

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of Cigna Arbor Life Company (the "Company") as of December 31, 2013, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

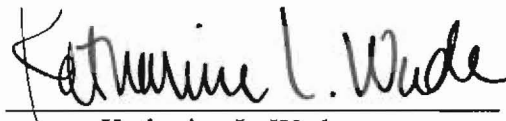
TO WIT:

1. I, Katharine L. Wade, as the Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("CGS").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On March 20, 2015, the verified Report of the Company was filed with the Connecticut Insurance Department ("Insurance Department").
4. In accordance with Section 38a-14(e)(3) of the CGS, the Company was afforded a period of thirty (30) days within which to submit to the Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On April 27, 2015, the Company filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the report is attached hereto and incorporated herein as Exhibit A.

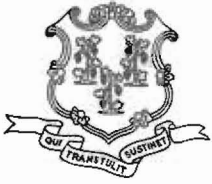
NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company hereby is adopted as filed with the Insurance Department.
2. That the Company shall comply with all of the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the CGS.

Dated at Hartford, Connecticut, this 29th day of April, 2015

A handwritten signature in black ink that reads "Katharine L. Wade". The signature is written in a cursive style with a horizontal line underneath the name.

Katharine L. Wade
Insurance Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

CERTIFIED COPY

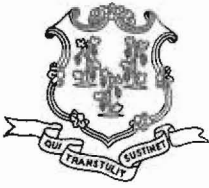
I, KATHARINE L. WADE, INSURANCE COMMISSIONER OF THE STATE OF CONNECTICUT, HAVE COMPARED THE ANNEXED COPY WITH THE ORIGINAL RECORD ON FILE WITH THE DEPARTMENT OF INSURANCE AND DO HEREBY CERTIFY THAT IT IS A WHOLE, TRUE AND CORRECT COPY OF THE ORIGINAL RECORD

WITNESS MY HAND AND SEAL OF THE INSURANCE COMMISSIONER OF THE STATE OF CONNECTICUT

THIS 29TH DAY OF APRIL 2015

A handwritten signature in cursive script that reads "Katharine L. Wade".

KATHARINE L. WADE
INSURANCE COMMISSIONER



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

IT IS HEREBY CERTIFIED THAT THE ANNEXED

EXAMINATION REPORT

OF

CIGNA ARBOR LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2013

**IS A WHOLE TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON
FILE WITH THE CONNECTICUT INSURANCE DEPARTMENT**

**IN WITNESS WHEREOF, I hereunto, set my
hand and affix the official seal of the Insurance
Commissioner of the State of Connecticut
This 29th day April, 2015**

A handwritten signature in black ink that reads "Katharine L. Wade".

**KATHARINE L. WADE
INSURANCE COMMISSIONER**

Exhibit A

EXAMINATION REPORT

OF THE

CIGNA ARBOR LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2013

BY THE

CONNECTICUT INSURANCE DEPARTMENT

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March 20, 2015

The Honorable Katharine L. Wade
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, CT 06103

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Dear Commissioner Wade:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a financial examination of the condition and affairs of the:

CIGNA ARBOR LIFE INSURANCE COMPANY

(hereinafter referred to as the Company or CALIC), a capital stock corporation incorporated under the laws of the State of Connecticut and having its main administrative office located at 900 Cottage Grove Road, Bloomfield, CT. The report of such examination is submitted herewith.

CIGNA ARBOR LIFE INSURANCE COMPANY

SCOPE OF EXAMINATION

The examination, which covers the period from the Company's incorporation into Connecticut in 2009 through December 31, 2013, was conducted at the main administrative office of the Company. Concurrent examinations were conducted on Connecticut General Life Insurance Company (CGLIC), Cigna Health & Life Insurance Company (CHLIC) and Cigna HealthCare of Connecticut, Inc. (CHCCT).

The examination was conducted on a full scope, comprehensive basis, in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance and inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management compliance with the Statement of Statutory Accounting Principles and the Annual Statement Instructions. All accounts and activities of the Company were considered in accordance with the risk-focused surveillance examination process.

As a part of the examination planning procedures, the Financial Regulation Division of the Connecticut Insurance Department (the Department) reviewed the following documentation submitted by the Company for the period under examination:

- Annual Statements filed with the Department;
- Annual reports to shareholders;
- Statements of Actuarial Opinion;
- Documentation supporting Section 404 of the Sarbanes Oxley Act;
- Form 10-K reports filed with the Securities and Exchange Commission; and
- Minutes of the Board of Directors (Board), affiliate and custodial agreements and other documents related to significant transactions that require prior approval or requests for deviations from the NAIC Accounting Practices and Procedures Manual.

A review of the 2009 through 2013 statutory basis audit reports prepared by PriceWaterhouseCoopers, LLC (PwC), the Company's independent certified public accountants, indicated no material concerns with respect to financial condition or regulatory compliance issues. Work papers prepared by PwC, as of December 31, 2012 and 2013, in connection with their annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

A comprehensive review was also made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, as well as Examination Jumpstart and Financial Analysis and Solvency Tracking System reports obtained from the NAIC database.

Lewis and Ellis, Inc. (L&E) was engaged by the Department to assist in the review of the Company's actuarial risks as well as significant ceded reinsurance treaties

CIGNA ARBOR LIFE INSURANCE COMPANY

Noble Consulting, Inc. (Noble) was engaged by the Department to assist in the review of the Company's information technology (IT) general controls to provide assurances regarding the Company's IT operating controls.

Comments in this examination report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in the report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

Arbor Reinsurance Co. Limited (Arbor Re) established as an insurer in 2002 under Bermuda law, served as a retrocessionaire of a closed book of certain variable annuity benefits written by third party insurers and reinsured by CGLIC (the only insurance business conducted by Arbor Re since its formation). CGLIC business was retroceded to Arbor Re in 2002 and soon after was recaptured by CGLIC due to administration difficulties caused by Arbor Re's offshore Bermuda location.

CALIC, an Arbor Re affiliate, was formed on October 8, 2009, solely for purposes of facilitating a merger with Arbor Re. On December 29, 2009, CALIC became licensed to conduct reinsurance business as a Connecticut domestic life insurance company. On December 31, 2009, Arbor Re merged with and into CALIC, and Arbor Re ceased to exist. CALIC's only business operation was to act as a retrocessionaire for a closed book of mortality risks associated with certain closed books of reinsured variable annuity benefits from CGLIC, pursuant to a mortality risk reinsurance agreement (Mortality Agreement).

Effective January 1, 2011, CALIC entered into a coinsurance agreement (Agreement) between CALIC and CGLIC to reinsure 100% of retained run-off variable annuity guaranteed minimum death benefit (GMDB) and guaranteed minimum income benefit (GMIB) exposure from CGLIC. CALIC assumed 100% of the business and "hedging roll". Under the Agreement, which replaced the existing Mortality Agreement, CGLIC retrocedes to CALIC all of its run-off variable annuity reinsurance business on a funds withheld coinsurance basis. This includes 100% of CGLIC's liabilities, net of any amounts collected by CGLIC under any third party reinsurance contracts, for payment of claims arising under those reinsurance treaties.

Effective February 3, 2013, CALIC executed a recapture agreement with CGLIC whereby the Agreement was terminated, and CGLIC recaptured 100% of the reinsured obligations from CALIC arising under the Agreement. All hedge positions in CALIC were terminated due to the recapture.

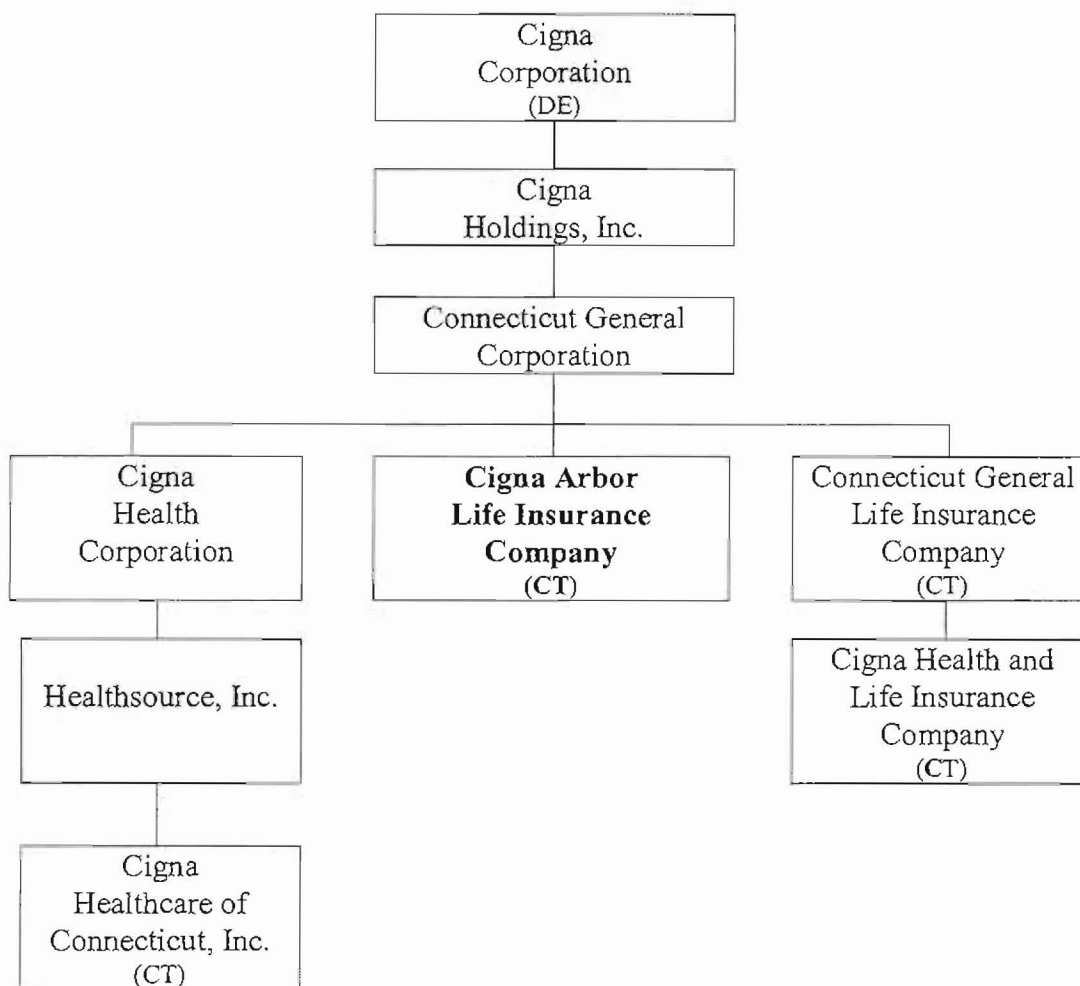
Effective February 4, 2013, CGLIC entered into a separate reinsurance agreement with Berkshire Hathaway Life Insurance Company of Nebraska (Berkshire) that transferred recaptured reinsurance risk from CGLIC to Berkshire. All hedge positions in CALIC were terminated due to the recapture.

CIGNA ARBOR LIFE INSURANCE COMPANY

The Company is a direct wholly-owned subsidiary of Connecticut General Corporation (CGC), which is direct wholly-owned subsidiary of Cigna Holdings, Inc. (Holdings), which is a direct wholly-owned subsidiary of Cigna Corporation (Cigna).

ORGANIZATIONAL CHART

A partial organizational chart of the insurance holding company system at the end of the examination period is as follows:



CIGNA ARBOR LIFE INSURANCE COMPANY

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system as defined in Sections 38a-138.1 to 38a-138.1b of the Connecticut Insurance Regulations and Section 38a-135 of the CGS.

The bylaws of the Company require the meetings of the shareholders, including the annual meeting, for the election of directors or for any other purpose be held at any place and time, within or outside the state of Connecticut as designated from time to time by the Board. Special meetings of the shareholders, for any purpose, may be called by the chairman, the president, any vice president, the secretary, any assistant secretary, or any officer at the request in writing to the Board or Shareholders owning at least ten percent of all votes entitled to be cast on any issue proposed at the special meeting of the shareholders. A quorum for the transaction of business shall represent a majority of the Company's capital stock issued and outstanding and entitled to vote, present in person or by proxy.

The bylaws provide that the property, business and affairs of the Company be managed by its Board. The number of directors shall consist of not less than five nor more than twelve members. The Board and any committee may hold regular meetings, either within or outside the state of Connecticut without notice at such time and place as from time to time be determined by the Board or any committee. Special meetings of the Board may be called by the chairman, the president, or any director. A majority of the entire Board, or a majority of the directors constituting such committee, shall constitute a quorum for the transaction of business, and the majority of the directors or committee members present at any meeting shall constitute a quorum of the acts of such Board or committee.

Directors serving the Company at December 31, 2013, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Jeffrey M. Weinman	Vice President and Actuary, Investment Risk Management CGLIC
Mark A. Parsons	Senior Vice President - Reinsurance CGLIC
Thomas A. McCarthy	Executive Vice President and Chief Financial Officer CGLIC
Scott D. Schneider	Operations Senior Director CGLIC
James Yablecki	Treasury Senior Director CGLIC

CIGNA ARBOR LIFE INSURANCE COMPANY

Committees

Pursuant to the corporate bylaws, the Company's business operations may be monitored through advisory committees approved by the Board. As of December 31, 2013, there were no Board appointed committees.

Officers

At December 31, 2013, the officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Mark A. Parsons	President
Barry R. McHale	Treasurer
Anna Krishtul	Corporate Secretary
James Yablecki	Vice President and Actuary
Scott R. Lambert	Vice President and Assistant Treasurer
Maureen H. Ryan	Vice President and Assistant Treasurer
David M. Porcello	Vice President

RELATED PARTY TRANSACTIONS

The Company is a party to numerous related party transaction agreements. The material agreements are as follows:

Investment Management Agreements:

Effective December 29, 2009, the Company entered into an agreement with Cigna Investments, Inc. (CII) to provide investment management and advisory services.

The Company, CII and other affiliates entered into an investment pooling agreement dated October 1, 2004, and amended effective April 1, 2011, which is an investment trust arrangement that is designed to maximize earnings on funds available for short-term investment. CII was designated as the trust administrator and investment manager with JP Morgan Bank as the trustee.

Cost and Tax Allocation Agreements:

The Company and other affiliates entered into cost allocation agreements whereby a fair and reasonable share of corporate expenses are allocated in accordance with customary insurance accounting practices.

The Company is also a party to the Amended and Restated Consolidated Federal Income Tax Sharing Agreement, originally adopted effective April 1, 1982, and amended effective January 1, 1997, between Cigna and each affiliated company included in the consolidated federal income tax return. In general, the agreement requires the federal income tax liability of each affiliate to be computed on a separate company basis and settled periodically with Cigna.

CIGNA ARBOR LIFE INSURANCE COMPANY

INSURANCE COVERAGES

The Company and its affiliates are insured by a primary fidelity bond policy providing \$20 million liability coverage. Excess fidelity bond coverage is provided by four carriers for \$85 million in coverage. The aggregate limit of liability provides fidelity coverage above the prescribed minimum set forth by the Handbook's schedule of suggested minimum amounts.

The Company, as a named insured on a series of master policies with Cigna and its affiliates, maintains insurance coverage that includes: general liability; business automobile liability; workers' compensation; employers liability; fiduciary and pension trust liability; commercial umbrella; directors and officers liability; errors and omissions liability; computer crime; group travel; and commercial property. Premiums for insurance coverages are generally allocated to the insured subsidiaries in conjunction with the cost allocation arrangements for the companies being covered.

TERRITORY AND PLAN OF OPERATION

Prior to January 1, 2011, CALIC's only business was the reinsurance of mortality risks associated with certain closed books of reinsured variable annuity benefits from CGLIC, pursuant to the Mortality Agreement. On January 1, 2011, the Company entered into an agreement to reinsure 100% of the retained GMDB and GMIB business from CGLIC. The agreement was terminated and recaptured effective February 3, 2013. Following the recapture transaction, there is no remaining reinsurance business in the Company. The Company is licensed only in the state of Connecticut.

REINSURANCE

As noted in the History and Territory and Plan of Operation sections there is no remaining reinsurance business in the Company.

INFORMATION TECHNOLOGY CONTROLS

Noble conducted a risk-focused assessment and review of the Company's IT general controls. The assessment and review was performed in accordance with the guidelines and procedures set forth in the Handbook, Exhibit C, Evaluation of Controls in Information Technology.

Noble's objectives were to determine if IT resources aligned with the Company's objectives and to ensure that significant risks (strategic, operational, reporting, and compliance) arising out of its IT environment were appropriately mitigated by strategies and controls as outlined in the Handbook's Exhibit C Part Two – Evaluation of Controls in Information Technology Work Program. The above objectives were achieved through an independent assessment of the Company's IT controls based upon a combination of inquiry, observation and examination of documentation.

CIGNA ARBOR LIFE INSURANCE COMPANY

There were no material findings which affected the Department's overall reliance on the Company's IT controls.

ACCOUNTS AND RECORDS

The Company utilizes the Oracle general ledger (GL) of which access is restricted through Cigna's Role-Based Access (RBAC) process. User RBAC roles are semi-annually reviewed and approved by managers, and Oracle GL users' access reviews are conducted quarterly, whereby all Oracle users' access is reviewed and signed off by the users' managers.

General ledger account balances were reconciled and traced to the amounts reported in the annual statement for 2012 and 2013. Further detailed analyses were performed on individual accounts throughout the examination.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2013. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$20,107,568		\$20,107,568
Cash, cash equivalents and short-term investments	17,197,703		17,197,703
Investment income due and accrued	71,878		71,878
Aggregate write-ins for other than invested assets: IMR receivable	926,090	\$926,090	0
Total assets excluding Separate Accounts, segregated accounts and protected cell accounts	38,303,239	926,090	37,377,149
From Separate Accounts, segregated accounts and protected cell accounts	0		0
Total	<u>\$38,303,239</u>	<u>\$926,090</u>	<u>\$37,377,149</u>

CIGNA ARBOR LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$0
Aggregate reserve for accident and health contracts	0
General expenses due or accrued	20,000
Current federal and foreign taxes	18,126,245
Net deferred tax liability	1,103,492
Miscellaneous liabilities:	
Asset valuation reserve	51,582
Aggregate write-ins for liabilities:	
Interest payable on notes *	9,629
Total liabilities excluding Separate Accounts	19,310,948
From Separate Accounts Statement	0
Total Liabilities	19,310,948
Common capital stock	1,473,650
Gross paid in and contributed surplus	227,041,350
Unassigned funds (surplus)	(210,448,799)
Surplus	16,592,551
Total surplus and other funds	18,066,201
Total liabilities and surplus	<u>\$37,377,149</u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$(2,138,951,621)
Net investment income	1,229,846
Amortization of interest maintenance reserve	(40,388)
Miscellaneous income:	
Aggregate write-ins for miscellaneous income	38,151,669
Total	(2,099,610,494)
Death benefits	(15,616,501)
Annuity benefits	(15,966,495)
Increase in aggregate reserves for life and accident and health contracts	(1,591,707,578)
Totals	(1,623,290,574)
Commissions and expense allowances on reinsurance assumed	(220,644,622)
General insurance expenses	469,875
Insurance taxes, licenses and fees, excluding federal income taxes	19,368
Totals	(1,843,445,953)
Net gain from operations before dividends to policyholders and federal income taxes	(256,164,541)
Net gain from operations after dividends to policyholders and before federal income taxes	(256,164,541)
Federal and foreign income taxes incurred	(286,689,816)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	30,525,275
Net realized capital gains or (losses) less capital gains tax	6,445,834
Net income	<u>\$36,971,109</u>

CIGNA ARBOR LIFE INSURANCE COMPANY

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year	\$262,625,360
Net income	36,971,109
Change in net unrealized capital gains (losses)	(29,554,902)
Change in net deferred income tax	(109,476,964)
Change in nonadmitted assets	3,372,889
Change in asset valuation reserve	341,335
Surplus adjustment:	
Paid in	75,000,000
Change in surplus as a result of reinsurance	(221,212,626)
Net change in capital and surplus for the year	(244,559,159)
Capital and surplus, December 31, current year	<u>\$18,066,201</u>

AGGREGATE RESERVE FOR LIFE CONTRACTS \$0
AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS \$0

L&E conducted an assessment of the Company's reserving, pricing and underwriting, and liquidity risks. Consistent with the risk focused surveillance approach to the examination, L&E relied upon analyses and tests documented by the Company and in the work papers of the Company's independent auditors.

As of December 31, 2013, there were no reserves or related actuarial items shown in the Annual Statement of the Company. CGLIC recaptured the variable annuity GMDB and GMIB reinsurance treaty with CALIC, removing all variable annuity death/living benefit business and associated risk from CALIC. As of February 4, 2013, no business remained in CALIC.

COMMON CAPITAL STOCK \$1,473,650

The Company has 147,365 shares of common stock authorized, issued and outstanding, having a par value of \$10 per share. All of the issued shares are owned by CGC.

GROSS PAID IN AND CONTRIBUTED SURPLUS \$227,041,350

The following exhibit reflects the balance of this account during the period under review:

2012	\$152,041,350
2011	\$152,000,000
2010	\$ 2,000,000
2009	\$ 2,000,000

Increases were related to capital contributions from CGC.

CIGNA ARBOR LIFE INSURANCE COMPANY

AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS \$0

The following exhibit reflects the balance of this account during the period under review:

2012	\$	0
2011	\$	19,417,141
2010	\$	0
2009	\$	0

In 2011, the Company recorded an additional deferred tax asset due to changes in accounting.

UNASSIGNED FUNDS (SURPLUS) (\$210,448,799)

The following exhibit reflects the balance of this account during the period under review:

2012	\$109,110,360
2011	\$102,099,095
2010	\$ 1,013,419
2009	\$ 946,178

Increase in 2011 was primarily attributed to an increase in change in surplus as a result of reinsurance with CGLIC, partially offset by a net operating loss.

Decrease in 2013 was primarily driven by a decrease in operating income which was a result of the recapture of the Agreement with CGLIC.

CONCLUSION

The results of this examination disclosed that as of December 31, 2013, the Company had admitted assets of \$37,377,149, liabilities of \$19,310,948, and surplus of \$18,066,201. During the period under examination, admitted assets increased \$34,841,469, liabilities increased \$18,131,659, and surplus as regards policyholders increased \$16,709,810.

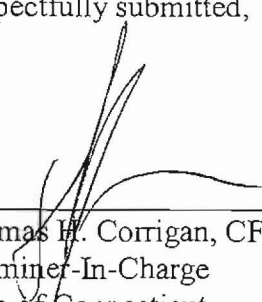
CIGNA ARBOR LIFE INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE; Cecilia Arnold, CFE; Ronald Jankoski, CFE; Chiffon King, AFE; Keith Kleindienst, AFE; Kent Krajick, CFE; Daniel Levine, AFE, CPA; Andrew Rarus, ASA, MAAA; Kenneth Roulier, AFE, AES, CISA and; Michael Shanahan, CPA, CFE. Also participating were the consulting firms of Noble and L&E.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2013, to the best of my information, knowledge and belief.

Respectfully submitted,



Thomas H. Corrigan, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, Patricia Butler
Notary Public on this 20th day of March, 2015.

Patricia A. Butler

Notary Public

My Commission Expires September 30, 2015