MARKET CONDUCT REPORT ON EXAMINATION

OF THE

BANKERS CONSECO LIFE INSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **MOSES MUGULUSI**

DATE OF REPORT: **DECEMBER 1, 2025**

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April 17, 2026

Honorable Kaitlin Asrow
Acting Superintendent of Financial Services
New York, New York 10004

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32798, dated April 8, 2025, and annexed hereto, an examination has been made into the condition and affairs of the Bankers Conseco Life Insurance Company, hereinafter referred to as "the Company." The Company's home office is located at 350 Jericho Turnpike, Suite 304, Jericho, NY 11753.

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

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

1. EXECUTIVE SUMMARY

The material violations contained in this report are summarized below.

- The Company violated Section 2112(d) of the New York Insurance Law by failing to file with the superintendent the notice of the termination of the certificate of appointment within thirty days of the agent's termination. (See item 4A of this report.)
- The Company violated Section 3214(c) of the New York Insurance Law by failing to pay the required accrued interest on the Death Match Results claims at the time the claim settlement was processed. (See item 4C-2 of this report.)
- The Company violated Section 52.29(d)(2) of Insurance Regulation 62 by using a replacement notice that is substantially different from what is required under Section 52.29(d)(2) of Insurance Regulation 62. (See item 4C-3 of this report.)
- The Company violated Section 52.29(c) of Insurance Regulation 62 by failing to provide a replacement notice to applicants when the sale involves a replacement of long-term care policies. (See item 4C-3 of this report.)

2. SCOPE OF EXAMINATION

The examination covers the five-year period from January 1, 2020, to December 31, 2024. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2024, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' *Market Regulations Handbook* or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendation contained in the prior market conduct report on examination. The results of the examiner's review are contained in item 5 of this report.

This report on examination is confined to comments on 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 a stock accident and health insurance Company under the laws of the State of New York on April 29, 1987, under the name American Accident and Health Insurance Company. The Company was licensed on June 24, 1987, and commenced business on July 13, 1987.

The Company was incorporated with initial resources of $300,000 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 1996, the name of the Company was changed to American Travellers Insurance Company of New York; and Conseco, Inc. ("Conseco"), an Indiana company, acquired the American Travellers Group and became the ultimate parent of the Company. On September 30, 1997, the Company became licensed to write life insurance and annuity business in New York and changed its name to Conseco Life Insurance Company of New York.

CNO, a Delaware corporation, became the successor to Conseco in connection with the bankruptcy reorganization, which became effective September 8, 2003.

On June 30, 2005, the ownership of the Company was transferred from Conseco Senior Health to Conseco Life Insurance Company of Texas ("Conseco Life of Texas") through a 100% stock dividend; and in June 2006, the Company adopted its present name.

B. Territory and Plan of Operations

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

The Company is licensed to transact business in New York only. In 2024, all life premiums, accident and health premiums, and annuity considerations were received from New York. Policies are written on a non-participating basis.

The Company sells individual life, individual accident and health, and individual annuity insurance products. Individual life insurance includes graded benefit final expense, simplified issue whole life, and traditional universal life products. Individual accident and health insurance includes Medicare supplement and long-term care products, while the individual annuity insurance includes single premium deferred fixed annuities. The Company also has closed blocks of annuity and long-term care products.

4. 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.

Section 2112(d) of the New York Insurance Law states, in part:

> "(d) Every insurer . . . or insurance producer or the authorized representative of the insurer . . . or insurance producer doing business in this state shall, upon termination of the certificate of appointment as set forth in subsection (a) of this section of any insurance agent licensed in this state, or upon termination for cause for activities as set forth in subsection (a) of section two thousand one hundred ten of this article, of the certificate of appointment, of employment, of a contract or other insurance business relationship with any insurance producer, file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe, of the facts relative to such termination for cause. . . . "

The examiner reviewed a sample of 64 agents that, according to the Company's producer licensing file, were terminated by the Company during the years 2020 and 2024. The examiner noted that in 60 instances (94%), the Company failed to file with the superintendent notice of the termination of the certificate of appointment within thirty days of the agent's termination.

The Company violated Section 2112(d) of the New York Insurance Law by failing to file with the superintendent the notice of the termination of the certificate of appointment within thirty days of the agent's termination.

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.

1. Section 403(d) of the New York Insurance Law states, in part:

> "All applications for commercial insurance, individual, group or blanket accident and health insurance and all claim forms . . . shall contain a notice in a form approved by the superintendent that clearly states in substance the following:
> 'Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.'"

Section 86.4 of 11 NYCRR 86 (Insurance Regulation 95) states, in part:

> "(a) . . . all claim forms for insurance . . . provided to any person residing or located in this State in connection with insurance policies for issuance or issuance for delivery in this State, shall contain the following statement:
> 'Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.' . . .
>
> (d) Location of warning statements and type size. The warning statements required by subdivisions (a), (b) and (e) of this section shall be placed immediately above the space provided for the signature of the person executing the application or claim form . . . "

The examiner reviewed a sample of the life claim and annuity claim forms utilized by the Company during the examination period. The claim forms contained the following fraud warning statement which does not meet the requirements of Section 403(d) of the New York Insurance Law:

> "I the claimant, hereby make claim for the proceeds payable under the provisions of this policy and agree that all papers called for by the Company shall be part of this statement. My signature below also certifies, separately, that the information

> in Section A-H is true and correct to the best of my information and belief, subject to penalties for perjury."

The examiner's review of the claim forms also revealed that the fraud warning statement was not placed immediately above the space provided for the signature of the person executing the claim form. In fact, there is no place on all the Company's claim forms processed during the examination period where the claimant would sign that the fraud warning statement for New York was read.

The Company violated Section 403(d) of the New York Insurance Law and Section 86.4(a) of Insurance Regulation 95 by utilizing fraud warning statements that differed from the fraud warning statement required by Section 403(d) of the New York Insurance Law and Section 86.4(a) of Insurance Regulation 95 on all its claim forms processed during the examination period.

The Company violated Section 86.4(d) of Insurance Regulation 95 by using claim forms that did not have the required fraud warning statement placed immediately above the space provided for the signature of the person executing the claim.

After the Company was notified of the violations, the Company started the corrective action process to update its life and annuity claim forms.

2. Section 3214(c) of the New York Insurance Law states:

> "If no action has been commenced, interest upon the principal sum paid to the beneficiary or policyholder shall be computed daily at the rate of interest currently paid by the insurer on proceeds left under the interest settlement option, from the date of the death of an insured or annuitant in connection with a death claim on such a policy of life insurance or contract of annuity and from the date of maturity of an endowment contract to the date of payment and shall be added to and be a part of the total sum paid."

The examiner reviewed a sample of 55 entries from the Company's social security death match files, which contained 15 policies from the "2022 Death Match Results", 20 policies from the "2023 Death Match Results" and 20 policies from the "2024 Death Match Results." The review revealed that the Company failed to pay interest on 9 of the 55 (16%) claims listed on the 2022, 2023 and 2024 Death Match Results at the time the death benefit claims were processed, as required under Section 3214(c) of the New York Insurance Law. After the Company was made

aware that it failed to pay interest, the Company calculated the interest due and issued the payment of interest to the beneficiaries.

The Company violated Section 3214(c) of the New York Insurance Law by failing to pay the required accrued interest on the Death Match Results claims at the time the claim settlement was processed.

3. Section 52.29 of 11 NYCRR 52 (Insurance Regulation 62) states, in part:

> "(c) Upon determining that a sale will involve replacement, an insurer, other than a direct response insurer, or its agent, shall furnish the applicant, prior to issuance or delivery of the long term care insurance, nursing home insurance only, home care insurance only, or nursing home and home care insurance policy, a notice regarding replacement of accident and health insurance coverage. One copy of such notice shall be provided to the applicant and an additional copy signed by the applicant shall be retained by the insurer.
> (d) The notice required by subdivision (c) of this section for an insurer, other than a direct response insurer, shall be provided in substantially the following form: . . .
> 2. You should be aware that the premium rate for the replacement policy may be higher than what you are paying for the existing policy that you plan to replace. If the premium for your existing policy is based on your age when it was issued, you have built up equity in that policy which may be lost if you terminate it. . . . "

The examiner reviewed a sample of 10 replaced long-term care policies. In 6 of 10 (60%) instances where the Company provided a replacement notice, the examiner noted that the wording used on the "Notice Regarding Replacement form" was substantially different from the requirement under Section 52.29(d)(2) of Insurance Regulation 62.

The Company was informed of the requirements of Section 52.29 of Insurance Regulation 62 at the time of the filing and approval of the long-term care policy forms BLNY-GR-N660 and BLNY-GR-N665 and application BLNY-19386 with the Department on November 12, 2015.

In the remaining four instances (40%), the Company failed to provide replacement notices to applicants when the sale of long-term care insurance involves a replacement of existing policies as required in Section 52.29(c) of Insurance Regulation 62.

The Company violated Section 52.29(d)(2) of Insurance Regulation 62 by using a replacement notice that is substantially different from what is required under Section 52.29(d)(2) of Insurance Regulation 62.

The Company violated Section 52.29(c) of Insurance Regulation 62 by failing to provide a replacement notice to applicants when the sale involves a replacement of long-term care policies.

5. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 51.6(b)(2) of 11 NYCRR (Insurance Regulation 60) by failing to require with or as part of each application the completed Disclosure Statement. The examiner's review of a sample of replacements revealed that the Company maintained the completed disclosure statements in the replacement files.
B	The Company violated Section 51.6(b)(1) of 11 NYCRR (Insurance Regulation 60) and Section 243.2(b)(1) of 11 NYCRR (Insurance Regulation 152) by failing to maintain a copy of the agent authorization form, which includes a list of all life insurance policies or annuity contracts proposed to be replaced, in the policy record. The examiner's review of a sample of replacements revealed that the Company maintained copies of the agent authorization forms.
C	The Company violated Section 51.6(b)(4) 11 NYCRR (Insurance Regulation 60) by failing to furnish the existing insurer with a copy of the sales material used in the sale of the proposed life insurance policy or annuity contract and the completed Disclosure Statement within ten days of receipt of the application. A similar violation appeared in the prior report on examination. The examiner's review of sample of replacements revealed that the Company furnished the required disclosure statements to the existing insurer.
D	The Company violated Section 216.4(e) 11 NYCRR (Insurance Regulation 64) by failing to include in its complaint log all complaints referred to it by the Department. The examiner's review revealed that the Company's complaint log was complete.

Item	Description
E	The examiner recommends that the Company comply with the provisions of Circular Letter No. 11 (1978) by including the required item (the name of the complainant) in its complaint log. The examiner's review revealed that the Company updated its complaint log to include the required fields.

6. SUMMARY AND CONCLUSIONS

Following are the violations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 2112(d) of the New York Insurance Law by failing to file with the superintendent the notice of the termination of the certificate of appointment within thirty days of the agent's termination.	6
B	The Company violated Section 403(d) of the New York Insurance Law and Section 86.4(a) of Insurance Regulation 95 by utilizing fraud warning statements that differed from the fraud warning statement required by Section 403(d) of the New York Insurance Law and Section 86.4(a) of Insurance Regulation 95 on all its claim forms processed during the examination period. After the Company was notified of the violation, the Company started the corrective action process to update its life and annuity claim forms.	8
C	The Company violated Section 86.4(d) of Insurance Regulation 95 by using claim forms that did not have the required fraud warning statement placed immediately above the space provided for the signature of the person executing the claim. After the Company was notified of the violation, the Company started the corrective action process to update its life and annuity claim forms.	8
D	The Company violated Section 3214(c) of the New York Insurance Law by failing to pay the required accrued interest on the Death Match Results claims at the time the claim settlement was processed.	9
E	The Company violated Section 52.29(d)(2) of Insurance Regulation 62 by using a replacement notice that is substantially different from what is required under Section 52.29(d)(2) of Insurance Regulation 62.	9
F	The Company violated Section 52.29(c) of Insurance Regulation 62 by failing to provide a replacement notice to applicants when the sale involves a replacement of long-term care policies.	10

Respectfully submitted,

Moses Mugulusi
Senior Insurance Examiner

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

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

Moses Mugulusi

Subscribed and sworn to before me
this 17th day of April, 2026

Audrey Hall

Audrey Hall
Notary Public, State of New York
Reg. No. 01HA0010698
Qualified in Kings County
Commission Expires 07/07/2027

APPOINTMENT NO. 32798

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **ADRIENNE A. HARRIS**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

MOSES MUGULUSI

as a proper person to examine the affairs of the

BANKERS CONSECO LIFE INSURANCE COMPANY

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

COMPANY

with such other information as he shall deem requisite.

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

this 8th day of April, 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

_____

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU