CIGNA CORP
Form 10-Q
November 01, 2006

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

FORM 10-Q

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

For the quarterly period ended **September 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	**06-1059331**
(State or other jurisdiction of incorporation or organization)	(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 x No _

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

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

As of September 30, 2006, 102,567,908 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 INFORMATION
Item 1. Financial Statements

CIGNA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
REVENUES				
Premiums and fees	$ 3,433	$ 3,381	$ 10,070	$ 10,151
Net investment income	296	334	924	995
Other revenues	360	298	1,150	1,300
Realized investment gains	48	9	198	28
Total revenues	4,137	4,022	12,342	12,474
BENEFITS AND EXPENSES				
Health Care medical claims expense	1,595	1,579	4,536	4,633
Other benefit expenses	743	786	2,356	2,481
Other operating expenses	1,353	1,274	4,068	3,875
Total benefits and expenses	3,691	3,639	10,960	10,989
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	446	383	1,382	1,485
Income taxes (benefits):				
Current	158	(58)	477	169
Deferred	(14)	182	(22)	250
Total taxes	144	124	455	419
INCOME FROM CONTINUING OPERATIONS	302	259	927	1,066
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES	(4)	-	(4)	349
NET INCOME	$ 298	$ 259	$ 923	$ 1,415
EARNINGS PER SHARE - BASIC				
INCOME FROM CONTINUING OPERATIONS	$ 2.83	$ 2.04	$ 8.14	$ 8.27
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(0.03)	-	(0.04)	2.71

NET INCOME	$ 2.80	$ 2.04	$ 8.10	$ 10.98
EARNINGS PER SHARE - DILUTED				
INCOME FROM CONTINUING OPERATIONS	$ 2.79	$ 2.00	$ 8.00	$ 8.12
INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(0.04)	-	(0.03)	2.66
NET INCOME	$ 2.75	$ 2.00	$ 7.97	$ 10.78
DIVIDENDS DECLARED PER SHARE	$ 0.025	$ 0.025	$ 0.075	$ 0.075

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

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CIGNA CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	As of September 30, 2006	As of December 31, 2005
ASSETS		
Investments:		
Fixed maturities, at fair value (amortized cost, $11,549; $13,873)	$ 12,345	$ 14,947
Equity securities, at fair value (cost, $131; $113)	148	135
Mortgage loans	4,108	3,934
Policy loans	1,406	1,337
Real estate	105	80
Other long-term investments	394	504
Short-term investments	95	439
Total investments	18,601	21,376
Cash and cash equivalents	1,208	1,709
Accrued investment income	260	282
Premiums, accounts and notes receivable	1,402	1,598
Reinsurance recoverables	7,886	7,018
Deferred policy acquisition costs	684	618
Property and equipment	617	638
Deferred income taxes	1,104	1,087
Goodwill	1,721	1,622
Other assets, including other intangibles	363	306
Separate account assets	8,343	8,609
Total assets	$ 42,189	$ 44,863
LIABILITIES		
Contractholder deposit funds	$ 8,952	$ 9,676
Future policy benefits	8,466	8,626
Unpaid claims and claim expenses	4,305	4,281
Health Care medical claims payable	1,017	1,165
Unearned premiums and fees	511	515
Total insurance and contractholder liabilities	23,251	24,263
Accounts payable, accrued expenses and other liabilities	4,774	5,127
Short-term debt	455	100
Long-term debt	1,028	1,338
Nonrecourse obligations	81	66
Separate account liabilities	8,343	8,609
Total liabilities	37,932	39,503

CONTINGENCIES - NOTE 15				
SHAREHOLDERS' EQUITY				
Common stock (par value per share, $0.25; shares issued, 160; 160)		40		40
Additional paid-in capital		2,440		2,385
Net unrealized appreciation, fixed maturities	$ 185		$ 195	
Net unrealized appreciation, equity securities	23		24	
Net unrealized depreciation, derivatives	(13)		(14)	
Net translation of foreign currencies	27		2	
Minimum pension liability adjustment	(725)		(716)	
Accumulated other comprehensive loss		(503)		(509)
Retained earnings		5,974		5,162
Less treasury stock, at cost		(3,694)		(1,718)
Total shareholders' equity		4,257		5,360
Total liabilities and shareholders' equity		$ 42,189		$ 44,863
SHAREHOLDERS' EQUITY PER SHARE		$ 41.50		$ 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 September 30,		**2006**		**2005**
Common stock		$ 40		$ 40
Additional paid-in capital, July 1		2,428		2,356
Effect of issuance of stock for employee benefits plans		12		11
Additional paid-in capital, September 30		2,440		2,367
Accumulated other comprehensive loss, July 1		(682)		(390)
Net unrealized appreciation (depreciation), fixed maturities	$ 152	152	$ (128)	(128)
Net unrealized appreciation, equity securities	4	4	2	2
Net unrealized appreciation (depreciation) on securities	156		(126)	
Net unrealized appreciation (depreciation), derivatives	10	10	(5)	(5)
Net translation of foreign currencies	13	13	-	-
Other comprehensive income (loss)	179		(131)	
Accumulated other comprehensive loss, September 30		(503)		(521)
Retained earnings, July 1		5,686		4,758
Net income	298	298	259	259
Effects of issuance of stock for employee benefits plans		(7)		(34)
Common dividends declared		(3)		(4)
Retained earnings, September 30		5,974		4,979
Treasury stock, July 1		(2,778)		(885)
Repurchase of common stock		(931)		(466)
Other, primarily issuance of treasury stock for employee benefit plans		15		144
Treasury stock, September 30		(3,694)		(1,207)
TOTAL COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY	$ 477	$ 4,257	$ 128	$ 5,658

Nine Months Ended September 30,

Common stock		$ 40		$ 40
Additional paid-in capital, January 1		2,385		2,360
Effects of issuance of stock for employee benefits plans		55		7
Additional paid-in capital, September 30		2,440		2,367
Accumulated other comprehensive loss, January 1		(509)		(336)
Net unrealized depreciation, fixed maturities	$ (10)	(10)	$ (147)	(147)
Net unrealized depreciation, equity securities	(1)	(1)	(5)	(5)
Net unrealized depreciation on securities	(11)		(152)	
Net unrealized appreciation, derivatives	1	1	2	2
Net translation of foreign currencies	25	25	(5)	(5)
Minimum pension liability adjustment	(9)	(9)	(30)	(30)
Other comprehensive income (loss)	6		(185)	
Accumulated other comprehensive loss, September 30		(503)		(521)
Retained earnings, January 1		5,162		3,679
Net income	923	923	1,415	1,415
Effects of issuance of stock for employee benefits plans		(102)		(105)
Common dividends declared		(9)		(10)
Retained earnings, September 30		5,974		4,979
Treasury stock, January 1		(1,718)		(540)
Repurchase of common stock		(2,226)		(1,055)
Other, primarily issuance of treasury stock for employee benefit plans		250		388
Treasury stock, September 30		(3,694)		(1,207)
TOTAL COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY	$ 929	$ 4,257	$ 1,230	$ 5,658

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

CIGNA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Nine Months Ended September 30, 2006		2005	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	923	$	1,415
Adjustments to reconcile net income to net cash provided by operating activities:				
(Income) loss from discontinued operations, net of taxes		4		(349)
Insurance liabilities		(283)		(447)
Reinsurance recoverables		81		1
Deferred policy acquisition costs		(45)		(45)
Premiums, accounts and notes receivable		98		159
Accounts payable, accrued expenses and other liabilities		(236)		(401)
Current income taxes		214		(72)
Deferred income taxes		(22)		250
Realized investment (gains)		(198)		(28)
Depreciation and amortization		155		170
Gains on sales of businesses		(48)		(374)
Mortgage loans originated and held for sale		(315)		-
Proceeds from sales of mortgage loans held for sale		99		-
Other, net		(47)		(26)
Net cash provided by operating activities		380		253
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investments sold:				
Fixed maturities		2,591		2,110
Equity securities		18		10
Mortgage loans		363		262
Other (primarily short-term investments)		1,133		527
Investment maturities and repayments:				
Fixed maturities		677		707
Mortgage loans		291		205
Investments purchased:				
Fixed maturities		(2,172)		(2,377)
Equity securities		(42)		(9)
Mortgage loans		(908)		(858)
Other (primarily short-term investments)		(515)		(804)
Property and equipment, net		(93)		(32)
Conversion of single premium annuity business		(45)		-
Other acquisitions and dispositions, net cash used		(18)		-
		32		-

Cash provided by investing activities of discontinued operations				
Other, net		-		(18)
Net cash provided by (used in) investing activities		1,312		(277)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposits and interest credited to contractholder deposit funds		396		464
Withdrawals and benefit payments from contractholder deposit funds		(512)		(748)
Change in cash overdraft position		12		(219)
Repayment of long-term debt		(100)		-
Repurchase common stock		(2,181)		(1,034)
Issuance of common stock		197		301
Common dividends paid		(9)		(10)
Net cash used in financing activities		(2,197)		(1,246)
Effect of foreign currency rate changes on cash and cash equivalents		4		2
Net decrease in cash and cash equivalents		(501)		(1,268)
Cash and cash equivalents, beginning of period		1,709		2,519
Cash and cash equivalents, end of period	$	1,208	$	1,251
Supplemental Disclosure of Cash Information:				
Income taxes paid, net	$	232	$	218
Interest paid	$	72	$	75

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

CIGNA CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The consolidated financial statements include the accounts of CIGNA Corporation, its significant subsidiaries, and variable interest entities of which CIGNA is the primary beneficiary, which are referred to collectively as “CIGNA.” Intercompany transactions and accounts have been eliminated in consolidation. These consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America.

The interim financial statements are unaudited but include all adjustments (including normal recurring adjustments) necessary, in the opinion of management, for a fair statement of financial position and results of operations for the periods reported. The interim consolidated financial statements and notes should be read in conjunction with the Consolidated Financial Statements and Notes in CIGNA’s Annual Report to Shareholders and Form 10-K for the year ended December 31, 2005.

The preparation of interim financial statements necessarily relies heavily on estimates. This and certain other factors, such as the seasonal nature of portions of the insurance business as well as competitive and other market conditions, call for caution in estimating full year results based on interim results of operations.

Certain reclassifications have been made to prior period amounts to conform to the 2006 presentation, including the elimination of certain intercompany purchases and sales of short-term investments in the investing activities section of the statement of cash flows. This reclassification had no net impact on the prior year net purchases and sales of short-term investments or the total cash flows from investing activities.

Discontinued Operations. Summarized financial data for discontinued operations primarily represents:

- a loss associated with the Brazilian life insurance operations in the third quarter of 2006 as disclosed in Note 4;
- realized gains on the disposition of certain directly owned real estate investments in the third quarter of 2006 as disclosed in Note 11; and
- certain tax benefits recognized in 2005 as disclosed in Note 3.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Income before income (taxes) benefits	$ 19	$ -	$ 19	$ -
Income (taxes) benefits	(7)	-	(7)	349
Income from operations	12	-	12	349
Impairment loss, net of tax	(16)	-	(16)	-
Income (loss) from discontinued operations, net of taxes	$ (4)	$ -	$ (4)	$ 349

Unless otherwise indicated, amounts in these Notes exclude the effects of discontinued operations.

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

Pension and other retirement benefit plans. In 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," requiring that the overfunded or underfunded status of all defined benefit postretirement plans be measured as the difference between the fair value of plan assets and the benefit obligation and recognized in the statement of financial position. Changes in actuarial gains and losses and prior service costs are required to be recognized in other comprehensive income, net of tax, each period. CIGNA will implement this standard as required in the fourth quarter of 2006, with no material effects to the financial statements expected. The estimated impact at implementation is sensitive to changes in key assumptions including movements in interest rates and the market value of plan assets. SFAS 158 will not impact CIGNA's pension expense, funding requirements or financial covenants.

Fair value measurements. In 2006, FASB issued SFAS No. 157, "Fair Value Measurements," to clarify how to measure fair value and to expand disclosures about fair value measurements. Implementation is required in the first quarter of 2008 with any changes to the fair values of assets or liabilities to be reported generally in net income or, for fixed maturities and equity securities held for sale and derivatives that hedge future cash flows, in accumulated comprehensive income for the period. CIGNA is presently evaluating these new requirements to determine if early implementation will be applied and whether any changes to the fair value measurements of its assets and liabilities will result at implementation.

Uncertain tax positions. In 2006, the FASB issued an interpretation of SFAS No. 109, "Accounting for Income Taxes," providing guidance to recognize and measure uncertain tax positions that are "more likely than not" to result in a benefit if challenged by the IRS. The guidance clarifies that the amount of tax benefit recognized should be measured using management's best estimate based on the most favorable expected benefit with greater than fifty percent likelihood of being realized. The interpretation also requires that interest expense and penalties be recognized for any reserved portion of an uncertain tax position beginning when the effect of that position is reported to tax authorities. CIGNA expects to implement this interpretation as required in the first quarter of 2007 with no material effects to the financial statements.

Certain financial instruments. In 2006, the FASB issued an amendment related to SFAS No. 133, "Accounting for Derivatives and Hedging Activities," for implementation in the first quarter of 2007. The amendment clarifies when certain financial instruments and features of financial instruments must be treated as derivatives and reported on the balance sheet at fair value with changes in fair value reported in net income. CIGNA will implement the amendment beginning with financial instruments acquired in the first quarter of 2007, with no material effects to the financial statements expected at adoption. However, this amendment may affect future income recognition for certain financial instruments if additional derivatives are identified because any changes in their fair values will be recognized in net income each period.

Measuring financial statement misstatements. In 2006, the Securities Exchange Commission staff issued Staff Accounting Bulletin (SAB) No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." This SAB requires that the effects of misstatements be quantified for each financial statement. CIGNA expects to implement this SAB as required in the fourth quarter of 2006 with no material effects to the financial statements because CIGNA currently uses an approach consistent with the new requirement when assessing the effects of prior year misstatements.

Deferred acquisition costs. In 2005, the American Institute of Certified Public Accountants issued a Statement of Position (SOP), "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts," for implementation in the first quarter of 2007. The SOP requires that deferred acquisition costs be expensed in full when the original contract is substantially changed by election or amendment of an existing contract feature or by replacement with a new contract. CIGNA expects to implement the SOP for contract changes beginning in the first quarter of 2007 with no material effects to the financial statements at implementation. Although substantial contract changes are not expected to occur, the effect of this SOP in future periods may vary based on the nature and volume of any such contract changes.

Other-than-temporary impairment. Effective January 1, 2006, CIGNA implemented guidance provided by the FASB on evaluating fixed maturities and equity securities for other-than-temporary impairment. Because this guidance is largely a summary of existing accounting principles generally accepted in the United States of America, there was no material effect in accounting for fixed maturities and equity securities with other-than-temporary impairments at implementation on January 1, 2006. See Note 11 for a review of declines in fair value of fixed maturities and equity securities.

Stock compensation. SFAS No. 123 (as revised in 2004 and referred to as SFAS 123R,) "Share-Based Payment" was effective January 1, 2006. This standard, which CIGNA early adopted effective October 1, 2004, requires companies to recognize in net income an estimate of expense for stock awards and options over their vesting periods typically determined as of the date of grant. CIGNA records compensation expense for stock options over their vesting periods based on the estimated fair value of the stock options, which is calculated using an option-pricing model. Compensation expense is recorded for restricted stock grants and deferred stock units over their vesting periods based on fair value, which is equal to the market price of CIGNA common stock on the date of grant.

Compensation cost and related tax benefits for stock options, restricted stock and deferred stock units were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Compensation cost	$ 10	$ 10	$ 33	$ 24
Tax benefits	$ 4	$ 4	$ 12	$ 9

Stock options granted and the average fair value at the date of grant were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Options in thousands)	2006	2005	2006	2005
Options granted	17	7	548	825
Weighted average fair value of options granted	$ 38.01	$ 41.33	$ 43.70	$ 34.08

CIGNA calculated the average fair value using the Black-Scholes option pricing model. The following assumptions were used:

	As of September 30,	
	2006	2005
Dividend yield	0.1%	0.1%
Expected volatility	35.0%	35.0%
Risk-free interest rate	4.6%	3.9%
Expected option life	4.5 years	5.25 years

The expected volatility reflects CIGNA's past daily stock price volatility. Volatility implied in the market prices of traded options was not considered a good indicator of future volatility because remaining maturities of traded options are less than one year. CIGNA developed the expected option life by considering certain factors, including assumptions used by other companies with comparable stock option plan features and CIGNA's cancellation of a replacement option feature in June 2004.

Restricted stock granted and the average fair value at the date of grant were as follows:

	Three Months Ended	Nine Months Ended

(Grants in thousands)	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Restricted stock granted	13	19	210	331
Weighted average fair value	$ 105.14	$ 104.90	$ 121.23	$ 92.45

NOTE 3 - INCOME TAXES

During the second quarter of 2005, the Congressional Joint Committee on Taxation approved CIGNA's refund claim relating to a tax loss incurred from the sale of a business in 1999 and the completion of the IRS audit for 2000-2002. Pursuant to this approval, CIGNA recorded total tax benefits of $437 million, including $7 million recorded in the third quarter of 2005, consisting of:

- $287 million resulting from capital losses realized in connection with the divestiture of the property and casualty insurance operations in 1999, which is included in income from discontinued operations; and
- $150 million resulting primarily from the release of tax reserves and valuation allowances of which:
  - $88 million is reported as income from continuing operations. This amount includes $4 million of interest income; and
  - $62 million relates to the divestiture of CIGNA's Brazilian health care business, which is included in income from discontinued operations.

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NOTE 4 - ACQUISITIONS AND DISPOSITIONS

CIGNA may from time to time acquire or dispose of assets, subsidiaries or lines of business. Significant transactions are described below.

Star HRG Acquisition. On July 11, 2006, CIGNA acquired the operating assets of STAR-HRG, a leading provider of low cost health plans and other employee benefits coverage for hourly and part-time workers and their families, for $156 million, including assumed liabilities. The acquisition was accounted for as a purchase, and was financed through the issuance of a note payable to the sellers (see Note 12). The purchase price was allocated as follows: $57 million to identifiable intangible assets and the remaining $99 million to goodwill.

Intangible assets (primarily customer lists, software and trademarks) associated with the acquisition are being amortized on a straight line basis over periods from 3-10 years.

The results of Star-HRG are included in the accompanying consolidated financial statements from the date of the acquisition.

Sale of the Brazilian Life Insurance Operations. In the third quarter of 2006, CIGNA entered into negotiations to sell its Brazilian life insurance business. The sale is expected to close within a year and as a result, CIGNA has classified this business as a discontinued operation. CIGNA recognized an impairment loss with respect to this business of $16 million after-tax, primarily related to the write-off of unrecoverable foreign tax credits and foreign currency translation losses.

Sale of Retirement Benefits Business. On April 1, 2004, CIGNA sold its retirement benefits business, excluding the corporate life insurance business, for cash proceeds of $2.1 billion. The sale resulted in an initial after-tax gain of $809 million, of which $267 million after-tax was recognized immediately. The after-tax gain was subsequently reduced by $3 million to reflect additional taxes on the sale. In the second quarter of 2006, the after-tax gain was increased by $12 million to reflect the conversion of the single premium annuity business to indemnity coinsurance (see below). Both of these adjustments are reflected in the deferred portion of the gain.

As this transaction was primarily in the form of a reinsurance arrangement under which CIGNA retains the contractual obligation to pay these liabilities, $542 million of the initial after-tax gain was deferred. Subsequent to the original reinsurance transaction, the buyer of the retirement benefits business has entered into agreements with most of the insured parties relieving CIGNA of any remaining contractual obligation to those parties (novation). Additional such agreements are expected.

The deferred gain is amortized at the rate at which earnings from the sold business would have been expected to emerge (primarily 15 years on a declining basis) until CIGNA is relieved of any remaining contractual obligation. At the time of novation, CIGNA accelerates amortization of a portion of the deferred gain and also reduces the associated contractholder deposit funds, future policy benefits, reinsurance recoverables and separate account balances. As of September 30, 2006 the remaining contractholder deposit funds and future policy benefits associated with the sold retirement benefits business totaled $2.4 billion. See Note 8 for additional information on reinsurance recoverables associated with the sale of the retirement benefits business.

CIGNA recognized deferred gain amortization in other revenues in the Run-off Retirement segment as follows:

(In millions)	Pre-Tax	After-Tax
Three Months Ended September 30,		
2006		
Accelerated deferred gain amortization	$ 2	$ 1
Normal deferred gain amortization	$ 2	$ 1
2005		
Accelerated deferred gain amortization	$ 10	$ 2
Normal deferred gain amortization	$ 3	$ 2
Nine Months Ended September 30,		
2006		
Accelerated deferred gain amortization	$ 8	$ 7
Normal deferred gain amortization	$ 8	$ 5
2005		
Accelerated deferred gain amortization	$ 315	$ 200
Normal deferred gain amortization	$ 21	$ 14

The remaining pre-tax deferred gain as of September 30, 2006 was $67 million.

In 2005, in connection with a modified coinsurance arrangement, CIGNA received units of the buyer's separate accounts and continues to carry those units as separate account assets on its balance sheet for the business not yet directly assumed by the buyer. At September 30, 2006, there were approximately $3.2 billion of separate account assets and liabilities associated with this business not yet directly assumed by the buyer.

From April 1, 2004 through March 31, 2006, CIGNA had a modified coinsurance arrangement relating to the single premium annuity business sold to the buyer. Under the arrangement, CIGNA retained the invested assets supporting the reinsured liabilities. These invested assets were held in a business trust established by CIGNA.

Effective April 1, 2006, the buyer converted this modified coinsurance arrangement to an indemnity reinsurance structure and took ownership of the trust assets. CIGNA transferred invested assets to the buyer and recorded a reinsurance recoverable of approximately $1.6 billion in the second quarter of 2006, which corresponds to the liabilities for the single premium annuity business held by CIGNA as of March 31, 2006. As a result of the conversion to indemnity coinsurance, CIGNA increased the pre-tax deferred gain by approximately $17 million ($12 million after-tax). The additional deferred gain will be amortized on a basis consistent with the original deferred gain.

NOTE 5 - EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

(Dollars in millions, except per share amounts)	Basic	Effect of Dilution	Diluted
Three Months Ended September 30,			
2006			
Income from continuing operations	$ 302	-	$ 302
Shares *(in thousands)*:			
Weighted average	106,581	-	106,581
Options and restricted stock grants		1,654	1,654
Total shares	106,581	1,654	108,235

EPS	$	2.83	$	(0.04)	$	2.79
2005						
Income from continuing operations	$	259		-	$	259
Shares *(in thousands):*						
Weighted average		126,888		-		126,888
Options and restricted stock grants				2,795		2,795
Total shares		126,888		2,795		129,683
EPS	$	2.04	$	(0.04)	$	2.00
Nine Months Ended September 30, 2006						
Income from continuing operations	$	927		-	$	927
Shares *(in thousands):*						
Weighted average		113,930		-		113,930
Options and restricted stock grants				1,929		1,929
Total shares		113,930		1,929		115,859
EPS	$	8.14	$	(0.14)	$	8.00
2005						
Income from continuing operations	$	1,066		-	$	1,066
Shares *(in thousands):*						
Weighted average		128,852		-		128,852
Options and restricted stock grants				2,386		2,386
Total shares		128,852		2,386		131,238
EPS	$	8.27	$	(0.15)	$	8.12

The following outstanding employee stock options were not included in the computation of diluted earnings per share because their effect would have increased diluted earnings per share (antidilutive) as their exercise price was greater than the average share price of CIGNA's common stock for the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Antidilutive options	1.8	0.3	1.5	3.3

CIGNA held 57,460,553 shares of common stock in Treasury as of September 30, 2006, and 34,248,300 shares as of September 30, 2005.

NOTE 6 - HEALTH CARE MEDICAL CLAIMS PAYABLE

Medical claims payable for the Health Care segment reflects estimates of the ultimate cost of claims that have been incurred but not yet reported (IBNR), those which have been reported but not yet paid (reported claims in process) and other medical expense payable, which primarily comprises accruals for provider incentives and other amounts payable to providers. IBNR comprises the majority of the reserve balance as follows:

(In millions)	September 30, 2006	December 31, 2005
IBNR	$ 868	$ 1,004
Reported claims in process	84	116
Other medical expense payable	65	45
Medical claims payable	$ 1,017	$ 1,165

Activity in medical claims payable was as follows:

(In millions)	As of September 30, 2006	As of December 31, 2005
Beginning Balance - Jan. 1	$ 1,165	$ 1,594
Less: Reinsurance and other amounts recoverable	342	497
Beginning Balance, net	823	1,097
Incurred claims related to:		
Current year	4,705	6,631
Prior years	(169)	(326)
Total incurred	4,536	6,305
Paid claims related to:		
Current year	4,012	5,844
Prior years	593	735
Total paid	4,605	6,579
Ending Balance, net	754	823
Add: Reinsurance and other amounts recoverable	263	342
Ending Balance	$ 1,017	$ 1,165

For the nine months ended September 30, 2006, actual experience differed from CIGNA's key assumptions, resulting in favorable incurred claims related to prior years' medical claims payable of $169 million, or 2.5% of the current year incurred claims as reported for the year ended December 31, 2005. For the year ended December 31, 2005, actual experience differed from CIGNA's key assumptions, resulting in favorable incurred claims related to prior years' medical claims payable of $326 million, or 4.7% of the current year incurred claims as reported for the year ended December 31, 2004. Specifically, the favorable impact is due to faster than expected completion factors and lower than expected medical cost trends, both of which included an assumption for moderately adverse experience.

Actual completion factors were faster than expected, resulting in a reduction of the medical claims payable of $92 million for the nine months ended September 30, 2006 and $205 million for the year ended December 31, 2005. This reduction represented 1.4% in 2006 and 3.0% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively, for the insured book of business. The faster completion factors reflected better than expected time to process claims, driven by higher auto-adjudication rates, the impact of claim recoveries and more timely submissions of provider claims.

Actual medical cost trend was lower than estimated, resulting in a reduction of the medical claims payable of $77 million for the nine months ended September 30, 2006 and $121 million for the year ended December 31, 2005. This reduction represented 1.2% in 2006 and 1.7% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively, for the insured book of business. The better than expected medical cost trend was driven by lower inpatient, outpatient and pharmacy service utilization and lower than expected unit cost trends. The lower than expected unit cost trends reflected provider contracting initiatives and the mix of services provided.

The corresponding impact of favorable prior year development on net income was $43 million for the nine months ended September 30, 2006 and $137 million for the year ended December 31, 2005, or 0.6% in 2006 and 2.0% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively. The change in the amount of the incurred claims related to prior years in the medical claims payable liability does not directly correspond to an increase or decrease in CIGNA's net income recognized for the following reasons:

First, due to the nature of CIGNA's retrospectively experience-rated business, only adjustments to medical claims payable on accounts in deficit affect net income. An increase or decrease to medical claims payable on accounts in deficit, in effect, accrue to CIGNA and directly impact net income. An account is in deficit when the accumulated medical costs and administrative charges, including profit charges, exceed the accumulated premium received. Adjustments to medical claims payable on accounts in surplus accrue directly to the policyholder with no impact on net income. An account is in surplus when the accumulated premium received exceeds the accumulated medical costs and administrative charges, including profit charges.

Second, CIGNA consistently recognizes the actuarial best estimate of the ultimate liability within a level of confidence, as required by actuarial standards of practice, which require that the liabilities be adequate under moderately adverse conditions. As CIGNA establishes the liability for each incurral year, CIGNA ensures that its assumptions appropriately consider moderately adverse conditions. When a portion of the development related to the prior year incurred claims is offset by an increase deemed appropriate to address moderately adverse conditions for the current year incurred claims, CIGNA does not consider that offset amount as having any impact on net income.

The determination of liabilities for health care medical claims payable requires CIGNA to make critical accounting estimates. See "Critical Accounting Estimates" on page 26 for additional information.

NOTE 7 - GUARANTEED MINIMUM DEATH BENEFIT AND INCOME BENEFIT CONTRACTS

CIGNA's reinsurance operations, which were discontinued in 2000 and are now an inactive business in run-off mode, reinsured a guaranteed minimum death benefit under certain variable annuities issued by other insurance companies. These variable annuities are essentially investments in mutual funds combined with a death benefit. CIGNA has equity and other market exposures as a result of this product.

The determination of liabilities for guaranteed minimum death benefits requires CIGNA to make critical accounting estimates. CIGNA describes the assumptions used to develop the reserves for these death benefits, and provides the effects of hypothetical changes in those assumptions on page 26 of CIGNA's 2005 Annual Report to Shareholders. CIGNA regularly evaluates the assumptions used in establishing reserves and changes its estimates if actual experience or other evidence suggests that earlier assumptions should be revised. If actual experience differs from the assumptions (including lapse, partial surrender, mortality, interest rates and volatility) used in estimating these reserves, the resulting change could have a material adverse effect on CIGNA's consolidated results of operations, and in certain situations, could have a material adverse effect on CIGNA's financial condition.

During the first quarter of 2005, CIGNA completed its normal review of assumptions and recorded an after-tax charge of $11 million ($17 million pre-tax). This charge primarily resulted from an update to lapse assumptions based on emerging experience. The charge also reflected updates to partial surrender assumptions, reflecting the impact of stock market declines, as well as other assumptions. CIGNA had future policy benefit reserves for guaranteed minimum death benefit contracts of $904 million as of September 30, 2006, and $951 million as of December 31, 2005.

The following provides information about CIGNA's reserving methodology and assumptions for guaranteed minimum death benefits as of September 30, 2006:

- The reserves represent estimates of the present value of net amounts expected to be paid, less the present value of net future premiums. Included in net amounts expected to be paid is the excess of the guaranteed death benefits over the values of the contractholders' accounts (based on underlying equity and bond mutual fund investments).
- The reserves include an estimate for partial surrenders that essentially lock in the death benefit for a particular policy based on annual election rates that vary from 0-23% depending on the net amount at risk for each policy and whether surrender charges apply.
- The mean investment performance assumption is 5% considering CIGNA's program to reduce equity market exposures using futures contracts. In addition, the results of futures contracts are reflected in the liability calculation as a component of investment returns.
- The volatility assumption is 15-30%, varying by equity fund type; 3-8%, varying by bond fund type; and 1% for money market funds.
- The discount rate is 5.75%.
- The mortality assumption is 70-75% of the 1994 Group Annuity Mortality table, with 1% annual improvement beginning January 1, 2000.
- The lapse rate assumption is 0-15%, depending on contract type, policy duration and the ratio of the net amount at risk to account value.

As of September 30, 2006, the aggregate fair value of the underlying mutual fund investments was $37.1 billion. The death benefit coverage in force as of that date (representing the amount that CIGNA would have to pay if all of the approximately 900,000 contractholders had died on that date) was $5.9 billion. The death benefit coverage in force represents the excess of the guaranteed benefit amount over the fair value of the underlying mutual fund investments.

The notional amount of futures contract positions held by CIGNA at September 30, 2006, was $979 million. CIGNA recorded in other revenues pre-tax losses of $32 million for the third quarter and $56 million for the nine months of 2006, compared with pre-tax losses of $45 million for the third quarter and $28 million for the nine months of 2005 primarily from futures contracts. Expense offsets reflecting corresponding changes in liabilities for these guaranteed minimum death benefit contracts were included in benefits and expenses.

For further information and details on these contracts and the program adopted to reduce related equity market risk, refer to Note 6 of CIGNA's 2005 Annual Report to Shareholders.

CIGNA has also written reinsurance contracts with issuers of variable annuity contracts that provide annuitants with certain guarantees related to minimum income benefits. See Note 15 for further information.

NOTE 8 - REINSURANCE

In the normal course of business, CIGNA's insurance subsidiaries enter into agreements with other insurance companies to assume and cede reinsurance. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses. Reinsurance does not relieve the originating insurer of liability. CIGNA evaluates the financial condition of its reinsurers and monitors their concentrations of credit risk.

Retirement benefits business. CIGNA had a reinsurance recoverable of $2.4 billion as of September 30, 2006, and $1.2 billion as of December 31, 2005 from Prudential Retirement Insurance and Annuity Company resulting from the sale of the retirement benefits business, which was primarily in the form of a reinsurance arrangement. The change from 2005 includes an increase of $1.6 billion as a result of the conversion of the single premium annuity business to indemnity coinsurance effective April 1, 2006. The reinsurance recoverable is secured by fixed maturities held in business trusts established by the reinsurer. This recoverable is reduced as CIGNA's reinsured liabilities are paid or directly assumed by the reinsurer.

Individual life and annuity reinsurance. CIGNA had a reinsurance recoverable of $4.8 billion at September 30, 2006, and $5.0 billion at December 31, 2005, from The Lincoln National Life Insurance Company that arose from the 1998 sale of CIGNA's individual life insurance and annuity business through an indemnity reinsurance arrangement.

Unicover and other run-off reinsurance. The Run-off Reinsurance operations participate in a workers' compensation reinsurance pool, which ceased accepting new risks in early 1999. This pool was formerly managed by Unicover Managers, Inc. The pool purchased significant reinsurance (retrocessional) protection for its assumed risks. Disputes concerning these retrocessional contracts have been substantially resolved or settled.

Run-off Reinsurance also includes other (non-Unicover) workers' compensation reinsurance contracts and personal accident reinsurance contracts, including contracts assumed in the London market. CIGNA is engaged in arbitrations, disputes or investigations with several ceding companies over the validity of, or amount of liabilities assumed under, their contracts. These arbitrations, disputes and investigations are in various stages.

CIGNA bought retrocessional reinsurance for a significant portion of its assumed reinsurance liabilities. Some of the retrocessionaires have disputed the validity of, or amount of liabilities assumed under, their contracts with CIGNA. Many of these disputes with retrocessionaires have been resolved or settled. CIGNA is appealing in court an adverse award in a retrocessional enforcement arbitration and recently commenced another retrocessional enforcement arbitration. These arbitrations and disputes are in various stages.

Unfavorable claims experience related to workers' compensation and personal accident risks is possible and could result in future losses, including losses attributable to the inability to recover amounts claimed from retrocessionaires because of disputes with them or their financial condition.

CIGNA's reserves for amounts recoverable from retrocessionaires, as well as for underlying reinsurance exposures assumed by CIGNA, are considered appropriate as of September 30, 2006, based on current information. However, it is possible that future developments could have a material adverse effect on CIGNA's consolidated results of operations and, in certain situations, could have a material adverse effect on CIGNA's financial condition. In addition, CIGNA bears the risk of loss if the retrocessionaires are unable to meet their reinsurance obligations to CIGNA.

Other reinsurance. CIGNA could have losses if reinsurers fail to indemnify CIGNA on other reinsurance arrangements, either because of reinsurer insolvencies or contract disputes. However, management does not expect charges for other unrecoverable reinsurance to have a material adverse effect on CIGNA's consolidated results of operations, liquidity or financial condition.

Effects of reinsurance. In CIGNA's consolidated income statements, premiums and fees were net of ceded premiums, and benefits and expenses were net of reinsurance recoveries, in the following amounts:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees				
Individual life insurance and annuity business sold	$ 59	$ 66	$ 187	$ 202
Other	57	51	155	147
Total	$ 116	$ 117	$ 342	$ 349
Reinsurance recoveries				
Individual life insurance				

and annuity business sold	$	85	$	93	$	238	$	233
Other		60		68		105		136
Total	$	145	$	161	$	343	$	369

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NOTE 9 - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Pension benefits. Components of net pension cost were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Service cost	$ 18	$ 18	$ 53	$ 54
Interest cost	56	56	167	166
Expected return on plan assets	(52)	(46)	(156)	(136)
Amortization of:				
Net loss from past experience	38	35	114	105
Prior service cost	-	-	-	(1)
Net pension cost	$ 60	$ 63	$ 178	$ 188

Through the nine months of 2006, CIGNA's minimum pension liability increased primarily due to the annual update of plan census data. This resulted in a decrease to shareholder's equity of $9 million after-tax. Through the nine months of 2005, CIGNA recorded a similar charge which resulted in a decrease to shareholder's equity of $30 million after-tax.

CIGNA funds its qualified pension plans by at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended (ERISA).

During 2005, CIGNA made pension contributions to the domestic and international pension plans totaling $544 million, which included an acceleration of expected contributions to meet domestic pension plan funding requirements in 2006 and 2007. Therefore, CIGNA does not expect to make domestic pension plan contributions in 2006.

Other postretirement benefits. Components of net other postretirement benefit cost were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Service cost	$ 1	$ 1	$ 2	$ 2
Interest cost	7	7	19	20
Expected return on plan assets	-	(1)	(1)	(2)
Amortization of:				
Net gain from past experience	(1)	-	(2)	(1)
Prior service cost	(5)	(4)	(13)	(12)
Net other postretirement benefit cost	$ 2	$ 3	$ 5	$ 7

NOTE 10 - COST REDUCTION PROGRAM

First quarter 2005 program. In the first quarter of 2005, CIGNA implemented a plan to further streamline operations in the health care business and in supporting areas. As a result, CIGNA recognized in other operating expenses a total pre-tax charge of $51 million ($33 million after-tax) for severance costs during the first quarter of 2005. The table below quantifies CIGNA's cost reduction activity (pre-tax) for severance under this program:

(In millions)	Health Care	Corporate	Total
Balance as of December 31, 2005	$ 6	$ 13	$ 19
First quarter 2006 activity	(5)	(3)	(8)
Balance as of March 31, 2006	1	10	11
Second quarter 2006 activity	-	(5)	(5)
Balance as of June 30, 2006	1	5	6
Third quarter 2006 activity	(1)	-	(1)
Balance as of September 30, 2006	$ -	$ 5	$ 5

CIGNA substantially completed this program during the second quarter of 2006.

NOTE 11 - INVESTMENTS

Realized Investment Gains and Losses

The following realized gains and losses on investments exclude amounts required to adjust future policy benefits for certain annuities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Fixed maturities	$ (18)	$ 10	$ (32)	$ 25
Equity securities	(1)	2	(6)	2
Mortgage loans	(1)	-	(7)	(2)
Real estate	-	1	-	-
Other investments, including derivatives	68	(4)	243	3
Realized investment gains from continuing operations, before income taxes	48	9	198	28
Less income taxes	14	3	67	10
Realized investment gains from continuing operations	34	6	131	18
Realized investment gains from discontinued operations before income taxes	19	-	19	-
Less income taxes	7	-	7	-
Realized investment gains from discontinued operations	12	-	12	-
Net realized investment gains	$ 46	$ 6	$ 143	$ 18

For the third quarter and nine months of 2006, realized investment results from continuing operations primarily reflect:

- gains on other investments from sales of equity interests in real estate limited liability entities; and
- losses on fixed maturities largely due to the impact of rising interest rates.

For the third quarter and nine months of 2006, realized investment results from discontinued operations reflect gains on sale of directly owned real estate properties held for the production of investment income. Proceeds on these sales have been separately identified in the statement of cash flows.

Fixed Maturities and Equity Securities

Sales of available-for-sale fixed maturities and equity securities were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Proceeds from sales	$ 847	$ 635	$ 2,609	$ 2,120

Gross gains from sales	$ 5	$ 11	$ 32	$ 33
Gross losses from sales	$ (22)	$ (4)	$ (55)	$ (18)

Fixed maturities included securities of $31 million at September 30, 2006 and $39 million at December 31, 2005 classified as trading. These securities are carried at fair value with changes in fair value reported in other revenues.

Review of Declines in Fair Value. Management reviews fixed maturities and equity securities for impairment based on criteria that include:

- length of time and severity of decline;
- financial health and specific near term prospects of the issuer;
- changes in the regulatory, economic or general market environment of the issuer’s industry or geographic region; and
- ability and intent to hold until recovery.

As of September 30, 2006, fixed maturities (primarily investment grade corporate bonds) with a decline in fair value from cost were as follows, including the length of time of such decline:

(In millions)	Fair Value	Amortized Cost	Unrealized Depreciation
Fixed Maturities:			
One year or less:			
Investment grade	$ 1,083	$ 1,101	$ (18)
Below investment grade	$ 150	$ 152	$ (2)
More than one year:			
Investment grade	$ 1,411	$ 1,452	$ (41)
Below investment grade	$ 52	$ 54	$ (2)

The unrealized depreciation of investment grade fixed maturities is primarily due to increases in interest rates since purchase. There were no equity securities with a material decline in fair value from cost as of September 30, 2006.

CIGNA recorded pre-tax impairments in fixed maturities of $1 million for the third quarter and $28 million for the nine months of 2006, compared with $10 million for the nine months of 2005.

Mortgage Loans

In connection with CIGNA's investment strategy to enhance investment yields by selling senior participations, mortgage loans includes $125 million of mortgage loans originated with the intent to sell as of September 30, 2006. These mortgage loans held for sale are carried at the lower of cost or market with any resulting valuation allowance reported in realized investment gains and losses. Also in connection with this strategy, CIGNA entered into commitments to extend credit under commercial mortgage loans at a fixed rate of interest. As these mortgage loans will also be held for sale, these commitments are treated as derivatives and pre-tax decreases in their fair values of approximately $2 million for the nine months of 2006 are reported in realized investment gains and losses.

Other Long-term Investments

As of September 30, 2006, CIGNA had commitments to contribute:

- $308 million to limited liability entities that hold either real estate or loans to real estate entities; and
- $265 million to entities that hold securities.

NOTE 12 - DEBT

In connection with the Star HRG acquisition in the third quarter of 2006, CIGNA issued to the seller a note payable of $151 million due as follows:

- $72 million at 5.40% due 11/1/06; and
- $79 million at 6.37% due in 2021.

In August 2006, CIGNA filed a universal shelf registration statement on Form S-3ASR with the SEC to take advantage of its status as a "well known seasoned issuer" under the Securities Offering Reform Act. CIGNA may issue debt, equity or other securities from time to time, with amount, price, and terms to be determined at the time of sale.

In May 2006, CIGNA entered into a five year revolving credit and letter of credit agreement for $1.75 billion which replaced its previous credit agreement. Of this amount, up to $1.25 billion may be used for letters of credit. CIGNA entered into the agreement for general corporate purposes, including support for the issuance of commercial paper and to obtain statutory reserve credit for certain reinsurance arrangements. There were no amounts outstanding under the credit facility nor any letters of credit issued as of September 30, 2006.

NOTE 13 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) excludes:

- amounts required to adjust future policy benefits for certain annuities; and
- amounts required to adjust other liabilities under a modified coinsurance arrangement, which terminated on April 1, 2006.

Changes in accumulated other comprehensive income (loss) were as follows:

	Tax (Expense)	After-

(In millions)		Pre-tax		Benefit		tax
Three Months Ended September 30,						
2006						
Net unrealized appreciation, securities:						
Net unrealized appreciation on securities arising during the year	$	218	$	(75)	$	143
Plus: reclassification adjustment for losses included in net income		19		(6)		13
Net unrealized appreciation, securities	$	237	$	(81)	$	156
Net unrealized appreciation, derivatives	$	16	$	(6)	$	10
Net translation of foreign currencies	$	21	$	(8)	$	13
2005						
Net unrealized depreciation, securities:						
Net unrealized depreciation on securities arising during the year	$	(183)	$	64	$	(119)
Less: reclassification adjustment for gains included in net income		(12)		5		(7)
Net unrealized depreciation, securities	$	(195)	$	69	$	(126)
Net unrealized depreciation, derivatives	$	(9)	$	4	$	(5)
Minimum pension liability adjustment	$	1	$	(1)	$	-

(In millions)	Pre-tax	Tax (Expense) Benefit	After-tax
Nine Months Ended September 30, 2006			
Net unrealized depreciation, securities:			
Net unrealized depreciation on securities arising during the year	$ (57)	$ 21	$ (36)
Plus: reclassification adjustment for losses included in net income	38	(13)	25
Net unrealized depreciation, securities	$ (19)	$ 8	$ (11)
Net unrealized appreciation, derivatives	$ 1	$ -	$ 1
Net translation of foreign currencies	$ 39	$ (14)	$ 25
Minimum pension liability adjustment	$ (13)	$ 4	$ (9)
2005			
Net unrealized depreciation, securities:			
Net unrealized depreciation on securities arising during the year	$ (208)	$ 73	$ (135)
Less: reclassification adjustment for gains included in net income	(27)	10	(17)
Net unrealized depreciation, securities	$ (235)	$ 83	$ (152)
Net unrealized appreciation, derivatives	$ 3	$ (1)	$ 2
Net translation of foreign currencies	$ (6)	$ 1	$ (5)
Minimum pension liability adjustment	$ (45)	$ 15	$ (30)

NOTE 14 - SEGMENT INFORMATION

Operating segments generally reflect groups of related products, but the International segment is generally based on geography. In accordance with accounting principles generally accepted in the United States of America, operating segments that do not require separate disclosure may be combined. CIGNA measures the financial results of its segments using “segment earnings (loss)” which is defined as income (loss) from continuing operations excluding after-tax realized investment gains (losses).

Summarized segment financial information was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees and other revenues				
Health Care	$ 2,815	$ 2,783	$ 8,288	$ 8,352
Disability and Life	566	557	1,691	1,667

International		388		316		1,118		920
Run-off Retirement		5		13		18		338
Run-off Reinsurance		(16)		(25)		(7)		37
Other Operations		47		47		149		165
Corporate		(12)		(12)		(37)		(28)
Total	$	3,793	$	3,679	$	11,220	$	11,451
Income (loss) from continuing operations								
Health Care	$	177	$	164	$	492	$	528
Disability and Life		58		57		180		175
International		31		24		104		86
Run-off Retirement		5		2		10		200
Run-off Reinsurance		(6)		(3)		(22)		(29)
Other Operations		25		25		71		95
Corporate		(22)		(16)		(39)		(7)
Segment earnings		268		253		796		1,048
Realized investment gains, net of taxes		34		6		131		18
Income from continuing operations	$	302	$	259	$	927	$	1,066

NOTE 15 - CONTINGENCIES AND OTHER MATTERS

CIGNA, through its subsidiaries, is contingently liable for various financial guarantees provided in the ordinary course of business.

Financial Guarantees primarily associated with the Sold Retirement Benefits Business

Separate account assets, primarily associated with the sold retirement benefits business, are contractholder funds maintained in accounts with specific investment objectives. CIGNA records separate account liabilities equal to separate account assets. In certain cases, CIGNA guarantees a minimum level of benefits for retirement and insurance contracts written in separate accounts. CIGNA establishes an additional liability if management believes that CIGNA will be required to make a payment under these guarantees. Except as noted below, these guarantees are fully reinsured by an affiliate of the buyer of the retirement benefits business:

- CIGNA guarantees that separate account assets will be sufficient to pay certain retiree or life benefits. The sponsoring employers are primarily responsible for ensuring that assets are sufficient to pay these benefits and are required to maintain assets that exceed a certain percentage of benefit obligations. This percentage varies depending on the asset class within a sponsoring employer's portfolio (for example, a bond fund would require a lower percentage than a riskier equity fund) and thus will vary as the composition of the portfolio changes. If employers do not maintain the required levels of separate account assets, CIGNA or an affiliate of the buyer has the right to redirect the management of the related assets to provide for benefit payments. As of September 30, 2006, employers maintained assets that exceeded the benefit obligations. Benefit obligations under these arrangements were $2.0 billion as of September 30, 2006. As of September 30, 2006, approximately 80% of these guarantees are reinsured by an affiliate of the buyer of the retirement benefits business. There were no additional liabilities required for these guarantees as of September 30, 2006.

- CIGNA guarantees that separate account assets, primarily fixed income investments, will be sufficient to pay retiree benefits for participants under a certain group annuity contract. These guarantees are fully reinsured by an affiliate of the buyer of the retirement benefits business. These guaranteed benefit obligations were $31 million as of September 30, 2006. CIGNA had no additional liabilities for these guarantees as of September 30, 2006.

Other Financial Guarantees

CIGNA had indemnification obligations to lenders up to $273 million as of September 30, 2006 related to borrowings by certain real estate joint ventures which CIGNA either records as an investment or consolidates. These borrowings, which are nonrecourse to CIGNA, are secured by the joint ventures' real estate properties with fair values in excess of the loan amounts and mature at various dates beginning in the fourth quarter of 2006 through 2017. CIGNA's indemnification obligations would require payment to lenders for any actual damages resulting from certain acts such as unauthorized ownership transfers, misappropriation of rental payments by others or environmental damages. Based on initial and ongoing reviews of property management and operations, CIGNA does not expect that payments will be required under these indemnification obligations. Any payments that might be required could be recovered through a refinancing or sale of the assets. In some cases, CIGNA also has recourse to partners for their proportionate share of amounts paid. There were no liabilities required for these indemnification obligations as of September 30, 2006.

As of September 30, 2006, CIGNA guaranteed that it would compensate the lessor for a shortfall of up to $49 million in the market value of leased equipment at the end of the lease. Guarantees of $21 million expire at the end of 2006 and $28 million expire in 2012. CIGNA had additional liabilities for these guarantees of $2 million as of September 30, 2006.

CIGNA guaranteed construction loans of $21 million as of September 30, 2006 related to real estate joint venture investments. The loans are secured by joint venture real estate property with fair values in excess of the loan amounts and mature by 2008, including extension options. CIGNA would be required to repay the construction loans if permanent financing could not be obtained. There were no liabilities required for these guarantees as of September 30, 2006.

CIGNA had indemnification obligations as of September 30, 2006 in connection with acquisition and disposition transactions. These indemnification obligations are triggered by the breach of representations or covenants provided by CIGNA, such as representations for the presentation of financial statements, the filing of tax returns, compliance with law or the identification of outstanding litigation. These obligations are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential amount due is subject to contractual limitations based on a percentage of the transaction purchase price, while in other cases limitations are not specified or applicable. CIGNA does not believe that it is possible to determine the maximum potential amount due under these obligations, since

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not all amounts due under these indemnification obligations are subject to limitation. There were no liabilities required for these guarantees as of September 30, 2006.

CIGNA does not expect that these guarantees will have a material adverse effect on CIGNA's consolidated results of operations, liquidity or financial condition.

Guaranteed minimum income benefit contracts. CIGNA's reinsurance operations, which were discontinued in 2000 and are now an inactive business in run-off mode, reinsured variable annuity contracts that provide annuitants with certain guarantees related to minimum income benefits. When annuitants elect to receive these minimum income benefits, CIGNA may be required to make payments based on changes in underlying mutual fund values and interest rates.

CIGNA estimates the fair value of the assets and liabilities associated with these contracts using assumptions as to market returns, volatility of the underlying equity and bond mutual fund investments, interest rates, mortality, lapse, credit risk and annuity election rates.

CIGNA regularly evaluates the assumptions used in establishing these assets and liabilities and changes its estimates if actual experience or other evidence suggests that earlier assumptions should be revised. CIGNA describes these assumptions and provides an estimate of the effects of the hypothetical changes in those assumptions on page 27 of CIGNA's 2005 Annual Report to Shareholders. If actual experience differs from the assumptions used in estimating these assets and liabilities, the resulting change could have a material adverse effect on CIGNA's consolidated results of operations, and in certain situations, could have a material adverse effect on CIGNA's financial condition.

The following provides information about the assumptions used in calculating the assets and liabilities for guaranteed minimum income benefits:

- These liabilities represent estimates of the present value of net amounts expected to be paid, less the present value of net future premiums expected to be received. Included in net amounts expected to be paid is the excess of the expected value of the income benefits over the values of the annuitant's accounts at the time of annuitization. The assets associated with these contracts represent receivables in connection with reinsurance that CIGNA has purchased from third parties (see below).
- The market return assumption is 8-12% varying by equity fund type; 6-9% varying by bond fund type; and 5-6% for money market funds.
- The volatility assumption is 14-24%, varying by equity fund type; 6-7%, varying by bond fund type; and 2-3% for money market funds.
- The discount rate is 5.75%.
- The projected interest rate used to calculate the reinsured income benefits at the time of annuitization varies by economic scenario, reflects interest rates as of the valuation date, and has a long-term mean rate of 5-6% and a standard deviation of 12-13%.
- The mortality assumption is 70% of the 1994 Group Annuity Mortality table, with 1% annual improvement beginning January 1, 2000.
- The lapse rate assumption is 3-12%, depending on policy duration.
- The annuity election rate assumption is that no more than 5% of the policies eligible to annuitize their variable annuity contracts will do so each year.

CIGNA is required to disclose the maximum potential undiscounted future payments for guarantees related to minimum income benefits using hypothetical adverse assumptions, defined as follows:

- No annuitants surrendered their accounts; and
- All annuitants lived to elect their benefit; and

- All annuitants elected to receive their benefit on the next available date (2006 through 2014); and
- All underlying mutual fund investment values remained at the September 30, 2006 value of $3.2 billion, with no future returns.

The maximum potential undiscounted payments that CIGNA would make under those assumptions would aggregate $1.0 billion before reinsurance recoveries. CIGNA believes the likelihood of such payment is remote and expects the amount of actual payments to be significantly less than this hypothetical undiscounted aggregate amount. CIGNA has purchased reinsurance from third parties which covers 55% of the exposures on these contracts.

As of September 30, 2006, CIGNA had liabilities of $98 million related to these contracts and net amounts recoverable from reinsurers of $55 million. CIGNA had an additional liability of $47 million associated with the cost of reinsurance as of September 30, 2006. As of December 31, 2005, CIGNA had liabilities of $88 million related to these contracts and net amounts recoverable from reinsurers of $48 million. CIGNA had an additional liability of $49 million associated with the cost of reinsurance as of December 31, 2005. Management believes the current assumptions used to estimate reserves for these liabilities are appropriate.

Regulatory and Industry Developments

Employee benefits regulation. The business of administering and insuring employee benefit programs, particularly health care programs, is heavily regulated by federal and state laws and administrative agencies, such as state departments of insurance and the federal Departments of Labor and Justice, as well as the courts. Regulation and judicial decisions have resulted in changes to industry and CIGNA’s business practices and will continue to do so in the future. In addition, CIGNA's subsidiaries are routinely involved with various claims, lawsuits and regulatory and IRS audits and investigations that could result in financial liability, changes in business practices, or both. Health care regulation in its various forms could have an adverse effect on CIGNA's health care operations if it inhibits CIGNA's ability to respond to market demands or results in increased medical or administrative costs without improving the quality of care or services.

Other possible regulatory changes that could have an adverse effect on CIGNA’s employee benefits businesses include:

- additional mandated benefits or services that increase costs;
- legislation that would grant plan participants broader rights to sue their health plans;
- changes in ERISA regulations resulting in increased administrative burdens and costs;
- additional restrictions on the use of prescription drug formularies and pending purported class action litigation, which could result in adjustments to or the elimination of the average wholesale price or “AWP” of pharmaceutical products as a benchmark in establishing certain rates, charges, discounts, guarantees and fees for various prescription drugs;
- additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease and disability management;
- additional variations among state laws mandating the time periods and administrative processes for payment of health care provider claims;
- legislation that would exempt independent physicians from antitrust laws; and
- changes in federal tax laws, such as amendments that could affect the taxation of employer provided benefits.

The employee benefits industry remains under scrutiny by various state and federal government agencies and could be subject to government efforts to bring criminal actions in circumstances that could previously have given rise only to civil or administrative proceedings.

Tax benefits for corporate life insurance. Federal legislation in 1996 eliminated on a prospective basis the tax deductibility of policy loan interest for most leveraged corporate life insurance products, and an IRS initiative in 2001 encouraged policyholders to settle tax disputes regarding these products. As a result, some customers have surrendered their policies and management expects earnings associated with these products to continue to decline.

Concentration of risk. CIGNA’s products in its International segment include coverages for employees and individuals who may be exposed to acts of terrorism, the events of a war zone or natural disasters. These risks could result in a concentration of loss if a single adverse event affected many covered individuals and, in certain situations, could lead to losses that could be material to earnings for the International segment and to CIGNA's consolidated results.

South Korea represents the single largest geographic market for CIGNA's international businesses. South Korea generated 29% of International revenues for the third quarter and nine months of 2006. South Korea generated 34% of segment earnings for the third quarter and 39% for the nine months of 2006. International’s business in South Korea would be vulnerable to adverse consumer credit and geopolitical conditions in that country.

Litigation and Other Legal Matters

In 2004, a Florida federal court handling multi-district health care litigation against CIGNA and several health care industry competitors approved a settlement agreement between the physician class and CIGNA. A dispute over disallowed claims under the settlement submitted by a representative of certain class member physicians is proceeding to arbitration. In April 2005, the court approved a settlement between CIGNA and the remaining plaintiffs, a class of non-physician health care professionals.

Various regulators, including the New York and Connecticut Attorneys General and the Florida Office of Insurance Regulation, have been investigating insurance broker compensation. Some regulators have brought suit against certain insurance brokers, including Universal Life Resources (ULR), alleging, among other things, that these brokers sought rigged bids from, and steered business to, insurers with whom they had contingent compensation arrangements. Some of CIGNA’s subsidiaries are included in one such lawsuit seeking injunctive relief against these contingent compensation practices. CIGNA is also providing information about ULR in connection with investigations by the U.S. Attorney’s Office for the Southern District of California and the San Diego District Attorney. In addition, CIGNA is providing information about another broker to the U.S. Department of Labor. CIGNA is cooperating with the inquiries and investigations by regulators and the U.S. Attorney’s Office.

Separately, several purported class action lawsuits have been filed against brokers and insurance companies, including certain of CIGNA’s subsidiaries, asserting that contingent commissions are unlawful. These suits are now procedurally consolidated in a multi-district litigation proceeding in federal court in New Jersey. Additionally, a separate action brought by individual plaintiffs on their own behalf has been conditionally transferred into that litigation. CIGNA denies the allegations and will vigorously defend itself in these cases. The parties are currently engaged in discovery.

A purported class action lawsuit and a shareholder derivative lawsuit, both originating in 2002, against CIGNA and certain of its senior officers and directors allege securities law violations and breach of fiduciary duty. The judge handling these cases has ordered the parties to participate in mediation, which is scheduled to occur on November 14-15, 2006. Currently the parties are concluding expert discovery. If mediation is unsuccessful, and the case is not otherwise resolved, the case is expected to enter the trial pool no sooner than March 1, 2007.

Plaintiffs representing CIGNA Pension Plan participants affected by the 1998 conversion to a cash balance formula filed a class action lawsuit against CIGNA and the CIGNA Pension Plan in December 2001. The plaintiffs allege various ERISA violations including, among other things, that the Plan’s cash balance formula discriminates against older employees; the conversion resulted in a wear away period (during which the pre-conversion accrued benefit exceeded the post-conversion benefit); and these conditions are not adequately disclosed in the Plan. A non-jury trial began on September 11-15, 2006. Due to the court's schedule, the proceedings were adjourned until January 24-30, 2007, when the trial is expected to reconvene.

See "Unicover and other run-off reinsurance" in Note 8 for a description of legal matters arising out of the run-off reinsurance operations.

CIGNA is routinely involved in numerous claims, lawsuits, regulatory and IRS audits, investigations and other legal matters arising, for the most part, in the ordinary course of the business of administering and insuring employee benefit programs. An increasing number of claims are being made for substantial non-economic, extra-contractual or punitive damages. The outcome of litigation and other legal matters is always uncertain, and outcomes that are not justified by the evidence can occur. CIGNA believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to CIGNA's consolidated results of operations, liquidity or financial condition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INDEX

INTRODUCTION

In this filing and in other marketplace communications, CIGNA makes certain forward-looking statements relating to its financial condition and results of operations, as well as to trends and assumptions that may affect CIGNA. Generally, forward-looking statements can be identified through the use of predictive words (e.g., "Outlook for 2006"). Actual results may differ from CIGNA's predictions. Some factors that could cause results to differ are discussed throughout Management's Discussion and Analysis, including in the Cautionary Statement on page 49.

The following discussion addresses the financial condition of CIGNA as of September 30, 2006, compared with December 31, 2005, and its results of operations for the third quarter and nine months ended September 30, 2006, compared with the same periods last year. This discussion should be read in conjunction with Management's Discussion and Analysis included in CIGNA's 2005 Annual Report to Shareholders and Form 10-K, to which the reader is directed for additional information.

The preparation of interim financial statements necessarily relies heavily on estimates. This and certain other factors, such as the seasonal nature of portions of the insurance business as well as competitive and other market conditions, call for caution in estimating full year results based on interim results of operations.

OVERVIEW

CIGNA Corporation's subsidiaries provide health care and related benefits offered through the workplace. Key product lines include medical coverages and related specialty health care products and services such as pharmacy, behavioral health, dental benefits, and disease management as well as group disability, life and accident insurance, and disability and workers' compensation case management and related services. In addition, CIGNA has an international operation that offers products (that are generally similar to those offered domestically) to businesses and individuals in selected markets, and has certain inactive businesses, including a run-off retirement operation and a run-off reinsurance operation.

CIGNA's results are influenced by a range of economic and other factors, including:

- cost trends and inflation levels for medical and related services;
- patterns of utilization of medical and other services;
- employment levels;
- the tort liability system;
- interest rates and equity market returns;
- regulations and tax rules related to the provision and administration of employee benefit plans; and
- initiatives to increase health care regulation.

CIGNA generates revenues, net income and cash flow from operations by maintaining and growing its relationships with employers and consumers, charging prices that reflect emerging experience and investing available cash at attractive rates of return for appropriate durations. CIGNA's ability to increase operating results in terms of growth in revenues, net income and cash flow from operations is directly related to its ability to execute plans that address broad economic factors as well as company-specific drivers.

Key company-specific drivers affecting CIGNA's results include:

- competitiveness of CIGNA's product design and service quality;
- the absolute level of and trends in benefit costs;
- the volume of customers served and the mix of products and services purchased by those customers;
- the ability to price products and services competitively at levels that appropriately account for underlying cost inflation and utilization patterns;
- the relationship between administrative costs and revenue; and
- the ability to execute on key technology initiatives, including successfully managing outsourcing arrangements with vendors, including International Business Machines Corporation (IBM) (see page 46).

CIGNA regularly monitors trends in the above mentioned economic and other factors and the company-specific drivers of operating results. CIGNA develops strategic and tactical plans designed to improve performance and maximize its competitive position in the markets served. CIGNA's ability to achieve its financial objectives is dependent upon its ability to effectively execute these plans and to appropriately respond to emerging economic and company-specific trends.

CIGNA is focused, in particular, on continuing to improve the performance of the health care operations, profitably growing the disability and life insurance and international businesses and managing the risks associated with the run-off reinsurance operations. In the health care operations, CIGNA has initiatives in place to (1) offer products that meet emerging consumer and market trends; (2) strengthen underwriting and pricing effectiveness; (3) improve medical membership results; (4) improve medical cost trends; (5) deliver quality member service; and (6) lower administrative expenses (see pages 35 and 36 for further discussion).

CIGNA believes that the health care business model is changing to one that focuses more directly on the consumer. CIGNA has developed product designs, educational resources and customer support tools with a goal of enabling consumers to make informed choices about their health care, to ultimately improve health outcomes and to reduce costs. These changes in the business model are in the early stages, and CIGNA believes that its capabilities in consumerism, health advocacy and the delivery of useful information position it to meet the emerging trend.

CIGNA's disability and life insurance operations continue to focus on profitable growth with a particular emphasis on middle market disability business. The international business is focused on profitable growth particularly in the life, accident and health insurance and expatriate benefits businesses. In the run-off reinsurance operations, CIGNA maintains a program to reduce the equity market risk associated with its guaranteed minimum death benefit reinsurance exposures. CIGNA is also pursuing the resolution of disputes associated with workers' compensation and other reinsurance contracts through audits of claims from assumed business and managing collections from retrocessionaires (see page 40 for further discussion).

CONSOLIDATED RESULTS OF OPERATIONS

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 3,433	$ 3,381	$ 10,070	$ 10,151
Net investment income	296	334	924	995
Other revenues	360	298	1,150	1,300
Realized investment gains	48	9	198	28
Total revenues	4,137	4,022	12,342	12,474
Benefits and expenses	3,691	3,639	10,960	10,989
Income from continuing operations before taxes	446	383	1,382	1,485
Income taxes	144	124	455	419
Income from continuing operations	302	259	927	1,066
Income (loss) from discontinued operations, net of taxes	(4)	-	(4)	349
Net income	$ 298	$ 259	$ 923	$ 1,415
Realized investment gains, net of taxes	$ 34	$ 6	$ 131	$ 18

CIGNA’s income from continuing operations includes special items, which are summarized below.

Excluding these special items, income from continuing operations for the third quarter and nine months of 2006 reflects solid earnings in the Health Care segment, continued strong disability management results and growth in the international business.

Additionally, income from continuing operations for the nine months of 2006 reflects higher realized investment gains resulting from sales of equity interests in real estate limited liability entities.

In order to facilitate an understanding and comparison of results of operations and permit analysis of trends in underlying revenues, expenses and income from continuing operations, the following table presents special items, which management believes are not representative of the underlying results of operations. There were no special items for the third quarter or nine months of 2006.

SPECIAL ITEMS	Pre-Tax Benefit (Charge)	After-Tax Benefit (Charge)
(In millions)		
Three Months Ended September 30, 2005		
Accelerated recognition of deferred gain on sale of retirement benefits business (page 30)	$ 10	$ 2
Nine Months Ended September 30, 2005		
Accelerated recognition of deferred gain on sale of retirement benefits business (page 30)	$ 315	$ 200
IRS tax settlement (page 30)	6	81
Cost reduction charge (page 31)	(51)	(33)

Charge associated with a modified coinsurance arrangement (page 30)		(12)		(8)
Total	$	258	$	240

Special items are discussed in further detail on the pages noted above.

Outlook for 2006 and 2007

CIGNA expects full year 2006 income from continuing operations, excluding realized investment results and special items, to be lower than the comparable 2005 amount primarily because of the significant amount of favorable prior year claim development recognized in 2005. Excluding the favorable prior year claim development in 2005 and through the nine months of 2006, CIGNA expects full year 2006 income from continuing operations, excluding realized investment results and special items, to be higher than 2005 primarily due to improvement in the health care operations and continued strong results in the disability and life insurance and international businesses. CIGNA's outlook is subject to the factors cited in the Cautionary Statement on page 49.

Information is not available for management to reasonably estimate future realized investment gains (losses) due, in part, to interest rate and stock market volatility and other internal and external factors. Special items for the fourth quarter of 2006 may include:

- potential charges associated with matters in litigation; and
- potential charges associated with cost reduction initiatives.

Other than these items, information is not available for management to identify or reasonably estimate 2006 special items.

CIGNA expects 2007 income from continuing operations, excluding realized investment results and special items, to be modestly higher than the comparable 2006, which includes $43 million of favorable prior year claim development. Excluding the favorable prior year claim development in 2006, CIGNA expects full year 2007 income from continuing operations, excluding realized investment results and special items, to be higher than 2006 primarily due to growth in health care operations and the disability and life insurance and international businesses, somewhat offset by higher corporate expenses.

Critical Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures in the financial statements. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on CIGNA's consolidated results of operations or financial condition.

CIGNA's most critical accounting estimates, as well as the effects of hypothetical changes in material assumptions used to develop each estimate, are described in CIGNA's 2005 Annual Report to Shareholders beginning on page 25 and are as follows:

- future policy benefits - guaranteed minimum death benefits;
- Health Care medical claims payable;
- accounts payable, accrued expenses and other liabilities, and other assets - guaranteed minimum income benefits;
- reinsurance recoverables for Run-off Reinsurance;
- accounts payable, accrued expenses and other liabilities - pension liabilities; and
- investments - recognition of losses from other-than-temporary impairments of public and private placement fixed maturities.

Health Care Medical Claims Payable. Medical claims payable for the Health Care segment include both reported claims and estimates for losses incurred but not yet reported.

CIGNA develops these estimates using actuarial principles and assumptions based on historical and projected claim payment patterns, medical cost trends, which are impacted by the utilization of medical services and the related costs of the services provided (unit costs), benefit design, seasonality, and other relevant operational factors. CIGNA consistently applies these actuarial principles and assumptions each reporting period, with consideration given to the variability of these factors, and recognizes the actuarial best estimate of the ultimate liability within a level of confidence, as required by actuarial standards of practice, which require that the liabilities be adequate under moderately adverse conditions.

CIGNA's estimate of the liability for medical claims incurred but not yet reported is primarily calculated using historical claim payment patterns and expected medical cost trends. CIGNA analyzes the historical claim payment patterns by comparing the dates claims were incurred, generally the dates services were provided, to the dates claims were paid to determine "completion factors", which are a measure of the time to process claims. A completion factor is calculated for each month of incurred claims. CIGNA uses historical completion factors combined with an analysis of current trends and operational factors to develop current estimates of completion factors. CIGNA estimates the ultimate liability for claims incurred in each month by applying the current estimates of completion factors to the current paid claim data. The difference between this estimate of the ultimate liability and the current paid claim data is the estimate of the remaining claims to be paid for each incurral month. These monthly estimates are aggregated and included in CIGNA's health care medical claims payable at the end of each reporting period. Completion factors are used to estimate the health care medical claims payable for all months where claims have not been completely resolved and paid, except for the most recent month as described below.

Completion factors are impacted by several key items including changes in the level of claims processed electronically versus manually (auto-adjudication), changes in provider claims submission rates, membership changes and the mix of products. As noted, CIGNA uses historical completion factors combined with an analysis of current trends and operational factors to develop current estimates of completion factors. This approach implicitly assumes that historical completion rates will be a useful indicator for the current period. It is possible that the actual completion rates for the current period will develop differently from historical patterns, which could have a material impact on CIGNA's medical claims payable and net income.

Claims incurred in the most recent month have limited paid claim data, since a large portion of health care claims are not submitted to CIGNA for payment in the month services have been provided. This makes the completion factor approach less reliable for claims incurred in the most recent month. As a result, in any reporting period, for the estimate of the ultimate claims incurred in the most recent month, CIGNA primarily relies on medical cost trend analysis, which reflects expected claim payment patterns and other relevant operational considerations. Medical cost trend is impacted by several key factors including medical service utilization and unit costs and CIGNA’s ability to manage these factors through benefit design, underwriting, provider contracting and CIGNA's medical management initiatives. These factors are affected by changes in the level and mix of medical benefits offered, including inpatient, outpatient and pharmacy, the impact of copays and deductibles, changes in provider practices and changes in consumer demographics and consumption behavior.

Because historical trend factors are often not representative of current claim trends, the trend experienced for the most recent history along with an analysis of emerging trends, have been taken into consideration in establishing the liability for medical claims payable at September 30, 2006. It is possible that the actual medical trend for the current period will develop differently from the expected, which could have a material impact on CIGNA's medical claims payable and net income.

For each reporting period, CIGNA evaluates key assumptions by comparing the assumptions used in establishing the medical claims payable to actual experience. When actual experience differs from the assumptions used in establishing the liability, medical claims payable are increased or decreased through current period net income. Additionally, CIGNA evaluates expected future developments and emerging trends which may impact key assumptions. The estimation process involves considerable judgment, reflecting the variability inherent in forecasting future claim payments. The adequacy of these estimates is highly sensitive to changes in CIGNA's key assumptions, specifically completion factors, which are impacted by actual or expected changes in the submission and payment of medical claims, and medical cost trends, which are impacted by actual or expected changes in the utilization of medical services and unit costs.

For the nine months ended September 30, 2006, actual experience differed from CIGNA's key assumptions, resulting in favorable incurred claims related to prior years’ medical claims payable of $169 million, or 2.5% of the current year incurred claims as reported for the year ended December 31, 2005. For the year ended December 31, 2005, actual experience differed from CIGNA's key assumptions, resulting in favorable incurred claims related to prior years’ medical claims payable of $326 million, or 4.7% of the current year incurred claims as reported for the year ended December 31, 2004.

Actual completion factors were faster than expected, resulting in a reduction of the medical claims payable of $92 million for the nine months ended September 30, 2006 and $205 million for the year ended December 31, 2005. This reduction

represented 1.4% in 2006 and 3.0% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively, for the insured book of business. The faster completion factors reflected better than expected time to process claims, driven by higher auto-adjudication rates, the impact of claim recoveries and more timely submissions of provider claims.

Actual medical cost trend was lower than estimated, resulting in a reduction of the medical claims payable of $77 million for the nine months ended September 30, 2006 and $121 million for the year ended December 31, 2005. This reduction represented 1.2% in 2006 and 1.7% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively, for the insured book of business. The better than expected medical cost trend was driven by lower inpatient, outpatient and pharmacy service utilization and lower than expected unit cost trends. The lower than expected unit cost trends reflected provider contracting initiatives and the mix of services provided.

The corresponding impact of favorable prior year development on net income was $43 million for the nine months ended September 30, 2006 and $137 million for the year ended December 31, 2005, or 0.6% in 2006 and 2.0% in 2005 of the current year incurred claims as reported for the years ended December 31, 2005 and 2004, respectively. The change in the amount of the incurred claims related to prior years in the medical claims payable liability does not directly correspond to an increase or decrease in CIGNA's net income recognized for the following reasons:

First, due to the nature of CIGNA's retrospectively experience-rated business, only adjustments to medical claims payable on accounts in deficit affect net income. An increase or decrease to medical claims payable on accounts in deficit, in effect, accrue to CIGNA and directly impact net income. An account is in deficit when the accumulated medical costs and administrative charges, including profit charges, exceed the accumulated premium received. Adjustments to medical claims payable on accounts in surplus accrue directly to the policyholder with no impact on net income. An account is in surplus when the accumulated premium received exceeds the accumulated medical costs and administrative charges, including profit charges.

Second, CIGNA consistently recognizes the actuarial best estimate of the ultimate liability within a level of confidence, as required by actuarial standards of practice, which require that the liabilities be adequate under moderately adverse conditions. As CIGNA establishes the liability for each incurral year, CIGNA ensures that its assumptions appropriately consider moderately adverse conditions. When a portion of the development related to the prior year incurred claims is offset by an increase deemed appropriate to address moderately adverse conditions for the current year incurred claims, CIGNA does not consider that offset amount as having any impact on net income.

While the recent variances were 2.5% for the nine months ended September 30, 2006 and 4.7% for the year ended December 31, 2005 related to the impact of the prior year medical claims payable; and 0.6% for the nine months ended September 30, 2006 and 2.0% for the year ended December 31, 2005 related to the impact on net income, CIGNA does not anticipate that the circumstances that led to those recent changes in assumptions are likely to recur in the future. Actions taken over the past several years to significantly improve the time to process claims, which impacts CIGNA's completion factors, and renegotiation of provider contracts, which impacts the unit cost of medical services, have been factored into CIGNA’s current assumptions. Accordingly, CIGNA believes that relative to the health care medical claims payable as of September 30, 2006 based on the current mix of business, the annual impact of each 1% variance between the actual and expected incurred medical on CIGNA’s net income would be approximately $30 million, favorable or unfavorable dependent on the direction of the actual versus expected variance. Based on the current mix of business, CIGNA would reasonably expect the variance between actual and expected incurred medical claims to be within the range of 0% to 2%. This range of claim development could occur with a combination of completion factor variance in the range of 70-140 basis points resulting in an annual impact on incurred claims of between .5% and 1% and 6%-12% variation in monthly medical trends resulting in an annual impact on incurred claims of an additional .5% to 1.0%. These ranges are consistent with the more recent variation in actual completion factors and medical trend assumptions including the impact of recent operational and environmental changes.

See Note 6 to the Financial Statements for additional information.

Summary. In addition, there are other accounting estimates used in the preparation of CIGNA's consolidated financial statements, including estimates of liabilities for future policy benefits other than those identified above, as well as estimates with respect to unpaid claims and claim expenses, post-employment and postretirement benefits other than pensions, certain compensation accruals and income taxes.

Management believes the current assumptions used to estimate amounts reflected in CIGNA's consolidated financial statements are appropriate. However, if actual experience differs from the assumptions used in estimating amounts reflected in CIGNA's consolidated financial statements, the resulting changes could have a material adverse effect on CIGNA's consolidated results of operations, and in certain situations, could have a material adverse effect on liquidity and CIGNA's financial condition.

ACQUISITIONS AND DISPOSITIONS

CIGNA may from time to time acquire or dispose of assets, subsidiaries or lines of business. Significant transactions are described below.

Star HRG Acquisition. On July 11, 2006, CIGNA acquired the operating assets of STAR-HRG, a leading provider of low cost health plans and other employee benefits coverage for hourly and part-time workers and their families, for $156 million, including assumed liabilities. The acquisition was accounted for as a purchase, and was financed through the issuance of a note payable to the sellers (see Note 12). The purchase price was allocated as follows: $57 million to identifiable intangible assets and the remaining $99 million to goodwill.

Intangible assets (primarily customer lists, software and trademarks) associated with the acquisition are being amortized on a straight-line basis over periods from 3 to 10 years.

The results of Star-HRG are included in the accompanying consolidated financial statements from the date of the acquisition.

Sale of the Brazilian Life Insurance Operations. In the third quarter of 2006, CIGNA entered into negotiations to sell its Brazilian life insurance business. The sale is expected to close within a year and as a result, CIGNA has classified this business as a discontinued operation. CIGNA recognized an impairment loss with respect to this business of $16 million after-tax, primarily related to the write-off of unrecoverable foreign tax credits and foreign currency translation losses.

Sale of Retirement Benefits Business. On April 1, 2004, CIGNA sold its retirement benefits business, excluding the corporate life insurance business, for cash proceeds of $2.1 billion. The sale resulted in an initial after-tax gain of $809 million, of which $267 million after-tax was recognized immediately. The after-tax gain was subsequently reduced by $3 million to reflect additional taxes on the sale. In the second quarter of 2006, the after-tax gain increased by $12 million resulting from the conversion of the single premium annuity business to indemnity coinsurance (see below). Both of these adjustments are reflected in the deferred portion of the gain.

As this transaction was primarily in the form of a reinsurance arrangement under which CIGNA retains the contractual obligation to pay these liabilities, $542 million of the initial after-tax gain was deferred. Subsequent to the original reinsurance transaction, the buyer of the retirement benefits business has entered into agreements with most of the insured parties relieving CIGNA of any remaining contractual obligation to those parties (novation). Additional such agreements are expected.

The deferred gain is amortized at the rate at which earnings from the sold business would have been expected to emerge (primarily 15 years on a declining basis) until CIGNA is relieved of any remaining contractual obligation. At the time of novation, CIGNA accelerates amortization of a portion of the deferred gain and also reduces the associated contractholder deposit funds, future policy benefits, reinsurance recoverables and separate account balances. As of September 30, 2006, the remaining contractholder deposit funds and future policy benefits associated with the sold retirement benefits business totaled $2.4 billion. See Note 8 to the Financial Statements for additional information on reinsurance recoverables associated with the sale of the retirement benefits business.

CIGNA recognized deferred gain amortization in other revenues in the Run-off Retirement segment as follows:

(In millions)	Pre-Tax	After-Tax
Three Months Ended September 30,		
2006		
Accelerated deferred gain amortization	$ 2	$ 1
Normal deferred gain amortization	$ 2	$ 1
2005		
Accelerated deferred gain amortization	$ 10	$ 2
Normal deferred gain amortization	$ 3	$ 2
Nine Months Ended September 30,		
2006		
Accelerated deferred gain amortization	$ 8	$ 7
Normal deferred gain amortization	$ 8	$ 5
2005		
Accelerated deferred gain amortization	$ 315	$ 200
Normal deferred gain amortization	$ 21	$ 14

For the third quarter and nine months of 2006, accelerated deferred gain amortization was not reported as a special item. The remaining pre-tax deferred gain as of September 30, 2006 was $67 million.

In 2005, in connection with a modified coinsurance arrangement, CIGNA received units of the buyer’s separate accounts and continues to carry those units as separate account assets on its balance sheet for the business not yet directly assumed by the buyer. At September 30, 2006, there were approximately $3.2 billion of separate account assets and liabilities associated with this business not yet directly assumed by the buyer.

From April 1, 2004 through March 31, 2006, CIGNA had a modified coinsurance arrangement relating to the single premium annuity business sold to the buyer. Under the arrangement, CIGNA retained the invested assets supporting the reinsured liabilities. These invested assets were held in a business trust established by CIGNA. During the first quarter of 2005, CIGNA recorded in other operating expenses a pre-tax charge of $12 million ($8 million after-tax) to offset realized investment results. This charge had no effect on CIGNA's net income.

Effective April 1, 2006, the buyer converted this modified coinsurance arrangement to an indemnity reinsurance structure and took ownership of the trust assets. CIGNA transferred invested assets to the buyer and recorded a reinsurance recoverable of approximately $1.6 billion in the second quarter of 2006, which corresponds to the liabilities for the single premium annuity business held by CIGNA as of March 31, 2006. As a result of the conversion to indemnity coinsurance, CIGNA increased the pre-tax deferred gain by approximately $17 million ($12 million after-tax). The additional deferred gain will be amortized on the same basis as the original deferred gain.

OTHER MATTERS

Income Taxes

During the second quarter of 2005, the Congressional Joint Committee on Taxation approved CIGNA's refund claim relating to a tax loss incurred from the sale of a business in 1999 and the completion of the IRS audit for 2000-2002. Pursuant to this approval, CIGNA recorded total tax benefits of $437 million, including $7 million recorded in the third quarter of 2005, consisting of:

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$287 million resulting from capital losses realized in connection with the divestiture of the property and casualty insurance operations in 1999, which is included in income from discontinued operations; and

- $150 million resulting primarily from the release of tax reserves and valuation allowances of which:
- $88 million (of which $81 million is reported as a special item) is reported in the International segment, Other Operations and Corporate as income from continuing operations. This amount includes $4 million of interest income; and
- $62 million relates to the divestiture of CIGNA's Brazilian health care business, which is included in income from discontinued operations.

In October 2005, CIGNA recovered approximately $220 million in net cash relating to its refund claim and the settlement of audit issues.

Cost Reduction Program

First quarter 2005 program. In the first quarter of 2005, CIGNA implemented a plan to further streamline operations in the health care business and in supporting areas. As a result, CIGNA recognized in other operating expenses a total pre-tax charge of $51 million ($33 million after-tax) for severance costs during the first quarter of 2005. The table below quantifies CIGNA's cost reduction activity (pre-tax) for severance under this program:

(In millions)	Health Care	Corporate	Total
Balance as of December 31, 2005	$ 6	$ 13	$ 19
First quarter 2006 activity	(5)	(3)	(8)
Balance as of March 31, 2006	1	10	11
Second quarter 2006 activity	-	(5)	(5)
Balance as of June 30, 2006	1	5	6
Third quarter 2006 activity	(1)	-	(1)
Balance as of September 30, 2006	$ -	$ 5	$ 5

CIGNA substantially completed this program during the second quarter of 2006 and estimates annualized after-tax savings to be approximately $65 million.

Minimum Pension Liability

Through the nine months of 2006, CIGNA's minimum pension liability increased primarily due to the annual update of plan census data. This resulted in a decrease to shareholder's equity of $9 million after-tax. Through the nine months of 2005, CIGNA recorded a similar charge, which resulted in a decrease to shareholder's equity of $30 million after-tax.

Regulatory and Industry Developments

Employee benefits regulation. The business of administering and insuring employee benefit programs, particularly health care programs, is heavily regulated by federal and state laws and administrative agencies, such as state departments of insurance and the federal Departments of Labor and Justice, as well as the courts. Regulation and judicial decisions have resulted in changes to industry and CIGNA's business practices and will continue to do so in the future. In addition, CIGNA's subsidiaries are routinely involved with various claims, lawsuits and regulatory and IRS audits and investigations that could result in financial liability, changes in business practices, or both. Health care regulation in its various forms could have an adverse effect on CIGNA's health care operations if it inhibits CIGNA's ability to respond to market demands or results in increased medical or administrative costs without improving the quality of care or services.

Other possible regulatory changes that could have an adverse effect on CIGNA's employee benefits businesses include:

- additional mandated benefits or services that increase costs;
- legislation that would grant plan participants broader rights to sue their health plans;
- changes in ERISA regulations resulting in increased administrative burdens and costs;
- additional restrictions on the use of prescription drug formularies and pending purported class action litigation, which could result in adjustments to or the elimination of the average wholesale price or "AWP" of pharmaceutical products as a benchmark in establishing certain rates, charges, discounts, guarantees and fees for various prescription drugs;
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additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease and disability management;

- additional variations among state laws mandating the time periods and administrative processes for payment of health care provider claims;
- legislation that would exempt independent physicians from antitrust laws; and

· changes in federal tax laws, such as amendments that could affect the taxation of employer provided benefits.

The employee benefits industry remains under scrutiny by various state and federal government agencies and could be subject to government efforts to bring criminal actions in circumstances that could previously have given rise only to civil or administrative proceedings.

***Litigation and other legal matters*.** In 2004, a Florida federal court handling multi-district health care litigation against CIGNA and several health care industry competitors approved a settlement agreement between the physician class and CIGNA. A dispute over disallowed claims under the settlement submitted by a representative of certain class member physicians is proceeding to arbitration. In April 2005, the court approved a settlement between CIGNA and the remaining plaintiffs, a class of non-physician health care professionals.

Various regulators, including the New York and Connecticut Attorneys General and the Florida Office of Insurance Regulation, have been investigating insurance broker compensation. Some regulators have brought suit against certain insurance brokers, including Universal Life Resources (ULR), alleging, among other things, that these brokers sought rigged bids from, and steered business to, insurers with whom they had contingent compensation arrangements. Some of CIGNA's subsidiaries are included in one such lawsuit seeking injunctive relief against these contingent compensation practices. CIGNA is also providing information about ULR in connection with investigations by the U.S. Attorney's Office for the Southern District of California and the San Diego District Attorney. In addition, CIGNA is providing information about another broker to the U.S. Department of Labor. CIGNA is cooperating with the inquiries and investigations by regulators and the U.S. Attorney's Office.

Separately, several purported class action lawsuits have been filed against brokers and insurance companies, including certain of CIGNA's subsidiaries, asserting that contingent commissions are unlawful. These suits are now procedurally consolidated in a multi-district litigation proceeding in federal court in New Jersey. Additionally, a separate action brought by individual plaintiffs on their own behalf has been conditionally transferred into that litigation. CIGNA denies the allegations and will vigorously defend itself in these cases. The parties are currently engaged in discovery.

A purported class action lawsuit and a shareholder derivative lawsuit, both originating in 2002, against CIGNA and certain of its senior officers and directors allege securities law violations and breach of fiduciary duty. The judge handling these cases has ordered the parties to participate in mediation, which is scheduled to occur on November 14-15, 2006. Currently the parties are concluding expert discovery. If mediation is unsuccessful, and the case is not otherwise resolved, the case is expected to enter the trial pool no sooner than March 1, 2007.

Plaintiffs representing CIGNA Pension Plan participants affected by the 1998 conversion to a cash balance formula filed a class action lawsuit against CIGNA and the CIGNA Pension Plan in December 2001. The plaintiffs allege various ERISA violations including, among other things, that the Plan's cash balance formula discriminates against older employees; the conversion resulted in a wear away period (during which the pre-conversion accrued benefit exceeded the post-conversion benefit); and these conditions are not adequately disclosed in the Plan. A non-jury trial began on September 11-15, 2006. Due to the court's schedule, the proceedings were adjourned until January 24-30, 2007, when the trial is expected to reconvene.

See "Unicover and other run-off reinsurance" on page 40 for a description of legal matters arising out of the run-off reinsurance operations.

CIGNA is routinely involved in numerous claims, lawsuits, regulatory and IRS audits, investigations and other legal matters arising, for the most part, in the ordinary course of the business of administering and insuring employee benefit programs. An increasing number of claims are being made for substantial non-economic, extra-contractual or punitive damages. The outcome of litigation and other legal matters is always uncertain, and outcomes that are not justified by the evidence can occur. CIGNA believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to CIGNA's consolidated results of operations, liquidity or financial condition.

Summary. The eventual effect on CIGNA of the changing environment in which it operates remains uncertain. For additional information on contingencies that could affect CIGNA's results, see Note 15 to the Financial Statements.

Accounting Pronouncements

For information on recent accounting pronouncements, see Note 2 to the Financial Statements.

Segment Reporting

Operating segments generally reflect groups of related products, but the International segment is generally based on geography. CIGNA measures the financial results of its segments using "segment earnings (loss)," which is defined as income (loss) from continuing operations excluding after-tax realized investment gains (losses).

HEALTH CARE

FINANCIAL SUMMARY	Three Months Ended September 30,				Nine Months Ended September 30,			
(In millions)	2006		2005		2006		2005	
Premiums and fees	$	2,474	$	2,513	$	7,253	$	7,556
Net investment income		68		68		206		201
Other revenues		341		270		1,035		796
Segment revenues		2,883		2,851		8,494		8,553
Benefits and expenses		2,612		2,598		7,739		7,746
Income before taxes		271		253		755		807
Income taxes		94		89		263		279
Segment earnings	$	177	$	164	$	492	$	528
Realized investment gains, net of taxes	$	26	$	3	$	98	$	6
Special item (after-tax) included in segment earnings:								
Cost reduction charge	$	-	$	-	$	-	$	(14)

The Health Care segment provides health care and related products and services. Key product lines include medical coverages and related specialty health care products and services such as pharmacy, behavioral health, dental benefits and disease management. This segment also includes group disability and life insurance products that were historically sold in connection with certain experience-rated medical accounts and continue to be managed by the health care business.

These product lines are offered through guaranteed cost, retrospectively experience-rated and service only funding arrangements. For a description of funding arrangements, see page 7 of CIGNA's 2005 Form 10-K.

Results

Segment earnings include favorable after-tax prior year claim development of $11 million for the third quarter and $43 million for the nine months of 2006, compared with $25 million for the third quarter and $126 million for the nine months of 2005. Favorable prior year claim development in both 2006 and 2005 is primarily due to:

- higher than expected completion factors reflecting better than expected time to process claims driven by higher auto-adjudication rates and more timely submission of provider claims; and
- lower than expected medical cost trends driven by lower inpatient, outpatient and pharmacy service utilization and lower than expected unit cost trends due to provider contracting initiatives and the mix of services provided.

Excluding prior year claim development, segment earnings for the third quarter of 2006 are higher than prior year reflecting higher service results driven by increased specialty contribution and earnings in the Medicare Part D program, partially offset by lower experienced-rated earnings primarily due to lower membership and margins.

Excluding prior year claim development and the special item in 2005 noted in the table above, segment earnings for the nine months of 2006 are higher than prior year reflecting higher service results driven by increased specialty contribution, lower operating expenses excluding pharmacy, disease management, Medicare Part D and the voluntary/limited benefits businesses, partially offset by lower results in the guaranteed cost business due to lower pricing yields and losses in the Medicare Part D program.

Premiums and Fees

Premiums and fees reflect lower premiums resulting from the loss in the first quarter of 2006 of a large prescription drug contract ($276 million for the third quarter and $833 million for the nine months of 2006) in the experience-rated business. Excluding this loss, premiums and fees increased by 11% for the third quarter and 8% for the nine months of 2006 primarily due to increased guaranteed cost membership and rate increases.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Medical:				
Commercial HMO	$ 710	$ 655	$ 2,054	$ 1,976
Other Guaranteed Cost	250	123	652	327
Voluntary/limited benefits	35	-	35	-
Experience-rated medical	424	694	1,315	2,071
Dental	194	222	582	672
Medicare	83	73	243	213
Medicare Part D	57	-	167	-
Other Medical [1]	231	226	690	697
Total medical	1,984	1,993	5,738	5,956
Life and other non-medical	45	102	211	310
Total premiums	2,029	2,095	5,949	6,266
Fees	445	418	1,304	1,290
Total premiums and fees	$ 2,474	$ 2,513	$ 7,253	$ 7,556

[1] Other medical premiums include risk revenue for stop loss and specialty products.

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Benefits and Expenses

Health Care segment benefits and expenses consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Medical claims expense	$ 1,595	$ 1,579	$ 4,536	$ 4,633
Other benefit expenses	13	85	173	276
Other operating expenses	1,004	934	3,030	2,837
Total benefits and expenses	$ 2,612	$ 2,598	$ 7,739	$ 7,746

Other operating expenses for the third quarter and nine months of 2006 reflect increases related to the pharmacy, disease management, Medicare Part D and the voluntary/limited benefits businesses.

Excluding these items, other operating expenses for the third quarter and nine months of 2006 decreased primarily due to cost reduction initiatives.

Medical Membership

CIGNA's medical membership includes any individual for whom CIGNA retains medical underwriting risk, who uses a CIGNA network for services covered under their medical coverage or for whom CIGNA administers medical claims. As of September 30, estimated medical membership was as follows:

(In thousands)	2006	2005
Guaranteed cost:		
Commercial HMO	785	801
Medicare and Medicaid	32	32
Other	325	194
Total guaranteed cost excluding voluntary/limited benefits	1,142	1,027
Voluntary/limited benefits	166	-
Total guaranteed cost	1,308	1,027
Experience-rated[1]	931	1,155
Service	7,082	6,884
Total medical membership	9,321	9,066

[1] Includes minimum premium members, which have a risk profile similar to experience-rated funding arrangements. The risk portion of minimum premium revenue is reported in experience-rated medical premium whereas the self funding portion of minimum premium revenue is recorded in fees.

As of September 30, 2006, CIGNA's medical membership includes 166,000 members who have voluntary or other limited health care benefits coverage as a result of the Star HRG acquisition completed in July 2006.

In 2006, approximately 54,000 health care members in Tucson, Arizona were transitioned to CIGNA as the result of a Department of Justice requirement to divest certain contracts in connection with the merger of two health care industry competitors. Initially, CIGNA will serve as a reinsurer and, at the time of renewal, will work toward underwriting these customers directly on CIGNA contracts. Given the unique nature of this transaction, CIGNA will not include these members in its reported medical membership until such customers renew on CIGNA contracts.

In the first quarter of 2006, approximately 84,000 members were reclassified from experience-rated to service. This change had no impact on reported revenues or segment earnings.

Operational Improvement

CIGNA continues to focus on improving operational effectiveness and the financial results of its health care operations. Key areas of focus are:

- offering products that meet emerging market and consumer trends;
- strengthening underwriting and pricing effectiveness;
- improving medical membership results;
- improving medical cost trends;
- continuing to deliver quality member service; and
- lowering administrative expenses.

Offering products that meet emerging trends.
CIGNA offers the CIGNA Choice Fund^{SM}, which is a set of consumer-directed capabilities that includes options for health reimbursement arrangements and/or health savings accounts and enables consumers to make effective health decisions using information tools provided by CIGNA. During 2005, CIGNA acquired Choicelinx, a benefits technology and services company. This acquisition adds new technology capabilities for offering

personalized health care products and decision support tools to consumers. The CIGNATURE^{SM} suite of products allows employers to choose the funding arrangement that is appropriate for the employer and level of medical management that is appropriate for their employee population.

Also in 2005, CIGNA announced its strategic alliance with NationsHealth, Inc. (a distribution and services company) to jointly deliver Medicare Part D prescription drug plans.

In July 2006, CIGNA acquired Star HRG, a leading provider of low cost health plans and other employee benefits coverage for hourly and part-time workers and their families. This acquisition complements CIGNA's existing product portfolio by giving CIGNA the capability to offer voluntary health insurance coverage.

Strengthening underwriting and pricing effectiveness. One of CIGNA's key priorities is to achieve strong profitability in a competitive health care market. CIGNA is focused on effectively managing pricing and underwriting decisions at the case level and for the overall book of business, particularly for the guaranteed cost business.

Improving medical membership results. CIGNA is working to improve medical membership with:

- a diverse product portfolio that meets emerging consumer-directed trends;
- consistent and responsive member service delivery;
- competitive provider networks; and
- strong clinical quality in medical, specialty health care and disability management;

and by continuing to implement the other operational improvements described below. CIGNA continues to form strategic alliances with regional health care companies, most recently with New York-based MVP Health Care/Preferred Care in September 2006 and with Minnesota-based HealthPartners in April 2006. Also, in 2005, CIGNA acquired Managed Care Consultants of Nevada. These strategic actions are designed to:

- strengthen CIGNA's national provider network;
- enhance CIGNA's ability to provide superior medical and disease management programs;
- provide administrative ease for multi-state employers; and
- grow membership in key geographic areas, as well as provide a basis for lowering medical costs.

CIGNA believes that its medical management model, focus on clinical quality and ability to integrate health and related benefit solutions position the company to improve membership results.

Improving medical cost trend. CIGNA operates under a centralized medical management model, which helps facilitate consistent levels of care for its members and reduce infrastructure expenses.

CIGNA is focused on improving its medical cost trend by managing unit medical costs more effectively. To help achieve this end, CIGNA continues to focus on renegotiating contracts with certain facilities to limit increases in medical reimbursement costs. In addition, CIGNA seeks to strengthen its network position in selected markets and may pursue additional acquisitions and strategic alliances.

Continuing to deliver quality member and provider service. CIGNA continues to deliver competitive service to members, providers and customers. CIGNA believes that quality service can help motivate members to become more engaged in their personal health, which will promote healthy outcomes and remove cost from the system.

Lowering administrative expenses. Early in 2005, CIGNA took additional steps to realign its organization and consolidate support functions in an effort to increase efficiency and responsiveness to customers. Reducing costs and operating more efficiently are components of CIGNA's plan to improve profitability. CIGNA continues to perform operational reviews in order to identify additional cost savings.

DISABILITY AND LIFE

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 528	$ 508	$ 1,562	$ 1,517
Net investment income	65	67	195	199
Other revenues	38	49	129	150
Segment revenues	631	624	1,886	1,866
Benefits and expenses	551	544	1,638	1,620
Income before taxes	80	80	248	246
Income taxes	22	23	68	71
Segment earnings	$ 58	$ 57	$ 180	$ 175
Realized investment gains, net of taxes	$ -	$ 1	$ 4	$ 3

The Disability and Life segment includes group:

- disability insurance;
- disability and workers' compensation case management;
- life insurance; and
- accident and specialty association insurance.

Results

Disability and Life segment earnings for the third quarter of 2006 reflect the favorable after-tax impact of reserve reviews of $12 million. Excluding the impact of reserve reviews, segment earnings for the third quarter reflect continued strong disability management results and less favorable mortality experience in the life and accident insurance businesses.

Disability and life earnings for the nine months of 2006 reflect the favorable after-tax impact of $18 million related to reserve reviews, partially offset by severance charges. Excluding these items, segment earnings for the nine months of 2006 declined primarily reflecting higher operating expenses, partially offset by continued strong disability management results.

Premiums and Fees

Premiums and fees reflect new business growth and strong customer retention in both the life and disability insurance businesses.

INTERNATIONAL

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 388	$ 316	$ 1,117	$ 923
Net investment income	22	18	59	50

Other revenues	-	-	1	(3)
Segment revenues	410	334	1,177	970
Benefits and expenses	361	298	1,016	858
Income before taxes	49	36	161	112
Income taxes	18	12	57	26
Segment earnings	$ 31	$ 24	$ 104	$ 86
Realized investment losses, net of taxes	$ -	$ -	$ (1)	$ -
Special item (after-tax) included in segment earnings:				
IRS tax settlement	$ -	$ -	$ -	$ 7

Results

International segment earnings increased for the third quarter and nine months of 2006, primarily due to substantial earnings growth in the expatriate employee benefits business and the life, accident and health insurance business, particularly in South Korea.

Premiums and Fees

Premiums and fees increased for the third quarter and nine months of 2006 reflecting new sales growth and improved customer retention in the expatriate employee benefits business and in the life, accident and health insurance operations, particularly in South Korea.

Other Matters

International's products include coverages for employees and individuals who may be exposed to acts of terrorism, the events of a war zone or natural disasters. These risks could result in a concentration of loss if a single adverse event affected many covered individuals and, in certain situations, could lead to losses that could be material to segment earnings and CIGNA's consolidated results.

South Korea represents the single largest geographic market for CIGNA's international businesses. South Korea generated 29% of International revenues for the third quarter and nine months of 2006. South Korea generated 34% of segment earnings for the third quarter and 39% for the nine months of 2006. International's business in South Korea would be vulnerable to adverse consumer credit and geopolitical conditions in that country.

RUN-OFF RETIREMENT

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 1	$ -	$ 2	$ 1
Net investment income	-	34	31	106
Other revenues	4	13	16	337
Segment revenues	5	47	49	444
Benefits and expenses	2	41	40	130
Income before taxes	3	6	9	314
Income taxes (benefits)	(2)	4	(1)	114
Segment earnings	$ 5	$ 2	$ 10	$ 200
Realized investment gains (losses), net of taxes	$ (4)	$ -	$ (4)	$ 7
Special items (after-tax) included in segment earnings:				
Accelerated recognition of deferred gain on sale of retirement benefits business	$ -	$ 2	$ -	$ 200
Charge associated with a modified coinsurance arrangement	$ -	$ -	$ -	$ (8)

Beginning in 2006, accelerated deferred gain amortization is not reported as a special item due to immateriality.

Segment earnings for Run-off Retirement include:

- gain recognition related to the sale of the retirement benefits business;
- results of a modified coinsurance arrangement until April 1, 2006 (see page 30); and
- expenses associated with the run-off of this business.

Net investment income represents amounts associated with the single premium annuity business, which was reinsured under a modified coinsurance arrangement until April 1, 2006, and is offset by amounts included in benefits and expenses.

Results

Run-off Retirement segment earnings include the special items noted in the table above. Excluding these items, segment earnings reflect:

- lower deferred gain amortization for the third quarter and nine months of 2006 due to significant acceleration of gains through early 2005 resulting from contract novations; and
- the favorable impact in 2006 resulting from the resolution of state and other tax matters.

Other Revenues

Other revenues include:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, pre-tax)	2006	2005	2006	2005
Normal deferred gain amortization	$ 2	$ 3	$ 8	$ 21
Accelerated deferred gain amortization	$ 2	$ 10	$ 8	$ 315

See page 30 for discussion on the conversion of the modified coinsurance arrangement associated with the single premium annuity business to indemnity coinsurance.

RUN-OFF REINSURANCE

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 16	$ 20	$ 49	$ 65
Net investment income	26	25	73	73
Other revenues	(32)	(45)	(56)	(28)
Segment revenues	10	-	66	110
Benefits and expenses	19	1	94	146
Loss before taxes	(9)	(1)	(28)	(36)
Income taxes (benefits)	(3)	2	(6)	(7)
Segment loss	$ (6)	$ (3)	$ (22)	$ (29)
Realized investment gains, net of taxes	$ 8	$ 1	$ 18	$ 2

CIGNA's reinsurance businesses are in run-off. No new reinsurance business has been underwritten since the sale of the U.S. individual life, group life and accidental death reinsurance business in 2000.

Results

Segment results for the third quarter of 2006 reflect the impact of decreasing interest rates on guaranteed minimum income benefit contracts compared to the impact of rising interest rates in the third quarter of 2005.

Segment losses decreased for the nine months of 2006 reflecting the absence in 2006 of an after-tax charge of $11 million for guaranteed minimum death benefit contracts recorded in 2005.

Other Revenues

CIGNA maintains a program to substantially reduce the equity market exposures relating to guaranteed minimum death benefit contracts by entering into exchange-traded futures contracts. CIGNA expects to adjust these contract positions and may enter into other contract positions over time, to reflect changing equity market levels and changes in the investment mix of the underlying variable annuity investments. The notional amount of the futures contract positions held by CIGNA at September 30, 2006 was $979 million.

Other revenues included pre-tax losses of $32 million for the third quarter and $56 million for the nine months of 2006, compared with pre-tax losses of $45 million and $28 million for the nine months of 2005 primarily from these contracts. Expense offsets reflecting corresponding changes in liabilities for these guaranteed minimum death benefit contracts were included in benefits and expenses.

Other Matters

Guaranteed minimum death benefit contracts. CIGNA’s reinsurance operations, which were discontinued in 2000 and are now an inactive business in run-off mode, reinsured a guaranteed minimum death benefit under certain variable annuities issued by other insurance companies. These variable annuities are essentially investments in mutual funds combined with a death benefit. CIGNA has equity and other market exposures as a result of this product.

The determination of liabilities for guaranteed minimum death benefits requires CIGNA to make critical accounting estimates. CIGNA describes the assumptions used to develop the reserves for these death benefits, and provides the effects of hypothetical changes in those assumptions on page 26 of CIGNA's 2005 Annual Report to Shareholders. CIGNA regularly evaluates the assumptions used in establishing reserves and changes its estimates if actual experience or other evidence suggests that earlier assumptions should be revised. If actual experience differs from the assumptions (including lapse, partial surrender, mortality, interest rates and volatility) used in estimating these reserves, the resulting change could have a material adverse effect on CIGNA's consolidated results of operations, and in certain situations, could have a material adverse effect on CIGNA's financial condition.

During the first quarter of 2005, CIGNA completed its normal review of assumptions and recorded an after-tax charge of $11 million ($17 million pre-tax). This charge primarily resulted from an update to lapse assumptions based on emerging experience. The charge also reflected updates to partial surrender assumptions, reflecting the impact of stock market declines, as well as other assumptions. See Note 7 to the Financial Statements for additional information about the assumptions used to calculate reserves for these contracts. CIGNA had future policy benefit reserves for guaranteed minimum death benefit contracts of $904 million as of September 30, 2006, and $951 million as of December 31, 2005.

As of September 30, 2006, the aggregate fair value of the underlying mutual fund investments was $37.1 billion. The death benefit coverage in force as of that date (representing the amount that CIGNA would have to pay if all of the approximately 900,000 contractholders had died on that date) was $5.9 billion. The death benefit coverage in force represents the excess of the guaranteed benefit amount over the fair value of the underlying mutual fund investments.

For further information and details on these contracts and the program adopted to reduce related equity market risk, refer to Note 6 of CIGNA's 2005 Annual Report to Shareholders.

Guaranteed minimum income benefit contracts. CIGNA has also written reinsurance contracts with issuers of variable annuity contracts that provide annuitants with certain guarantees related to minimum income benefits. See page 46 for further information about these contracts.

Unicover and other run-off reinsurance. The Run-off Reinsurance operations participate in a workers' compensation reinsurance pool, which ceased accepting new risks in early 1999. This pool was formerly managed by Unicover Managers, Inc. The pool purchased significant reinsurance (retrocessional) protection for its assumed risks. Disputes concerning these retrocessional contracts have been substantially resolved or settled.

Run-off Reinsurance also includes other (non-Unicover) workers' compensation reinsurance contracts and personal accident reinsurance contracts, including contracts assumed in the London market. CIGNA engaged in arbitrations, disputes or investigations with several ceding companies over the validity of, or amount of liabilities assumed under, their contracts. These arbitrations, disputes and investigations are in various stages.

CIGNA bought retrocessional reinsurance for a significant portion of its assumed reinsurance liabilities. Some of the retrocessionaires have disputed the validity of, or amount of liabilities assumed under, their contracts with CIGNA. Many of these disputes with retrocessionaires have been resolved or settled. CIGNA is appealing in court an adverse award in a retrocessional enforcement arbitration and recently commenced another retrocessional enforcement arbitration. These arbitrations and disputes are in various stages.

Unfavorable claims experience related to workers' compensation and personal accident risks is possible and could result in future losses, including losses attributable to the inability to recover amounts claimed from retrocessionaires because of disputes with them or their financial condition.

Summary. CIGNA's reserves for amounts recoverable from retrocessionaires, as well as for underlying reinsurance exposures assumed by CIGNA, are considered appropriate as of September 30, 2006, based on current information. However, it is possible that future developments could have a material adverse effect on CIGNA's consolidated results of operations and, in certain situations, could have a material adverse effect on CIGNA's financial condition. In addition, CIGNA bears the risk of loss if the retrocessionaires are unable to meet their reinsurance obligations to CIGNA.

OTHER OPERATIONS

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Premiums and fees	$ 26	$ 24	$ 87	$ 89
Net investment income	107	110	329	336
Other revenues	21	23	62	76
Segment revenues	154	157	478	501
Benefits and expenses	117	121	373	376
Income before taxes	37	36	105	125
Income taxes	12	11	34	30
Segment earnings	$ 25	$ 25	$ 71	$ 95
Realized investment gains, net of taxes	$ 4	$ 1	$ 16	$ -
Special item (after-tax) included in segment earnings:				
IRS tax settlement	$ -	$ -	$ -	$ 11

Other Operations consist of:

- deferred gains recognized from the 1998 sale of the individual life insurance and annuity business;
- corporate life insurance (including policies on which loans are outstanding); and
- settlement annuity business.

Results

Segment earnings for Other Operations decreased for the nine months of 2006 primarily due to lower earnings in corporate life insurance.

Other Matters

Tax benefits for corporate life insurance. Federal legislation in 1996 eliminated on a prospective basis the tax deductibility of policy loan interest for most leveraged corporate life insurance products, and an Internal Revenue Service initiative in 2001 encouraged policyholders to settle tax disputes regarding these products. As a result, some customers have surrendered their policies and management expects earnings associated with these products to continue to decline.

CORPORATE

FINANCIAL SUMMARY	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2006	2005	2006	2005
Segment loss	$ (22)	$ (16)	$ (39)	$ (7)
Special items (after-tax) included in segment loss:				
IRS tax settlement	$ -	$ -	$ -	$ 63

Cost reduction charge	$	-	$	-	$	-	$	(19)

Corporate reflects amounts not allocated to segments, such as interest expense on corporate debt, net investment income on unallocated investments, intersegment eliminations, compensation cost for stock options and certain corporate overhead expenses.

Corporate results for the third quarter and nine months of 2006 primarily reflect higher net interest expense (lower net interest income) as a result of the stock repurchase program.

DISCONTINUED OPERATIONS

FINANCIAL SUMMARY	Three Months Ended September 30,				Nine Months Ended September 30,			
(In millions)		2006		2005		2006		2005
Income before income (taxes) benefits	$	19	$	-	$	19	$	-
Income taxes (benefits)		(7)		-		(7)		349
Income from discontinued operations, net of taxes		12		-		12		349
Impairment loss, net of tax		(16)		-		(16)		-
Income (loss) from discontinued operations, net of taxes	$	(4)	$	-	$	(4)	$	349

Results from discontinued operations in the third quarter and nine months of 2006 primarily represent;

- a loss associated with the Brazilian life insurance operations (see Note 4 to the Financial Statements); and
- realized gains on the disposition of certain directly owned real estate investments (see Note 11 to the Financial Statements).

Income from discontinued operations for the nine months of 2005 consists of tax benefits recognized from past divestitures. See page 30 for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

CIGNA normally meets its operating requirements by:

- maintaining appropriate levels of cash, cash equivalents and short-term investments;
- using cash flows from operating activities; and
- matching investment maturities to the estimated duration of the related insurance and contractholder liabilities.

Cash flows from operations for the nine months ended September 30 were as follows:

(In millions)		2006		2005
Operating activities	$	380	$	253
Investing activities	$	1,312	$	(277)
Financing activities	$	(2,197)	$	(1,246)

Cash flows from operating activities consist of cash receipts and disbursements for premiums and fees, gains (losses) recognized in connection with CIGNA's program to manage equity market risk related to reinsured guaranteed minimum death benefit contracts, investment income, taxes, and benefits and expenses.

2006:

- Operating activities in 2006 included net cash outflows of $216 million to originate mortgage loans held for sale (see page 47 for additional information). Excluding this effect, cash flows from operating activities were $596 million for the nine months of 2006.

In addition, cash flows from operating activities were affected by the following significant items in 2006 and 2005:

- higher losses of $28 million associated with futures contracts entered into as part of a program to manage equity market risks in the run-off reinsurance segment; and
- settlement in 2006 of certain liabilities associated with the single premium annuity business of $44 million; and
- 2005 voluntary pension contributions of $440 million

Excluding these items, cash flows from operating activities decreased in 2006 compared with 2005, primarily reflecting lower cash revenues, (due, in part, to the loss of a large prescription drug contract in the first quarter 2006), and slightly higher tax payments, largely offset by lower paid losses and lower paid expenses.

- Cash provided by investing activities primarily consisted of net proceeds from investments of $1.5 billion, partially offset by net purchases of property and equipment of $93 million and net cash transferred of $44 million in connection with the conversion of the single premium annuity business to indemnity coinsurance and net cash used in acquisitions of $18 million.

- Cash used in financing activities primarily consisted of dividends on and repurchases of common stock of $2.2 billion, repayment of long-term debt of $100 million and net withdrawals of contractholder deposit funds of $116 million, partially offset by proceeds from issuances of common stock to employees under CIGNA's stock plans of $197 million.

2005:

- Cash used in investing activities primarily consisted of net purchases of investments of $227 million and net purchases of property and equipment of $32 million.
- Cash used in financing activities primarily consisted of repurchases of and payments of dividends on common stock of $1.0 billion, net withdrawals from contractholder deposit funds of $284 million, and change in cash overdraft position of $219 million, partially offset by proceeds from issuances of common stock to employees under CIGNA's stock plans of $301 million.

Interest Expense

Interest expense was $27 million for the third quarter and $76 million for the nine months of 2006, compared with $26 million for the third quarter and $79 million for the nine months of 2005.

Capital Resources

CIGNA's capital resources (primarily retained earnings and the proceeds from the issuance of long-term debt and equity securities) provide protection for policyholders, furnish the financial strength to underwrite insurance risks and facilitate continued business growth.

Senior management, guided by regulatory requirements and rating agency capital guidelines, determines the amount of capital resources that CIGNA maintains. Management allocates resources to new long-term business commitments when returns, considering the risks, look promising and when the resources available to support existing business are adequate.

CIGNA has sufficient capital resources to:

- provide capital necessary to support growth and maintain or improve the financial strength ratings of subsidiaries;
- consider acquisitions that are strategically and economically advantageous; and
- return capital to investors through share repurchase.

CIGNA maintains a share repurchase program. From January 1, 2006 through November 1, 2006, CIGNA repurchased 22.6 million shares through this program at an average price of $107.77 per share for an aggregate cost of $2.4 billion. On September 15, 2006 and October 25, 2006, CIGNA's Board of Directors increased the repurchase authority each time by $500 million. The total remaining authorization as of November 1, 2006, was $821 million. See also the table in Part II, Item 2 of CIGNA's Form 10-Q for more information on share repurchase activity for the third quarter ended September 30, 2006.

In August 2006, CIGNA filed a universal shelf registration statement on Form S-3ASR with the SEC to take advantage of its status as a "well known seasoned issuer" under the Securities Offering Reform Act. CIGNA may issue debt, equity or other securities from time to time, with amount, price, and terms to be determined at the time of sale.

In addition, CIGNA has $500 million remaining under an effective shelf registration statement filed with the Securities and Exchange Commission, which may be issued as debt securities, equity securities or both.

Management and the Board of Directors will consider market conditions and internal capital requirements when deciding whether CIGNA should issue new securities.

In May 2006, CIGNA entered into a five year revolving credit and letter of credit agreement for $1.75 billion which replaced its previous credit agreement. Of this amount, up to $1.25 billion may be used for letters of credit. CIGNA entered into the agreement for general corporate purposes, including support for the issuance of commercial paper and to obtain statutory reserve credit for certain reinsurance arrangements. There were no amounts outstanding under the credit facility nor any letters of credit issued as of September 30, 2006.

Liquidity and Capital Resources Outlook

The availability of resources at the parent/holding company level is partially dependent on dividends from CIGNA's subsidiaries, most of which are subject to regulatory restrictions and rating agency capital guidelines. CIGNA expects, based on current projections for cash activity (including projections for dividends from subsidiaries), to have sufficient liquidity to meet its obligations, including:

- debt service requirements and payment of dividends to CIGNA shareholders; and
- pension plan funding requirements.

However, if CIGNA's projections are not realized, the demand for funds could exceed available cash if:

- management uses cash for investment opportunities;
- a substantial insurance or contractholder liability becomes due before related investment assets mature;

- a substantial increase in funding is required for CIGNA's program to reduce the equity market risks associated with the guaranteed minimum death benefit contracts; or
- regulatory restrictions prevent the insurance and HMO subsidiaries from distributing cash to the parent company.

In those cases, CIGNA has the flexibility to satisfy liquidity needs through short-term borrowings, such as revolving credit and line of credit agreements of up to $1.75 billion.

Ratings

CIGNA and certain of its insurance subsidiaries are rated by nationally recognized rating agencies. Ratings are always subject to change and there can be no assurance that CIGNA’s current ratings will continue for any given period of time. As of November 1, 2006, the ratings of CIGNA and Connecticut General Life Insurance Company (CG Life), CIGNA's principal subsidiary were as follows:

	CG Life Insurance Ratings	CIGNA Corporation Debt Ratings	
		Senior Debt	Commercial Paper
A.M. Best	A-	—	—
Moody’s	A3	Baa3	P3
S&P	A-	BBB	A2
Fitch	A	BBB	F2

CIGNA is committed to maintaining appropriate levels of capital in its subsidiaries to support ratings that meet customers’ expectations, and to improving the earnings of the health care business. Ratings downgrades of CG Life could adversely affect new sales and retention of current business. Lower ratings at the parent company level would increase the cost to borrow funds.

Guarantees and Contractual Obligations

CIGNA, through its subsidiaries, is contingently liable for various financial guarantees provided and contractual obligations entered into in the ordinary course of business.

Financial guarantees primarily associated with the sold retirement benefits business. Separate account assets, primarily associated with the sold retirement benefits business, are contractholder funds maintained in accounts with specific investment objectives. CIGNA records separate account liabilities equal to separate account assets. In certain cases, CIGNA guarantees a minimum level of benefits for retirement and insurance contracts written in separate accounts. CIGNA establishes an additional liability if management believes that CIGNA will be required to make a payment under these guarantees. Except as noted below, these guarantees are fully reinsured by an affiliate of the buyer of the retirement benefits business:

- CIGNA guarantees that separate account assets will be sufficient to pay certain retiree or life benefits. The sponsoring employers are primarily responsible for ensuring that assets are sufficient to pay these benefits and are required to maintain assets that exceed a certain percentage of benefit obligations. This percentage varies depending on the asset class within a sponsoring employer’s portfolio (for example, a bond fund would require a lower percentage than a riskier equity fund) and thus will vary as the composition of the portfolio changes. If employers do not maintain the required levels of separate account assets, CIGNA or an affiliate of the buyer has the right to redirect the management of the related assets to provide for benefit payments. As of September 30, 2006, employers maintained assets that exceeded the benefit obligations. Benefit obligations under these arrangements were $2.0 billion as of September 30, 2006. As of September 30, 2006, approximately 80% of these guarantees are reinsured by an affiliate of the buyer of the retirement benefits business. There were no additional liabilities required for these guarantees as of September 30, 2006.

· CIGNA guarantees that separate account assets, primarily fixed income investments, will be sufficient to pay retiree benefits for participants under a certain group annuity contract. These guarantees are fully reinsured by an affiliate of the buyer of the retirement benefits business. These guaranteed benefit obligations were $31 million as of September 30, 2006. CIGNA had no additional liabilities for these guarantees as of September 30, 2006.

Other financial guarantees. CIGNA had indemnification obligations to lenders up to $273 million as of September 30, 2006 related to borrowings by certain real estate joint ventures, which CIGNA either records as an investment or consolidates. These borrowings, which are nonrecourse to CIGNA, are secured by the joint ventures' real estate properties with fair values in excess of the loan amounts and mature at various dates beginning in the fourth quarter of 2006 through 2017. CIGNA's indemnification obligations would require payment to lenders for any actual damages resulting from certain acts such as unauthorized ownership transfers, misappropriation of rental payments by others or environmental damages. Based on initial and ongoing reviews of property management and operations, CIGNA does not expect that payments will be required under these indemnification obligations. Any payments that might be required could be recovered through a refinancing or sale of the assets. In some cases, CIGNA also has recourse to partners for their proportionate share of amounts paid. There were no liabilities required for these indemnification obligations as of September 30, 2006.

As of September 30, 2006, CIGNA guaranteed that it would compensate the lessor for a shortfall of up to $49 million in the market value of leased equipment at the end of the lease. Guarantees of $21 million expire at the end of 2006 and $28 million expire in 2012. CIGNA had additional liabilities for these guarantees of $2 million as of September 30, 2006.

CIGNA guaranteed construction loans of $21 million as of September 30, 2006, related to real estate joint venture investments. The loans are secured by joint venture real estate property with fair values in excess of the loan amounts and mature by 2008, including extension options. CIGNA would be required to repay the construction loans if permanent financing could not be obtained. There were no liabilities required for these guarantees as of September 30, 2006.

CIGNA had indemnification obligations as of September 30, 2006, in connection with acquisition and disposition transactions. These indemnification obligations are triggered by the breach of representations or covenants provided by CIGNA, such as representations for the presentation of financial statements, the filing of tax returns, compliance with law or the identification of outstanding litigation. These obligations are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential amount due is subject to contractual limitations based on a percentage of the transaction purchase price, while in other cases limitations are not specified or applicable. CIGNA does not believe that it is possible to determine the maximum potential amount due under these obligations, since not all amounts due under these indemnification obligations are subject to limitation. There were no liabilities required for these guarantees as of September 30, 2006.

CIGNA does not expect that these guarantees will have a material adverse effect on CIGNA's consolidated results of operations, liquidity or financial condition.

Guaranteed minimum income benefit contracts. CIGNA's reinsurance operations, which were discontinued in 2000 and are now an inactive business in run-off mode, reinsured variable annuity contracts that provide annuitants with certain guarantees related to minimum income benefits. When annuitants elect to receive these minimum income benefits, CIGNA may be required to make payments based on changes in underlying mutual fund values and interest rates.

CIGNA estimates the fair value of the assets and liabilities associated with these contracts using assumptions as to market returns, volatility of the underlying equity and bond mutual fund investments, interest rates, mortality, lapse, credit risk and annuity election rates.

CIGNA regularly evaluates the assumptions used in establishing these assets and liabilities and changes its estimates if actual experience or other evidence suggests that earlier assumptions should be revised. CIGNA describes these assumptions and provides an estimate of the effects of the hypothetical changes in those assumptions on page 27 of CIGNA's 2005 Annual Report to Shareholders. If actual experience differs from the assumptions used in estimating these assets and liabilities, the resulting change could have a material adverse effect on CIGNA’s consolidated results of operations, and in certain situations, could have a material adverse effect on CIGNA’s financial condition. See Note 15 to the Financial Statements for additional information on these assumptions.

CIGNA is required to disclose the maximum potential undiscounted future payments for guarantees related to minimum income benefits using hypothetical adverse assumptions, defined as follows:

- No annuitants surrendered their accounts; and
- All annuitants lived to elect their benefit; and
- All annuitants elected to receive their benefit on the next available date (2006 through 2014); and
- All underlying mutual fund investment values remained at the September 30, 2006 value of $3.2 billion, with no future returns.

The maximum potential undiscounted payments that CIGNA would make under those assumptions would aggregate $1.0 billion before reinsurance recoveries. CIGNA believes the likelihood of such payment is remote and expects the amount of actual payments to be significantly less than this hypothetical undiscounted aggregate amount. CIGNA has purchased reinsurance from third parties which covers 55% of the exposures on these contracts.

As of September 30, 2006, CIGNA had liabilities of $98 million related to these contracts and net amounts recoverable from reinsurers of $55 million. CIGNA had an additional liability of $47 million associated with the cost of reinsurance as of September 30, 2006. As of December 31, 2005, CIGNA had liabilities of $88 million related to these contracts and net amounts recoverable from reinsurers of $48 million. CIGNA had an additional liability of $49 million associated with the cost of reinsurance as of December 31, 2005. Management believes the current assumptions used to estimate reserves for these liabilities are appropriate.

Contractual obligations. CIGNA's contractual obligations included commitments to purchase the following investments:

(In millions)	As of September 30, 2006	As of December 31, 2005
Limited liability entities (other long-term investments)	$ 573	$ 389

For additional information on CIGNA's contractual obligations, see page 44 of CIGNA's 2005 Annual Report to Shareholders.

CIGNA incurred an additional debt payable of $151 million as a result of the Star HRG acquisition in July 2006.

In September 2006, CIGNA entered into an agreement with IBM to provide various information technology services. CIGNA's commitment under this contract is approximately $725 million over a 7 year period. CIGNA has the ability to terminate this agreement with 90 days notice, subject to certain termination fees.

As a result of the contributions made in 2005 (see Note 9 to the Financial Statements), CIGNA does not expect to make domestic pension plan contributions in 2006.

INVESTMENT ASSETS

CIGNA's investment assets do not include separate account assets. Additional information regarding CIGNA's investment assets and related accounting policies is included in Notes 2, 10, 11 and 14 to the Financial Statements in CIGNA's 2005 Annual Report to Shareholders and Form 10-K.

Investments in fixed maturities (bonds) include publicly traded and privately placed debt securities, mortgage and other asset-backed securities and preferred stocks redeemable by the investor. Fixed maturities also include securities classified as trading.

In connection with CIGNA's investment strategy to enhance investment yields by selling senior participations, as of September 30, 2006, mortgage loans includes $125 million of mortgage loans originated with the intent to sell. These mortgage loans held for sale are carried at the lower of cost or market with any resulting valuation allowance reported in realized investment gains and losses. Also in connection with this strategy, CIGNA enters into commitments to extend credit under commercial mortgage loans at a fixed rate of interest. As these mortgage loans will also be held for sale, these commitments are treated as derivatives and pre-tax decreases in their fair values of approximately $2 million for the nine months of 2006 are reported in realized investment gains and losses.

CIGNA's mortgage loans are diversified by property type, location and borrower to reduce exposure to potential losses.

Problem and Potential Problem Investments

"Problem" bonds and mortgage loans are either delinquent by 60 days or more or have been restructured as to terms (interest rate or maturity date). "Potential problem" bonds and mortgage loans are fully current, but management believes they have certain characteristics that increase the likelihood that they will become "problems." For example, CIGNA considers mortgage loans to be potential problems if the borrower has requested restructuring or principal or interest payments are past due by more than 30 but fewer than 60 days.

CIGNA recognizes interest income on "problem" bonds and mortgage loans only when payment is actually received because of the risk profile of the underlying investment. The amount that would have been reflected in net income if interest on non-accrual investments had been recognized in accordance with the original terms was insignificant for the third quarter and nine months of 2006 and 2005.

The following table shows problem and potential problem investments at amortized cost, net of valuation reserves and write-downs:

(In millions)	September 30, 2006	December 31, 2005
Problem bonds	$ 46	$ 25
Potential problem bonds	$ 24	$ 45
Problem mortgage loans	$ 13	$ 10
Potential problem mortgage loans	$ 20	$ 47

Summary

CIGNA recorded $27 million after-tax for the nine months of 2006, compared with $8 million after-tax for the nine months of 2005, in realized investment losses for investment asset write-downs and changes in valuation reserves due largely to the impact of rising interest rates on investments where CIGNA cannot demonstrate the intent and ability to hold until recovery.

The weakness in certain sectors of the economy and rising interest rates may cause additional investment losses. These investment losses could materially affect future results of operations, although CIGNA does not currently expect them to have a material effect on its liquidity or financial condition, or to result in a significant decline in the aggregate carrying value of its assets.

MARKET RISK

Market Risk of Financial Instruments

CIGNA's assets and liabilities include financial instruments subject to the risk of potential losses from adverse changes in market rates and prices. The primary market risk exposures are interest-rate risk, foreign currency exchange rate risk and equity price risk.

CIGNA uses futures contracts as part of a program to substantially reduce the effect of equity market changes on certain reinsurance contracts that guarantee minimum death benefits based on unfavorable changes in variable annuity account values. The hypothetical effect of a 10% increase in the S&P 500, Russell 2000, NASDAQ, TOPIX (Japanese), EUROSTOXX and FTSE (British) equity indices and a 10% weakening in the U.S. dollar to the Japanese yen, British pound and EURO would have been a decrease of approximately $80 million in the fair value of the futures contracts outstanding under this program as of September 30, 2006. A corresponding decrease in liabilities for these guaranteed minimum death benefit contracts would result from this hypothetical 10% increase in these equity indices and 10% weakening in the U.S. dollar. See Note 7 to the Financial Statements for further discussion of this program and the related guaranteed minimum death benefit contracts.

Stock Market Performance

The performance of equity markets can have a significant effect on CIGNA's businesses including on:

- risks and exposures associated with guaranteed minimum death benefit (see page 39) or income benefit contracts (see page 46); and
- minimum pension liabilities since equity securities comprise a significant portion of the assets of CIGNA's employee pension plans.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

CIGNA and its representatives may from time to time make written and oral forward-looking statements, including statements contained in press releases, in CIGNA's filings with the Securities and Exchange Commission, in its reports to shareholders and in meetings with analysts and investors. Forward-looking statements may contain information about financial prospects, economic conditions, trends and other uncertainties. These forward-looking statements are based on management's beliefs and assumptions and on information available to management at the time the statements are or were made. Forward-looking statements include but are not limited to the information concerning possible or assumed future business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, trends and, in particular, CIGNA's cost reduction programs and activities, litigation and other legal matters, operational improvement in the health care operations, and the outlook for CIGNA's full years 2006 and 2007 results. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe", "expect", "plan", "intend" "anticipate", "estimate", "predict", "potential", "may", "should", or similar expressions.

You should not place undue reliance on these forward-looking statements. CIGNA cautions that actual results could differ materially from those that management expects, depending on the outcome of certain factors. Some factors that could cause actual results to differ materially from the forward-looking statements include:

1. increased medical costs that are higher than anticipated in establishing premium rates in CIGNA's health care operations, including increased use and costs of medical services;
2. increased medical, administrative, technology or other costs resulting from new legislative and regulatory requirements imposed on CIGNA's employee benefits businesses (see employee benefits regulation on page 31 for more information);
3. challenges and risks associated with implementing the improvement initiatives in the health care operations, the organizational realignment and the reduction of overall CIGNA and health care cost structure, including that operational efficiencies and medical cost benefits do not emerge as expected and that medical membership does not grow as expected;
4. risks associated with pending and potential state and federal class action lawsuits, purported securities class action lawsuits, disputes regarding reinsurance arrangements, other litigation and regulatory actions challenging CIGNA's businesses and the outcome of pending government proceedings and federal tax audits;
5. heightened competition, particularly price competition, which could reduce product margins and constrain growth in CIGNA's businesses, primarily the health care business;
6. significant changes in interest rates;
7. downgrades in the financial strength ratings of CIGNA's insurance subsidiaries, which could, among other things, adversely affect new sales and retention of current business;
8. limitations on the ability of CIGNA's insurance subsidiaries to dividend capital to the parent company as a result of downgrades in the subsidiaries' financial strength ratings, changes in statutory reserve or capital requirements or other financial constraints;
9. inability of the program adopted by CIGNA to substantially reduce equity market risks for reinsurance contracts that guarantee minimum death benefits under certain variable annuities (including possible market difficulties in entering into appropriate futures contracts and in matching such contracts to the underlying equity risk);
10. adjustments to the reserve assumptions (including lapse, partial surrender, mortality, interest rates and volatility) used in estimating CIGNA's liabilities for reinsurance contracts that guarantee minimum death benefits under certain variable annuities;
11. adjustments to the assumptions (including annuity election rates and reinsurance recoverables) used in estimating CIGNA's assets and liabilities for reinsurance contracts that guarantee minimum income benefits under certain variable annuities;

12. significant stock market declines, which could, among other things, result in increased pension expenses of CIGNA’s pension plans in future periods and the recognition of additional pension obligations;
13. unfavorable claims experience related to workers’ compensation and personal accident exposures of the run-off reinsurance business, including losses attributable to the inability to recover claims from retrocessionaires;
14. significant deterioration in economic conditions, which could have an adverse effect on CIGNA’s operations and investments;
15. changes in federal laws, such as amendments to income tax laws, which could affect the taxation of employer provided benefits, and pension legislation, which could increase pension cost;
16. potential public health epidemics and bio-terrorist activity, which could, among other things, cause our covered medical and disability expenses, pharmacy costs and mortality experience to rise significantly, and cause operational disruption, depending on the severity of the event and number of individuals affected;
17. risks associated with security or interruption of information systems, which could, among other things, cause operational disruption;
18. challenges and risks associated with the successful management of CIGNA’s outsourcing projects or key vendors, including the agreement with IBM for provision of technology infrastructure and related services; and
19. risk factors detailed in CIGNA's Form 10-K for the year ended December 31, 2005, including the Cautionary Statement in Management’s Discussion and Analysis.

This list of important factors is not intended to be exhaustive. Other sections of the annual report on Form 10-K, including the “Risk Factors” section and other documents filed with the Securities and Exchange Commission include both expanded discussion of these factors and additional risk factors and uncertainties that could preclude CIGNA from realizing the forward-looking statements. CIGNA does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information responsive to this Item 3 is included in Item 2 above, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

Based on an evaluation of the effectiveness of CIGNA's disclosure controls and procedures conducted under the supervision and with the participation of CIGNA's management, CIGNA's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, CIGNA's disclosure controls and procedures are effective to ensure that information required to be disclosed by CIGNA in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

During the period covered by this report, there have been no changes in CIGNA's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, CIGNA's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

In its Form 10-K for the year ended December 31, 2005 and Form 10-Q for the quarter ended June 30, 2006, CIGNA described *In re CIGNA Corp. Securities Litigation* and the *Hobbs* and *Scott* cases. The judge handling these cases has ordered the parties to participate in mediation, which is scheduled to occur November 14-15, 2006. Currently the parties are concluding expert discovery. If mediation is unsuccessful, the case will enter the trial pool no sooner than March 1, 2007.

In its Form 10-K for the year ended December 31, 2005 and Form 10-Q for the quarter ended March 31, 2006, CIGNA described the *Amara* case. A non-jury trial began on September 11-15, 2006. Due to the court's schedule, the proceedings were adjourned until January 24-30, 2007, when the trial is expected to reconvene.

See "Unicover and other run-off reinsurance" on page 40 for a description of legal matters arising out of the run-off reinsurance operations.

CIGNA is routinely involved in numerous claims, lawsuits, regulatory and IRS audits, investigations and other legal matters arising, for the most part, in the ordinary course of the business of administering and insuring employee benefit programs. An increasing number of claims are being made for substantial non-economic, extra-contractual or punitive damages. The outcome of litigation and other legal matters is always uncertain, and outcomes that are not justified by the evidence can occur. CIGNA believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to CIGNA's consolidated results of operations, liquidity or financial condition.

Item 1A. Risk Factors

CIGNA's Annual Report on Form 10-K for the year ended December 31, 2005 includes a detailed discussion of its risk factors. The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K and the risks and uncertainties discussed elsewhere in this report.

If CIGNA fails to manage successfully its outsourcing projects or key vendors, CIGNA's financial results could be harmed.

CIGNA takes steps to monitor and regulate the performance of independent third parties who provide services to the Company or to whom the Company delegates selected functions. These third parties include information technology system providers, independent practice associations and specialty service providers. For instance, CIGNA has entered into an agreement with IBM to operate significant portions of its information technology infrastructure, including the provision of services relating to its call center application, enterprise content management, risk-based capital analytical infrastructure and voice and data communications and network. The contract with IBM includes several service level agreements, or SLAs, related to issues such as performance and job disruption with significant financial penalties if these SLAs are not met. However, the Company may not be adequately indemnified against all possible losses through the terms and conditions of the agreement. In addition, some of CIGNA's termination rights are contingent upon payment of a fee, which may be significant. If CIGNA's relationship with IBM is terminated, the Company may not be able to find an alternative partner in a timely manner or on acceptable financial terms. As a result, CIGNA may not be able to meet the demands of its customers and, in such case, its business, financial condition and results of operations may be harmed.

These arrangements with key vendors may make CIGNA's operations vulnerable if those third parties fail to satisfy their obligations to the Company, due to CIGNA's failure to monitor adequately and regulate their performance, changes in their own operations, financial condition, or other matters outside of CIGNA's control. In recent years, certain third parties to whom CIGNA delegated selected functions, such as specialty services providers, have experienced legal and other difficulties, which may subject CIGNA to adverse publicity, increased costs, decline in quality of service and potential network disruptions, and in some cases cause the Company to incur increased claims expense. Certain legislative authorities have in recent periods discussed or proposed legislation that would restrict outsourcing and, if enacted, could materially increase CIGNA's costs. Further, CIGNA may not fully realize on a timely basis the anticipated economic and other benefits of the outsourcing projects or other relationships it enters into with key vendors which could result in substantial costs or other operational or financial problems that could adversely impact the Company's financial results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about CIGNA's share repurchase activity for the quarter ended September 30, 2006:

Issuer Purchases of Equity Securities

Period	Total # of shares purchase(1)	Average price paid per share	Total # of shares purchased as part of publicly announced program (2)	Approximate dollar value of shares that may yet be purchased as part of publicly announced program (3)
July 1-31, 2006	1,763,442	$ 100.96	1,758,700	$ 787,681,576
Aug 1-31, 2006	3,450,331	$ 109.73	3,423,332	$ 411,893,847
Sept 1-30, 2006	3,282,636	$ 115.85	3,261,000	$ 534,113,619
Total	8,496,409	$ 110.27	8,443,032	

(1) Includes shares tendered by employees as payment of taxes withheld on the exercise of stock options and the vesting of restricted stock granted under the Company’s equity compensation plans. Employees tendered 4,742 shares in July, 26,999 shares in August and 21,636 shares in September.

(2) CIGNA has had a repurchase program for many years, and has had varying levels of repurchase authority and activity under this program. The program has no expiration date. CIGNA suspends activity under this program from time to time, generally without public announcement. Remaining authorization under the program was approximately $534 million as of September 30, 2006 and $821 million as of November 1, 2006.

(3) Approximate dollar value of shares is as of the last date of the applicable month.

Item 6. Exhibits

(a) See Exhibit Index.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CIGNA CORPORATION

By: /s/ Michael W. Bell
Michael W. Bell
Executive Vice President and Chief Financial Officer

Date: November 1, 2006

Exhibit Index

Number	Description	Method of Filing
3	By-Laws of the registrant as last amended October 25, 2006	Filed as Exhibit 3 to registrant's Form 8-K filed on October 30, 2006 and incorporated herein by reference.
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
31.1	Certification of Chief Executive Officer of CIGNA Corporation pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934	Filed herewith.
31.2	Certification of Chief Financial Officer of CIGNA Corporation pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934	Filed herewith.
32.1	Certification of Chief Executive Officer of CIGNA Corporation pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350	Furnished herewith.
32.2	Certification of Chief Financial Officer of CIGNA Corporation pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350	Furnished herewith.