



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of **CONNECTICUT GENERAL LIFE INSURANCE COMPANY** (the "Company") as of December 31, 2018, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

TO WIT:

1. I, Andrew N. Mais, 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 May 1, 2020, 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 May 29, 2020, the Company notified the Insurance Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify 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.
3. **Section 38a-14(e)(4)(A) of the CGS requires that:**

“The secretary of the board of directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the commissioner, in writing, that a copy of the report or summary has been provided to each director.”

Please address the certification to the commissioner but send[ing] to the care/attention of William Arfanis, Supervising Examiner, of the Financial Regulation Division.

4. **Section 38a-14(e)(4)(B) of the CGS requires that:**

“Not later than one hundred twenty days after receiving the report or summary, the chief executive officer or the chief financial officer of the entity examined shall present the report or summary to the entity's board of directors or similar governing body at a regular or special meeting.”

This will be verified by **the Insurance Department** either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 24th day of June, 2020.



Andrew N. Mais
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

**CONNECTICUT GENERAL LIFE INSURANCE COMPANY
(NAIC #62308)**

AS OF

DECEMBER 31, 2018

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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May 1, 2020

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner:

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:

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

(hereinafter referred to as the Company or CGLIC), 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.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department) as of December 31, 2013. The current examination, which covers the subsequent five year period through December 31, 2018, was conducted at the Company's statutory home office in Bloomfield, CT.

The current examination was conducted as part of a multi-state examination, in which the Department served as the lead state. As the lead state, the Department coordinated the examination of Cigna entities comprised of seven subgroups of thirty-seven (37) regulated entities domiciled in seventeen (17) states (the Group). The coordinated examination not only provided information on each insurer individually but also provided a structure for regulators to understand and evaluate risks of the companies within the holding company as a whole.

The other Connecticut domiciled entities examined concurrently were: Cigna Health and Life Insurance Company (CHLIC), Cigna HealthCare of Connecticut, Inc. (CHCCT) and Cigna Arbor Life Insurance Company (CALIC).

As a part of the examination planning procedures, the Department reviewed the following documentation submitted by the Company for the period under examination:

- Board of Director (Board) and other committee minutes (through the latest 2019 minutes);
- statutory audit reports completed by the Company's independent certified public accountants, PricewaterhouseCoopers, LLC (PwC);
- Management's Discussion and Analysis;

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

- Statements of Actuarial Opinion;
- documentation supporting Section 404 of the Sarbanes-Oxley Act of 2002 (SOX);
- Form 10-K reports filed with the Securities and Exchange Commission;
- Annual Statements filed with the Department; and
- reports of the Internal Audit Department (IA).

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, reports from the National Association of Insurance Commissioners (NAIC) database, as well as the independent audit reports, all of which indicated no material concerns with respect to financial condition or regulatory compliance issues.

Work papers prepared by PwC, as of December 31, 2018, in connection with its annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

Lewis and Ellis, Inc. (L&E) was engaged by the Department to assist in the review of the Group's reserving, pricing and underwriting, and reinsurance risks. L&E also reviewed certain aspects of the Patient Protection and Affordable Care Act (ACA).

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

JPC Consulting (JPC) was engaged by the Department to assist in the review of the Group's investment risks.

Risk and Regulatory Consulting, LLC (RRC) was engaged by the Department to perform a review of the Group's commercial medical loss ratio (MLR).

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the NAIC Financial Condition Examiners Handbook (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, identifying 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, management compliance with the NAIC Accounting Practices & Procedures Manual (Manual) and the NAIC Annual Statement Instructions (Instructions).

The examination considered prospective risks, those risks that existed at the balance sheet date that will impact future operations or risks associated with future business plans of the Company. Examination procedures were performed as deemed appropriate to evidence actions that the Company had taken to mitigate these risks.

All accounts and activities of the Company were considered in accordance with the risk focused examination process.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

HISTORY

The Company was organized and commenced business on October 1, 1865. On December 19, 1967, the Company became a wholly-owned subsidiary of the Connecticut General Insurance Corporation (CGIC), a holding company chartered in 1967. In July, 1981, CGIC changed its name to Connecticut General Corporation (CGC).

On November 6, 1981, the respective Boards of Directors of CGC and INA Corporation (INA), an insurance holding company, approved a plan of merger. That merger was consummated on March 31, 1982, with the creation of Cigna Corporation (Cigna) as the ultimate parent company of CGC and INA. Cigna Holdings, Inc. (Cigna Holdings), a Delaware corporation, was established on November 3, 1982. On October 1, 1983, CGC became a direct subsidiary of Cigna Holdings, which in turn is a wholly-owned subsidiary of Cigna.

Effective March 31, 2004, the Company's group pension business, with the exception of structured settlements, was transferred to Cigna Life Insurance Company (Cigna Life), a Connecticut domiciled affiliate, through indemnity reinsurance and modified coinsurance arrangements. In connection with this transaction, Cigna Life and the ceded group pension business was sold to Prudential Financial, Inc.

On April 1, 2008, the Company acquired the healthcare division of Great-West Life and Annuity, Inc. (Great West) through a fully assumed indemnity reinsurance agreement. The Company also acquired Great West affiliates, Alta Health and Life Insurance Company, Benefits Management Corporation, and various health maintenance organizations domiciled in California, Illinois, Colorado, and Texas.

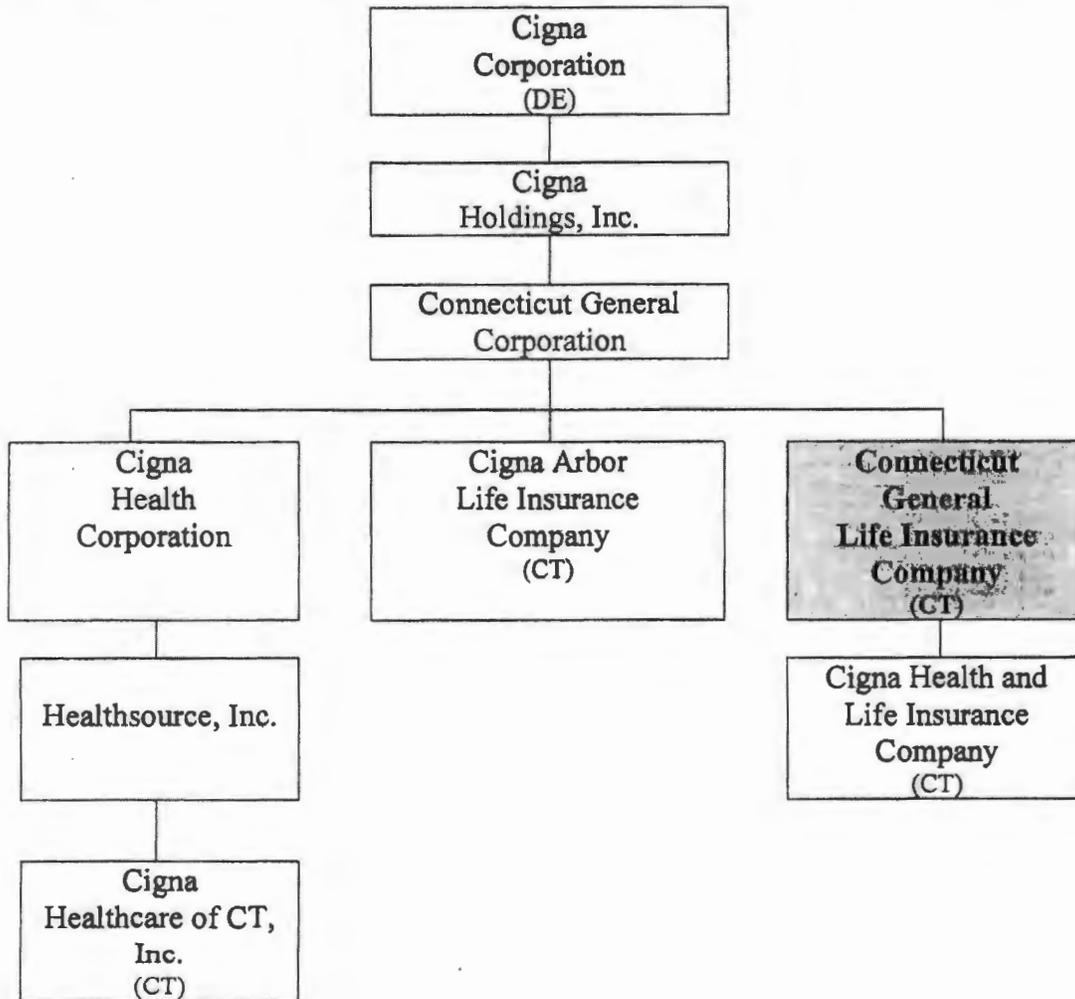
On December 20, 2018, the Company's ultimate parent entity, Cigna, acquired Express Scripts Holding Company (ESI) in a cash and stock transaction valued at \$52.8 billion. ESI is one of the leading pharmacy benefit management (PBM) companies in the U.S. ESI offers integrated PBM services to its clients, which include: network pharmacy claims processing, home delivery pharmacy, specialty pharmacy, benefit design consultation, drug utilization review and formulary management. ESI also offers specialty pharmaceutical and medical supplies distribution services to providers' clients and hospitals, medical benefit management services and consulting services for pharmaceutical and biotechnology manufacturer.

CGLIC is a wholly-owned subsidiary of Connecticut General Corporation (CGC), which is a wholly-owned subsidiary of Cigna.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

ORGANIZATIONAL CHART

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



MANAGEMENT AND CONTROL

The bylaws of the Company require all meetings of the stockholders to be held at any location as the directors may determine. The annual meeting of the stockholders is held on any date and place that the directors may designate, with notice given to all stockholders at least ten (10) days prior to all meetings.

The number and terms of the directors shall be determined from time to time by the Board. No person shall be elected as a director after attaining the age of 70 years.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

The Board may hold meetings at such times and places as they determine and special meetings may be called at any time by the chairman of the board or by another director upon the written request of the president or at least three directors. One-third of the total number of directors shall constitute a quorum.

The directors may appoint from their number one or more committees, each consisting of two or more directors. A majority of the members of a committee shall constitute a quorum.

Directors serving the Company at December 31, 2018, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Edward Potanka	Associate Chief Counsel, Cigna
Christopher S. Snow	Chief Counsel, Cigna
Frank Sataline, Jr.	Senior Vice President and Chief Investment Officer, Cigna
Mark A. Parsons	Senior Vice President, Audit, Reinsurance and Corporate-Owned Life Insurance, Cigna
David A. Russell	Actuarial Managing Director, Cigna
Julia M. Huggins	Senior Vice President, U.S. Markets, Cigna

Officers serving the Company at December 31, 2018, were as follows:

<u>Name</u>	<u>Title</u>
Julia M. Huggins	President
David A. Russell	Chief Financial Officer
Scott R. Lambert	Vice President and Treasurer
Anna Krishtul	Corporate Secretary
James Yablecki	Vice President and Actuary
Frank Sataline, Jr.	Senior Vice President
Mark A. Parsons	Senior Vice President

RELATED PARTY TRANSACTIONS

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

Amended and Restated Intercompany Service Agreement

The Company was provided certain medical and utilization review services by Cigna Health Management, Inc. (CHM) (formerly International Rehabilitation Associates d/b/a Intracorp). The agreement was last amended on February 9, 2011, and includes Cigna Health Corporation (CHC) on behalf of its health plan subsidiaries. CHM is a directly wholly-owned subsidiary of CGC.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

Expense Sharing Agreement

On November 25, 2005, CGLIC became a party to the Expense Sharing Agreement. Cigna allocates expenses for certain shared services incurred at the corporate level to its subsidiaries, with the exception of a limited number of expenses retained the corporate level.

Investment Advisory Agreement:

Effective April 1, 2010, the Company entered into an agreement with Cigna Investments, Inc. (CII) to provide investment management and advisory services.

Investment Pooling Agreement

The Company, CII and other affiliates entered into this agreement on April 1, 2011, to provide for the participation of short-term investments to facilitate effective cash management.

Consolidated Federal Income Tax Agreement (Tax Agreement)

The Company is included in the consolidated federal income tax return filed by Cigna, pursuant to the amended and restated Tax Agreement. Federal income taxes are allocated to the Company as if it were filing on a separate return basis.

Cigna Behavioral Health and CGLIC Agreement for Provision of Mental Health and/or Substance Abuse Services

The Company contracts with Cigna Behavioral Health, Inc. (CBH) to provide disease management, mental health and substance abuse services to customers covered by the Company's insured and self-insured plans. This agreement was last amended January 1, 2011.

Administrative Services Agreement (CBH)

The Company is party to an Administrative Agreement with CBH last amended January 1, 2011, in which CBH administers the behavior benefits for fully insurance contract with employer groups.

Administrative Services Agreement

There is an amended and restated Administrative Services Agreement between CGLIC and CHLIC effective April 1, 2013. Under this agreement with CHLIC, both the Company and CHLIC provide various services for each party's ongoing life and health business.

Master Agreement

The Company is party to a Master Agreement with CHLIC dated September 1, 2011, for the transfer and assumption of certain insurance policies from the Company to CHLIC. Under this agreement, the Company intends to transfer, from time to time, certain insurance policies to CHLIC. CHLIC will assume the direct obligation of performance under such insurance policies.

Line of Credit Agreement (LOC Agreement)

The Company acts as a lender in a line of credit agreement with Cigna under which the maximum amount that may be loaned is \$600 million. Cigna borrowed from this line of credit with the Company during 2019, reaching as high as \$100 million. As of December 31, 2018, there was a \$100 million receivable from Cigna.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

Assignment and Consent Agreement

Effective January 1, 2011, the Company and CHLIC entered into an Assignment and Consent Agreement pursuant to which various agreements (Agreements) currently held by the Company will be assigned to CHLIC. The Agreements relate to the Company's administration of non-company self-funded and insurer benefit plans sponsored by employers, unions, associations, trustees of multiple employer trusts, and other entities.

Fee Sharing Agreement

Effective September 24, 2014, several of Cigna's subsidiaries are subject to the Health Insurance Providers Fee (the Fee) which is imposed on entities engaged in the business of providing health insurance for any United States health risk. The agreement allows Cigna to pay the Fee owed collectively by all covered entities in the group, and to perform all necessary and appropriate actions that may be required to fulfill Cigna's responsibilities as the designated entity.

INSURANCE COVERAGES

The Company is covered by a fidelity bond maintained by Cigna for itself and other affiliates and subsidiaries. The aggregate limit of liability provides fidelity coverage above the prescribed minimum set forth by the NAIC's schedule of suggested minimum amounts in the Handbook. In addition to the fidelity insurance policy, Cigna maintains various other types of insurance coverages.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write life, accident and health, annuity and deposit-type funds in all states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, and Canada.

Plan of Operations

CHLIC and its subsidiaries are major providers of health care and related benefits in the U.S., the majority of which are offered through employers and other groups (e.g. unions and associations). The principal products and services are group life and health insurance. In addition, the Company has international operations that offer products (that are similar to those offered in the U.S.) to businesses and individuals in selected markets. The Company also has certain run-off operations including individual insurance, group retirement and reinsurance operations.

Premiums at CGLIC, historically Cigna's leading operating entity have declined significantly following the shift of the mid-sized market health segment clients (health premium) to CHLIC and disability premium to another affiliate, Life Insurance Company of North America (LINA).

As a result of the ESI merger, effective in the fourth quarter of 2018, Cigna's segments have changed to the following: 1) Integrated Medical, consisting of both a Commercial operating segment that includes its employer-sponsored medical coverage and a Government operating segment that includes Medicare offerings for seniors and individual insurance offerings to non-seniors both on and off the public health insurance exchanges; 2) Health Services, consisting primarily of Cigna's legacy home delivery pharmacy business and ESI's pharmacy benefit

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management business beginning December 21, 2018; and 3) International Markets, that offers global supplemental benefits and global medical solutions. 4) the remainder of its business is reported in Group Disability and Other, consisting of its group disability and life business together with its corporate owned life insurance business and run-off operations.

Cigna products are available through several distribution channels including brokers, direct sales, and public and private exchanges. There are three funding solutions (i.e., insured – experience-rated, insured – guaranteed cost, and administrative services only arrangements) which enable Cigna to customize the amount of risk taken by, and lower costs for, its customers and clients.

Cigna's business segments prior to the segment reorganization were Global Health Care, Global Supplemental Benefits, Group Disability and Life, and Other Operations.

REINSURANCE

The following are CGLIC's significant reinsurance arrangements:

Assumed Reinsurance

Life Insurance and Annuity

The majority of the Company's assumed reserve liability represents individual and group settlement annuity business, guaranteed cost products and experience rated plans ceded by LINA and settlement annuity and guaranteed cost products ceded by another affiliate, Cigna Life Insurance Company of New York.

The majority of the remaining reserve liability represents the guarantee minimum death benefit (GMDB) obligations in connection with variable annuity products written by four life and annuity insurance companies (see ceded Berkshire Hathaway below). The reinsurance contracts were written on a yearly renewable term and coinsurance basis. The Company also assumed group life premium, on a quota share basis from two large national life insurance companies.

Ceded Reinsurance

Life Insurance and Annuity

In 1998, the Company sold all of its individual life insurance and annuity operations to Lincoln National Life Insurance Company (Lincoln) through an indemnity reinsurance agreement. Nearly all of the Company's ceded premium and reserve liability credit represents activity associated with provisions of the acquisition by Lincoln.

Effective February 3, 2013, the Company recaptured the variable GMDB and guaranteed minimum interest benefits (GMIB) reinsurance treaty with CALIC and the Company entered into a reinsurance agreement with Berkshire Hathaway that transferred that risk from the Company to Berkshire Hathaway. Berkshire Hathaway reinsures 100% of the Company's future claim payments, net of retrocessional arrangements in place prior to the effective date of the agreement. As part of the agreement, the Company retains responsibility for GMDB and GMIB claims occurred prior to the treaty effective date.

Effective July 1, 2015, the Company entered into an internal quota share reinsurance agreement

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

with LINA to reinsure 100% of losses on certain group universal life, group variable universal life and other fully paid up life insurance policies, including voluntary group permanent life.

INFORMATION TECHNOLOGY CONTROLS

The Department engaged Noble to assist in conducting a review of the Groups' IT controls environment in accordance with the guidelines and procedures set forth in Exhibit C of the Handbook (Exhibit C). The objectives were achieved through a combination of reviewing the Group's policies and procedures, testing in key areas related to Exhibit C, interviewing senior IT management, reviewing IT risk assessment processes, and leveraging the risk assessment procedures performed by PwC, IA, and SOX/Model Audit Rule documentation.

Based upon the risk-based assessment and review, the IT general control environment was determined to be effective.

ACCOUNTS AND RECORDS

The Company utilizes the Oracle general ledger (GL) of which access is restricted through Cigna's Role-Based Access Controls (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 2018. Further detailed analyses were performed on individual accounts throughout the examination.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2018. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
	\$3,565,204,777		\$3,565,204,777
red stocks	5,006,270		5,006,270
non-red stocks	4,807,794,396		4,807,794,396
advance loans on real estate - first liens	271,542,466		271,542,466
real estate - Properties occupied by the company	170,235,675		170,235,675
real estate - Properties held for the production of income	2,282,796		2,282,796
cash equivalents and short-term investments	76,290,524		76,290,524
direct loans	1,318,595,437		1,318,595,437
investments	9,428,863		9,428,863
invested assets	312,279,772	11,814,664	300,465,108
reserves for securities	9,402,961	56,010	9,346,951
deferred income due and accrued	75,153,446		75,153,446
unearned premiums and agents' balances in the course of collection	(26,358,007)	386,519	(26,744,526)
amounts recoverable from reinsurers	31,962,131		31,962,131
amounts held by or deposited with reinsured	37,029		37,029
amounts receivable under reinsurance	6,887,628		6,887,628
amounts receivable relating to uninsured plans	561,966	123,090	438,876
amount of federal and foreign income tax recoverable	4,869,478		4,869,478
deferred tax asset	130,761,080	96,690,441	34,070,639
mutual funds receivable or on deposit	5,607,636		5,607,636
intangible data processing equipment and software	253,836	253,836	0
intangible and equipment; including health care	51,953,871	51,953,871	0
intangible assets from parent; subsidiaries and affiliates	24,685,710	2,138,758	22,546,952
amounts payable for write-ins for other-than-invested assets	108,866,350	8,113,808	100,752,542
assets excluding Separate Accounts	10,963,306,091	171,530,997	10,791,775,094
assets of Separate Accounts	8,264,883,040		8,264,883,040
	<u>\$19,228,189,131</u>	<u>\$171,530,997</u>	<u>\$19,056,658,134</u>

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$4,245,627,322
Aggregate reserve for accident and health contracts	55,298,527
Liability for deposit-type contracts	92,210,291
Life (contract claims)	94,360,800
Accident and health (contract claims)	18,123,634
Premiums and annuity considerations for life and accident and health contracts received in advance	1,590,688
Provision for experience rating refunds	4,881,492
Other amounts payable on reinsurance	204,801
Interest maintenance reserve	249,633,351
Commissions to agents due or accrued	516,465
Commissions and expense allowances payable on reinsurance assumed	90,767
General expenses due or accrued	178,558,418
Taxes; licenses and fees due or accrued; excluding federal income taxes	11,950,175
Amounts withheld or retained by company as agent or trustee	1,300,183
Remittances and items not allocated	23,105,170
Net adjustment in assets and liabilities due to foreign exchange rates	42,827,832
Borrowed money	100,121,117
Asset valuation reserve (miscellaneous liabilities)	91,529,198
Reinsurance in unauthorized and certified (\$0) companies (miscellaneous liabilities)	310,353
Payable to parent; subsidiaries and affiliates (miscellaneous liabilities)	6,806,903
Liability for amounts held under uninsured plans (miscellaneous liabilities)	732,424
Derivatives	3,007,243
Payable for securities (miscellaneous liabilities)	16,782,853
Aggregate write-ins for liabilities	129,159,922
Total liabilities excluding Separate Accounts business	5,368,729,929
From Separate Accounts statement	8,193,445,058
Total liabilities	13,562,174,987
Common capital stock	29,891,610
Gross paid in and contributed surplus	2,378,692,373
Unassigned funds (surplus)	3,085,899,164
Surplus (including \$71,437,982 in Separate Accounts statement)	5,464,591,537
Totals of common and preferred stock and surplus	5,494,483,147
Totals of liabilities; common and preferred stock and surplus	<u>\$19,056,658,134</u>

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$333,740,482
Considerations for supplementary contracts with life contingencies	152,543
Net investment income	1,413,954,523
Amortization of Interest Maintenance Reserve (IMR)	16,336,890
Separate Accounts net gain from operations excluding unrealized gains or losses	63,204,454
Commissions and expense allowances on reinsurance ceded	29,359,050
Reserve adjustments on reinsurance ceded	41,783
Income from fees associated with investment management; administration and contract guarantees from Separate Accounts	41,750,726
Aggregate write-ins for miscellaneous income	340,720
Totals	1,898,881,171
Death benefits	288,479,719
Annuity benefits	157,748,756
Disability benefits and benefits under accident and health contracts	156,024,379
Surrender benefits and withdrawals for life contracts	41,911,319
Group conversions	96,998
Interest and adjustments on contract or deposit-type contract funds	25,640,001
Payments on supplementary contracts with life contingencies	95,981
Increase in aggregate reserves for life and accident and health contracts	(21,613,438)
Totals	648,383,715
Commissions on premiums; annuity considerations and deposit-type contract funds	12,044,875
Commissions and expense allowances on reinsurance assumed	(45,025)
General insurance expenses	61,090,874
Insurance taxes; licenses and fees; excluding federal income taxes	6,398,796
Net transfers to or (from) Separate Accounts net of reinsurance	(88,843,010)
Aggregate write-ins for deductions	3,167,843
Totals	642,198,068
Net gain from operations before dividends to policyholders and federal income taxes	1,256,683,103
Dividends to policyholders	(5,460,558)
Net gain from operations after dividends to policyholders and before federal income taxes	1,262,143,661
Federal and foreign income taxes incurred (excluding tax on capital gains)	(15,355,740)
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	1,277,499,401
Net realized capital gains or (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax	(38,101,059)
Net income	<u>\$1,239,398,342</u>

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus; December 31; prior year	\$4,412,228,830
Net income	1,239,398,342
Change in net unrealized capital gains (losses) less capital gains tax of \$2999821	1,136,766,836
Change in net unrealized foreign exchange capital gain (loss)	(7,715,795)
Change in net deferred income tax	10,062,580
Change in nonadmitted assets	2,282,954
Change in liability for reinsurance in unauthorized and certified companies	(49,771)
Change in asset valuation reserve	16,343,167
Surplus (contributed to) withdrawn from Separate Accounts during period	59,600,000
Other changes in surplus in Separate Accounts statement	(59,600,000)
Change in surplus as a result of reinsurance (surplus adjustments)	(16,833,996)
Dividends to stockholders	(1,298,000,000)
Net change in capital and surplus for the year	1,082,254,317
Capital and surplus; December 31; current year	<u>\$5,494,483,147</u>

<u>AGGREGATE RESERVE FOR LIFE CONTRACTS</u>	<u>\$4,245,627,322</u>
<u>AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS</u>	<u>\$55,298,527</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS</u>	<u>\$92,210,291</u>
<u>CONTRACT CLAIMS:</u>	
<u>LIFE</u>	<u>\$94,360,800</u>
<u>ACCIDENT AND HEALTH</u>	<u>\$18,123,634</u>

The Department and L&E conducted an assessment of the Company's reserving, pricing and underwriting, and reinsurance risks. L&E also reviewed certain aspects of the ACA. Although no material issues were noted during the review of these risks the following was noted:

The Company reported the unpaid claims adjustment expenses (UCAE) liability in its reserve accounts rather than in the liability entitled, "General Expenses Due or Accrued", as required by the Instructions. This overstated the reserve adequacy testing in Schedule H of the Annual Statement. It is recommended that the Company report UCAE in accordance with the Instructions. It is noted that the Company corrected this in 2019.

Medical Loss Ratio

Within the "provision for experience rating refunds" liability, the Company reported \$6,579,772 for its MLR rebate liability. The ACA requires insurers to spend a minimum percentage of premium dollars on medical services and activities designed to improve health care quality. RRC reviewed and tested the Group's processes and controls designed to mitigate specific risks associated with the determination of the the Group's actual MLR rebate amount distributed. The following was noted during this review:

U.S. Code of Federal Regulations (CFR) Title 45 Section 158.240 requires an issuer to provide a rebate to an enrollee on a pro rata basis, based on premium, as defined in Section 158.130 of the CFR. The Company did not utilize the earned premium on Part 3 of the MLR filing in

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

allocating rebates to each enrollee. The regulations do not explicitly require this and the Company's total rebates were correct. It is noted that the Company has commenced using earned premium reported on Part 3 of the MLR filing, with regards to premium allocation, prospectively.

- It is recommended that, county, municipal, property and real estate taxes should be excluded from the MLR Form since they are not specifically business state taxes as outlined in the MLR Instructions.

CAPITAL AND SURPLUS

The reconciliation of surplus for the period under examination was as follows:

Surplus, as of December 31, 2013	\$3,246,432,542
Net income	4,562,449,825
Change in net unrealized capital gains (losses)	3,050,245,748
Change in net unrealized foreign exchange capital gain (loss)	(14,902,987)
Change in net deferred income tax	(237,742,888)
Change in non-admitted assets	576,505,513
Change in ability for reinsurance in unauthorized and certified companies	1,241,398
Change in asset valuation reserve	106,176,788
Surplus (contributed to) withdrawn from Separate Accounts during period	285,700,000
Other changes in surplus in Separate Accounts statements	(285,700,229)
Surplus adjustment – paid in	8,269,863
Change in surplus as result of a reinsurance	(88,792,426)
Dividends to stockholders	(5,747,000,000)
Aggregate write-ins for gains and losses in surplus	31,600,000
Net change in capital and surplus	2,248,050,605
Surplus, December 31, 2018	<u>\$5,494,483,147</u>

The increase in surplus during the examination period was primarily attributable to net income (mainly from net investment income) and change in net unrealized capital gains, partially offset by dividends paid to CGC including extraordinary dividends approved by the Department.

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RECOMMENDATIONS

RESERVES

It is recommended that the Company report UCAE in accordance with the Instructions. It is noted that the Company corrected this in 2019.

MEDICAL LOSS RATIO

It is recommended that, county, municipal, property and real estate taxes should be excluded from the MLR Form since they are not specifically business state taxes as outlined in the MLR Instructions.

SUBSEQUENT EVENTS

- On January 24, 2019, the Company paid an extraordinary dividend of \$758 million to Connecticut General Corporation (CGC).
- In December 2019, Cigna entered into a definitive agreement to sell its Group Disability and Life insurance business to New York Life Insurance Company for \$6.3 billion. The sale is expected to close in the third quarter of 2020 following applicable regulatory approvals and other customary closing conditions.
- As a result of the failed 2017 merger between parent Cigna and Anthem Inc., Cigna is seeking a \$1.85 billion reverse termination fee from Anthem, with the Cigna-Anthem litigation expected to be resolved in mid-2020.
- Effective March 2, 2020, Carrie Casciani joined Cigna in the role of Senior Vice President, Corporate Audit. She will also serve as the Chief Risk Officer.
- On March 11, 2020, the World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, U.S. President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department

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and all insurance regulators with the assistance of the NAIC are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. The Department has been in communication with Cigna regarding the impact of COVID-19 on its business operations and the financial position, including its Pandemic Preparedness Plan and material Third Party Vendors business continuity plans. For example, Cigna has created an Emerging Virus Workgroup to make COVID-19 related benefits and coverage recommendations to the Enterprise COVID-19 Command Center, that determines whether they should be implemented. No current material operational, solvency or liquidity concerns resulted from the high level assessment of Cigna's operational and solvency position as a result of COVID-19.

- On April 27, 2020, the U.S. Supreme Court ruled that the U.S. government must pay health insurers who absorbed excessive early losses from their ACA marketplace plan offerings. Under the ACA's risk corridors program, insurers were promised that the federal government would help cover the excessive costs from the individual plan claims for three years as a way to encourage insurers to offer plans. The three-year risk corridors program closed in 2016 with an approximate \$12 billion shortfall. The amount of reimbursement to individual insurers have yet to be determined.

CONCLUSION

The results of this examination disclosed that, as of December 31, 2018, the Company had admitted assets of \$19,056,658,134, liabilities of \$113,562,174,987, and surplus of \$5,464,591,537. During the period under examination, admitted assets increased \$483,031,549, liabilities decreased \$1,765,019,059, and surplus increased \$2,248,050,605.

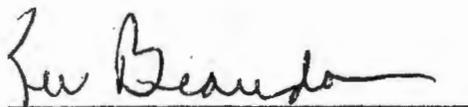
CONNECTICUT GENERAL LIFE INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE; Mike Estabrook, CFE; Ronald Jankoski, CFE; Grace Jiang, CFE; Chiffon King, AFE; Keith Kleindienst, CFE; Kent Krajick, CFE; Daniel Levine, AFE, CPA; Ellen McCarthy, AFE; Susan Pulaski, CPA; William Tacy, CFE, CIA, CISA; Andrew Greenhalgh, SA, MAAA; and the professional services firms of Noble, JPC, RRC, and L&E.

Kevin Beaudoin, do solemnly swear that the foregoing report of examination is hereby presented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2018, to the best of my information, knowledge and belief.

Respectfully submitted,

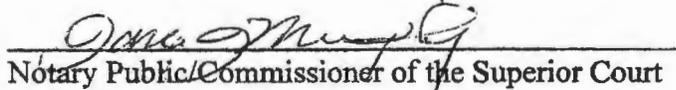


Kevin Beaudoin, CFE
Insurance Certified Financial Examiner
State of Connecticut
Insurance Department

State of Connecticut ss

County of Hartford

Subscribed and sworn before me, Jane J. Murphy Notary Public/Commissioner of the Superior Court, on this 27th day of April, 2020.


Notary Public/Commissioner of the Superior Court

My Commission Expires July 31, 2023

JANE J. MURPHY
NOTARY PUBLIC
MY COMMISSION EXPIRES JULY 31, 2023

