

**STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES
& HEALTH CARE ADMINISTRATION**

In re: Bankers Life and Casualty
Company

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DOCKET NO. 04-022-I

STIPULATION

1. Pursuant to the authority contained in Vermont law, including but not limited to, 8 V.S.A. §§ 10-13, 3564-3566, 3573-3574, 4726 and 4804, the Commissioner of the Department of Banking, Insurance, Securities and Health Care Administration (the "Department") is charged with administering and enforcing the insurance laws and regulations of the State of Vermont and its authorized to conduct periodic examinations of insurers and licensees to determine whether they are in compliance with said laws and regulations.

2. Bankers Life and Casualty Company (the "Company") is authorized to transact business in Vermont.

3. By Order signed October 20, 2004 (the "Order"), the Commissioner adopted the February 20, 3003 Market Conduct Examination Report (the "Report") concerning the Company.

4. On or about November 29, 2004 the Company filed an appeal of the Commissioner's Order. Such appeal was accepted by the Commissioner on or about December 3, 2004.

5. The Department and the Company have agreed to resolve this matter without further litigation.

6. Subject to the Commissioner's approval, and in consideration of the mutual covenants contained herein, the Company and the Department agree the Order shall be amended as follows:

a. The second sentence in Paragraph 37 of the Order (page 34) shall be deleted and replaced with the following sentence: "The Company shall provide the Department with a written description of how it has modified its internal procedures to ensure that a manager's signature is obtained on each suitability questionnaire prior to the policy being issued (Recommendation No. 12, Report at page 20)."

b. The December 20, 2004 deadline imposed throughout the Order shall be amended to June 15, 2005.

7. Except as expressly addressed herein, all other provisions of the Order remain the same.

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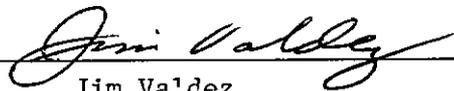
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8. Upon the Commissioner's approval of this Stipulation the Company's appeal shall be considered dismissed and the Order, subject to the amendments detailed herein, shall become final and not subject to collateral attack.

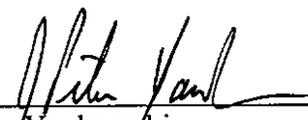
DATED at Chicago, IL, this 24th day of May, 2005

BANKERS LIFE AND CASUALTY
COMPANY

By: 
Name: Jim Valdez
Title: Vice President & Assoc. Gen. Cnsl.

DATED at Montpelier, Vermont, this 12 day of MAY, 2005

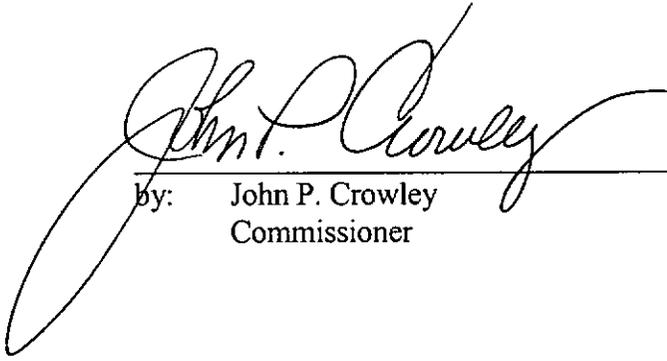
INSURANCE DIVISION
Department of Banking, Insurance,
Securities and Health Care Administration

By: 
J. Peter Yankowski
Deputy Commissioner of Insurance

ORDER

It is so ORDERED, this 25th day of May, 2005.

Vermont Department of Banking, Insurance
Securities and Health Care Administration



by: John P. Crowley
Commissioner