

REPORT ON EXAMINATION
OF THE
CIGNA WORDWIDE INSURANCE COMPANY
AS OF
DECEMBER 31, 2011

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2011 of the

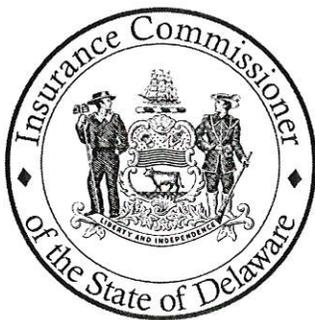
CIGNA WORLDWIDE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By:

Brant Biddle

Date: May 24, 2013



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 24th day of May, 2013.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
CIGNA WORLDWIDE INSURANCE COMPANY
AS OF
DECEMBER 31, 2011

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart", is written over a horizontal line.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 24th day of May, 2013

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SALUTATION

May 14, 2013

Honorable Karen Weldin Stewart, CIR-ML
Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, DE 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 12.027, dated January 14, 2013, an examination has been made of the affairs, financial condition and management of the

CIGNA WORLDWIDE INSURANCE COMPANY

hereinafter referred to as the “Company” or “CWW” and incorporated under the laws of the state of Delaware as a stock company. The examination was conducted at the statutory home offices of the Company, located at 300 Bellevue Parkway, Wilmington, DE, 19809. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The last examination was completed as of December 31, 2008. This examination covered the period of January 1, 2009, through December 31, 2011, and encompasses a general review of transactions during the period, the Company’s business policies and practices, as well as management and relevant corporate matters, with a determination of the financial condition of the Company at December 31, 2011. Transactions subsequent to the examination date were reviewed where deemed necessary.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Laws and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk focused examination process. The examination report addresses regulatory issues reviewed during the examination process.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PriceWaterhouseCoopers (PWC). Certain auditor work papers of their December 31, 2011 audit have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of tests of controls, risk mitigation and substantive testing.

In addition to items noted in this report, the topics below were reviewed without material exception and are included in the work papers of this examination:

- Corporate Records
- Fidelity Bonds and Other Insurance
- Pensions, Stock Ownership and Insurance Plans
- Statutory Deposits

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or adjustments noted.

SUBSEQUENT EVENTS

In the fall of 2012 the Company's Board of Directors made an executive decision to renew all of CWW medical business policies to Cigna Health Life Insurance Company (CHLIC) and its life and disability business to Life Insurance Company of North America (LINA).

COMPANY HISTORY

The Company was incorporated on August 10, 1976 under the laws of the State of Delaware as a stock insurance company having perpetual existence. The name of the Company was INA Insurance Company of America. On May 17, 1978, the name of the Company was changed to INA International Insurance Company. The Company commenced operations on May 17, 1979. On August 7, 1984, the current name, CIGNA Worldwide Insurance Company, was adopted.

From inception until December 31, 1995, all of the Company's outstanding common stock was owned by CIGNA Reinsurance Company. Since that date the stock ownership has been transferred three times: on December 31, 1995, the Company was transferred to INA Corporation; on May 31, 1996, it was transferred to CIGNA International Holdings, LTD; and on July 2, 1999, it was transferred to CIGNA Global Reinsurance Company, Ltd. (Bermuda), the Company's direct parent as of December 31, 2011. All three transfers of CWW were within the CIGNA Corporation Holding Company System.

As a member of the CIGNA Corporation (CIGNA), the Company is Sarbanes Oxley (Sections 302 and 404) compliant and has an Enterprise Risk Management program in place through the ultimate parent.

MANAGEMENT AND CONTROL

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, all corporate powers and its business property and affairs are managed by, or under the direction of, its Board of Directors (Board).

The Board shall consist of at least three members and subject to a maximum of seven members.

The control and management of the Company is vested in the Board of Directors. The persons elected and serving as Directors of the Company at December 31, 2011 were:

<u>Directors</u>	<u>Primary Business Affiliate</u>
David S. Scheibe	President, Cigna Corporation
Ronald H. Duld	Chief Financial Officer, Cigna Corporation
Mary T. Hoeltzel	Chief Accounting Officer, Cigna Corporation
Francis M. Lastner	Vice President Internal Audit, Cigna Corporation
Lindsay K. Blackwood	Corporate Secretary, Cigna Corporation
James Yablecki	Treasurer, Cigna Corporation

The Officers of CWW are elected by the Board of Directors annually. Those persons serving as of December 31, 2011 were:

<u>Officers</u>	<u>Title</u>
David S. Scheibe	President and Treasurer
Andrew Kielty	Senior Vice President & Chief Counsel
Ronald H. Duld	Vice President and Controller
Shermona S. Mapp	Corporate Secretary

The minutes of the meetings of the Stockholders and Board of Directors, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers and approval of investment transactions were also noted.

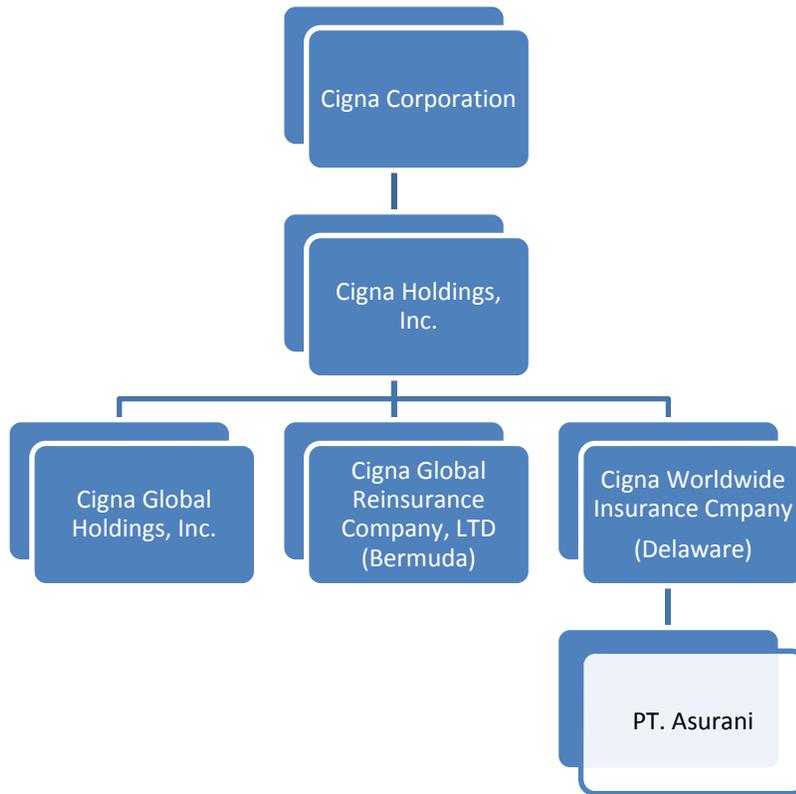
Inspection of Company files indicated that ethics statement/conflict of interest affidavits were completed on line and reviewed by management for the exam period.

During our review for compliance with 18 Del. C. §4919, it was noted that the Company properly reported changes in directors and principal officers.

INSURANCE HOLDING COMPANY SYSTEM

The Companies are members of an insurance holding company system as defined under Title 18, Chapter 50 of the Delaware Insurance Code. The Companies are direct wholly-owned subsidiaries of Cigna Corporation (the “Parent”).

The following is an abbreviated organization chart:



At December 31, 2011, Cigna Corporation reported the following:

Assets	\$ 51,047,000,000
Shareholders’ Equity	\$ 8,334,000,000
Total Revenues for 2011	\$ 21,998,000,000
Net Income	\$ 1,328,000,000

The examiners have reviewed the Company’s most recently filed Form B- Insurance Holding Company Registration Statement. Based on that review, it appears that the Company

has disclosed all intercompany arrangements and in turn has filed the applicable information/agreements with the Delaware Insurance Department.

The Company's total premium and annuity considerations for the year ended December 31, 2011 were as follows:

Direct	\$24,657,328
Assumed	<u>73,174,614</u>
Gross	97,831,942
Ceded	<u>78,361,893</u>
Net	<u>\$ 19,470,049</u>

Intercompany Agreements

Expense Sharing Agreement

In May 2006, CWW entered into an Expense Sharing Agreement with Connecticut General Life Insurance Company (CGLIC) in which the parties share expenses allocable to the CIGNA International Expatriate Benefits (CIEB) business. (In 2012, CIEB changed its name to CIGNA Global Health Benefits (CGHB). CGLIC allocated \$2.5 million and \$2.4 million to the Company under this agreement for 2011 and 2010 respectively. In accordance with this agreement, settlement of these expenses was paid to CGLIC on a quarterly basis.

Consolidated Tax Allocation Agreement

In April 1982, the Company entered into a tax allocation agreement with CIGNA Corporation. The agreement was amended January 1, 1997. The agreement sets forth the method of allocation of federal income taxes for CIGNA Corporation and certain of its wholly owned domestic subsidiaries. The agreement provides for immediate reimbursement to companies with net operating losses to the extent that their losses are used to reduce consolidated taxable income, while those with current taxable income as calculated under federal separate return provisions are liable for payments determined as if they had each filed a separate return. However, a

current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return.

Network Access Agreement (a.k.a. "CG Life PPO Agreement")

Effective July 1, 1999 and amended June 12, 2001, CWW entered into a Network Access Agreement with CGLIC which provides certain services to CWW with regard to its PPO network. CWW and CGLIC are indirect subsidiaries of CIGNA Holdings, a direct subsidiary of CIGNA Corporation. In 2011 and 2010, the Company paid CGLIC \$30,000 and \$30,000 respectively for these services.

CIGNALinks Spain Intercompany Service Agreement

In September 2006, CWW entered into a CIGNALinks Spain Intercompany Service Agreement with CGLIC, CIGNA Life Insurance Company of Europe SA-NV and CIGNA European Service (UK) Ltd. Effective September 1, 2011, the agreement was amended to revise the types of reports to be provided to CIEB-US and revised the amount of service fees to be paid per outbound and inbound customer. Fees under this agreement were deemed immaterial to CWW and not disclosed in 2011.

Rehabilitation, Utilization Review and Medical Bill Review Services Agreement

The Company was provided certain rehabilitation, utilization review and medical bill services by International Rehabilitation Services, Inc., d/b/a INTRACORP ("IRA"). The Company is an indirect subsidiary of CIGNA Holdings, Inc., a direct subsidiary of CIGNA Corporation. Until December 1, 2010, IRA was also an indirect subsidiary of CIGNA Holdings Inc., a direct subsidiary of CIGNA Corporation. In 2011 and 2010, IRA recorded revenue of approximately \$1,000 and \$2,000 respectively, for these services. According to CWW's 2011

Form B filing, the agreement was amended effective January 1, 2011 to record Intracorp's name change to Cigna Health Management, Inc. and to add another affiliate as a party.

Investment Advisory Agreement

Effective July 4, 2004, the Company entered into an Investment Advisory Agreement (“CWW Agreement”) with its affiliate, then known as Cigna Investments, Inc. (“Adviser”). The CWW Agreement was approved by the Delaware Department of Insurance on August 2, 2004. As more particularly described below, effective October 1, 2008, the Adviser entered into an Investment Sub-Advisory Agreement with another affiliate (Sub-Adviser”), pursuant to which the Sub-Adviser renders investment management services to the Company under the supervision of the Adviser. There are no substantive changes between the two (2) agreements, and no change in the manner that fees are assessed.

Background: Historically, Cigna's internal insurance-related accounts were managed by an unregistered investment advisor affiliate then known as "Cigna Investments, Inc." and external third-party accounts were through an SEC-registered investment advisor affiliate known as "TimesSquare Capital Management, Inc." Cigna decided in 2008 to phase out the use of the unregistered advisor and combine all investment management in the registered adviser. Effective October 1, 2008, Cigna Investments, Inc. changed its name to "Former Cigna Investment, Inc." ("FCII") and TimesSquare Capital Management, Inc. changed its name to “Cigna Investments, Inc.” (“CII”). FCII is the Adviser and CII is the Sub-adviser referred to above. Under the Sub-Advisory Agreement, CII provides investment advice to the Adviser (FCII) for certain affiliates (including CWW) until receipt of regulatory approval for CII to replace FCII as investment manager for applicable affiliate companies. This agreement was then amended effective April 30, 2010 to terminate certain existing agreements as a result of

regulatory approval and execution of certain replacement agreements. As a result of the Investment Sub-Advisory Agreement, the CWW Agreement with FCII remains in full force and effect. FCII discharges its obligations under the CWW Agreement by the engagement of CII as sub-advisor under the Sub-Advisory Agreement. The January 27, 2012 Mandate Letter is intended as a supplement to the CWW Agreement providing a more detailed description of the operations. According to CWW's 2011 Form B, the Company paid CII \$31,000 in 2011 for these services.

TERRITORY AND PLAN OF OPERATION

The Company is only licensed domestically in the State of Delaware. The specific lines the Company is authorized to write in the State of Delaware are as follows:

- Life, including annuities
- Variable Annuities
- Credit Life
- Health
- Credit Health

CWW's primary business is expatriate business, offering life and health benefits to individuals working outside their country of domicile. Most of CWW's business is provided to U.S. citizens working internationally. The Company's business is generated by CIGNA International Expatriates Benefits (CIEB), a unit of CIGNA. On January 1, 2012, CIGNA rebranded the name of its international business from Cigna International Expatriate Business to Cigna Global Health Benefits (CGHB).

CIGNA Corporation, Ultimate Parent, is a global insurer with clients that have healthcare needs throughout the United States and the world. In order to simplify the process for their clients, CIGNA is offering them the option of moving their expatriate business to Connecticut General Life Insurance Company (CGLIC), a Connecticut-domiciled insurer licensed in all fifty

states, in 2009. This process would allow the client-policyholder to have one insurer providing all their healthcare needs, rather than having the domestic healthcare needs provided through one CIGNA entity, CGLIC, and their expatriate healthcare needs provided through CWW, which is only licensed in the state of Delaware and therefore cannot provide domestic healthcare in the United States. Due to CIGNA's action, the Company's premium income declined considerably during the period under examination and is expected to decline in the future.

During 2008, the Company's business declined considerably. Management attributed the decline to a reallocation of premiums within CIGNA. Most of CWW's larger policies, which were in effect during the prior examination period, were non-renewed and/or outright transferred to CGLIC.

CIEB decided to renew this business on CGLIC paper due to regulatory issues surrounding dependents of insured expatriates who were obtaining care in states in which CWW was not licensed. As CGLIC is licensed in all 50 states, the regulatory concerns were alleviated.

CIEB has several sales offices throughout the U.S. that the Company utilizes to underwrite its expatriate business. Claims are processed throughout the CIEB network.

On the filed Annual Statement as of December 31, 2011, the Company reported the following distribution of Direct Premiums Written:

<u>Line of Business</u>	<u>Direct Premiums</u>	
<u>Premiums</u>	<u>Written</u>	<u>Percent</u>
<u>Percent</u>		
Life Contracts - Life Insurance Premium	\$ 4,315,788	16.4%
Accident and Health	21,966,149	83.6%
Total	<u>\$ 26,281,937</u>	<u>100.0%</u>

GROWTH OF THE COMPANY

The following information was obtained from the Company's filed Annual Statements and covers the three years since its last examination (December 31, 2008).

<u>Year</u>	<u>Admitted Assets</u>	<u>Capital & Surplus</u>	<u>Net Premium Income</u>	<u>Net Gain (Losses)/Pre tax</u>	<u>Net Income</u>
2008	\$ 53,736,614	\$ 16,412,282	\$ 37,167,160	\$ 13,195,755	\$ 9,441,386
2009	\$ 48,188,421	\$ 8,965,294	\$ 17,470,438	\$ 7,347,066	\$ 4,157,223
2010	\$ 48,839,759	\$ 11,983,237	\$ 15,548,445	\$ 8,964,916	\$ 5,681,419
2011	\$ 63,424,915	\$ 26,552,078	\$ 19,470,049	\$ 23,678,151	\$ 18,746,967

Since December 31, 2008, the Company's financial results were as follows:

- 18.03 % increase in admitted assets
- 61.78 % increase in capital and surplus
- 47.61 % decrease in net premium income
- 79.44 % increase in underwriting gain/(loss)
- 98.56 % increase in net income

Admitted Assets increase of \$9.7million or 18.03% , Capital and Surplus increase of \$10.1 million or 61.78% and Net Income increase of \$9.3 million or 98.56%, are all primarily due to a dividend from an affiliate, PT Asuransi. The dividend was \$14 million in the 4th quarter of 2011. CWW did not dividend up the legal entity chain to Cigna Global Reinsurance Company (CGRC) until the spring of 2012. Net Premium Income decreased \$17.7million or 47.61% due to the Company decision to renew policies from CWW to CGLIC during the examination period.

LOSS EXPERIENCE

As of December 31, 2011, CWW held reserves primarily for ordinary and group life, immediate annuities and group accident and health (A&H). The Five-year Historical Data Exhibit of the Annual Statement indicates that no new individual life business and only minimal amounts of group life business has been issued for the years 2008 through 2011. Policy reserves remained primarily consistent over the years, however from 2010 to 2011, they increased \$1.9

million. The largest driver for the increase in Policy Reserves is the increase in Long Term Death claimant growth year over year. Life and accident and health claims and contract liabilities, decreased \$1.5 million from 2010. The decrease relates to the takedown of IBNR associated with the annual Actuarial reserve study that occurred in Q3 of \$0.9 million. Also contributing to the decrease is high claim activity associated with one large account in the amount of \$0.4 million. Per the review performed by consulting actuaries at INS Services, reserves were reasonably stated. There were no significant trends or unanticipated events noted in 2011.

REINSURANCE

As of December 31, 2011 the Company reported the following distribution of written premiums:

<u>Total Premiums and Annuity Considerations</u>	<u>Total</u>
Direct	\$ 24,657,328
Assumed	73,174,614
Gross	<u>\$ 97,831,942</u>
Ceded	<u>(78,361,893)</u>
Net	<u>\$ 19,470,049</u>

The examiners reviewed the Company's material assumed and ceded reinsurance agreements in effect as of the December 31, 2011. The significant reinsurance contracts were with:

- LINA Life Insurance Company, Ltd., Korea, effective July 1, 2006
 - Premiums Assumed= \$72,906,222
- Cigna Global Reinsurance Company (CGRC), Bermuda (Korea Business), effective July 1, 2006
 - Premiums Ceded= \$72,906,222
- Life Insurance Company of North America. PA, effective November 1, 2006
 - Premiums Ceded= \$4,342,505

Reinsurance Agreements

CIEB Group Life QS Reinsurance Agreement (Treaty # 317) effective January 1, 2011

This agreement was entered into on January 1, 2011 between CWW, CGLIC, Life Insurance Company of North America, CIGNA Global Insurance Company, Ltd, CIGNA Life Insurance Company of Canada, and CGRC (Reinsurer). As of December 31, 2011, the Company ceded \$778,929 to CGRC.

Group Long-Term Disability QS Reinsurance Contract

Connecticut General Life Insurance Company (CGLIC), CWW, Cigna Life Insurance Company of Canada and the Life insurance Company of North America (LINA) are parties to a Group Long Term Disability Quota Share Reinsurance Agreement. This treaty represents Cigna International Expatriate business (CIEB). In 2011, CWW ceded \$4,342,505 in reinsurance premiums for reinsurance ceded to LINA.

As of December 31, 2011, assumed premiums of \$73,174,614, was primarily comprised of business assumed from the LINA Life Insurance Company, Ltd., a Korean-domiciled entity (LINA-KR). Assumed premiums generated from the agreement totaled \$72,906,222 or 99.60% of the \$73,174,614. The Company assumes 100% of reinsurance as a pass-through between LINA-KR and CIGNA Global Reinsurance Company (CGRC). Per Company management, the reason for this type of transaction is that Korean regulators require a rated reinsurer for affiliate reinsurance. CWW has an A.M. Best rating and meets the Korean requirement. All of the LINA-KR reinsurance assumed by CWW is retroceded to CGRC with the Company retaining no premium or liability.

ACCOUNTS AND RECORDS

An external accounting firm audits the statutory-basis financial statements of the Company annually. The Company's external firm reviewed the internal control structure in order to establish the necessary audit procedures required to express an opinion on the financial statements as of December 31, 2011. No significant or qualifying deficiencies were found to exist in the design or operation of the internal control structure.

The accounts and records review included an assessment of the Company's risk management process in identifying and controlling risks in the key operational areas of the Company. In making the assessment in each key area, processes were reviewed, risks were identified, operational and organizational controls were identified and tested and the Company's methodology for assessing the effectiveness of the established mitigation factors were evaluated.

The consulting firm of INS Services, Inc. performed a review of the Company's global controls over its information and technology IT environment. It was determined that global controls surrounding the EDP environment were found to be sufficient.

FINANCIAL STATEMENTS

The following pages contain a statement of assets, liabilities, surplus and other funds as of December 31, 2011, as determined by this examination, along with supporting exhibits as detailed below:

Analysis of Assets as of December 31, 2011
Statement of Liabilities, Surplus and Other Funds as of December 31, 2011
Summary of Operations, Statement of Income as of December 31, 2011
Reconciliation of Surplus Since last Examination
Schedule of Examination Adjustments

Analysis of Assets
As of December 31, 2011

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>	<u>Note</u>
Bonds	\$ 27,115,662		\$ 27,115,662	1
Common stocks	47,905,877	\$ 47,905,877	-	2
Cash and short-term investments	31,327,762		31,327,762	
Investment income due and accrued	257,869		257,869	
Uncollectible premiums and agents' balances in course of collection	1,964,953	\$ 609,268	1,355,685	
Amounts recoverable from reinsurers	794,687	589,565	205,122	
Amounts receivable relating to uninsured plans	340,024	346,218	(6,194)	
Net deferred tax asset	4,146,727	1,039,656	3,107,071	
Receivable from parent, subsidiaries & affiliates	1,786,966	1,725,028	61,938	
Aggregate write-ins:	94,394	94,394	-	
Total Assets	<u>\$ 115,734,921</u>	<u>\$ 52,310,006</u>	<u>\$ 63,424,915</u>	

Statement of Liabilities, Surplus and Other Funds
As of December 31, 2011

<u>Liabilities, Surplus and Other Funds</u>		<u>Note</u>
Aggregate reserves for life contracts	\$ 1,788,757	3
Aggregate reserves for accident and health contracts	10,501,790	3
Contract Claims		
Life	470,623	
Accident and Health	4,687,408	3
Provision for experience rated refunds	654,235	
Other amounts payable on reinsurance	930,621	
Commissions to agents due or accrued-Life and annuity contracts	37,824	
Commissions and expense allowance payable on reins assumed	2,521	
Current federal and foreign income tax	255,856	
Amounts withheld or retained by company as agent or trustee	3,121	
Remittance and items not allocated	464,326	
Asset valuation reserve	127,239	
Reinsurance in unauthorized companies	4,560,643	
Funds held under reinsurance contracts	10,371,660	
Payable to parents, subsidiaries and affiliates	495,204	
Aggregate write-ins for liabilities	1,521,004	
Total Liabilities	<u>\$ 36,872,832</u>	
Common capital stock	\$ 2,500,000	4
Gross paid in and contributed surplus	4,000,500	
Unassigned funds (surplus)	20,051,578	
Surplus as regards policyholders	<u>\$ 26,552,078</u>	
Total Liabilities, Capital and Surplus	<u><u>\$ 63,424,910</u></u>	

Summary of Operations - Statement of Income
As of December 31, 2011

Premiums and annuity considerations	\$ 19,470,049
Net investment income	15,211,120
Amortization of IMR	47,807
Charges and fees for deposit type contracts	965,516
Totals	<u>\$ 35,694,492</u>
Death benefits	1,163,163
Annuity benefits	112,426
Disability benefits and benefits under accident and health contracts	4,683,841
Increase in aggregate reserves for life and A&H contracts	1,847,312
Totals	<u>\$ 7,806,742</u>
Commissions on premiums, annuity considerations	894,806
Commissions and expense allowances on reinsurance assumed	18,312
General insurance expenses	3,290,299
Insurance taxes, licenses and fees excluding income taxes	6,182
Totals	<u>\$ 12,016,341</u>
Net gains from operations before dividends to policyholders and FIT	<u>\$ 23,678,151</u>
Federal and foreign income taxes	4,931,184
Net gains from operations after dividends to policyholders and FIT	<u>\$ 18,746,967</u>
Net realized capital gains	-
Net Income	<u><u>\$ 18,746,967</u></u>

Reconciliation of Surplus from Prior Examination

Surplus as regards to policyholders, December 31, 2008	<u>\$ 16,412,282</u>
Net Income	\$ 28,585,609
Change in net unrealized capital (losses)	34,181,314
Change in unrealized foreign exchange capital gains	(1,312,121)
Change in net deferred income taxes	676,592
Change in non-admitted assets and related items	(36,473,534)
Change in liability for reinsurane in unauthorized companies	(1,089,853)
Change in reserve on account change in valuation basis	60,254
Change in asset valuation reserve	(61,124)
Dividends to stockholders	(17,000,000)
Aggregate write-ins	<u>2,572,659</u>
Net change in surplus as regards to policyholders, December	<u>\$ 10,139,796</u>
Surplus as regards to policyholders, December 31, 2011	<u>\$ 26,552,078</u>

SCHEDULE OF EXAMINATION ADJUSTMENTS

There were no financial examination adjustments.

NOTES TO FINANCIAL STATEMENTS**Note 1 - Bonds****\$27,115,662**

Investments in bonds are reported at values (amortized cost) adopted and approved by the Securities Valuation Office (SVO) of the NAIC. Bonds owned by the Company are as follows:

<u>Type</u>	<u>Statement Value</u>
All other governments	\$ 893,588
Industrial and Misc. Unaffiliated	22,720,858
Industrial and Misc. Unaffiliated CMBS	<u>3,501,216</u>
Total	<u>\$ 27,115,662</u>

Of the Company's bond holdings, which comprised 46.4% of the Company's total invested assets and 42.75% of total admitted assets at December 31, 2011, 100% were categorized as Class 1 or 2 with respect to NAIC credit quality standards and with maturity dates consistent with the Company expected reserve payout.

Note 2 – Common Stock

\$0

The Company owns one subsidiary: PT Asuransi Niaga Cigna Life (PT Asurani), worth \$47,905,877 as stated on Schedule D- Part 2- Section 2. CWW has an 80% interest in this subsidiary which is located in Indonesia. PT Asuransi does not provide audited financial statements to CWW, therefore in accordance with SSAP #88, the value of the subsidiary is properly non-admitted.

Note 3 – Aggregate Reserves for Life Contracts

\$ 1,788,757

Note 3 – Aggregate Reserves for Accident and Life Contracts

10,501,790

Note 3 – Contract Claims Accident and Health

4,687,408

The Delaware Department of Insurance retained the services of INS Consultants, Inc. (INS), to conduct an independent review of the Company's aggregate reserves for life and accident and health contracts, and contract claims life and accident and health contracts as of December 31, 2011. The INS analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Handbook.

The conclusions set forth in INS's report are based on information provided by the Company, including the 2011 Annual Statements and the related 2011 Statement of Actuarial Opinion with underlying actuarial work papers.

Reserves were reviewed for compliance with standard valuation laws, applicable National Association of Insurance Commissioner (NAIC) Actuarial Guidelines and Model Regulations. Reserve trends were also analyzed and generally produced reasonable results. Reinsurance reserve credits were reconciled with Schedule S and appeared reasonable. Reserves for sampled contracts were calculated in accordance with standard actuarial practice and comply with the minimum statutory requirements.

INS concluded that the balance sheet items enumerated in the examination scope appear fairly stated, but noted that some annuity reserves were calculated using incorrect valuation parameters. However, since most of the annuity reserves are ceded, no financial adjustment was recommended. Based on the above discussion and analysis, INS has concluded that the December 31, 2011 balance sheet items covered in the examination scope appear fairly stated.

Reserve/Asset Analysis

For each product segment, examination procedures were performed by INS depending on the residual risk assessments as determined by INS. INS determined the underlying inherent risks for each segment and concluded that the primary examination work should focus on the products with features that created the greatest risks for CWW. INS' examination procedures called for sample reserve calculations, where appropriate and reserves for sample contracts were calculated by INS in accordance with standard actuarial practice. Reserves for sampled contracts were found to comply with the minimum statutory requirements.

For some immediate annuity contracts, CWW inadvertently used the wrong valuation interest rate and incorrect valuation mortality table (for contracts issued since 1999). Since gross reserves were understated by \$465,669 (compared to a materiality level of \$1,328,000) and most contracts are 100% reinsured, no financial adjustment is recommended. Therefore, the following recommendation is warranted:

It is recommended that the Company use the correct valuation interest rate and mortality table when determining reserves for immediate annuities.

In addition, INS noted that the Company was multiplying the mortality and termination rates applicable to the disability-disabled lives reserve calculations with factors that were greater than the standard factors resulting in reduced reserves. Since the reserve deficiency is below

tolerable error, no financial adjustment is required. However, the following recommendation is warranted:

It is recommended that the Company use the correct factors in the disability – disabled lives reserve calculations.

Note 4 – Common Capital Stock

\$2,500,000

At December 31, 2011, the Company had 500,000 common shares authorized with a par value of \$25 per share, of which 100,000 shares were issued and outstanding.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

Of the three examination recommendations noted in the December 31, 2008 exam, two were complied with and one was a repeat finding:

1. It was recommended that on all future Annual Statement filings, the members of the Board of Directors be accurately reported.

The Company complied with this recommendation.

2. It was recommended that the Company comply with the NAIC's Annual Statement Instructions and include all applicable transactions with its affiliates on Schedule Y- Part 2 on all future statutory financial statements.

The Company complied with this recommendation.

3. It is recommended that CWW use the correct valuation interest rate for contracts issued in a given year and reflect the correct annuity structure for the applicable contracts. Repeat finding noted below.

**The Company did not comply with this recommendation.
See repeat recommendation below.**

SUMMARY OF RECOMMENDATIONS

1. It is recommended that the Company use the correct valuation interest rate and mortality table when determining reserves for immediate annuities.

2. It is recommended that the Company use the correct factors in the disability-disabled lives reserve calculations.

CONCLUSION

The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

<u>Description</u>	<u>December 31, 2008</u>	<u>December 31, 2011</u>	<u>Increase (Decrease)</u>
Assets	\$ 53,376,614	\$ 63,424,915	\$ 10,048,301
Liabilities	\$ 36,964,332	\$ 36,872,832	\$ (91,500)
Common Capital Stock	2,500,000	2,500,000	-
Gross Paid In and Contributed Surplus	4,000,500	4,000,500	-
Unassigned Funds (Surplus)	9,911,782	20,051,578	10,139,796
Total Surplus	<u>\$ 16,412,282</u>	<u>\$ 26,552,078</u>	<u>\$ 10,139,796</u>
Totals	<u>\$ 53,376,614</u>	<u>\$ 63,424,910</u>	<u>\$ 10,048,296</u>

In addition to the undersigned, Anthony Cardone CFE, CPA (Examination Supervisor) and Barry Lupus, Staff Examiner, CPA, CFE, CFE (Fraud), participated in the examination. The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. and INS Services, Inc. is acknowledged.

Respectfully submitted,

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 Examiner-In-Charge
 State of Delaware