

CNO FINANCIAL GROUP, INC.

FORM 8-K (Current report filing)

Filed 11/20/09 for the Period Ending 11/20/09

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
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Symbol	CNO
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **November 20, 2009**



CONSECO

CONSECO, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of Incorporation)

001-31792
(Commission File Number)

75-3108137
(I.R.S. Employer
Identification No.)

11825 North Pennsylvania Street
Carmel, Indiana 46032
(Address of Principal Executive Offices) (Zip Code)

(317) 817-6100
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 7.01. Regulation FD Disclosure.

On November 20, 2009, Consec, Inc. (the "Company") announced a new agreement under which its Bankers Life and Casualty Company subsidiary ("Bankers Life") will coinsure, with an effective date of October 1, 2009, about 237,000 life insurance policies with Wilton Reassurance Company ("Wilton Re"). Wilton Re will pay a ceding commission of approximately \$45 million and 50% coinsure these policies, which will continue to be administered by Bankers Life.

In the transaction, Bankers Life will transfer to Wilton Re approximately \$95 million in investment securities and policy loans and \$140 million of statutory policy and other liabilities. The transaction, which is subject to the approval of insurance regulators in Illinois and Wisconsin, is expected to be completed in the fourth quarter of 2009.

As a result of the transaction, the Company expects to record an increase to its deferred tax valuation allowance of approximately \$19 million in the fourth quarter of 2009. The Company also expects to record a pre-tax deferred cost of reinsurance of approximately \$30 million, which, in accordance with generally accepted accounting principles ("GAAP"), will be amortized over the life of the block, reducing quarterly pre-tax income from operations by approximately \$.5 million. In addition, the Company's future GAAP income from operations will be reduced by the earnings from the portion of the block that is coinsured; such pre-tax earnings before overhead were approximately \$2 million in the third quarter of 2009.

The Company is furnishing the information in this Current Report on Form 8-K and in Exhibit 99.1 to comply with Regulation FD. Such information shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits .
(d).

The following materials are furnished as exhibits to this Current Report on Form 8-K:

99.1 Press release of Consec, Inc. dated November 20, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONSECO, INC.

Date: November 20, 2009

By: /s/ John R. Kline
John R. Kline
Senior Vice President and
Chief Accounting Officer

news

**CONSECO**

For Release Immediate
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Conseco Announces Reinsurance Transaction

Carmel, Ind., November 20, 2009 – Conseco, Inc. (NYSE:CNO) today announced a new agreement under which its Bankers Life and Casualty Company subsidiary (“Bankers Life”) will coinsure, with an effective date of October 1, 2009, about 237,000 life insurance policies with Wilton Reassurance Company (“Wilton Re”). Wilton Re will pay a ceding commission of approximately \$45 million and 50% coinsure these policies, which will continue to be administered by Bankers Life.

“This transaction is expected to increase Conseco’s consolidated risk-based capital ratio by 9 percentage points, along with increasing statutory capital by the amount of the ceding commission,” said Conseco CEO Jim Prieur.

In the transaction, Bankers Life will transfer to Wilton Re approximately \$95 million in investment securities and policy loans and \$140 million of statutory policy and other liabilities. The transaction, which is subject to the approval of insurance regulators in Illinois and Wisconsin, is expected to be completed in the fourth quarter of 2009.

As a result of the transaction, Conseco expects to record an increase to its deferred tax valuation allowance of approximately \$19 million in the fourth quarter of 2009. Conseco also expects to record a pre-tax deferred cost of reinsurance of approximately \$30 million, which, in accordance with generally accepted accounting principles (“GAAP”), will be amortized over the life of the block, reducing quarterly pre-tax income from operations by approximately \$.5 million. In addition, Conseco’s future GAAP income from operations will be reduced by the earnings from the portion of the block that is coinsured; such pre-tax earnings before overhead were approximately \$2 million in the third quarter of 2009.

About Conseco

Conseco, Inc.’s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, critical illness and accident policies protect people against major unplanned expenses; annuities and life insurance products help people plan for their financial futures. For more information, visit Conseco’s website at www.conseco.com.

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Cautionary Statement Regarding Forward-Looking Statements. *Our statements, trend analyses and other information contained in this press release relative to markets for Conseco's products and trends in Conseco's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements; (ii) liquidity issues associated with the right of holders of our 3.5% convertible debentures due 2035 to require us to repurchase such debentures on September 30, 2010; (iii) general economic, market and political conditions, including the performance and fluctuations of the financial markets which may affect our ability to raise capital or refinance existing indebtedness and the cost of doing so; (iv) our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs; (v) our ability to obtain adequate and timely rate increases on our supplemental health products, including our long-term care business; (vi) the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries; (vii) mortality, morbidity, the increased cost and usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (viii) changes in our assumptions related to the cost of policies produced or the value of policies in force at the effective date; (ix) the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on its value; (x) our assumption that the positions we take on our tax return filings, including our position that our 7.0% convertible senior debentures due 2016 will not be treated as stock for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, and will not trigger an ownership change, will not be successfully challenged by the Internal Revenue Service; (xi) changes in accounting principles and the interpretation thereof; (xii) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems, (xiii) performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges); (xiv) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (xv) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (xvi) our ability to complete the remediation of the material weakness in internal controls over our actuarial reporting process and to maintain effective controls over financial reporting; (xvii) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (xviii) our ability to achieve eventual upgrades of the financial strength ratings of Conseco and our insurance company subsidiaries as well as the impact of rating downgrades on our business and our ability to access capital; (xix) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xx) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends and surplus debenture interest to us, regulation of financial services affecting (among other things) bank sales and underwriting of insurance products, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; and (xxi) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products. Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.*

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