent to a claimant or complainant pursuant to paragraph 4, supra.

8. In no event shall Conseco Senior be required to readjudicate any claim that was initially denied because of the death of the claimant or was resolved through or is the subject of pending litigation or settlement. Nothing in this Agreement is intended to preclude Conseco Senior or any clamant from mutually agreeing to opt for the Claim Readjudication Process in lieu of continued litigation over any disputed claim.

EXHIBIT C
Benchmarks

The following are the mandatory minimum standards for the Insurance Companies' practices and procedures relating to timely and competently handling claims and complaints, per quarter ("Q"), per calendar year:

A. Claims Handling – Conseco Senior

1. For the calendar years 2008 – 2011, Conseco Senior and the Signatory Regulators agree:

   a. That Claim Timeliness compliance shall mean 82% compliance for Q2 2008, 85% compliance for Q3, 2008 88% compliance for Q4 2008, 90% compliance for Q1 2009, and 93% compliance for Q2 2009 and thereafter.

B. Complaints Handling – Conseco Senior

1. For the calendar years 2008 – 2011, Conseco Senior and the Signatory Regulators agree:

   a. That Complaint Timeliness compliance for DOI complaints shall mean 92% compliance for Q2 2008, 94% compliance for Q3 2008, and 96% compliance in Q4 2008 and thereafter.

   b. That Complaint Timeliness for Consumer complaints shall mean 87% compliance for Q2 2008, 90% compliance for Q3 2008, and 95% compliance in Q4 2008 and thereafter.

C. Complaints Handling – Bankers Life

1. For the calendar years 2008 – 2011, Bankers Life and the Signatory Regulators agree:

a. That Complaint Timeliness compliance for complaints received from a department of insurance shall mean 92% compliance for Q2 2008, 94% compliance for Q3 2008, and 96% compliance in Q4 2008 and thereafter.

b. That Complaint Timeliness for complaints received directly from a consumer or a consumer's designee shall mean 87% compliance for Q2 2008, 90% compliance for Q3 2008, and 95% compliance in Q4 2008 and thereafter.

PARTICIPATING REGULATOR ADOPTION

On behalf of Ohio Department of Insurance, I, Mary Jo Hudson, hereby adopt, agree, and approve this Agreement.

OHIO DEPARTMENT OF INSURANCE

BY: _____
Mary Jo Hudson
Superintendent of Insurance

April 30, 2008