

REPORT ON EXAMINATION
OF THE
CIGNA WORLDWIDE INSURANCE COMPANY
AS OF
DECEMBER 31, 2015

Trinidad Navarro
Commissioner



Delaware Department of Insurance

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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.



Trinidad Navarro
Insurance Commissioner

Dated this 15th day of May, 2017

Trinidad Navarro
Commissioner



Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2015 of the

CIGNA WORLDWIDE INSURANCE COMPANY

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

Attest By: Rufym Brown

Date: May 15, 2017



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 15th day of May, 2017.

Trinidad Navarro
Trinidad Navarro
Insurance Commissioner

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SALUTATION

March 31, 2017

Honorable Trinidad Navarro
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 16.026, dated March 29, 2016, an examination has been made of the affairs, financial condition and management of

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 Delaware Department of Insurance (Department) performed a risk-focused financial examination of the Company. The last examination was conducted as of December 31, 2011, by the Department. This examination covered the period of January 1, 2012, through December 31, 2015.

The examination of the Company was performed as a single state examination. We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers, LLC (PwC). Certain auditor work papers of their 2015 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 risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or adjustments noted.

COMPANY HISTORY

General

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.

Proposed Merger

On July 23, 2015, the Company entered into a merger agreement with Anthem, Inc. ("Anthem") and Anthem Merger Sub Corp. ("Merger Sub"), a direct wholly owned subsidiary of Anthem. The merger agreement provides (a) for the merger of the Company and Merger Sub, with the Company continuing as the surviving corporation and (b) if certain tax opinions are

delivered, immediately following the completion of the initial merger, for the surviving corporation to be merged with and into Anthem, with Anthem continuing as the surviving corporation (collectively, the “merger”). Subject to certain terms, conditions, and customary operating covenants, each share of Cigna common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive (a) \$103.40 in cash, without interest, and (b) 0.5152 of a share of Anthem common stock. The closing price of Anthem common stock on February 24, 2016 was \$130.75.

At special shareholders’ meetings held in December 2015, Cigna shareholders approved the merger and Anthem shareholders approved the issuance of shares of Anthem common stock in connection with the merger. Completing the merger remains subject to certain conditions, including the receipt of certain necessary governmental and regulatory approvals and the absence of a legal restraint prohibiting the merger. Completing the merger is not subject to a financing condition. As of writing date, the transaction has not closed.

Capitalization

CWW has 500,000 shares authorized and 100,000 issued and outstanding as of December 31, 2015 with a par value of \$25. There are no other classes of capital stock.

The following table reflects the CWW’s capitalization activity since the prior examination:

	<u>Capital Stock</u>	<u>Gross Paid in & Contributed Surplus</u>
December 31, 2011	\$2,500,000	\$4,000,500
Activity	<u>0</u>	<u>0</u>
December 31, 2015	<u>\$2,500,000</u>	<u>\$4,000,500</u>

Dividends

The examination team reviewed dividend requests, approvals and payments during the exam period. The following dividends were paid during the examination period:

- **December 31, 2015** - On October 30, 2015, the Company declared an extraordinary dividend in the amount of \$3,550,037. Dividend was approved by the DOI on December 4, 2015. The Company paid the dividend on December 28, 2015.
- **December 31, 2014** - On November 14, 2014, the Company declared an ordinary dividend in the amount of \$500,000. Dividend was approved by the DOI on December 11, 2014. The Company paid the dividend on November 24, 2014.
- **December 31, 2013** - On October 18, 2013, the Company declared an extraordinary dividend in the amount of \$8,000,000. Dividend was approved by the DOI on October 29, 2013. The Company paid the dividend on November 21, 2013.
- **December 31, 2012** - The Company declared and paid two dividends in 2012:
 - On February 28, 2012, the Company declared an ordinary dividend in the amount of \$12,700,000. Dividend was approved by the DOI on March 27, 2012. The Company paid the dividend on March 30, 2012.
 - On November 5, 2012, the Company declared an extraordinary dividend in the amount of \$18,087,500. Dividend was approved by the DOI on December 3, 2012. The Company paid the dividend on December 17, 2012.

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 bylaws of the Company do not specify a specific number of Directors of the Company but instead allow the shareholders to elect any number of Directors from time to time as they deem necessary. The persons elected and serving as Directors of the Company at December 31, 2015 were:

<u>Directors</u>	<u>Primary Business Affiliate</u>
David S. Scheibe	Treasury, Senior Director, Cigna Corporation
Ronald H. Duld	Financial Strategy, Senior Director, Cigna Corporation
Mary T. Hoeltzel	Chief Accounting Officer, Cigna Corporation
Jeffrey T. Rigg	Vice President of Internal Audit, Cigna Corporation
Neil B. Tanner	Vice President, Chief Counsel and Corporate Secretary, Cigna Health & Life Insurance Company
James Yablecki	Treasurer, Cigna Corporation
William J. Smith	Business Financial Officer, Cigna Health & Life Insurance Company
James Van Hoof	Vice President of Tax, Cigna Health & Life Insurance Company
Eric P. Palmer	Senior Vice President, Business Financial Officer, Life Insurance Company of North America

The Officers of CWW are elected by the Board of Directors annually. Those persons serving as of December 31, 2015, were:

<u>Officers</u>	<u>Title</u>
David S. Scheibe	President and Treasurer
Johannes Martinus De Jong	Senior Vice President & Chief Counsel
Ronald H. Duld	Vice President & Controller
Robert W. Carey	Vice President

There was one formal committee of the Board, and the following are the members in place as of December 31, 2015:

Audit Committee:
Mary Hoeltzel
Eric Palmer
Jeffrey Rigg
Neil Boyden Tanner
William J. Smith

James Van Hoff
James Yablecki

Corporate Records

The recorded minutes of the shareholders, Board of Directors (Board), were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, for the approval of investment transactions in accordance with 18 Del. C. §1304.

Inspection of Company files indicated that an ethics statement/conflict of interest statement was completed by all directors and employees for the examination period.

A review was performed for compliance with Code 18 Del. C. § 4919 Change of directors, officers; notice. “Every domestic stock or mutual insurer shall promptly notify the Commissioner in writing of any change of personnel among its directors or principal officers.” The Company is in compliance.

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

INSURANCE HOLDING COMPANY SYSTEM

The Companies are members of an insurance holding company system as defined under 18 Del. C. §5001 of the Delaware Insurance Code. The Companies are direct wholly-owned subsidiaries of Cigna Corporation (the “Parent”). The following abridged organizational chart, which is limited to the Company’s parent, along with its subsidiaries, depicts the Company’s relationship within the holding company system:



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.

Affiliated Agreements

At December 31, 2015, CWW was party to the following affiliated tax, service and agency agreements:

Expense Sharing Agreement

In May 2006, CWW entered into an Expense Sharing Agreement with Connecticut General Life Insurance Company (CG Life) 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). In 2015, CG Life allocated \$1.8 million in expenses to the Company. In accordance with this agreement, settlement of these expenses was paid to CG Life on a quarterly basis.

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 CG Life which provides certain services to CWW with regard to its PPO network. CWW and CG Life are indirect subsidiaries of Cigna Holdings, a direct subsidiary of Cigna Corporation. In 2015, the Company did not incur any costs for these services.

CignaLinks Spain Intercompany Service Agreement

In September 2006, CWW entered into a CignaLinks Spain Intercompany Service Agreement with Connecticut General Life Insurance Company (CG Life), 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 2015.

Cigna Health Management Inc. (f/k/a INTRACORP) 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. 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. In 2015, Cigna Health Management, Inc. did not receive any fees for these services.

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.

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 2015 Form B, the Company paid CII \$23,334 in 2015 for these services.

Intercompany Service Agreement

The Company and other CGHB US Companies collectively entered into an Intercompany Service Agreement with Cigna European Services UK Ltd. and other CGHB Europe Companies collectively effective March 1, 2012 which defines how certain administrative services provided between countries will be charged. In 2015, the Company recognized \$2.2 million.

Third Party Agreements

The Company has a custody agreement with JP Morgan Chase Bank.

TERRITORY AND PLAN OF OPERATION

Territory

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

Plan of Operation

Most of CWW's business is provided to US citizens who work internationally. This part of the business is from the Cigna International Expatriates Benefits. The business has seen a steady decline in the last couple of years due to reallocation of premiums within Cigna. They have been transferring the business to Cigna Health and Life Insurance Company (CHLIC) due to regulatory issues with the dependents of the insured expatriates who were getting care in states where CWW was not licensed. CHLIC is licensed in all 50 states so the transfer alleviates the regulatory concerns in question. Transferring the business allows the clients to have one

company covering all their healthcare needs, rather than having their domestic healthcare needs provided through CHLIC and their expatriate needs provided through CWW. The Company is in a “controlled decent”. There is no intention to continue to write life and long-term disability business in CWW. The goal of the Company is to manage the run off of the life and long term disability business as effective and efficient as possible and eventually to move all business out of CWW. As of December 31, 2013, the Company transferred its medical business and a portion of its LTD business to affiliate companies. Only portions of the LTD business remain on the books for clients and customers who did not respond to the request to agree to transfer the business.

Lines of Business

CWW offers life and health benefits to individuals working outside their country of domicile; Expatriate Business. 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”).

In addition, beginning 2012, Cigna made a strategic decision to write a specific annuity business in CWW. The annuity business increased approximately \$12 million from the prior exam. The annuities are 100% reinsured with Highland Assurance Company. As of December 31, 2015, the Company reported direct net written premiums in the amount of \$12,457,411. Distribution by line of business was as follows:

<u>Line of Business Premiums Percent</u>	<u>Direct Premiums</u> <u>Written</u>
Ordinary Life Insurance Premium	\$ 16,707
Ordinary Individual Annuities	\$ 12,403,382
Group A&H	<u>37,322</u>
Total	<u>\$ 12,457,411</u>

REINSURANCE

The Company has assumed and ceded reinsurance on certain life and annuity contracts under various agreements. The Company reported the following distribution of net premiums written for 2015:

<u>Total Premiums and Annuity Considerations</u>	<u>Total</u>
Direct	\$ 12,457,411
Assumed:	
Reinsurance assumed from affiliates	<u>65,100,209</u>
Total Gross (direct and assumed)	<u>\$ 77,557,620</u>
Ceded:	
Reinsurance ceded to affiliates	(65,072,966)
Reinsurance ceded to non-affiliates	<u>(12,439,533)</u>
Total Ceded	<u>\$ (77,512,499)</u>
Net Premiums Written	<u>\$ 45,121</u>

The Company maintains various assumed and ceded reinsurance agreements as of December 31, 2015. The significant reinsurance contracts were as follows:

Assumed/Ceded Agreement (Intercompany)

Effective July 1, 2006 (continuous renewal on a 6 month term basis), CWW entered into a reinsurance treaty with LINA Life Insurance Company, Ltd., a Korean-domiciled entity (“LINA-KR”). As of December 31, 2015, CWW assumed premiums of \$65.09 million, 99.5% of the total assumed premiums. The Company assumes 100% of this 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. 100% (\$65.09 million) of the LINA-KR reinsurance assumed by CWW is retroceded to CGRC. CGRC is an unauthorized reinsurer, collateral is provided on a Funds held basis. As such, as of December 31, 2015, CWW has a Funds Held Under Reinsurance Treaties in the amount of \$14.91 million. Paid and Unpaid loss recoverables amounted to \$13.63 million.

Ceded Agreements –Annuity Business

Effective January 1, 2004 (continuous renewal on an annual basis), most recently amended July 1, 2014, CWW entered into a 100% quota share arrangement with an unauthorized reinsurer; Highland Assurance Inc. (“Highland”). As of December 31, 2015, CWW ceded \$12.40 million of premiums to Highland collateralized by a \$21.92 million trust agreement.

Reported reserve credits as of December 31, 2015 were \$21.71 million.

Group Long-Term Disability Reinsurance

Under a treaty effective November 1, 2006 and most recently amended November 1, 2010, the Company cedes to Life Insurance Company of North America (“LINA NA”) long term disability business losses (LTD Quota share). The company reported credit for reinsurance \$4.20 million. The coverage under the agreement is as follows:

- The Reinsurer shall be liable to, indemnify and reinsure the Reinsured for a 40% Quota Share of the Reinsured Net Loss for each covered claim and every Policy. The treaty represents Cigna International Expatriate business (“CIEB”).

Under a treaty effective September 8, 1989 and most recently amended January 1, 2004, the Company cedes to various participants long term disability business. The Company reported credit for reinsurance of \$ 3.43 million. The coverage under the agreement is as follows:

- The reinsurer shall be liable to and indemnify and reinsure the Reinsured for 100% of the non-CGI business after the first 90 months of benefit payments.

Accident &Sickness Stop Loss Treaty

Under a treaty effective January 1, 1982 and amended January 1, 2002, the Company cedes to American United Life Insurance Company (“AUL”) long term disability business losses (LTD Quota share). The company reported credit for reinsurance \$.9 million. The coverage under the agreement is as follows:

- The Reinsurer shall be liable to, indemnify and reinsure the Reinsured for a 50% Quota Share of the Reinsured Net Loss for each covered claim and every Policy. Warranted: that the quota share monthly benefits payable by the Reinsured shall not exceed 50% of the monthly benefits applicable to an insured person under an original policy issued by the Reinsured, and that the monthly benefit so applicable shall not exceed \$10,000, or so deemed.

FINANCIAL STATEMENTS

The following pages contain a statement of assets, liabilities, surplus and other funds as of (As refiled May 12, 2016) December 31, 2015, as determined by this examination, along with supporting exhibits as detailed below:

Analysis of Assets, December 31, 2015
Statement of Liabilities, Surplus and Other Funds, December 31, 2015
Summary of Operations - Statement of Income, December 31, 2015
Reconciliation of Surplus Since last Examination
Schedule of Examination Adjustments

Analysis of Assets
(As refiled May 12, 2016) As of December 31, 2015

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 6,080,517		\$ 6,080,517	1
Common stocks	14,431,554	\$ 14,431,554	-	2
Cash and short-term investments	30,604,568		30,604,568	
Investment income due and accrued	57,564		57,564	
Uncollectible premiums and agents' balances in course of collection	350,294	327,555	22,739	
Amounts recoverable from reinsurers	602,486	191,631	410,855	
Other amounts receivable under reinsurance contracts	1,894,860		1,894,860	
Current federal and foreign income tax recoverable and interest thereon	2,535,910		2,535,910	
Net deferred tax asset	515,874	515,874	-	
Receivables from parent, subsidiaries & affiliates	5,688,760		5,688,760	
Aggregate write-ins:	96,107	96,107	-	
Total Assets	<u>\$ 62,858,494</u>	<u>\$ 15,562,721</u>	<u>\$ 47,295,773</u>	

Statement of Liabilities, Surplus and Other Funds**(As refiled May 12, 2016) As of December 31, 2015**

<u>Liabilities, Surplus and Other Funds</u>		<u>Note</u>
Aggregate reserves for life contracts	\$ 1,280,328	3
Aggregate reserves for accident and health contracts	10,368,254	3
Contract Claims		
Life	3	
Accident and Health	250,288	3
Provision for experience rated refunds		
Other amounts payable on reinsurance	685,559	
Interest maintenance reserve	15,671	
Commissions to agents due or accrued-Life and annuity contracts	1,023	
Commissions and expense allowance payable on reins assumed		
Current federal and foreign income tax		
Amounts withheld or retained by company as agent or trustee	3,862	
Remittance and items not allocated	1,427,259	
Asset valuation reserve	106,924	
Reinsurance in unauthorized and certified companies	1,278,945	
Funds held under reinsurance contracts	15,911,157	4
Payable to parents, subs and affiliates	5,039,060	
Liability for amounts held under uninsured plans	23,482	
Aggregate write-ins for liabilities	972,514	
Total Liabilities	<u>\$ 37,364,329</u>	
Common capital stock	\$ 2,500,000	
Gross paid in and contributed surplus	4,000,500	
Unassigned funds (surplus)	3,430,944	
Surplus	<u>\$ 7,431,444</u>	
Total Capital and Surplus	<u>\$ 9,931,444</u>	
Total Liabilities, Capital and Surplus	<u><u>\$ 47,295,773</u></u>	

Summary of Operations - Statement of Income
(As refiled May 12, 2016) As of December 31, 2015

Premiums and annuity considerations	\$ 45,121
Net investment income	4,295,198
Amortization of IMR	(344)
Commissions and expense allowances on reinsurance ceded	124,033
Aggregate write-ins for miscellaneous income	315,355
Totals	<u>4,779,363</u>
Death benefits	
Annuity benefits	105,296
Disability benefits and benefits under accident and health contracts	923,084
Increase in aggregate reserves for life and A&H contracts	(753,090)
Totals	<u>275,290</u>
Commissions on premiums, annuity considerations	280
Commissions and expense allowances on reinsurance assumed	869
General insurance expenses	1,449,362
Insurance taxes, Licenses and fees excluding income taxes	
Totals	<u>1,725,801</u>
Net gains from operations before dividends to policyholders and FIT	3,053,562
Federal and foreign income taxes	(1,969,390)
Net gains from operations after dividends to policyholders and FIT	<u>5,022,952</u>
Net realized capital gains	(280)
Net Income	<u>\$ 5,022,672</u>

Reconciliation of Surplus
from Prior Examination December 31, 2011

	<u>Capital Stock</u>	<u>Gross Paid in and Contributed Capital</u>	<u>Unassigned Surplus</u>	<u>Total</u>
Beginnng Balance (2011)	\$2,500,000	\$4,000,500	\$20,051,578	\$26,552,078
2012 (1)			19,087,839	19,087,839
2012 (2)			(30,787,500)	(30,787,500)
2013 (1)			1,954,741	1,954,741
2013 (2)			(8,000,000)	(8,000,000)
2014 (1)			(3,085,169)	(3,085,169)
2014 (2)			(500,000)	(500,000)
2015 (1)			8,137,866	8,137,866
2015 (2)			(3,550,037)	(3,550,037)
2015 (1)			121,627	121,627
Ending Balance (2015)	<u>\$2,500,000</u>	<u>\$4,000,500</u>	<u>\$3,430,945</u>	<u>9,931,445</u>

1. Represents net income, change in unrealized capital gains(losses), change in unrealized foreign exchange gain(losses), change in net deferred income tax, change in non-admitted assets, change in reinsurance for unauthorized reinsurers
2. Dividends were approved by the Board.

ANALYSIS OF CHANGES IN THE FINANCIAL STETEMENTS RESULTING FROM
EXAMINATION

There were no financial adjustments to the Company's financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1 - Bonds

\$6,080,517

Procedures were performed to confirm the existence and ownership of the investments reported in Schedule D- Part 1 and the other investment schedules. These procedures were performed without exception. The Company continues to invest primarily in Bonds with ratings of "1" or "2" per the NAIC SVO Manual with maturity dates consistent with

the Company expected reserve payout. The Company's Bond portfolio accounted for 12.8% of total admitted assets.

Designation	Percentage of Portfolio
NAIC 1	67.09%
NAIC 2	32.91 %

The Bond portfolio as of the December 31, 2015 examination date consisted of the following classes:

<u>Type</u>	<u>Statement Value</u>	<u>Percentage of Total</u>
U.S. government sponsored agencies	\$ 1,080,268	18%
Unaffiliated domestic securities	<u>5,000,249</u>	<u>82%</u>
Total	<u>\$ 6,080,517</u>	<u>100%</u>

Note 2 – Common Stock

\$0

The Company owns one subsidiary: PT Asuransi Niaga Cigna Life (PT Asurani), worth \$14,431,554 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

\$ 1,280,328

Note 3 – Aggregate Reserves for Accident and Health Contracts

10,368,254

Note 3 – Contract Claims Accident and Health

250,288

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, contract claims for life, accident and health contracts and annuity contracts as of December 31, 2015. 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 2015 Annual Statements, the related 2015 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.

Based on the above discussion and analysis, INS concluded that the December 31, 2015 balance sheet items covered in the examination scope appear fairly stated.

Note 4 – Funds Held Under Reinsurance Treaties **\$15,911,157**

At December 31, 2015, CWW recorded a liability for Funds Held Under Reinsurance Treaties in the amount of \$15,911,157, primarily pertaining to a reinsurance agreement with an unauthorized reinsurer CGRC.

SUBSEQUENT EVENTS

Subsequent to the original filing of the 2015 annual statement, the Company determined that long term disability reserves were deficient. As a result, revised mortality tables were applied which increased Direct and Ceded Annual reserves by \$777,116 and \$763,585 respectively. The net increase was a reserve of \$13,531. The Company refiled its 2015 annual statement to reflect these changes.

Subsequent to year end 2015, pursuant to a Commutation and Release Agreement executed on January 3, 2017 CWW commuted the accident and health stop-loss treaty with AUL in the amount of \$.8 million.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

Both examination recommendations noted in the prior December 31, 2011 were complied with:

1. It was recommended that the Company use the correct valuation interest rate and mortality table when determining reserves for immediate annuities.
2. It was recommended that the Company use the correct factors in the disability–disabled lives reserve calculations.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

CONCLUSION

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc., INS Services, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, PricewaterHouseCoopers LLC, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,



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