

# CONSECO INC

## FORM 11-K (Annual Report of Employee Stock Plans)

Filed 06/29/94 for the Period Ending 12/31/93

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
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CIK	0000719241
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

# CONSECO INC

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Filed 6/29/1994 For Period Ending 12/31/1993

Address	11825 N PENNSYLVANIA ST CARMEL, Indiana 46032
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CIK	0000719241
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 11-K**

ANNUAL REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED December 31, 1993 OR

TRANSITION REPORT PURSUANT TO SECTION 15 (D) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM TO

*Commission file number: 0-11164*

A. Full title of the plan and the address of the plan, if different from  
that of the issuer named below:

**CONSECOSAVE PLAN**

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive offices:

**Conseco, Inc.**

11825 North Pennsylvania Street  
Carmel, Indiana 46032

# CONSECOSSAVE PLAN

## INDEX

a) Financial Statements	
Report of Independent Accountants	3
Statement of Net Assets Available for Plan Benefits - December 31, 1993 and 1992	4
Statement of Changes in Net Assets Available for Plan Benefits For the Years ended December 31, 1993 and 1992	5
Notes to Financial Statements	6
Schedule of Reportable Transactions	11
b) Exhibit	

23 Consent of Independent Accountants

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Plan Trustees  
ConsecoSave Plan  
Carmel, Indiana

We have audited the accompanying statement of net assets available for plan benefits of the ConsecoSave Plan (the "Plan") as of December 31, 1993 and 1992, and the related statement of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1993 and 1992, and the changes in net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of reportable transactions for the year ended December 31, 1993, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Indianapolis, Indiana Coopers & Lybrand June 28, 1994

**CONSECOSAVE PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS**

December 31, 1993 and 1992

	1993	1992
	----	----
<b>Assets:</b>		
<b>Investments:</b>		
Investments in ConsecoSaves Trust portfolios at market value:		
Corporate Bond Portfolio (cost \$3,025,335)	\$3,041,766	\$ -
Interest Income Portfolio (cost \$1,416,055)	1,416,055	-
Equity Portfolio (cost \$440,349)	450,900	-
Money Market Portfolio (cost \$218,834)	218,834	-
Government Securities Portfolio (cost \$100,937)	100,634	-
Conseco Stock Portfolio (cost \$1,832,586)	3,829,173	-
CCP Stock Portfolio (cost \$109,075)	134,465	-
	-----	-----
Subtotal	9,191,827	-
	-----	-----
Common stocks at market value (cost \$962,921)	-	2,367,870
Corporate bonds at market value (cost \$1,906,075)	-	1,873,415
Short term investments at cost	-	924,000
Guaranteed interest contract at accumulated contract value	-	867,822
	-----	-----
Total investments	9,191,827	6,033,107
	-----	-----
Cash and cash equivalents	-	(203)
Employer contribution receivable	310,760	371,574
Accrued investment income	-	31,637
	-----	-----
Total assets	9,502,587	6,436,115
	-----	-----
<b>Liabilities:</b>		
Custodial fees payable	-	506
	-----	-----
Net assets available for plan benefits	\$9,502,587	\$6,435,609
	=====	=====

The accompanying notes are an integral part of these financial statements.

## CONSECOSAVE PLAN

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

For the Years Ended December 31, 1993 and 1992

	1993 ----	1992 ----
Additions:		
Employee contributions	\$2,260,288	\$1,265,891
Employer contributions	310,760	1,105,944
Interest and dividends	329,104	212,329
Net appreciation in market value of plan investments	1,019,124	1,389,911
Total additions	----- 3,919,276	----- 3,974,075
Deductions:		
Benefits paid	848,336	244,079
Custodial fees	3,962	8,443
Total deductions	----- 852,298	----- 252,522
Net increase in net assets available for plan benefits	----- 3,066,978	----- 3,721,553
Net assets available for plan benefits, beginning of year	----- 6,435,609	----- 2,714,056
Net assets available for plan benefits, end of year	----- \$9,502,587 =====	----- \$6,435,609 =====

The accompanying notes are an integral part of these financial statements.

# CONSECOSAVE PLAN

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The financial statements of the Consecosave Plan (the "Plan") have been prepared in accordance with generally accepted accounting principles.

#### Investments

The Plan provides the following seven investment options for voluntary employee contributions: Corporate Bond Portfolio, Interest Income Portfolio, Equity Portfolio, Money Market Portfolio, Government Securities Portfolio, Consecosave Stock Portfolio, and CCP Stock Portfolio. Employer contributions are invested solely in the common stock of Consecosave. The Plan's investments are maintained either in a separate account of Bankers National Life Insurance Company ("BNL"), a wholly-owned subsidiary of the Plan sponsor, Consecosave, Inc. ("Consecosave") or are held by the Trustees of the Plan (in the case of affiliated stock portfolios).

Investments in each portfolio are valued on the last business day of the New York Stock Exchange each month, with the exception of regional business holidays. The cost of investments sold is determined on the specific identification basis. Investment transactions are accounted for on the settlement date.

The Corporate Bond Portfolio invests in investment-grade and high-yield corporate bonds. Securities for which representative market quotes are readily available are valued at the mid-day mean between the bid and ask prices as quoted by one or more dealers who make a market in such securities. For securities not actively traded, the estimated fair values are determined using values obtained from independent pricing services.

The Interest Income Portfolio invests in six guaranteed interest contracts issued by affiliated life insurance companies. These contracts are carried at their accumulated contract values, which are cost adjusted for interest credited (at a blended rate of 6.81 percent and at 7.25 percent at December 31, 1993 and 1992, respectively). The contracts by affiliated company and interest rate are as follows:

Bankers National Life Insurance Company	6.90%
Beneficial Standard Life Insurance Company	7.05%
Great American Reserve Insurance Company	6.90%
Jefferson National Life Insurance Company	6.90%
Western National Life Insurance Company	7.25%
Western National Life Insurance Company	7.05%

The Equity Portfolio invests in selected equity securities and other securities having the investment characteristics of common stocks. The equity portion of the portfolio is widely diversified by both industry and number of issuers. Investment opportunities are sought among securities of larger, established companies, although securities of smaller, less well known companies may also be selected. Equity securities traded on a national securities exchange are valued at their closing market prices. Fixed income securities for which representative market quotes are readily available are valued at the mid-day mean between the bid and ask prices as quoted by one or more dealers who make a market in such securities. For fixed income securities not actively traded, the estimated fair values are determined using values obtained from independent pricing services.



## CONSECOSAVE PLAN

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 1. Summary of Significant Accounting Policies - continued

The Money Market Portfolio invests in money market instruments maturing within one year, with an average maturity of 120 days or less. Such investments are carried at amortized cost which approximates market value.

The Government Securities Portfolio invests in securities issued by the U.S. Government or an agency or instrumentality of the U.S. Government, including mortgage-backed securities. The U.S. Government securities which may be purchased include direct obligations issued by the U. S. Treasury, such as Treasury Bills, certificates of indebtedness, notes and bonds. Securities for which representative market quotes are readily available are valued at the mid-day mean between the bid and ask prices as quoted by one or more dealers who make a market in such securities. For securities not actively traded, the estimated fair values are determined using values obtained from independent pricing services. Short term investments are carried at amortized cost which approximates market value.

The Consecosave Stock Portfolio invests in the common stock of Consecosave only. The return is based on changes in the market value of Consecosave common stock and dividends received, which are reinvested in Consecosave common stock. The Consecosave common stock is valued at its closing market price.

The CCP Stock Portfolio invests in the common stock of CCP Insurance, Inc. ("CCP") only. The return is based on changes in the market value of CCP common stock and dividends received, which are reinvested in CCP common stock. The CCP common stock is valued at its closing market price.

The net appreciation in the market value of plan investments consists of net realized gains and losses and the net change in unrealized appreciation on those investments.

#### **Administrative Expenses**

Operating expenses and maintenance fees incurred during the years ended December 31, 1993 and 1992, except for investment custodial fees, were paid by BNL on behalf of the Plan. Future payment of such expenses by BNL is at Consecosave's discretion.

#### **Income Taxes**

Under Sections 401(a) and 501(a), respectively, of the Internal Revenue Code, the Plan is qualified and the Consecosave Trust, a collective trust, established under the Plan is tax-exempt.

## CONSECOSAVE PLAN

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 2. Plan Description

The Plan is a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Established April 1, 1989, and amended and restated on January 1, 1993, the Plan includes all employees of Consecos and its subsidiaries (other than employees of Bankers Life Holding Corporation) who have completed six consecutive months of service. Participation is voluntary and may begin on the first day of any calendar quarter.

Employee contributions to the Plan are made through periodic payroll deductions in increments of 1.0 percent of the participant's annual earnings, not to exceed the lesser of 15.0 percent of the participant's annual earnings or the maximum amount specified by federal tax law (\$8,994 and \$8,728 for 1993 and 1992, respectively, for pre-tax contributions). Participants designate the portfolios to which their contributions are made. Payroll deductions may be made on a pre-tax and after-tax basis. Participants must contribute at least 4.0 percent pre-tax in order to make concurrent after-tax contributions. Prior to 1993, participants could contribute up to 6.0 percent of annual earnings on a pre-tax basis only.

Consecos matches 50.0 percent of each participant's contribution up to a maximum of 4.0 percent of the participant's annual earnings. Additional amounts may be contributed by Consecos at the option of Consecos's Board of Directors. In February 1992, in honor of Consecos's tenth anniversary, Consecos contributed ten shares of Consecos stock to the Plan for each employee of Consecos whether participating in the Plan or not. Participant accounts were established for all nonparticipating employees to hold these ten shares. All Consecos contributions are made to the Consecos Stock Portfolio, which invests solely in Consecos common stock. Such contributions are made no later than the due date for filing Consecos's federal income tax return, including extensions.

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participants are fully vested in Consecos's contributions after five years of service. The non-vested interests of withdrawn participants (forfeitures) are used to reduce Consecos's future contributions.

All benefits under the Plan are paid in cash in a lump sum, whole shares of Consecos or CCP common stock, or a combination of both. A participant may make withdrawals after age 59 1/2, and under certain circumstances, early hardship withdrawals and after-tax withdrawals. Portfolio transfers are allowed quarterly in 5 percent increments.

Effective January 1, 1993, loan provisions were added to the plan whereby participants may obtain temporary tax-free loans from the vested portion of their accounts, excluding employer contributions in Consecos stock, without any tax penalty. Repayment of both principal and interest is made to the participant's account via payroll deduction. Loans may be obtained for up to 50.0 percent of the vested balance to a maximum of \$50,000. Only one loan may be outstanding at a time.

## CONSECOSAVE PLAN

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 2. Plan Description - continued

The Plan is administered by the Plan Administrator, who is appointed by Consecosave's Board of Directors and who establishes rules and procedures necessary for the Plan's operations. Although it has not expressed any intent to do so, Consecosave has the right to terminate the Plan. In the event the Plan is terminated, each participant's account shall be nonforfeitable with respect to both the participant's and employer's contributions and the net assets shall be set aside for payment to the participants.

The foregoing description of the Plan provides only limited information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

**CONSECOSAVE PLAN**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

3. Allocation of Changes in Net Assets Available for Plan Benefits:

The allocation of the activity shown in the Statement of Changes in Net Assets Available for Plan Benefits for the year ended December 31, 1993, to each fund, was as follows:

	Corporate Bond Portfolio -----	Interest Income Portfolio -----	Equity Portfolio -----	Money Market Portfolio -----	Government Securities Portfolio -----	Conseco Stock Portfolio -----	CCP Stock Portfolio -----	Total -----
<b>Additions:</b>								
Employee contributions	\$ 951,916	\$ 517,217	\$276,020	\$ 55,646	\$ 59,610	\$ 300,601	\$ 99,278	\$2,260,288
Employer contributions	-	-	-	-	-	310,760	-	310,760
Interest and dividends	227,404	64,864	3,140	8,714	2,167	22,324	491	329,104
Net appreciation in market value of plan investments	272,136	-	6,899	-	1,267	713,432	25,390	1,019,124
Total additions	1,451,456	582,081	286,059	64,360	63,044	1,347,117	125,159	3,919,276
<b>Deductions:</b>								
Benefits paid	312,360	267,061	(2,219)	21,308	(5,334)	230,973	24,187	848,336
Custodial fees	3,406	7	84	177	27	151	110	3,962
Total deductions	315,766	267,068	(2,135)	21,485	(5,307)	231,124	24,297	852,298
Employee transfers in (out)	(683,799)	233,220	162,706	(60,988)	32,283	282,975	33,603	-
Net increase (decrease) in net assets available for plan benefits	451,891	548,233	450,900	(18,113)	100,634	1,398,968	134,465	3,066,978
Net assets available for plan benefits, beginning of year	2,589,875	867,822	-	236,947	-	2,740,965	-	6,435,609
Net assets available for plan benefits, end of year	\$3,041,766	\$1,416,055	\$450,900	\$218,834	\$100,634	\$4,139,933	\$134,465	\$9,502,587

## CONSECOSAVE PLAN

ITEM 27 (D) - SCHEDULE OF REPORTABLE TRANSACTIONS  
For the Year Ended December 31, 1993

Identity of Party Involved -----	Description of Transactions -----	Number of Transactions -----	Purchase Price -----	Selling Price -----	Expenses Incurred with Transaction -----	Cost of Asset -----	Current Value of Asset on Transaction Date -----	Gain (Loss) -----	Employee Withdrawal -----
ConsesoSave Trust	ConsecoSave Corporate Bond Portfolio	46	\$1,040,664	\$ -	\$ -	\$1,040,664	\$1,040,664	\$ -	\$ -
ConsesoSave Trust	ConsecoSave Interest Income Portfolio	46	884,639	-	-	884,639	884,639	-	-
ConsesoSave Trust	ConsecoSave Equity Portfolio	46	455,314	-	-	455,314	455,314	-	-
ConsesoSave Trust	ConsecoSave Conseco Stock Portfolio	46	590,228	-	-	590,228	590,228	-	-
Various	Employee Withdrawals	28	-	-	-	-	848,336	-	848,336
ConsesoSave Trust	ConsecoSave Corporate Bond Portfolio	28	-	772,547	-	-	772,547	-	-

**CONSECOSAVE PLAN**

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Plan has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

**CONSECOSAVE PLAN**

Dated: June 28, 1994 By: ROLLIN M. DICK

**Rollin M. Dick, Trustee**

## CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Conseco, Inc. on Form S-8 (File Nos. 33-40556, 33-58710 and 33- 58712) of our report dated June 28, 1994, on our audits of the financial statements and financial statement schedule of the ConsecoSave Plan as of December 31, 1993 and 1992, and for the year then ended, which report is included in this Annual Report on Form 11-K.

**Coopers & Lybrand**

Indianapolis, Indiana  
June 28, 1994

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