

CIGNA CORP
Form 10-Q
May 01, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2014

OR

0 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)

900 Cottage Grove Road Bloomfield, Connecticut

06-1059331

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

06002

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(Address of principal executive offices)

(Zip Code)

(860) 226-6000

Registrant's telephone number, including area code

(860) 226-6741

Registrant's facsimile number, including area code

Not Applicable

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

Indicate by check mark		YES	NO
<ul style="list-style-type: none"> 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. 		R	O
<ul style="list-style-type: none"> whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 		R	O
<ul style="list-style-type: none"> whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. 			
Large accelerated filer R	Accelerated filer O	Non-accelerated filer O	Smaller Reporting Company O
<ul style="list-style-type: none"> whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 		O	R

As of April 15, 2014, 268,650,946 shares of the issuer's common stock were outstanding.

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Cigna Corporation

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As used herein, "Cigna" or the "Company" refers to one or more of Cigna Corporation and its consolidated subsidiaries.

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Cigna Corporation

Consolidated Statements of Income

<i>(In millions, except per share amounts)</i>	Unaudited Three Months Ended March 31,	
	2014	2013
Revenues		
Premiums and fees	\$ 7,616	\$ 7,314
Net investment income	277	287
Mail order pharmacy revenues	495	425
Other revenues	66	18
Realized investment gains (losses):		
Other-than-temporary impairments on fixed maturities	-	-
Other realized investment gains, net	42	139
Total realized investment gains, net	42	139
Total revenues	8,496	8,183
Benefits and Expenses		
Global Health Care medical claims expense	4,031	4,047
Other benefit expenses	1,166	1,862
Mail order pharmacy costs	414	344
Other operating expenses	2,032	1,856
Total benefits and expenses	7,643	8,109
Income before Income Taxes	853	74

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Income taxes:			
Current		310	(101)
Deferred		14	116
Total income taxes		324	15
Net Income		529	59
Less: Net Income Attributable to Noncontrolling Interests		1	2
Shareholders Net Income	\$	528	\$ 57
Shareholders Net Income Per Share:			
Basic	\$	1.96	\$ 0.20
Diluted	\$	1.92	\$ 0.20
Dividends Declared Per Share	\$	0.04	\$ 0.04

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Table of Contents**Cigna Corporation****Consolidated Statements of Comprehensive Income**

<i>(In millions)</i>	Unaudited Three Months Ended March 31,	
	2014	2013
Shareholders' net income	\$ 528	\$ 57
Shareholders' other comprehensive income (loss):		
Net unrealized appreciation (depreciation) on securities:		
Fixed maturities	87	(72)
Equity securities	(1)	2
Net unrealized appreciation (depreciation), on securities	86	(70)
Net unrealized appreciation, derivatives	-	3
Net translation of foreign currencies	(11)	(58)
Postretirement benefits liability adjustment	12	40
Shareholders' other comprehensive income (loss)	87	(85)
Shareholders' comprehensive income (loss)	615	(28)
Comprehensive income (loss) attributable to noncontrolling interests:		
Net income attributable to redeemable noncontrolling interests	3	2
Net (loss) attributable to other noncontrolling interest	(2)	-
Other comprehensive (loss) attributable to redeemable noncontrolling interests	(3)	(3)
Other comprehensive income attributable to other noncontrolling interest	1	-
Total comprehensive income (loss)	\$ 614	\$ (29)

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Cigna Corporation

Consolidated Balance Sheets

<i>(In millions, except per share amounts)</i>	As of March 31, 2014	Unaudited	As of December 31, 2013
Assets			
Investments:			
Fixed maturities, at fair value (amortized cost, \$16,156; \$15,273)	\$ 17,650		\$ 16,486
Equity securities, at fair value (cost, \$133; \$146)	127		141
Commercial mortgage loans	2,125		2,252
Policy loans	1,460		1,485
Real estate	57		97
Other long-term investments	1,292		1,273
Short-term investments	394		631
Total investments	23,105		22,365
Cash and cash equivalents	2,276		2,795
Accrued investment income	284		247
Premiums, accounts and notes receivable, net	2,432		1,991
Reinsurance recoverables	7,213		7,299
Deferred policy acquisition costs	1,438		1,395
Property and equipment	1,450		1,464
Deferred income taxes, net	27		92
Goodwill	6,030		6,029
Other assets, including other intangibles	2,530		2,407
Separate account assets	8,388		8,252
Total assets	\$ 55,173		\$ 54,336
Liabilities			
Contractholder deposit funds	\$ 8,498		\$ 8,470
Future policy benefits	9,414		9,306
Unpaid claims and claim expenses	4,397		4,298
Global Health Care medical claims payable	2,151		2,050
Unearned premiums and fees	637		580
Total insurance and contractholder liabilities	25,097		24,704
Accounts payable, accrued expenses and other liabilities	5,791		5,456
Short-term debt	210		233
Long-term debt	5,022		5,014
Separate account liabilities	8,388		8,252
Total liabilities	44,508		43,659
Contingencies Note 16			
Redeemable noncontrolling interests	96		96
Shareholders' Equity			
Common stock (par value per share, \$0.25; shares issued, 366; authorized, 600)	92		92
Additional paid-in capital	3,392		3,356
Net unrealized appreciation, fixed maturities	\$ 560		\$ 473
Net unrealized appreciation, equity securities	3		4
Net unrealized depreciation, derivatives	(19)		(19)
Net translation of foreign currencies	71		82
Postretirement benefits liability adjustment	(1,048)		(1,060)
Accumulated other comprehensive loss	(433)		(520)
Retained earnings	14,136		13,676
Less treasury stock, at cost	(6,631)		(6,037)

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Total shareholders' equity	10,556	10,567
Noncontrolling interest	13	14
Total equity	10,569	10,581
Total liabilities and equity	\$ 55,173	\$ 54,336
Shareholders' Equity Per Share	\$ 39.28	\$ 38.35

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Table of Contents**Cigna Corporation****Consolidated Statements of Changes in Total Equity**

Unaudited For the three months ended March 31, 2014 <i>(In millions)</i>	Additional		Accumulated Other	Retained Earnings	Treasury Stock	Shareholders Equity	Non- controlling Interest	Total Equity	Redeemable Non- controlling Interests
	Common Stock	Paid-in Capital	Comprehensive Loss						
Balance at January 1, 2014,	\$ 92	\$ 3,356	\$ (520)	\$ 13,676	\$ (6,037)	\$ 10,567	\$ 14	\$ 10,581	\$ 96
Effect of issuing stock for employee benefit plans		36		(57)	49	28		28	
Other comprehensive Income			87			87	1	88	(3)
Net income				528		528	(2)	526	3
Common dividends declared (per share: \$0.04)				(11)		(11)		(11)	
Repurchase of common stock					(643)	(643)		(643)	
Balance at March 31, 2014	\$ 92	\$ 3,392	\$ (433)	\$ 14,136	\$ (6,631)	\$ 10,556	\$ 13	\$ 10,569	\$ 96

For the three months ended March 31, 2013 <i>(In millions)</i>	Additional		Accumulated Other	Retained	Treasury	Shareholders	Non- controlling	Total	Redeemable Non- controlling
	Common Stock	Paid-in Capital	Comprehensive						
			Loss	Earnings	Stock	Equity	Interest	Equity	Interests