

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402, and
: 1403 of the Insurance Holding
Application of Conseco, Inc. Requesting : Companies Act, Article XIV of the
Exemption from the Requirements of 40 : Insurance Company Law of 1921, Act of
P.S. §991.1402 for the Reorganization of : May 17, 1921, P.L. 682, as amended, 40
the Holding Company System : P.S. §§991.1401, 991.1402, and
Containing Conseco Senior Health : 991.1403
Insurance Company and Colonial Penn :
Life Insurance Company : Order No. ID-RC-03-32

DECISION AND ORDER

AND NOW, on this 11th day of September, 2003, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Involved Entities

1. Colonial Penn Life Insurance Company is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Philadelphia, Pennsylvania.
2. Conseco Senior Health Insurance Company (together with Colonial Penn Life Insurance Company referenced herein as the “Domestic Insurers”) is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Carmel, Indiana.
3. Conseco Life Insurance Company of Texas (“Conseco Life of TX”) is an unauthorized foreign stock life insurance company organized under the laws of the state of Texas with its principal place of business in Carmel, Indiana. Conseco Life of TX directly holds 100% of the issued and outstanding voting

securities of the Domestic Insurers.

4. CIHC, Incorporated (“CIHC”) is an insurance holding company organized pursuant to the laws of the state of Delaware with its principal place of business located in Carmel, Indiana. CIHC directly holds 100% of the issued and outstanding capital stock of Conseco Life of TX.
5. CDOC, Inc. (“CDOC”) is a holding company organized pursuant to the laws of the state of Delaware with its principal place of business located in Wilmington, Delaware.
6. Conseco Annuity Assurance Company (“CAAC”) is an authorized foreign stock life insurance company organized under the laws of the state of Illinois with its principal place of business in Carmel, Indiana. CAAC directly holds .1% of the issued and outstanding capital stock CIHC.
7. Conseco, Inc. is a business corporation organized pursuant to the laws of the state of Delaware with its principal place of business located in Carmel, Indiana.
Conseco, Inc.:
 - a) Directly holds 99.9% of the issued and outstanding capital stock of CIHC.
 - b) Directly holds 100% of the issued and outstanding capital stock of CDOC.
 - c) Indirectly holds 100% of the issued and outstanding capital stock of CAAC.
8. Conseco, Inc. is the sole ultimate controlling person of the Domestic Insurers.

Filing of the Application

9. On July 31, 2003, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from Conseco, Inc. for approval to effectuate a corporate restructuring which will result in a change in the chain of control within the holding company system of the Domestic Insurers, although the sole ultimate controlling person of the Domestic Insurers will not change.
10. As described in the Request, the restructuring will be accomplished by and through the following steps:
 - a) CDOC amends and restates its certificate of incorporation in order to authorize preferred stock substantially similar to CIHC preferred stock.

- b) Consecro, Inc. and CAAC transfer their holdings of common stock of CIHC to CDOC, and CAAC receives in exchange shares of CDOC common stock. Insurance company subsidiaries holding CIHC preferred stock transfer their holdings to CDOC in exchange for new CDOC preferred stock.
 - c) CIHC distributes certain of its assets and liabilities to CDOC. CDOC cancels the CIHC preferred stock as a contribution to the capital of CIHC.
 - d) CDOC forms a new wholly-owned subsidiary as a Texas general business corporation (“CIHC-TX”).
 - e) CIHC merges with and into CIHC-TX.
 - f) CIHC-TX converts from a Texas general business corporation into a Texas life insurance company.
 - g) Consecro Life of Texas merges with and into CIHC-TX.
11. Section 1402 of the Insurance Holding Companies Act provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
 12. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
 13. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction is not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer.
 14. As provided in the Request, the sole ultimate controlling person of the Domestic Insurers will remain Consecro, Inc. after consummation of the contemplated transaction.
 15. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
 16. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Deputy Commissioner has concluded that the Request satisfies the requirements of all applicable laws and regulations.
3. The restructuring of the holding company system proposed in the Request is not being contemplated to change or influence the ultimate control of the Domestic Insurers and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the application of Conseco, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the reorganization of the holding company system containing Conseco Senior Health Insurance Company and Colonial Penn Life Insurance Company, as set forth in the Request, is hereby granted subject to this Order.

This Order is effective immediately and valid for one year from the date of signature, provided there are no material changes from the Request.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner