

CIGNA CORP
Form 8-K
January 24, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 24, 2013

Cigna Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-08323
(Commission File Number)

06-1059331
(IRS Employer
Identification No.)

900 Cottage Grove Road
Bloomfield, Connecticut 06002
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(860) 226-6000

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Basis of Presentation:

All dollar amounts are in millions, unless otherwise noted. Certain reclassifications have been made to conform prior period results to the current presentation.

Cigna measures the financial results of its segments using "segment earnings (loss)," which is defined as shareholders' income (loss) before net realized investment gains (losses). Adjusted income (loss) from operations is defined as segment earnings excluding special items and results of Cigna's guaranteed minimum income benefit business. Adjusted income (loss) from operations is a measure of profitability used by Cigna's management because it presents the underlying results of operations of Cigna's businesses and permits trend analysis. These measures are not determined in accordance with generally accepted accounting principles (GAAP) and should not be viewed as a

substitute for shareholders' net income determined in accordance with GAAP.

ITEM 7.01 Regulation FD Disclosure.

Cigna is a global health services organization that provides medical, dental, disability, life and accident insurance and related products and services to customers in the United States and selected international markets. This Current Report on Form 8-K (“Form 8-K”) announces certain changes to the Company’s reporting segments, commencing with the earnings release for the fourth quarter of 2012 that is scheduled to be issued on February 7, 2013. The information contained in this Form 8-K is being furnished to assist investors in understanding how Cigna’s business segment results would have been presented in previously filed reports had such results been reported to reflect the realignment described below.

The primary segment reporting change is that the two businesses that comprised the former International segment (international health care and supplemental health, life and accident) are now reported as follows:

- substantially all of the international health care business (comprised primarily of the global health benefits business) is now combined with the former Health Care segment and renamed Global Health Care; and
- the supplemental health, life and accident business becomes a separate reporting segment named Global Supplemental Benefits.

The segment reporting changes reflect the Company’s realignment of its businesses to better leverage distribution and service delivery capabilities for the benefit of our global clients and customers. Management believes the realignment of its businesses will enable the Company to more effectively address global health services challenges by leveraging best practices across geographies to improve the health, well being and sense of security of the global customers that the Company serves. The changes in the Company’s internal financial reporting structure to support this realignment took effect on December 31, 2012 and result in changes to our external reporting segments. The Company’s results are now aggregated based on the nature of the Company’s products and services, rather than its geographies.

While reclassifications within certain captions in the consolidated statements of income and consolidated balance sheets have occurred primarily as a result of these segment changes, there is no change to historically reported consolidated shareholders’ net income, earnings per share, adjusted income from operations or shareholders’ equity. Beginning with the fourth quarter of 2012, the Company will report its results in the reporting segments as described below.

Global Health Care includes the aggregation of the following two operating segments:

- The Commercial operating segment offers insured and self-insured medical, dental, behavioral health, vision, and prescription drug benefit plans, health advocacy programs and other products and services that may be integrated to provide comprehensive global health care benefit programs to employers and their employees, including expatriates and other globally mobile individuals. Cigna offers these products and services in all 50 states, the District of Columbia, the U.S. Virgin Islands, Canada, Europe, the Middle East, and Asia. Cigna services its expatriate and globally mobile customers virtually everywhere in the world.
- The Government operating segment primarily offers Medicare Advantage plans to seniors in 13 states and the District of Columbia, Medicare Part D plans in all 50 states and the District of Columbia and Medicaid plans and includes the business associated with the January 2012 acquisition of HealthSpring, Inc.

Global Supplemental Benefits includes supplemental health, life and accident insurance products offered in the U.S. and foreign markets, primarily in Asia as well as Medicare supplemental coverage following the 2012 acquisition of Great American Supplemental Benefits.

Group Disability and Life represents group disability, life and accident insurance products, including certain disability and life insurance business previously reported in the former Health Care segment.

In addition, the Company continues to report results in three other categories (Run-off Reinsurance, Other Operations and Corporate) that were not impacted by the segment reporting changes described above.

For those segments impacted by these changes, prior period results for the first three quarters and nine months of 2012, the four quarters and full year 2011, and full year 2010 are presented on the old and new segment basis in the following tables.

Cigna's Investor Relations Department will be hosting a conference call this morning, beginning at 9:00 a.m. ET to describe the segment reporting changes and answer questions on this topic. The call-in numbers for the conference call are as follows:

Live Call: Toll Free Dial-In 1-800-619-9569
Number:

Toll Dial-In Number: 1-517-623-4948

Participant Passcode: 999363

Replay: Toll Free Number: 1-866-418-8382

Toll Dial-In Number: 1-203-369-0752

It is strongly suggested you dial in to the conference call by 8:45 a.m. ET. The operator will periodically provide instructions regarding the call.

Cigna Corporation
Segment results - Global Health Care and Global Supplemental Benefits
Years Ended December 31, 2011 and 2010
(unaudited)

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 13,181	\$ 14,443	\$ 13,319	\$ 14,134
Net investment income	274	263	243	230
Mail order pharmacy revenues	1,447	1,447	1,420	1,420
Other revenues	234	236	266	269
Segment revenues	15,136	16,389	15,248	16,053
Benefits and Expenses:				
Global Health Care medical claims expense	8,182	9,125	8,570	9,222
Other benefit expenses	83	-	100	-
Mail order pharmacy cost of goods sold	1,203	1,203	1,169	1,169
Operating expenses	4,121	4,340	4,072	4,202
Benefits and expenses	13,589	14,668	13,911	14,593
Income before income taxes	1,547	1,721	1,337	1,460
Income taxes	556	616	476	520
Segment earnings	991	1,105	861	940
Less: Special item(s), after-tax	1	1	-	-
Adjusted income from operations	\$ 990	\$ 1,104	\$ 861	\$ 940

Global Supplemental Benefits, compared with Amounts previously reported in International (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	International As previously Reported	Global Supplemental Benefits	International As previously Reported	Global Supplemental Benefits
Revenues:				
Premiums and fees	\$ 2,990	\$ 1,528	\$ 2,268	\$ 1,231
Net investment income	96	83	82	69
Other revenues	17	15	25	22
Segment revenues	3,103	1,626	2,375	1,322
Benefits and Expenses:				
Other benefit expenses	1,697	754	1,255	603

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Operating expenses excluding special item(s)	1,082	734	846	589
Special item(s)	4	4	-	-
Benefits and expenses	2,783	1,492	2,101	1,192
Income before income taxes	320	134	274	130
Income taxes	100	36	93	42
Income attributable to noncontrolling interest	1	1	4	4
Segment earnings	219	97	177	84
Less: Special item(s), after-tax	(3)	(3)	-	-
Adjusted income from operations	\$ 222	\$ 100	\$ 177	\$ 84

Cigna Corporation
Segment results - Group Disability and Life, and Updated Consolidated Income Statement
Years Ended December 31, 2011 and 2010
(unaudited)

Group Disability and Life (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	As Previously Reported	As revised	As Previously Reported	As revised
Revenues:				
Premiums and fees	\$ 2,780	\$ 2,857	\$ 2,667	\$ 2,770
Net investment income	267	291	261	287
Other revenues	-	-	123	123
Segment revenues	3,047	3,148	3,051	3,180
Benefits and Expenses:				
Other benefit expenses	2,003	2,086	1,935	2,035
Operating expenses	648	654	705	713
Benefits and expenses	2,651	2,740	2,640	2,748
Income before income taxes	396	408	411	432
Income taxes	109	113	120	127
Segment earnings	287	295	291	305
Less: Special item(s), after-tax	5	5	-	-
Adjusted income from operations	\$ 282	\$ 290	\$ 291	\$ 305

Consolidated (Dollars in millions)	Years Ended			
	December 31, 2011		December 31, 2010	
	As Previously Reported	As revised	As Previously Reported	As revised
Revenues:				
Premiums and fees	\$ 19,089	\$ 18,966	\$ 18,393	\$ 18,274
Net investment income	1,146	1,146	1,105	1,105
Mail order pharmacy revenues	1,447	1,447	1,420	1,420
Other revenues, including run-off reinsurance hedge results	244	244	254	254
Net realized investment gains	62	62	75	75
Total revenues	21,988	21,865	21,247	21,128
Benefits and Expenses:				
Global Health Care medical claims expense	8,182	9,125	8,570	9,222
Other benefit expenses	4,308	3,365	3,663	3,011
Mail order pharmacy cost of goods sold	1,203	1,203	1,169	1,169

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Guaranteed minimum income benefits (income) expense	234	234	55	55
Operating expenses excluding special item(s)	6,137	6,014	5,898	5,779
Special item(s)	48	48	90	90
Benefits and expenses	20,112	19,989	19,445	19,326
Income before income taxes	1,876	1,876	1,802	1,802
Income taxes	615	615	519	519
Net income	1,261	1,261	1,283	1,283
Less: Income attributable to noncontrolling interest	1	1	4	4
Shareholders' net income	\$ 1,260	\$ 1,260	\$ 1,279	\$ 1,279

Cigna Corporation
Segment results - Global Health Care
First Three Quarters and Nine Months Ended September 30, 2012
(unaudited)

Global Health Care, compared with Amounts previously reported in Health Care (Dollars in millions)	Three Months Ended			
	March 31, 2012		June 30, 2012	
	Health Care As previously Reported	Global Health Care	Health Care As previously Reported	Global Health Care
Revenues:				
Premiums and fees	\$ 4,501	\$ 4,869	\$ 5,008	\$ 5,398
Net investment income	68	66	63	61
Mail order pharmacy revenues	386	386	402	402
Other revenues	50	51	56	59
Segment revenues	5,005	5,372	5,529	5,920
Benefits and Expenses:				
Global Health Care medical claims expense	3,037	3,316	3,405	3,707
Other benefit expenses	19	-	17	-
Mail order pharmacy cost of goods sold	321	321	330	330
Operating expenses excluding special item(s)	1,216	1,271	1,252	1,302
Special item(s)	31	31		
Benefits and expenses	4,624	4,939	5,004	5,339
Income before income taxes	381	433	525	581
Income taxes	139	157	193	213
Segment earnings	242	276	332	368