STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

CONSECO LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: December 31, 2005

DATE OF REPORT: January 5, 2007

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AS OF

DECEMBER 31, 2005

DATE OF REPORT:	JANUARY 5, 2007
EXAMINER:	MARC A. TSE

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

David A. Paterson
Governor

Eric R. Dinallo
Superintendent

November 3, 2008

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22478, dated March 16, 2006 and annexed hereto, an examination has been made into the condition and affairs of Conseco Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 350 Jericho Turnpike, Jericho, NY 11753.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

During the Department's review of reserves as of December 31, 2005, concerns were raised regarding a potential lack of conservatism with respect to the Company's long term care insurance (LTC) reserves. In response, the Company agreed to refine its LTC reserving methodology and to strengthen reserves in a manner acceptable to the Department, with additional reserves in the amount of $15.0 million established as of December 31, 2006. The examiner recommends that the Company continue to use the LTC reserving methodology as agreed upon with the Department. (See Section 4 of this report)

A multi-state market conduct review was conducted through the National Association of Insurance Commissioners on two affiliate companies, Bankers Life and Casualty Company and Conseco Senior Health Insurance Company. The focus of this multi-state examination was on the complaint handling and claims handling (paid and denied) practices for long term care insurance.

The examiner recommends, consistent with the multi-state review, that the Company review initially denied long term care claims and provide notices to other policyholders that may have been partially denied or subsequently denied after initial payment. The examiner also recommends that the Company: revise claims handling procedures to guarantee timely and accurate processing: handle all complaints completely and in a timely fashion; create a centralized complaint database; and establish a country-wide contact for complaints. (See item 6D of this report)

The Company violated Section 3224-a(b) of the New York Insurance Law by to failing to provide the notification of denial of the payment of six claims within the required thirty days of receipt of the claim. (See Section 6C of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2005. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2005 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2005 to determine whether the Company's 2005 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as American Accident and Health Insurance Company, a stock accident and health insurance company, under the laws of New York on April 29, 1987, was licensed on June 24, 1987 and commenced business on July 13, 1987. Initial resources of $300,000 were provided through the sale of 100 shares of common stock for $3,000 per share. Effective December 31, 1991, Arista Insurance Company ("Arista") assumed 100% of the Company's liabilities under a transfer and assumption agreement. Concurrently, the Company entered into a stock purchase agreement with Arista, whereby Arista purchased 100% of the Company's issued and outstanding stock. On December 20, 1995, American Travellers Life Insurance Company purchased all the outstanding shares of the Company from Arista. In 1995, the Company received a cash contribution to surplus in the amount of $9,953,047. In 1996, the name of the Company was changed to American Travellers Insurance Company of New York. Also in 1996, Conseco, Inc. acquired the American Travellers Group. As a result of this acquisition, Conseco, Inc. became the ultimate parent of the Company. On September 30, 1997 the Company became licensed to write life insurance and annuities in New York and changed its name to Conseco Life Insurance Company of New York.

In 1998, the Company increased its capital from $300,000 to $2,000,000 by increasing the par value of each of the 100 authorized and issued shares of the Company's common stock from $3,000 to $20,000 and by decreasing its paid in surplus by $1,700,000.

On December 29, 2000 and December 21, 2001 the Company received cash contributions to paid in and contributed surplus from its immediate parent, Conseco Senior Health Insurance Company ("Conseco Senior Health"), in the amounts of $3,000,000 and $5,000,000 respectively.

On December 23, 2003 and December 23, 2004 the Company received additional cash contributions to paid in and contributed surplus from Conseco Senior Health, in the amounts of $1,000,000 and $5,000,000 respectively.

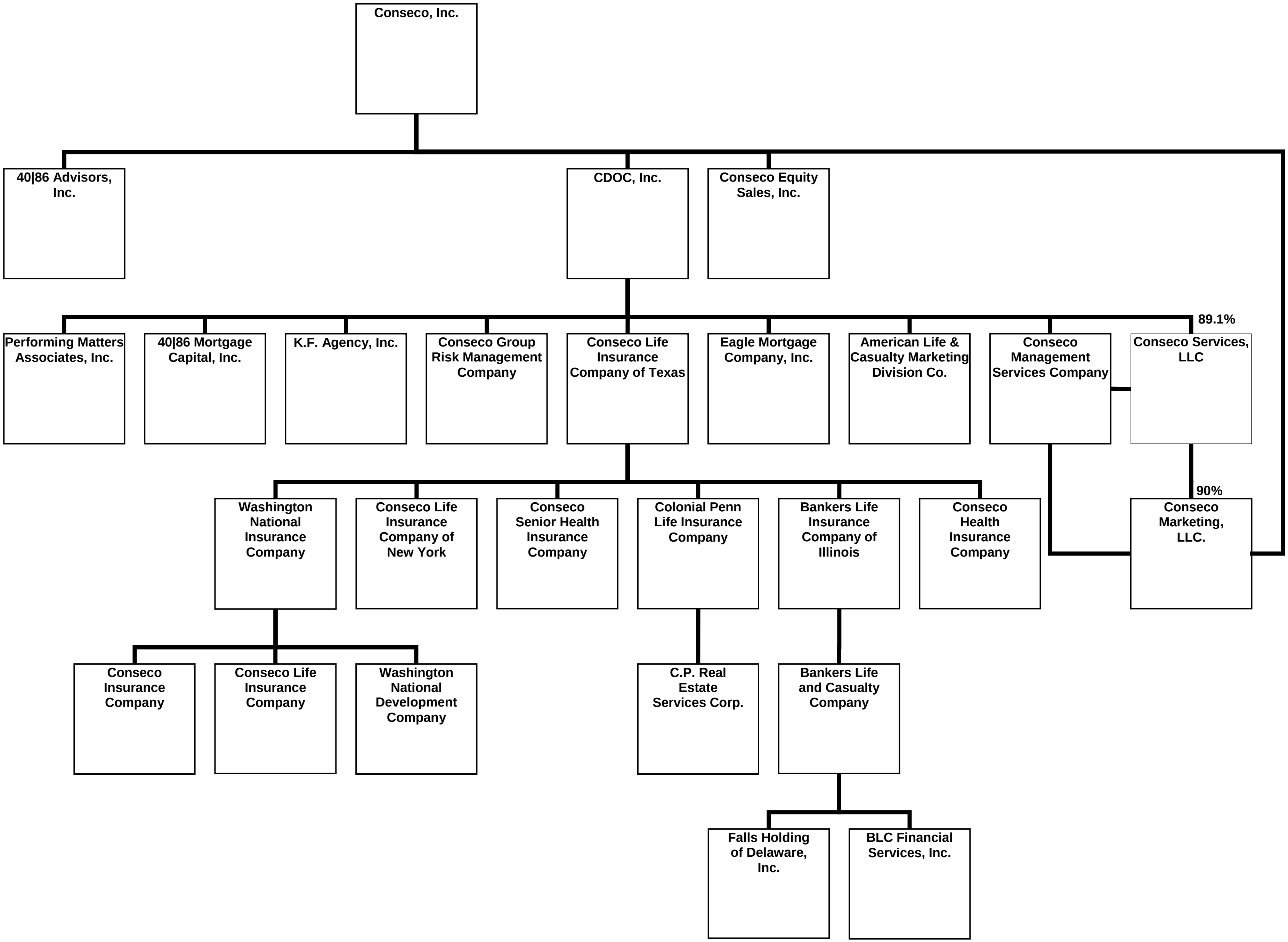
On June 30, 2005, ownership of the Company was transferred from Conseco Senior Health to Conseco Life of Texas via a 100% stock dividend. As a result of an authorization by the Board of Directors of the Company's parent, the Company accrued a contribution to its surplus of $6,000,000, as of September 30, 2005. In accordance with SSAP #72, the Company reported the amount receivable from parent as an admitted asset after approval by the Department and receipt in cash on November 14, 2005 after approval by the Texas Department of Insurance. On December 28, 2005 the Company received an additional cash contribution to surplus from its parent of $1,000,000. Capital and contributed surplus were $2,000,000 and $29,253,047, respectively, as of December 31, 2005.

In June, 2006, the Company changed its name to Bankers Conseco Life Insurance Company.

B. Holding Company

The Company is a wholly owned subsidiary of Conseco Life Insurance Company of Texas, effective June 30, 2005. Conseco Life Insurance Company of Texas is in turn a wholly owned subsidiary of CDOC, Inc. CDOC, Inc. is an intermediate holding company controlled by the ultimate parent, Conseco, Inc., a Delaware publicly held financial services holding company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2005 follows:


Conseco, Inc.
40|86 Advisors, Inc.
CDOC, Inc.
Conseco Equity Sales, Inc.
Performing Matters Associates, Inc.
40|86 Mortgage Capital, Inc.
K.F. Agency, Inc.
Conseco Group Risk Management Company
Conseco Life Insurance Company of Texas
Eagle Mortgage Company, Inc.
American Life & Casualty Marketing Division Co.
Conseco Management Services Company
89.1%
Conseco Services, LLC
Washington National Insurance Company
Conseco Life Insurance Company of New York
Conseco Senior Health Insurance Company
Colonial Penn Life Insurance Company
Bankers Life Insurance Company of Illinois
Conseco Health Insurance Company
90%
Conseco Marketing, LLC.
Conseco Insurance Company
Conseco Life Insurance Company
Washington National Development Company
C.P. Real Estate Services Corp.
Bankers Life and Casualty Company
Falls Holding of Delaware, Inc.
BLC Financial Services, Inc.

The Company had 2 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Investment Advisory (File No. 27006)	1/1/2000	40|86 Advisors, Inc. (fka Conseco Capital Management, Inc.)	Conseco Life Insurance Company of New York ("CLNY")	Supervise and direct the composition of the portfolio of invested assets	2005: ($335,171) 2004: ($314,735) 2003: ($303,414)
Services Agreement (File No. 27006) Amendment No. 1 (File No. 29447) Amendment No. 2 (File No. 30037)	1/1/2000 4/1/2001 3/1/2002	Conseco Services, LLC	CLNY	Corporate Secretary, actuarial, strategic planning and oversight, functional support, internal audit, licensing, human resources, purchasing, real estate and facilities, compliance, data processing, corporate tax, policyholder services, underwriting, claims, sales and marketing, telemarketing, financial, legal, and supporting clerical Amends Section 4.i Policyholder Services Amends Section 4.i Policyholder Services	2005: ($3,626,364) 2004: ($4,143,560) 2003: ($847,368)

* Amount of Income or (Expense) Incurred by the Company

C. <u>Management</u>

The Company's charter provides that the board of directors shall be comprised of not less than 9 and not more than 17 directors. The Company's charter also provides that the board of directors shall be comprised of not less than 13 directors after one year following when the Company's asset size exceeds $1.5 billion. Directors are elected for a period of 1 year at the annual meeting of the stockholders held in June of each year. As of December 31, 2005, the board of directors consisted of eight members. Meetings of the board are held from time to time as may be fixed by the board.

The eight board members and their principal business affiliation, as of December 31, 2005, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Eugene Martin Bullis Amesbury, MA	Chief Financial Officer Conseco, Inc.	2003
Steven Martin DePerrior* Rochester, NY	Burke Group Managing Director	2004
Richard Irwin Dick* Ithaca, NY	Professor Cornell University	1997
Michael John Dubes Eden Prairie, MN	President Conseco Life Insurance Company of New York	2005
Andrew William Hubregsen* New York, NY	Partner Hubregsen Bonnet Equity Partners	1997
Ronald Frank Ruhl Carmel, IN	Executive Vice President Conseco Life Insurance Company of New York	2001
John Michael Squarok Chicago, IL	Executive Vice President Bankers Life and Casualty Company	2003
Ian Frederick Wismann* Staten Island, NY	Consultant Competitrack	2001

* Not affiliated with the Company or any other company in the holding company system

On December 13, 2005, James E. Hohmann resigned from the board of directors. In February, 2006, Scott R. Perry was appointed to the board of directors bringing the total number of directors to nine.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2005:

Name	Title
Michael John Dubes	President
Eugene Martin Bullis	Executive Vice President and Chief Financial Officer
Eric Ronald Johnson	Executive Vice President, Investments
Ronald Frank Ruhl	Executive Vice President and Corporate Actuary
David Joseph Barra	Senior Vice President, Finance
Robert Eugene Burkett, Jr.	Senior Vice President, Legal and Assistant Secretary
William Thomas Devanney, Jr.	Senior Vice President, Corporate Taxes
Karl William Kindig	Senior Vice President, Assistant Secretary
Kenneth Lowell Short, Jr.	Senior Vice President
Matthew Joseph Zimpfer	Senior Vice President, Assistant Secretary
Theresa Waters*	Vice President, Consumer Services Officer

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

In October, 2006, Kenneth. Lowell Short, Jr. resigned as Senior Vice President.

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in New York State only. Policies are written on a participating and non-participating basis.

The Company sells life insurance products through direct marketing. The Company sells graded benefit life (a guaranteed issue product) and simplified whole life (issued upon appropriately answering several questions on the application). The Company issued a limited number of annuities and long term care policies during the first quarter of 2003 through professional independent producers. The Company stopped selling long term care products and annuities on January 15, 2003 and March 31, 2003 respectively.

E. Reinsurance

As of December 31, 2005, the Company had reinsurance treaties in effect with Intramerica Life Insurance Company ("Intramerica"), an authorized life insurer. The Company assumed life premiums of $1,337,162 with a total face amount of $28,560,624 and reserves assumed of $18,269,573. Assumed reinsurance on paid and unpaid losses was $356,270. The Company had no ceded reinsurance in effect as of December 31, 2005.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2002	December 31, 2005	Increase (Decrease)
Admitted assets	$142,944,140	$181,585,207	$38,641,067
Liabilities	$132,711,867	$167,617,458	$34,905,591
Common capital stock	$ 2,000,000	$ 2,000,000	$0
Gross paid in and contributed surplus	16,253,047	29,253,047	13,000,000
Unassigned funds (surplus)	(8,020,774)	(17,285,299)	(9,264,525)
Total capital and surplus	$10,232,273	$13,967,748	$3,735,475
Total liabilities, capital and surplus	$142,944,140	$181,585,206	$38,641,066

Total capital and surplus increased by $3.8 million during the examination period. The increase in capital and surplus was primarily due to paid in surplus contributions of $13,000,000 (See Section 3A). Paid in surplus contributions were partially offset by operating losses of $9,414,620 during the period under examination. The net operating losses incurred during the examination period were primarily due to losses in the accident and health line of business in the amounts of $3,434,142, $8,667,803 and $4,475,415 for the years 2003, 2004 and 2005 respectively.

The Company's invested assets as of December 31, 2005, exclusive of separate accounts, were mainly comprised of bonds (91.9%), stocks (3.9%), cash and short-term investments (2.9%), and policy loans (1.3%).

The Company's entire bond portfolio was comprised of investment grade obligations, with 92.5% and 7.5% in Class 1 and Class 2 respectively. Regarding the structure characteristics of its bond holdings, 55.8% are issuer obligations, 0.7% is single class mortgage-backed/asset-backed securities, 29.1% are multi-class residential mortgage-backed securities, and 14.5% are multi-class commercial mortgage-backed/asset-backed securities. 93.9% of the Company's bond holdings were publicly traded securities while 6.1% were privately placed securities.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2003	2004	2005
Ordinary:			
Life insurance	$ 2,974,373	$ 1,996,619	$ 1,733,662
Individual annuities	(131,067)	177,330	245,383
Supplementary contracts	11,610	930	(203)
Total ordinary	$ 2,854,916	$ 2,174,879	$ 1,978,842
Group:			
Life	$ 13,933	$ 5,580	$ 15,247
Total group	$ 13,933	$ 5,580	$ 15,247
Accident and health:			
Other	$(3,434,142)	$(8,667,803)	$(4,475,415)
Total accident and health	$(3,434,142)	$(8,667,803)	$(4,475,415)
Aggregate all other lines of business	0	0	119,345
Total	$ (565,293)	$(6,487,344)	$(2,361,981)

The Company experienced a net loss of $131,067 for the annuity line of business in 2003. This loss was primarily due to an increase in surrender benefits paid in 2003. The Company attributes the increase in surrender activity to the bankruptcy of the Company's ultimate parent.

The Company has experienced losses in the accident and health line of business in 2003, 2004 and 2005. The Company's accident and health line of business consists of a closed block of long term care policies. The Company attributes the losses primarily to necessary increases in the aggregate reserves for these long term care policies. Despite the reserve strengthening, the Company's long term care block of polices continue to be under reserved.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	2003	2004	2005
Premiums earned	100.0 %	100.0 %	100.0 %
Incurred losses (lines 5 and 6)	135.9 %	200.7 %	175.0 %
Commissions (line 7)	13.6	12.5	12.9
Expenses (lines 8 and 9)	14.6	9.4	10.5
	164.1 %	222.6 %	198.4 %
Underwriting results (line 12)	(64.2)%	(122.6)%	(98.4)%

As previously indicated, the Company has experience losses in each year under examination for its accident and health line of business. The losses are mainly attributable to reserve strengthening of the Company's closed block of long term care policies.

The Department conducted a review of reserves as of December 31, 2005. This review included an examination of related asset adequacy analysis in accordance with Department Regulation No. 126 and sound value requirements in accordance with Department Regulation No. 56. During the review, concerns were raised regarding a potential lack of conservatism with respect to the Company's long term care insurance (LTC) reserves. In response, the Company agreed to refine its LTC reserving methodology and to strengthen reserves in a manner acceptable to the Department, with additional reserves in the amount of $15.0 million established as of December 31, 2006.

The examiner recommends that the Company continue to use the LTC reserving methodology as agreed upon with the Department.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2005, as contained in the Company's 2005 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2005 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2005

Admitted Assets

Bonds	$161,497,041
Stocks:	
Preferred stocks	6,836,893
Cash, cash equivalents and short term investments	5,112,095
Contract loans	2,210,143
Investment income due and accrued	1,772,156
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	240,373
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,861,578
Reinsurance:	
Other amounts receivable under reinsurance contracts	17,757
Net deferred tax asset	878,101
Receivables from parent, subsidiaries and affiliates	159,070
Total admitted assets	$181,585,207

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$72,837,206
Aggregate reserve for accident and health contracts	87,434,968
Liability for deposit-type contracts	158,634
Contract claims:	
Life	1,675,505
Accident and health	141,237
Premiums and annuity considerations for life and accident and health contracts received in advance	1,109,344
Contract liabilities not included elsewhere:	
Interest maintenance reserve	2,129,257
Commissions to agents due or accrued	19,562
Taxes, licenses and fees due or accrued, excluding federal income taxes	(12,530)
Current federal and foreign income taxes	506,031
Amounts withheld or retained by company as agent or trustee	(27,520)
Amounts held for agents' account	143,509
Remittances and items not allocated	216,526
Miscellaneous liabilities:	
Asset valuation reserve	480,771
Payable to parent, subsidiaries and affiliates	501,478
Unclaimed Funds	303,480
Total liabilities	$167,617,458
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	29,253,047
Unassigned funds (surplus)	(17,285,299)
Surplus	$ 11,967,748
Total capital and surplus	$ 13,967,748
Total liabilities, capital and surplus	$181,585,207

B. CONDENSED SUMMARY OF OPERATIONS

	2003	2004	2005
Premiums and considerations	$27,273,054	$25,739,648	$25,120,607
Investment income	8,562,523	9,078,636	9,983,817
Total income	$35,835,577	$34,818,284	$35,104,424
Benefit payments	$19,528,321	$19,269,196	$20,267,970
Increase in reserves	11,062,024	16,789,408	10,535,716
Commissions	1,758,985	1,501,732	1,447,125
General expenses and taxes	3,551,282	4,391,526	5,141,038
Increase in loading on deferred and uncollected premium	(155,459)	(64,816)	77,532
Miscellaneous deductions	0	0	301,205
Total deductions	$35,745,153	$41,887,046	$37,770,586
Net gain (loss)	$ 90,424	$ (7,068,762)	$ (2,666,162)
Federal and foreign income taxes incurred	655,719	(518,417)	(304,182)
Net gain (loss) from operations before net realized capital gains	$ (565,295)	$ (6,487,345)	$ (2,361,980)
Net gain (loss)	$ (565,295)	$ (6,487,345)	$ (2,361,980)

C. CAPITAL AND SURPLUS ACCOUNT

	2003	2004	2005
Capital and surplus, December 31, prior year	$10,232,273	$10,853,651	$ 9,133,889
Net loss	$ (565,294)	$(6,487,345)	$(2,361,981)
Change in net deferred income tax	844,185	2,092,112	688,441
Change in non-admitted assets and related items	(563,436)	(2,261,992)	(427,665)
Change in asset valuation reserve	(94,077)	(62,537)	(64,935)
Surplus adjustments:			
Paid in	1,000,000	5,000,000	7,000,000
Net change in capital and surplus for the year	$ 621,378	$(1,719,762)	$ 4,833,860
Capital and surplus, December 31, current year	$10,853,651	$ 9,133,889	$13,967,749

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Section 3224-a (b) of the New York Insurance Law states:

> "(b) In a case where the obligation of an insurer or an organization or corporation licensed or certified pursuant to article forty-three of this chapter or article forty-four of the public health law to pay a claim or make a payment for health care services rendered is not reasonably clear due to a good faith dispute regarding the eligibility of a person for coverage, the liability of another insurer or corporation or organization for all or part of the claim, the amount of the claim, the benefits covered under a contract or agreement, or the manner in which services were accessed or provided, an insurer or organization or corporation shall pay any undisputed portion of the claim in accordance with this section and notify the policyholder, covered person or health provider in writing within thirty calendar days of the receipt of the claim:

(1) that it is not obligated to pay the claim or make the medical payment, stating the specific reasons why it is not liable; or

(2) to request all additional information needed to determine liability to pay the claim or make the health care payment."

A sample of ten denied claims were reviewed. For six of the ten denied claims, the notification of denial provided to the claimant was sent after 30 days of the receipt of the claim.

The Company violated Section 3224-a (b) of the New York Insurance Law by failing to provide a notification of denial of the payment claim within the required thirty days of receipt of the claim.

D. Multi-State Review

A multi-state market conduct review ("review") was conducted through the National Association of Insurance Commissioners (NAIC) on two affiliate companies, Bankers Life and Casualty Company ("Bankers Life") and Conseco Senior Health Insurance Company (collectively referred to as the "Affiliates"). The focus of this multi-state examination was on the complaint handling and claims handling (paid and denied) practices for long term care insurance. The examination revealed:

- The investigation of pending claims were not handled in a timely manner;
- Claim files were not properly documented or maintained; and
- Time frames for company responses to claimants did not adhere to applicable regulations (similar to the findings in Section 6(C)).

The Company's long term care claims were processed with and under the same procedures as those of Conseco Senior Health Insurance Company (Conseco Senior). As a result of the multi-state review Conseco Senior has agreed to automatically review initially denied claims and provide notices to other policyholders that may have been partially denied or subsequently denied after initial payment. In addition, the Agreement requires the Affiliates to:

- Revise claims handling procedures to guarantee timely and accurate processing:
- Handle all complaints completely and in a timely fashion;
- Create a centralized complaint database; and establish a country-wide contact for complaints.

Consistent with the multi-state review, the examiner recommends that the Company review initially denied long term care claims and provide notices to other policyholders that may have been partially denied or subsequently denied after initial payment. The examiner also recommends that the Company: revise claims handling procedures to guarantee timely and accurate processing: handle all complaints completely and in a timely fashion; create a centralized complaint database; and establish a country-wide contact for complaints.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 1505(a) of the New York Insurance Law by receiving website services on a regular and systematic basis at no cost to the Company. A review of the Company's website and advertising expenses revealed that the company paid considerations for these services.
B	The Company has agreed to terminate the collateral agreement and establish and fund escrow agreements for the tax years 2000 and 2001. The Company terminated the collateral agreement in March, 2005.
C	The Company violated Section 91.4(f)(5) of Department Regulation No. 33 by allocating expenses to annual statement lines of business based on premium volume without support to show there is no more appropriate basis. The examiner's review did not reveal that expenses were allocated by premium volume.
D	The Department has determined that minimum statutory formula reserves for long-term care insurance need to be increased by $2.4 million to explicitly cover all benefits, including the inflation protection benefit. The Company has agreed to establish half of the required increase as of the third quarter and the remainder as of the fourth quarter 2004. In addition, the Company has agreed to utilize a revised methodology for determining adequacy of long-term care reserves for December 31, 2004. It is expected that this revised methodology will result in additional reserve strengthening. The Company strengthened its reserves by an additional $15 million as of December 31, 2006.
E	The Company violated Section 2122(a)(2) of the New York Insurance Law by using advertisements that call attention to unauthorized insurers. A review of advertisements did not reveal references to unauthorized insurers.

F The Company violated Section 219.5(a) of Department Regulation No. 34-A by not maintaining a complete advertising file at its home office including the manner and extent of distribution for all life insurance advertisements.
The review of the Company's advertising files indicated that the Company maintained complete advertising files.

G The Company violated Section 51.6(b)(6) of Department Regulation No. 60 by failing to maintain all notifications of replacement indexed by agent.

The review of replacements did not reveal instances whereby the Company violated Department Regulation No. 60.

H The Company violated Section 3201(b)(1) of the New York Insurance Law by utilizing several forms for its long-term care insurance that were not filed with and approved by the Superintendent.

The review of policy forms and new issues did not reveal instances where the Company utilized unapproved policy forms.

I The Company violated Section 3201(b)(1) of the New York Insurance Law by utilizing internet applications for graded benefit life and simplified issue whole life policies that were not filed with and approved by the Superintendent.

A review of the Company's website indicated that the policy forms available for download were approved by the Department.

J The examiner recommends that the Company develop a plan of compliance regarding its policy form procedures, approved and monitored by the audit committee, to ensure that: policy forms are filed and approved with the Department; changes to existing policy forms are filed and approved before they are implemented; the recurrence of similar violations to those contained in this report on examination and the March 21, 2003 stipulation are prevented in the future; and the Company complies with all other applicable laws, regulations and rules regarding policy forms.

A review revealed that the Company had developed a plan of compliance and that such plan had been approved by the Company's Board of directors in June of 2005.

K The Company violated Section 4232(a)(2) of the New York Insurance Law by crediting additional interest on its annuity contracts that was not based on written criteria approved by the board of directors or a committee thereof.

A review of the minutes indicated that board of directors approved the rates for the crediting of additional interest.

L The Company violated Section 2108(a)(3) of the New York Insurance Law by having an unlicensed adjuster, Conseco Services, LLC, adjust its accident and health claims.

Conseco Services, LLC received an adjuster's license from the Department on February 3, 2006.

M The Company violated Section 1507(a) of the New York Insurance Law by failing to maintain a separate operating identity.

The samples reviewed during examination did not reveal instances, subsequent to the filing of the prior report, whereby the Company failed to maintain a separate operating identity.

N The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the outside committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control.

The Internal Audit Department has modified its procedures to ensure that transactions from the Company are include in its samples and specifically addressed in the internal audit reports which are enterprise wide and encompasses multiple affiliates.

8. SUMMARY AND CONCLUSIONS

Following are the violation and recommendation contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to use the LTC reserving methodology as agreed upon with the Department.	13
B	The Company violated Section 3224-a(b) of the New York Insurance Law by to failing to provide the notification of denial of the payment of six claims within the required thirty days of receipt of the claim.	19
C	The examiner recommends, consistent with the multi-state review, that the Company review initially denied long term care claims and provide notices to other policyholders that may have been partially denied or subsequently denied after initial payment. The examiner also recommends that the Company: revise claims handling procedures to guarantee timely and accurate processing: handle all complaints completely and in a timely fashion; create a centralized complaint database; and establish a country-wide contact for complaints.	20

Respectfully submitted,

_____________/s/____________
Marc A. Tse
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Marc A. Tse, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_____________/s/____________
Marc A. Tse

Subscribed and sworn to before me

this__________ day of ____________________2007.

APPOINTMENT NO. *22478*

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, HOWARD MILLS, Superintendent of Insurance of the State of New York,

pursuant to the provisions of the Insurance Law, do hereby appoint:

MARC TSE

as a proper person to examine into the affairs of the

CONSECO LIFE INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 16th day of March, 2006

HOWARD MILLS
Superintendent of Insurance