

CNO FINANCIAL GROUP, INC.

FORM 8-K (Current report filing)

Filed 08/31/09 for the Period Ending 08/31/09

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): August 31, 2009

CONSECO, INC.

(Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of organization)	001-31792 ----- (Commission File Number)	75-3108137 ----- (I.R.S. Employer Identification No.)
11825 North Pennsylvania Street Carmel, Indiana ----- (Address of principal executive offices)		46032 ----- (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 8.01. Other Events.

On August 29, 2009, Consec, Inc. (the "Company") announced a plan to consolidate three insurance companies within its Consec Insurance Group segment.

Under the plan, two insurance subsidiaries - Consec Insurance Company and Consec Health Insurance Company - would be merged into a third subsidiary - Washington National Insurance Company. Subject to the approval of insurance regulators in Arizona, California and Illinois, the Company expects to complete the merger in the fourth quarter of 2009.

A copy of the Company's press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release of Consec, Inc. dated August 31, 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.

August 31, 2009

By: */s/ John R. Kline*

John R. Kline
Senior Vice President and
Chief Accounting Officer

NEWS
For Release Immediate

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Conseco Announces Plan to Consolidate Insurance Subsidiaries to Build Capital

Carmel, Ind., August 31, 2009 - Conseco, Inc. (NYSE:CNO) today announced a plan to consolidate three insurance companies within its Conseco Insurance Group segment.

Under the plan, two insurance subsidiaries - Conseco Insurance Company and Conseco Health Insurance Company - would be merged into a third subsidiary - Washington National Insurance Company ("WNIC"). Subject to the approval of insurance regulators in Arizona, California and Illinois, Conseco expects to complete the merger in the fourth quarter of 2009.

"We expect this merger to provide many benefits, chief among which will be to increase Conseco's total adjusted statutory capital and our consolidated risk-based capital ratio," said Conseco CEO Jim Prieur. "On a pro forma basis, if the merger and the agreement to reinsure a block of non-core life insurance business (announced on June 25, 2009) had been completed as of June 30, 2009, Conseco's consolidated risk-based capital ratio would have been 265%, an increase of 18 percentage points."

In addition, Prieur said, the merger will:

- o Provide an estimated \$2.5 million of annual savings by eliminating the costs to administer and file financial reports and related audits and examinations on two statutory companies and by reducing overall premium tax payments. Offsetting these savings would be approximately \$8 million of one-time expenses over the next 12 months, including costs to update and restock forms, update IT systems, modify agent appointments, and complete other changes arising from the merger. (The planned merger would have no other impact on Conseco's earnings or financial statements under generally accepted accounting principles.)

- o Significantly simplify the structure of Conseco Insurance Group, putting nearly half of its inforce business and all of its new sales activity into a single company.

Upon completion of the merger, WNIC (domiciled in Illinois) would have approximately \$5.3 billion of statutory assets, 925,000 policies in force, \$625 million of annual premiums, and \$4.3 billion of statutory policy reserves, comprised of specified disease and other supplemental health policies (58%), annuities and other deposits (33%), and life insurance policies (9%).

- more -

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.

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) 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; (ii) our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements; (iii) our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs; (iv) our ability to obtain adequate and timely rate increases on our supplemental health products, including our long-term care business; (v) the receipt of required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries; (vi) 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; (vii) changes in our assumptions related to the cost of policies produced or the value of policies in force at the effective date; (viii) the recoverability of our deferred tax asset and the effect of potential ownership changes and tax rate changes on its value; (ix) changes in accounting principles and the interpretation thereof; (x) 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, (xi) performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges); (xii) 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; (xiii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (xiv) 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; (xv) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (xvi) our ability to achieve eventual upgrades of the financial strength ratings of Conseco and our insurance company subsidiaries as well as the impact of ratings downgrades on our business and our ability to access capital; (xvii) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xviii) 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 (xix) 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 written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. 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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