

CIGNA CORP
Form 8-K
December 13, 2007

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) **December 13, 2007**

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.)

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 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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Item 7.01 Regulation FD Disclosure.

Beginning on Thursday, December 13, 2007, and for the remainder of the week, Company officials expect to participate in meetings with investors and analysts. During these meetings, Company officials expect to reconfirm CIGNA's consolidated adjusted income from operations estimates for full year 2007 and 2008 and to reconfirm CIGNA's expectations regarding membership results for full year 2008, as discussed on the Company's November 2, 2007 conference call. A transcript of the November 2nd call is available at http://www.cigna.com/about_us/investor_relations/recent_disclosures.html. Company officials also expect to discuss their updated outlook for 2007 full year medical membership growth, which is approximately 5% excluding the impact of Sagamore members. This updated outlook reflects the impact of modestly higher disenrollment, primarily as a result of the softening economy, and is at the lower end of our previously communicated range.

Adjusted income from operations is income from continuing operations excluding realized investment results and special items. Special items for 2008 could include charges associated with adoption of Statement of Financial Accounting Standards No. 157, entitled "Fair Value Measurements," which clarifies the measurement of and expands disclosures regarding the fair valuing of certain assets and liabilities. Management at this time cannot reasonably quantify these charges. However, due to changes in these assumptions, there could be a material adverse impact on the Run-off Reinsurance segment and CIGNA's results of operation at implementation. The impact on CIGNA's financial condition at implementation is not expected to be material. Information is not available for management (1) to reasonably estimate future realized investment gains (losses) due in part to interest rate and stock market volatility and other internal and external factors or (2) to identify or reasonably estimate 2007 special items; therefore it is not possible to provide a forward-looking reconciliation of adjusted income from operations to income from continuing operations.

The foregoing statements represent management's current estimate of CIGNA's consolidated adjusted income from operations as of the date of this report. Actual results may differ materially depending on a number of factors, and investors are urged to read the Cautionary Statement included in this report for a description of those factors. Management does not assume any obligation to update these estimates.

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 productivity initiatives, litigation and other legal matters, operational improvement in the health care operations, and the outlook for CIGNA's full year 2007 and 2008 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;
 3. challenges and risks associated with implementing operational improvement initiatives and strategic actions in the health care operations, including those related to: (i) offering products that meet emerging market needs, (ii) strengthening underwriting and pricing effectiveness, (iii) strengthening medical cost and medical membership results, (iv) delivering quality member and provider service using effective technology solutions, and (v) lowering administrative costs;
 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 covering guaranteed 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 plan 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;
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15. changes in public policy and in the political environment, which could affect state and federal law, including legislative and regulatory proposals related to health care issues, which could increase cost and affect the market for CIGNA's health care products and services; and 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 CIGNA's 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;
19. the ability of the parties to satisfy conditions to the closing of the Great-West transaction, including obtaining required regulatory approvals;
20. the ability to successfully integrate and operate the businesses being acquired from Great-West by, among other things, renewing insurance and administrative services contracts on competitive terms, retaining and growing membership, realizing revenue, expense and other synergies, successfully leveraging the information technology platform of the acquired businesses, and retaining key personnel;
21. the ability of CIGNA to execute its growth plans by successfully leveraging its capabilities and those of the business being acquired from Great-West to further enhance the combined organization's network access position, underwriting effectiveness, delivery of quality member and provider service, and increased penetration of its membership base with differentiated product offerings; and
22. any adverse effect to CIGNA's business or the business being acquired from Great-West due to uncertainty relating to the acquisition transactions.

This list of important factors is not intended to be exhaustive. Other sections of CIGNA's most recent Annual Report on Form 10-K, including the "Risk Factors" section, the Cautionary Statement in Management's Discussion and Analysis of Financial Condition and Results of Operations, CIGNA's Forms 10-Q for the quarters ended March 31, 2007, June 30, 2007, and September 30, 2007, 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.

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 hereunto duly authorized.

CIGNA CORPORATION

Date: December 13, 2007

By:

/s/ Nicole S. Jones

Nicole S. Jones

Corporate Secretary and Vice

President, Corporate and Financial Law
