

CIGNA CORP
Form 10-Q
August 02, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission file number 1-08323

CIGNA Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

06-1059331

(I.R.S. Employer
Identification No.)

Two Liberty Place, 1601 Chestnut Street

Philadelphia, Pennsylvania 19192

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(215) 761-1000**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of June 30, 2006, 110,894,350 shares of the issuer's common stock were outstanding.

CIGNA CORPORATION

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As used herein, CIGNA refers to one or more of CIGNA Corporation and its consolidated subsidiaries.

Part I. FINANCIAL INFORMATIONItem 1. Financial Statements**CIGNA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME***(In millions, except per share amounts)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
REVENUES				
Premiums and fees	\$ 3,369	\$ 3,408	\$ 6,637	\$ 6,770
Net investment income	299	331	628	661
Other revenues	424	366	790	1,002
Realized investment gains	6	2	150	19
Total revenues	4,098	4,107	8,205	8,452
BENEFITS AND EXPENSES				
Health Care medical claims expense	1,493	1,598	2,941	3,054
Other benefit expenses	825	827	1,613	1,695
Other operating expenses	1,372	1,245	2,715	2,601
Total benefits and expenses	3,690	3,670	7,269	7,350
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)				
	408	437	936	1,102
Income taxes (benefits):				
Current	65	168	319	227
Deferred	70	(102)	(8)	68
Total taxes	135	66	311	295
INCOME FROM CONTINUING OPERATIONS				
	273	371	625	807
INCOME FROM DISCONTINUED OPERATIONS				
	-	349	-	349
NET INCOME	\$ 273	\$ 720	\$ 625	\$ 1,156
EARNINGS PER SHARE - BASIC				
INCOME FROM CONTINUING OPERATIONS				
	\$ 2.37	\$ 2.88	\$ 5.31	\$ 6.21
INCOME FROM DISCONTINUED OPERATIONS				
	-	2.70	-	2.69
NET INCOME	\$ 2.37	\$ 5.58	\$ 5.31	\$ 8.90

EARNINGS PER SHARE - DILUTED								
INCOME FROM CONTINUING OPERATIONS	\$	2.33	\$	2.82	\$	5.22	\$	6.11
INCOME FROM DISCONTINUED OPERATIONS		-		2.66		-		2.65
NET INCOME	\$	2.33	\$	5.48	\$	5.22	\$	8.76
DIVIDENDS DECLARED PER SHARE	\$	0.025	\$	0.025	\$	0.050	\$	0.050

The accompanying Notes to the Financial Statements are an integral part of these statements.

CIGNA CORPORATION
CONSOLIDATED BALANCE SHEETS

(In millions, except per share amounts)

	As of June 30, 2006	As of December 31, 2005
ASSETS		
Investments:		
Fixed maturities, at fair value (amortized cost, \$12,019; \$13,873)	\$ 12,423	\$ 14,947
Equity securities, at fair value (cost, \$133; \$113)	149	135
Mortgage loans	3,957	3,934
Policy loans	1,408	1,337
Real estate	109	80
Other long-term investments	462	504
Short-term investments	56	439
Total investments	18,564	21,376
Cash and cash equivalents	1,388	1,709
Accrued investment income	233	282
Premiums, accounts and notes receivable	1,321	1,598
Reinsurance recoverables	8,118	7,018
Deferred policy acquisition costs	663	618
Property and equipment	612	638
Deferred income taxes	1,188	1,087
Goodwill	1,622	1,622
Other assets, including other intangibles	302	306
Separate account assets	8,265	8,609
Total assets	\$ 42,276	\$ 44,863
LIABILITIES		
Contractholder deposit funds	\$ 9,211	\$ 9,676
Future policy benefits	8,424	8,626
Unpaid claims and claim expenses	4,279	4,281
Health Care medical claims payable	1,019	1,165
Unearned premiums and fees	534	515
Total insurance and contractholder liabilities	23,467	24,263
Accounts payable, accrued expenses and other liabilities	4,449	5,127
Short-term debt	376	100
Long-term debt	950	1,338
Nonrecourse obligations	75	66
Separate account liabilities	8,265	8,609
Total liabilities	37,582	39,503

CONTINGENCIES - NOTE 14**SHAREHOLDERS' EQUITY**

Common stock (par value per share, \$0.25; shares issued, 160; 160)		40		40
Additional paid-in capital		2,428		2,385
Net unrealized appreciation, fixed maturities	\$	33	\$	195
Net unrealized appreciation, equity securities		19		24
Net unrealized depreciation, derivatives		(23)		(14)
Net translation of foreign currencies		14		2
Minimum pension liability adjustment		(725)		(716)
Accumulated other comprehensive loss		(682)		(509)
Retained earnings		5,686		5,162
Less treasury stock, at cost		(2,778)		(1,718)
Total shareholders' equity		4,694		5,360
Total liabilities and shareholders' equity	\$	42,276	\$	44,863
SHAREHOLDERS' EQUITY PER SHARE	\$	42.33	\$	44.23

The accompanying Notes to the Financial Statements are an integral part of these statements.

CIGNA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES
IN SHAREHOLDERS' EQUITY

(In millions)

Three Months Ended June 30,	2006		2005	
Common stock	\$	40	\$	40
Additional paid-in capital, April 1		2,419		2,339
Effect of issuance of stock for employee benefits plans		9		17
Additional paid-in capital, June 30		2,428		2,356
Accumulated other comprehensive loss, April 1		(602)		(483)
Net unrealized appreciation (depreciation), fixed maturities	\$ (67)	(67)	\$ 127	127
Net unrealized depreciation, equity securities	(1)	(1)	(5)	(5)
Net unrealized appreciation (depreciation) on securities	(68)		122	
Net unrealized appreciation (depreciation), derivatives	(8)	(8)	9	9
Net translation of foreign currencies	5	5	(8)	(8)
Minimum pension liability adjustment	(9)	(9)	(30)	(30)
Other comprehensive income (loss)	(80)		93	
Accumulated other comprehensive loss, June 30		(682)		(390)
Retained earnings, April 1		5,425		4,070
Net income	273	273	720	720
Effects of issuance of stock for employee benefits plans		(9)		(29)
Common dividends declared		(3)		(3)
Retained earnings, June 30		5,686		4,758
Treasury stock, April 1		(1,930)		(657)
Repurchase of common stock		(876)		(349)
Other, primarily issuance of treasury stock for employee benefit plans		28		121
Treasury stock, June 30		(2,778)		(885)
TOTAL COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY	\$ 193	\$ 4,694	\$ 813	\$ 5,879
Six Months Ended June 30,				
Common stock	\$	40	\$	40

Additional paid-in capital, January 1		2,385		2,360
Effects of issuance of stock for employee benefits plans		43		(4)
Additional paid-in capital, June 30		2,428		2,356
Accumulated other comprehensive loss, January 1		(509)		(336)
Net unrealized depreciation, fixed maturities	\$ (162)	(162)	\$ (19)	(19)
Net unrealized depreciation, equity securities	(5)	(5)	(7)	(7)
Net unrealized depreciation on securities	(167)		(26)	
Net unrealized appreciation (depreciation), derivatives	(9)	(9)	7	7
Net translation of foreign currencies	12	12	(5)	(5)
Minimum pension liability adjustment	(9)	(9)	(30)	(30)