



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

CIGNA HealthCare of Ohio, Inc.

NAIC Group Code 0901 0901 NAIC Company Code 95209 Employer's ID Number 31-1146142
(Current Period) (Prior Period)

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]

Incorporated 08/16/1985 Commenced Business 05/01/1986

Statutory Home Office 5005 Rockside Road #700, Independence, OH 44131
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 5005 Rockside Road #700
(Street and Number)
Independence, OH 44131 216-642-8969
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 900 Cottage Grove Road, Hartford, CT 06152
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 900 Cottage Grove Road
(Street and Number)
Hartford, CT 06152 860-226-4840
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.cigna.com

Statement Contact Sandra Enriquez 860-226-4840
(Name) (Area Code) (Telephone Number) (Extension)
Sandra.Enriquez@CIGNA.com 860-226-6443
(E-mail Address) (FAX Number)

Policyowner Relations Contact 5005 Rockside Road #700
(Street and Number)
Independence, OH 44131 216-642-8969
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President Vacant Secretary Susan Laura Cooper
Treasurer Lynn Marie Wytas #

VICE PRESIDENTS

John Patrick Frey Katherine Kasily Fry # Glenn Michael Gerhard #
Razia Sultana Hashmi M.D. James Thomas Kohan David Charles Kopp
Barry Richard McHale David Mathew Porcello Stephen Chester Stachelek
Bach Mai Thi Thai Lynn Marie Wytas #

DIRECTORS OR TRUSTEES

Katherine Kasily Fry # Razia Sultana Hashmi M.D. William Allen Schaeffer M.D.

State of Connecticut }
County of Hartford } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Glenn Michael Gerhard#
Vice President

Sandra Rivero Enriquez#
Assistant Secretary

Lynn Marie Wytas#
Treasurer

Subscribed and sworn to before me this
_____ day of _____ 2003

- a. Is this an original filing? Yes [X] No []
b. If no
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	6,496,931		6,496,931	6,502,074
2. Stocks:				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			(a) 0	1,098,054
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$7,106,237 , Schedule E - Part 1) and short-term investments (\$0 , Schedule DA - Part 2)	7,106,237		7,106,237	8,819,830
6. Other long-term invested assets	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	13,603,168	0	13,603,168	16,419,958
10. Accident and health premiums due and unpaid	1,780,045	269,403	1,510,642	437,176
11. Health care receivables	108,631	99,359	9,272	0
12. Amounts recoverable from reinsurers	714,425		714,425	256,791
13. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
14. Investment income due and accrued	122,455		122,455	130,065
15. Amounts due from parent, subsidiaries and affiliates	27,549		27,549	0
16. Amounts receivable relating to uninsured accident and health plans			0	6,826,032
17. Furniture and equipment	195,248	195,248	0	0
18. Amounts due from agents			0	0
19. Federal and foreign income tax recoverable and interest thereon (including \$0 net deferred tax asset)	1,653,907	1,233,232	420,675	0
20. Electronic data processing equipment and software			0	0
21. Other nonadmitted assets			0	0
22. Aggregate write-ins for other than invested assets	21,303	21,303	0	0
23. Total assets (Lines 9 plus 10 through 22)	18,226,731	1,818,545	16,408,186	24,070,022
DETAILS OF WRITE-INS				
0801.			0	0
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	0	0	0	0
2201. Prepaid Expense.....	21,303	21,303	0	0
2202.			0	0
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	21,303	21,303	0	0

(a) \$ health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 201,600 reinsurance ceded)	4,113,233	431,776	4,545,009	4,023,021
2. Accrued medical incentive pool and bonus payments			0	75,404
3. Unpaid claims adjustment expenses	161,320		161,320	123,922
4. Aggregate policy reserves			0	0
5. Aggregate claim reserves			0	0
6. Premiums received in advance	8,807		8,807	63,039
7. General expenses due or accrued	48,059		48,059	31,110
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)			0	795,957
9. Amounts withheld or retained for the account of others			0	0
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
11. Amounts due to parent, subsidiaries and affiliates	5,774,040		5,774,040	11,635,211
12. Payable for securities			0	0
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
14. Reinsurance in unauthorized companies			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
16. Liability for amounts held under uninsured accident and health plans			0	0
17. Aggregate write-ins for other liabilities (including \$ 274,924 current)	793,668	0	793,668	420,701
18. Total liabilities (Lines 1 to 17)	10,899,127	431,776	11,330,903	17,168,365
19. Common capital stock	XXX	XXX	1,075	1,075
20. Preferred capital stock	XXX	XXX	0	0
21. Gross paid in and contributed surplus	XXX	XXX	27,840,375	27,840,375
22. Surplus notes	XXX	XXX	0	0
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
24. Unassigned funds (surplus)	XXX	XXX	(22,764,167)	(20,939,793)
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	XXX	XXX		0
25.2 shares preferred (value included in Line 20 \$)	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	5,077,283	6,901,657
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	16,408,186	24,070,022
DETAILS OF WRITE-INS				
1701. Premium Tax Accrual	193,197		193,197	254,062
1702. Escheat Liability	28,958		28,958	101,973
1703. Non - Premium Tax Accruals	25,634		25,634	50,097
1798. Summary of remaining write-ins for Line 17 from overflow page	545,878	0	545,878	14,570
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	793,668	0	793,668	420,701
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	130,899	214,906
2. Net premium income	XXX	25,347,733	37,639,015
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Total revenues (Lines 2 to 6)	XXX	25,347,733	37,639,015
Medical and Hospital:			
8. Hospital/medical benefits	0	15,325,772	11,817,755
9. Other professional services	0	1,087,611	12,571,598
10. Outside referrals	2,057,653	3,901,986	0
11. Emergency room and out-of-area	273,369	1,660,746	0
12. Prescription Drugs		2,792,915	
13. Aggregate write-ins for other medical and hospital	0	0	4,860,041
14. Incentive pool and withhold adjustments		(74,726)	8,888
15. Subtotal (Lines 8 to 14)	2,331,022	24,694,304	29,258,282
Less:			
16. Net reinsurance recoveries		907,855	110,022
17. Total medical and hospital (Lines 15 minus 16)	2,331,022	23,786,449	29,148,260
18. Claims adjustment expenses		1,574,536	1,375,804
19. General administrative expenses		4,622,673	8,875,429
20. Increase in reserves for accident and health contracts			0
21. Total underwriting deductions (Lines 17 through 20)	2,331,022	29,983,659	39,399,493
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(4,635,926)	(1,760,478)
23. Net investment income earned		359,067	186,058
24. Net realized capital gains or (losses)		(17,903)	(329,064)
25. Net investment gains or (losses) (Lines 23 + 24)	0	341,165	(143,006)
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
27. Aggregate write-ins for other income or expenses	0	84,957	36,632
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	(4,209,805)	(1,866,852)
29. Federal and foreign income taxes incurred	XXX	(2,096,889)	(74,113)
30. Net income (loss) (Lines 28 minus 29)	XXX	(2,112,916)	(1,792,739)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301. Pharmacy Expenses.....			4,860,041
1302.			0
1303.			0
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	4,860,041
2701. Other Income.....		84,957	0
2702. Rental Income.....			20,256
2703. Other Expenses.....			16,376
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	84,957	36,632

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year	6,901,657	9,218,498
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	(2,112,916)	(1,792,739)
33. Change in valuation basis of aggregate policy and claim reserve		0
34. Net unrealized capital gains and losses		0
35. Change in net unrealized foreign exchange capital gain or (loss)	0	0
36. Change in net deferred income tax	470,719	468,577
37. Change in nonadmitted assets	(1,134,753)	(770,786)
38. Change in unauthorized reinsurance	0	0
39. Change in treasury stock		0
40. Change in surplus notes	0	0
41. Cumulative effect of changes in accounting principles		(435,673)
42. Capital Changes:		
42.1 Paid in		0
42.2 Transferred from surplus (Stock Dividend)		0
42.3 Transferred to surplus		0
43. Surplus adjustments:		
43.1 Paid in		213,779
43.2 Transferred to capital (Stock Dividend)		0
43.3 Transferred from capital		0
44. Dividends to stockholders		0
45. Aggregate write-ins for gains or (losses) in surplus	952,576	0
46. Net change in capital & surplus (Lines 32 to 45)	(1,824,374)	(2,316,841)
47. Capital and surplus end of reporting year (Line 31 plus 46)	5,077,283	6,901,657
DETAILS OF WRITE-INS		
4501. Prior Year Premium Receivable Allowance Adjustment	697,087	0
4502. Prior Year Correction	255,489	0
4503.		0
4598. Summary of remaining write-ins for Line 45 from overflow page	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	952,576	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	24,713,668	38,567,329
2. Claims and claims adjustment expenses	25,334,637	35,266,273
3. General administrative expenses paid	4,605,724	8,972,079
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(5,226,693)	(5,671,024)
6. Net investment income	424,853	885,421
7. Other income (expenses)	84,957	36,632
8. Federal and foreign income taxes (paid) recovered	850,863	2,047,445
9. Net cash from operations (Lines 5 to 8)	(3,866,020)	(2,701,526)
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	1,106,316	2,303,544
10.2 Stocks	0	0
10.3 Mortgage loans	0	0
10.4 Real estate	800,000	0
10.5 Other invested assets	0	0
10.6 Net gains or (losses) on cash and short-term investments	0	0
10.7 Miscellaneous proceeds	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7)	1,906,316	2,303,544
11. Cost of investments acquired (long-term only):		
11.1 Bonds	1,118,502	1,022,610
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	(239,304)	0
11.5 Other invested assets	0	0
11.6 Miscellaneous applications	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6)	879,198	1,022,610
12. Net Cash from investments (Line 10.8 minus Line 11.7)	1,027,118	1,280,934
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	0	0
13.2 Net transfers from affiliates	0	5,739,945
13.3 Borrowed funds received	0	0
13.4 Other cash provided	7,198,998	188,281
13.5 Total (Lines 13.1 to 13.4)	7,198,998	5,928,226
14. Cash applied:		
14.1 Dividends to stockholders paid	0	0
14.2 Net transfers to affiliates	5,888,720	0
14.3 Borrowed funds repaid	0	0
14.4 Other applications	184,969	6,911,061
14.5 Total (Lines 14.1 to 14.4)	6,073,689	6,911,061
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,125,309	(982,834)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(1,713,593)	(2,403,426)
17. Cash and short-term investments:		
17.1 Beginning of year	8,819,830	11,223,256
17.2 End of year (Line 16 plus Line 17.1)	7,106,237	8,819,830

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	25,347,733	25,347,733											
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												
4. Risk revenue	0												
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5)	25,347,733	25,347,733	0	0	0	0	0	0	0	0	0	0	0
7. Medical/hospital benefits	15,325,772	15,325,772											
8. Other professional services	1,087,611	1,087,611											
9. Outside referrals	3,901,986	3,901,986											
10. Emergency room and out-of-area	1,660,746	1,660,746											
11. Prescription Drugs	2,792,915	2,792,915											
12. Aggregate write-ins for other medical and hospital	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Incentive pool and withhold adjustments	(74,726)	(74,726)											
14. Subtotal (Lines 7 to 13)	24,694,304	24,694,304	0	0	0	0	0	0	0	0	0	0	0
15. Net reinsurance recoveries	907,855	907,855											
16. Total medical and hospital (Lines 14 minus 15)	23,786,449	23,786,449	0	0	0	0	0	0	0	0	0	0	0
17. Claims adjustment expenses	1,574,536	2,273,648											(699,111)
18. General administrative expenses	4,622,673	6,690,128											(2,067,455)
19. Increase in reserves for accident and health contracts	0												
20. Total underwriting deductions (Lines 16 to 19)	29,983,659	32,750,225	0	0	0	0	0	0	0	0	0	0	(2,766,566)
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	(4,635,926)	(7,402,492)	0	0	0	0	0	0	0	0	0	0	2,766,566
DETAILS OF WRITE-INS													
0501.													
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	0
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	0	0	0	0	0	0	0	0	0	0	0	0	0

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital)	25,752,864		405,131	25,347,733
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Other .....				.0
9. Totals	25,752,864	0	405,131	25,347,733

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	24,059,384	24,059,384							
1.2 Reinsurance assumed .....	.0								
1.3 Reinsurance ceded	262,563	262,563							
1.4 Net	23,796,821	23,796,821	.0	.0	.0	.0	.0	.0	.0
2. Paid medical incentive pools and bonuses	678	678							
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	4,746,609	4,746,609	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded	201,600	201,600	.0	.0	.0	.0	.0	.0	.0
3.4 Net	4,545,009	4,545,009	.0	.0	.0	.0	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct .....	.0								
4.2 Reinsurance assumed .....	.0								
4.3 Reinsurance ceded .....	.0								
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year .....	.0								
6. Amounts recoverable from reinsurers December 31, current year	714,425	714,425							
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	4,036,963	4,036,963	.0	.0	.0	.0	.0	.0	.0
7.2 Reinsurance assumed .....	.0		.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded	13,942	13,942	.0	.0	.0	.0	.0	.0	.0
7.4 Net	4,023,021	4,023,021	.0	.0	.0	.0	.0	.0	.0
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year	75,404	75,404							
10. Amounts recoverable from reinsurers December 31, prior year	256,791	256,791							
11. Incurred Benefits:									
11.1 Direct	24,769,030	24,769,030	.0	.0	.0	.0	.0	.0	.0
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	907,855	907,855	0	0	0	0	0	0	0
11.4 Net	23,861,175	23,861,175	0	0	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	(74,726)	(74,726)	0	0	0	0	0	0	0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1. Direct	936,000	936,000							
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0	.0							
1.4. Net	936,000	936,000	.0	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:									
2.1. Direct	3,810,609	3,810,609							
2.2. Reinsurance assumed .....	.0								
2.3. Reinsurance ceded	201,600	201,600							
2.4. Net	3,609,009	3,609,009	.0	.0	.0	.0	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct .....	.0								
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:									
4.1. Direct	4,746,609	4,746,609	.0	.0	.0	.0	.0	.0	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded	201,600	201,600	.0	.0	.0	.0	.0	.0	.0
4.4. Net	4,545,009	4,545,009	0	0	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (medical and hospital)	3,387,088	20,409,734	69,000	4,476,009	3,456,088	4,023,021
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....					0	0
8. Other					0	0
9. Subtotal	3,387,088	20,409,734	69,000	4,476,009	3,456,088	4,023,021
10. Medical incentive pools, accruals and disbursements		678			0	75,404
11. Totals	3,387,088	20,410,412	69,000	4,476,009	3,456,088	4,098,425

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
 (000 Omitted)

Section A - Paid Claims - Hospital and Medical

	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
Year in Which Losses Were Incurred					
1. Prior					
2. 1998	8,819	522	.0	.0	.0
3. 1999	78,578	12,218	169	.0	.0
4. 2000	XXX	67,027	6,969	227	.0
5. 2001	XXX	XXX	42,731	3,664	173
6. 2002	XXX	XXX	XXX	29,722	3,214
	XXX	XXX	XXX	XXX	20,410

Section B - Incurred Claims- Hospital and Medical

	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
Year in Which Losses Were Incurred					
1. Prior					
2. 1998	93,771	93,966	93,966	93,966	93,966
3. 1999	92,101	91,278	90,965	90,965	90,965
4. 2000	XXX	76,821	74,223	74,223	74,223
5. 2001	XXX	XXX	49,982	46,901	46,568
6. 2002	XXX	XXX	XXX	33,238	33,005
	XXX	XXX	XXX	XXX	24,886

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio - Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. Prior to 1998	XXX			XXX	.0	XXX			.0	XXX
2. 1998	83,349	90,965	.0	0.0	90,965	109.1			90,965	109.1
3. 1999	69,658	74,223	.0	0.0	74,223	106.6			74,223	106.6
4. 2000	51,603	46,568	.0	0.0	46,568	90.2		.0	46,568	90.2
5. 2001	36,621	32,936	1,522	4.6	34,459	94.1	69	.2	34,530	94.3
6. 2002	25,753	20,410	1,297	6.4	21,707	84.3	4,476	159	26,342	102.3
7. Total (Lines 1 through 6)	XXX	265,102	2,820	XXX	267,922	XXX	4,545	161	272,628	XXX
8. Total (Lines 2 through 6)	266,984	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Medicare

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.20	.0	.0	.0
2. 1998	7,259	2,317	67	.0	.0
3. 1999	XXX	15,917	3,838	.0	.0
4. 2000	XXX	XXX	82	.92	.0
5. 2001	XXX	XXX	XXX	.0	.0
6. 2002	XXX	XXX	XXX	XXX	0

Section B - Incurred Claims- Medicare

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.20	.20	.20	.20
2. 1998	7,602	9,798	9,643	9,643	9,643
3. 1999	XXX	20,988	20,582	19,755	19,755
4. 2000	XXX	XXX	82	174	174
5. 2001	XXX	XXX	XXX	.0	.0
6. 2002	XXX	XXX	XXX	XXX	0

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio - Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998.....	XXX			XXX	.0	XXX			.0	XXX
2. 1998.....	8,398	9,643	.0	0.0	9,643	114.8			9,643	114.8
3. 1999.....	26,153	19,755	.0	0.0	19,755	75.5			19,755	75.5
4. 2000.....	.0	174	.0	0.0	174	0.0	.0	.0	174	0.0
5. 2001.....	101	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
6. 2002.....	0	0	0	0.0	0	0.0	0	0	0	0.0
7. Total (Lines 1 through 6)	XXX	29,572	0	XXX	29,572	XXX	0	0	29,572	XXX
8. Total (Lines 2 through 6)	34,652	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	8,819	543	.0	.0	.0
2. 1998	85,837	14,535	236	.0	.0
3. 1999	XXX	82,944	10,807	227	.0
4. 2000	XXX	XXX	42,813	3,756	.173
5. 2001	XXX	XXX	XXX	29,722	3,214
6. 2002	XXX	XXX	XXX	XXX	20,410

Section B - Incurred Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	93,771	93,986	93,986	93,986	93,986
2. 1998	99,703	101,075	100,608	100,608	100,608
3. 1999	XXX	97,809	94,833	93,978	93,978
4. 2000	XXX	XXX	50,064	47,075	46,742
5. 2001	XXX	XXX	XXX	33,238	33,005
6. 2002	XXX	XXX	XXX	XXX	24,886

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998	XXX	.0	.0	XXX	.0	XXX	.0	.0	.0	XXX
2. 1998	91,747	100,608	.0	.0	100,608	109.7	.0	.0	100,608	109.7
3. 1999	95,811	93,978	.0	0.0	93,978	98.1	.0	.0	93,978	98.1
4. 2000	51,603	46,742	.0	0.0	46,742	90.6	.0	.0	46,742	90.6
5. 2001	36,722	32,936	1,522	4.6	34,459	93.8	.69	.2	34,530	94.0
6. 2002	25,753	20,410	1,297	6.4	21,707	84.3	4,476	159	26,342	102.3
7. Total (Lines 1 through 6)	XXX	294,674	2,820	XXX	297,494	XXX	4,545	161	302,200	XXX
8. Total (Lines 2 through 6)	301,636	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (Gross)									
7. Reinsurance ceded									
8. Totals (Net)(Page 3, Line 4)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (Gross)									
13. Reinsurance ceded									
14. Totals (Net)(Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)									

NONE

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....	1,120,764	1,318,125		2,438,889
2. Salaries, wages and other benefits.....	10,676,087	31,388,935		42,065,022
3. Commissions (less \$ ceded plus \$ assumed).....	.0	441,993		441,993
4. Legal fees and expenses.....	728	531,268		531,996
5. Certifications and accreditation fees.....	.0	.0		.0
6. Auditing, actuarial and other consulting services.....	68,413	2,594,196		2,662,610
7. Traveling expenses.....	568,562	1,266,933		1,835,495
8. Marketing and advertising.....	5,727	182,796		188,524
9. Postage, express and telephone.....	1,071,350	1,434,527		2,505,876
10. Printing and office supplies.....	302,646	1,747,141		2,049,787
11. Occupancy, depreciation and amortization.....	210,917	1,418,649		1,629,566
12. Equipment.....	24,141	29,785		53,926
13. Cost or depreciation of EDP equipment and software.....	.0	5,611		5,611
14. Outsourced services including EDP, claims, and other services.....	1,442,215	558,406		2,000,621
15. Boards, bureaus and association fees.....	397	40,569		40,966
16. Insurance, except on real estate.....	.0	(194)		(194)
17. Collection and bank service charges.....	256	585		841
18. Group service and administration fees.....	4,206	704,991		709,197
19. Reimbursements by uninsured accident and health plans.....	(16,570,827)	(48,996,362)		(65,567,188)
20. Reimbursements from fiscal intermediaries.....	.0	.0		.0
21. Real estate expenses.....	.0	69,339		69,339
22. Real estate taxes.....	.0	37,055		37,055
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....	3,853	4,229		8,083
23.2 State premium taxes.....	.0	221,316		221,316
23.3 Regulatory authority licenses and fees.....	.0	2,541		2,541
23.4 Payroll taxes.....	655,792	1,675,288		2,331,080
23.5 Other (excluding federal income and real estate taxes).....	.0	(116,197)		(116,197)
24. Investment expenses not included elsewhere.....	.0	7	5,110	5,117
25. Aggregate write-ins for expenses.....	1,989,309	8,061,139	0	10,050,448
26. Total expenses incurred (Lines 1 to 25).....	1,574,536	4,622,673	5,110	6,202,319 (a)
27. Add expenses unpaid December 31, prior year.....	123,922	31,110		155,032
28. Less expenses unpaid December 31, current year.....	161,320	48,059		209,379
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	1,537,138	4,605,724	5,110	6,147,972
DETAIL OF WRITE-INS				
2501. Data Processing.....	2,002,185	6,443,889		8,446,073
2502. Other.....	(46,841)	1,549,637		1,502,796
2503. Late Claim Interest.....	33,965	.0		33,965
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	67,613	.0	67,613
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	1,989,309	8,061,139	0	10,050,448

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 23,630	15,779
1.1 Bonds exempt from U.S. tax	(a) 228,025	228,025
1.2 Other bonds (unaffiliated)	(a) 132,530	135,169
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 14,524	12,126
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	117,282	117,282
10. Total gross investment income	515,991	508,380
11. Investment expenses		(g) 5,110
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 144,203
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		149,313
17. Net Investment Income - (Line 10 minus Line 16)		359,067
DETAILS OF WRITE-INS		
0901. Federated Investment Income	144,535	144,535
0902. Interest Income - Internal CHC	31,497	31,497
0903. Loss on Fixed Assets	(58,750)	(58,750)
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	117,282	117,282
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 8,203 accrual of discount less \$ 7,629 amortization of premium and less \$ 3,831 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ 5,110 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	(17,903)				(17,903)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(17,903)	0	0	0	(17,903)
DETAILS OF WRITE-INS					
0901.					0
0902.					0
0903.					0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2	1,797,242	543,578	(1,253,664)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		118,911	118,911
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....			0
2.5 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.5)	0	118,911	118,911
4. Aggregate write-ins for other assets.....	21,303	21,303	0
5. Total (Line 1 plus Lines 3 and Line 4)	1,818,545	683,792	(1,134,753)
0401. Prepaid Expense.....	21,303	21,303	0
0402. Cap Withhold Tax Receivable.....		0	0
0403.		0	0
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	21,303	21,303	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CIGNA HEALTHCARE OF OHIO, INC.

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	18,927	12,543	10,949	10,304	10,736	130,899
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	18,927	12,543	10,949	10,304	10,736	130,899
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of CIGNA HealthCare of Ohio, Inc., (the Company), have been prepared in conformity with accounting practices prescribed or permitted by the State of Ohio Department of Insurance.

The State of Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO), for determining its solvency under the State of Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term Investments: Investments with a maturity greater than three months but less than one year at the time of purchase are included in short-term investments and are carried at cost which approximates market value. Short-term investments are classified as available for sale.
- (2) Financial Instruments: In the normal course of business, the Company enters into transactions involving various types of financial instruments, including debt, investments such as fixed maturities, and off-balance sheet financial instruments such as lines of credit and financial guarantees. These instruments may change in value due to interest rate and market fluctuations, and most have credit risk. TimesSquare Capital Management, Inc. (TSCM), an affiliate of the Company, evaluates and monitors each financial instrument individually and, when management considers it appropriate obtains collateral or other forms of security to limit risk of loss.
- (3) Common Stock: None
- (4) Preferred Stocks: None
- (5) Mortgage Loans:
- (6) Loan-backed securities: None
- (7) The Company does not hold investments in any non-insurance companies.
- (8) Joint Ventures: None
- (9) Derivatives: None
- (10) Unpaid Losses and Loss Adjustment Expenses: Unpaid Losses and loss adjustment liabilities are estimates of payments to be made under health coverage for reported claims and for losses incurred but not yet reported. Management develops these estimates using actuarial methods based upon historical data for payment patterns, cost trends, product mix, seasonality, utilization of health care services and other relevant factors. When estimates change, the Company records the adjustment in benefits, losses and settlement expenses. Unpaid claims adjustment expenses includes a reserve which recognizes the accrual of additional administrative expenses associated with those unpaid health claims that are in the process of settlement as well as those that have been incurred but not yet reported. This reserve is based on the historical relationship between claims handling expenses and incurred claims.
- (11) Provider Incentives and Other Risk Sharing Arrangements: The Company contracts with physicians or provider groups to provide medical services to their members. The Company pays capitation or negotiated fees for defined services provided by the physicians.
- (12) The Company and some of the physicians have entered into incentive sharing agreements. Under the terms of these agreements, certain providers are eligible to receive a provider bonus based on qualitative and quantitative factors. Accrued physician incentives were \$0 and \$0 at December 31, 2002 and 2001, respectively, and are included in accrued medical incentive pool and bonus payments in the accompanying Statement of Assets, Liabilities, and Capital and Surplus.

2. Accounting Changes and Corrections of Errors

- A. The Company had no material changes in accounting principles and/or corrections of errors. During the current year, the Company changed the method of reporting the non-admitted portion of Accident and health premiums due and unpaid to be consistent with SSAP No 6. Prior to this year, the Company had admitted Accident and health premiums net of an allowance which was sufficient to cover balances greater than 90 days and any corresponding balances relating to

NOTES TO FINANCIAL STATEMENTS

collectability issues. In the current year, the Company eliminates for statutory reporting purposes the accounts receivable allowance and non-admits any Accident and premiums due and unpaid over 90 days old, as well as any balances that relate to issues of collectability. The impact of this change for the reporting period of December 31, 2002 is an increase to admitted assets of \$637,783, a decrease to net premium income of \$59,304, and an increase to unassigned surplus of \$697,087 and is included in the accompanying Statement of Assets, Liabilities, Capital and Surplus, and accompanying Statement of Revenue and Expenses. The impact of this change if it had been implemented for the reporting period ended December 31, 2001, would have been an increase to admitted assets of \$697,087, no impact to net premium income, and an increase to unassigned surplus of \$697,087 and is not reflected in the accompanying schedules.

B.

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that decreased unassigned surplus, of \$ 435,673 as of January 1, 2001.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method
None
- B. Merger
None
- C. Impairment Loss
None

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans
None
- B. Debt Restructuring
None
- C. Reverse Mortgages
None
- D. Loan –Back Securities
None
- E. Repurchase Agreements
None

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships of Limited Liability Companies.
- B. The Company did not recognize any impairment write-downs for investments in Joint Ventures, Partnerships of Limited Liability Companies.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due.
- B. No amounts were excluded from the statutory statements.

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

None

9. Income Taxes

A. The components of the net Deferred Tax Asset recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Total of gross deferred tax assets	1,336,885	1,888,189
Total of deferred tax liabilities	(103,653)	(1,125,676)
Net deferred tax asset	<u>1,233,232</u>	<u>762,513</u>
Deferred tax asset nonadmitted	(1,233,232)	(762,513)
Net admitted deferred tax asset	<u>0</u>	<u>0</u>
(Increase) decrease in nonadmitted asset	<u>(470,719)</u>	

B. Have all Deferred Tax Liabilities (DTL's) been properly recognized for amounts described in SSAP No. 10?
YES

C. Part I – The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>2002</u>	<u>2001</u>
Federal	(2,090,754)	41,058
Foreign	0	0
	<u>(2,090,754)</u>	<u>41,058</u>
Federal income tax on net capital gains	(6,135)	(115,173)
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	<u>(2,096,889)</u>	<u>(74,115)</u>

C. Part II – The tax effects of temporary differences that give rise to significant portions of the deferred tax Assets and deferred tax liabilities are as follows:

	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
<u>Deferred tax assets:</u>		
Unearned premium reserves	617	4,413
Loss reserve discounting	45,106	44,916
Employee benefits	336,567	221,370
Bad debts	32,927	94,418
Prepaid expenses	7,456	7,456
Depreciation	44,351	162,752
Restructuring Reserves	281,546	486,500
Capitalized expenses	392,007	0
Litigation reserve	172,643	0
Amortization Intangibles	0	452,317
Asset impairment	0	414,048
Class Action Lawsuit	23,665	0
Premium Deficiency Reserves	0	0
Miscellaneous reserves	0	0
Miscellaneous receivables	0	0
Total deferred tax assets	<u>1,336,885</u>	<u>1,888,189</u>
Nonadmitted deferred tax assets	(1,233,232)	(762,513)
Admitted deferred tax assets	<u>103,653</u>	<u>1,125,676</u>
<u>Deferred tax liabilities:</u>		
Miscellaneous reserves	0	1,122,203
Discount of bond premiums	6,344	3,473
Miscellaneous receivables	97,308	0
Total deferred tax liabilities	<u>103,653</u>	<u>1,125,676</u>
Net admitted deferred tax asset	<u>0</u>	<u>0</u>

C. Part III - The change in net deferred income taxes is comprised of the following (this analysis is exclusive Of nonadmitted assets as the Change in Nonadmitted Assets is reported from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Change</u>
Total deferred tax assets	1,336,885	1,888,189	(551,304)
Total deferred tax liabilities	103,653	1,125,676	(1,022,024)
Net deferred tax asset (liability)	<u>1,233,232</u>	<u>762,513</u>	<u>470,719</u>

NOTES TO FINANCIAL STATEMENTS

Tax effect of unrealized gains (losses)	0
Change in net deferred income tax	470,719
Less: Change in deferred tax on nonadmitted assets	(88,022)
Adjusted Change in net deferred income tax	558,741

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained Obtained by applying the statutory Federal income tax rate to income before income taxes. The significant Items causing this difference are as follows:

	<u>Dec. 31, 2002</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	(1,473,432)	35.0%
Tax exempt interest income (net)	(67,146)	1.6%
Meals and entertainment	6,141	-0.1%
Nondeductible goodwill	0	0.0%
Other	(1,121,193)	26.6%
Total	<u>(2,655,630)</u>	<u>63.1%</u>
Federal and foreign income taxes incurred	(2,096,889)	49.8%
Change in net deferred income taxes	(558,741)	13.3%
Total statutory income taxes	<u>(2,655,630)</u>	<u>63.1%</u>

E. Part I – The Company has no net operating loss carryforwards and no net capital loss carryforwards.

E. Part II – The Company has federal income taxes incurred in prior periods available for recoupment in the event of future net losses as follows:

<u>Year</u>	<u>Amount</u>
2002	0
2001	0
2000	314,100

The amounts above are subject to CIGNA's Consolidated Federal Income Tax Agreement.

F. CIGNA Corporation's indirectly wholly-owned domestic subsidiary insurance companies have entered into a Consolidated Federal Income Tax Agreement (the "Agreement") which became effective as of April 1, 1982. The Agreement sets forth the method of allocation of federal income taxes for CIGNA and its wholly-owned domestic subsidiaries, including insurance 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 companies with current taxable income as calculated under federal separate return provision, are liable for payments determined as if they had each filed a separate return. However, current credit is given for any foreign tax credit, operating loss or investment tax credit carryovers actually used in the current consolidated return.

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B.

& C. The Company paid common stock dividends of \$0 on December 31, 2002 and \$0 on December 31, 2001 to the Parent Company, Healthsource Inc. (HSI).

CHC charged the Company \$53,053,514 and \$40,833,100 in administrative service fees and fees for other services in 2002 and 2001, respectively. The allocation of expenses is based on the ratio of the respective expense category to total expenses at the parent company level. The Company also paid \$144,203 and \$541,311 in interest charges to CHC in 2002 and 2001, respectively.

CIGNA Behavioral Health, Inc. (CBH) is an affiliate of the Company. The Company pays CBH a capitation fee to provide mental health and substance abuse services to its members. The expense relating to this contract for the years ended December 31, 2002 and 2001 was \$644,344 and \$910,246, respectively.

International Rehabilitation Associates, Inc. d/b/a Intracorp (Intracorp), is an affiliate of the Company. The Company pays Intracorp a capitation fee for utilization management, case management, demand management, disease management, care management and other services to its members. The expense relating to these services for the years ended December 31, 2002 and 2001 was \$1,231,409 and \$84,392, respectively.

CHC charged the Company \$92,201 and \$78,590 in 2002 and 2001, respectively, for liability insurance. This program provides protection against liabilities imposed on the Company from allegations of negligence stemming from the management of health care activities. The liabilities are imposed as a result of the Company's management of health care activities and networks and not as a result of the direct medical services provided by third party, independent providers. Traditionally, providers carry their own medical malpractice insurance for any exposure they

NOTES TO FINANCIAL STATEMENTS

incur from providing direct medical services. The policy is primarily on claims made basis and covers incidents occurring from January 1, 1986 for which claims are presented during the current policy period. Effective January 1, 2001, CHC arranged for full claims made coverage with Lloyds of London. Liability coverage is limited to \$15 million per claim with no annual threshold.

D. At December 31, 2002 and December 31, 2001, the Company reported \$4,760,093 and \$11,635,211, respectively, as amounts due to CHC, an affiliate. The terms of the settlement require that these amounts be settled within 30 days.

E. The Company does not have any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure.

F.

The Management Services Agreement, as amended, is by and among CHC and each of its subsidiaries or affiliates which are signatories thereto. Under this agreement, CHC and certain affiliates provide Management Services (as defined and described in said agreement) to the HMO subsidiaries of CHC.

The Network Access Agreement effective January 1, 1998, is by and among the Company, Connecticut General Life Insurance Company (CGLIC) and its affiliated HMOs. This agreement allows an affiliated HMO, CGLIC, an affiliate, to access the Company's provider networks. The Network Access Agreement replaces the agreement known as the "FlexCare Agreement" which enabled CGLIC to utilize the provider networks of the HMOs. Fees for network access and associated costs are allocated subject to the fair and reasonable standards established by Appendix a-440 NAIC SAP.

The Company currently participates in that certain Amended and Restated Consolidated Federal Income Tax Agreement by and between CIGNA and its subsidiaries adopted as of January 1, 1997 in order to facilitate the filing of a consolidated federal income tax return as an affiliated group under CIGNA. Pursuant to this agreement, tax payments are paid to CIGNA based on taxable income of the Company. In the case of a taxable loss, CIGNA pay the Company a refund based on the Company's taxable loss, but only to the extent CIGNA is able to utilize the loss in the consolidated tax return.

The CBH Agreement is by and between CBH and CHC on behalf of their respective subsidiaries and affiliates, and arranges for the provision of mental health and/or substance abuse services by CBH, its subsidiaries or affiliates to the enrollees of the HMOs.

The Participating Pharmacy Agreement (also known as the Tel-Drug Agreement) is by and between Tel-Drug, Inc. and certain subsidiaries of CHC, including the Company. Under this agreement, Tel-Drug, Inc. provides mail-order pharmacy services to the Company's enrollees.

The Dental Consultation Agreement is by and between the Company and its affiliated HMOs and CIGNA Dental Health, Inc. (CDH). Pursuant to this agreement, CDH provides dental consultations to the Company on selected dental cases relative to services provided under the members' HMO contracts.

The Intercompany Service Agreement is by and between Intracorp, CGLIC and CHC on behalf of their respective healthplan subsidiaries and affiliates. Intracorp provides utilization management, case management, demand management, disease management, care management and other services to the enrollees of the HMOs.

The CIGNA Health Access Premium Billing Authorization Billing Agreement by and among CIGNA and certain subsidiaries, including the Company, enables each HMO to provide its CIGNA Health Access customers with a single premium bill.

The Company participates in an Investment Advisory Agreement TSCM; pursuant to which TSCM serves as the Company's investment advisor.

G. All outstanding shares of the Company are owned by the Parent, Healthsource Inc., (HSI), a New Hampshire corporation.

H. The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company

I. The Company does not hold any interest in another company or limited partnership.

J. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

11. Debt

A. Capital Notes
None

B. All Other Debt

The Company is party to individual surplus contribution notes held by the Parent, CIGNA Health Corporation (CHC), an affiliated company. These notes generally bear interest at the prime rate of Chase Manhattan Bank plus one-half of one percent and are subordinate to all other liabilities of the Company.

NOTES TO FINANCIAL STATEMENTS

The notes were issued pursuant to surplus contribution agreements with the Parent.

Repayment of advances must be made from the Company's surplus and have prior regulatory approval. As of December 31, 2002 and 2001, the total principal amount of the surplus contribution notes outstanding held by the Company was \$0 and \$0, respectively. Accrued interest on surplus contribution notes totaled \$0 and \$0 at December 31, 2002 and 2001, respectively.

The related interest expense was \$0 and \$0 for the years ended December 31, 2002 and 2001, respectively, and is included in interest expense in the accompanying Statement of Revenues, Expenses and Net Worth.

The Company does not have any reverse repurchase agreements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
None
- B. Defined Contribution Plan
None
- C. Multiemployer Plans
None
- D. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by CIGNA. The Company provides retirement benefits to substantially all eligible employees through a single integrated plan (the Plan) sponsored by CIGNA. The Company's policy for the Plan is to fund at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense was \$326,119 and \$63,966 for the years ended December 31, 2002 and 2001, respectively.

In addition, the Company provides certain other postretirement benefits to retired employees, spouses and other eligible dependents through a plan sponsored by CIGNA. The Company has no legal obligation for benefits under these plans. CIGNA allocates amounts to the Company based on salary ratios. CIGNA and its participating subsidiaries make contributions to these plans as claims are incurred, and in 2002 and 2001, the Company's contributions were \$210,127 and \$ 255,544, respectively. The Company's unfunded postretirement benefit obligation amounted to \$657,909 and \$ 207,675 as of December 2002 and 2001.

The Company also participates in a capital accumulation 401(k) plan sponsored by CIGNA in which employee contributions on a before-tax basis are supplemented by the CIGNA's matching contributions. A substantial amount of the CIGNA's contributions are invested in the CIGNA common stock fund. Employees may invest in one or more of the following funds: CIGNA common stock fund, several diversified stock funds, a bond fund and a fixed-income fund.

CIGNA may elect to increase its matching contribution's if CIGNA's annual performance meets certain targets. The Company's expense for such plans was \$168,606 and \$107,643 for the years ended December 31, 2002 and 2001, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganization

- (1) The Company has 1,000 shares authorized, 1,000 shares issued and 1,000 shares outstanding. All shares are Class A shares.
- (2) The Company has no preferred stock outstanding
- (3) Without prior approval from the Ohio Department of Insurance, no dividends, loans, or advances to the Parents can be made.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid or ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The total amount of advances to surplus not repaid is \$0.
- (7) The Company does not hold any stock, including stock of affiliated companies, for special purposes.
- (8) The Company had no changes in balances of special surplus funds from the prior year.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

NOTES TO FINANCIAL STATEMENTS

- a. unrealized gains and losses: \$0
- b. non-admitted asset values: \$(1,134,753)
- c. provision for reinsurance: \$0

(10) The Company did not issue any surplus debentures or similar obligations

(11) & (12) The Company did not experience an impact of any restatement due to prior quasi-reorganizations.

14. Contingencies

(1) Regulatory and Industry Developments:

The Company's businesses are subject to a changing social, economic, legal, legislative and regulatory environment. Some current issues that may affect CIGNA's businesses include:

- initiatives to increase health care regulation;
- efforts to expand tort liability of health plans;
- class action lawsuits targeting health care companies, including CIGNA;
- initiatives to restrict insurance pricing and the application of underwriting standards; and
- efforts to revise federal tax laws, including the federal tax treatment of dividends and of savings vehicles currently offered as employee benefits.

(2) Health Care Regulation:

Federal and state legislatures, administrative agencies and courts continue efforts to increase regulation of the health care industry and change its operational practices. Regulatory and operational changes could have an adverse effect on the Company's health care operations if they reduce marketplace competition and innovation or result in increased medical or administrative costs without improving the quality of care. Debate at the federal level over "managed care reform" and "patients' bill of rights" legislation is expected to continue.

Privacy regulations under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 cover all aspects of the health care delivery system, and address the use and disclosure of individually identifiable health care information. Compliance with the privacy regulations is required by April 2003. In addition to the privacy regulations, HIPAA establishes national electronic transaction standards, which apply to health insurers, providers and other covered entities. They are intended to improve the efficiency and effectiveness of the nation's health care system by encouraging the widespread use of electronic data interchange. CIGNA must implement these standards by October 2003.

Regulations issued in February 2003 set standards for the security of electronic health information, and must be implemented by CIGNA by April 2005. CIGNA has implemented certain security measures and planned others in anticipation of these rules. Other proposed HIPAA regulations include standards for the assignment of a unique national identifier for each health plan and provider and requirements for a unique national identifier for employer groups. CIGNA has commenced significant systems enhancements, training and administrative efforts to satisfy these requirements. Incremental technology and business-related expenses associated with CIGNA's compliance efforts were approximately \$20 million after-tax in 2002.

Other possible regulatory changes that could have an adverse effect on CIGNA's health care operations include:

- additional mandated benefits or services that increase costs without improving the quality of care;
- narrowing of the Employee Retirement Income Security Act of 1974 (ERISA) preemption of state laws;
- changes in ERISA regulations resulting in increased administrative burdens and costs;
- additional restrictions on the use of prescription drug formularies;
- additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease management;
- additional rules establishing the time periods for payment of health care provider claims that vary from state to state; and
- legislation that would exempt independent physicians from antitrust laws.

The health care industry is under increasing scrutiny by various state and federal government agencies and may be subject to government efforts to bring criminal actions in circumstances that would previously have given rise only to civil or administrative proceedings.

(3) Litigation and Other Legal Matters:

CIGNA and several health care industry competitors were named as defendants in federal and state purported class action lawsuits. A Florida federal court has certified a class of health care providers who allege violations under the Racketeer Influenced and Corrupt Organizations Act and ERISA. CIGNA and the other defendants have appealed that decision. The Florida federal court denied class certification to health plan subscribers, and the plaintiffs have not filed an appeal of that decision..

An Illinois state court certified a class action lawsuit against CIGNA by health care providers alleging breach of contract and seeking increased reimbursements. This state claim was removed to federal court in Illinois, where a settlement

NOTES TO FINANCIAL STATEMENTS

agreement between the parties was filed on November 26, 2002. If approved, the agreement will encompass most of the claims brought on behalf of health care providers asserted in other state and federal jurisdictions. The Judicial Panel for Multidistrict Litigation will determine whether the Illinois or Florida federal court will hold the hearing on the settlement and decide whether the settlement should be approved. In connection with this matter, the Company recognized a pre-tax charge of \$67,613 in the fourth quarter of 2002 for expected costs associated with health care provider class action litigation. As this matter has not been resolved, adjustments to this amount in future periods are possible.

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

15. Leases

A. Lessee Operating Lease

(1) a. The Company leases office equipment under various non-cancelable operating lease agreements that expire through December 2002. Rental expense for 2002, and 2001 was \$223,784, and \$474,993, respectively.

(2) a. At January 1, 2003, the minimum aggregate rental commitments are as follows:

(Dollars in thousands)

Year Ending December 31	Operating Leases
1. 2002	\$ 766
2. 2003	\$ 1,328
3. 2004	\$ 1,332
4. 2005	\$ 1,343
5. 2006	\$ 1,351
6. 2007 and thereafter	\$ 814

b. Certain rental commitments have renewal options extending through the year 2007. Some of these renewals are subject to adjustments in future periods.

(3) The company is not involved in any material sales – leaseback transactions.

B.

(1) Lessor Leases
None

(2) Leveraged Leases
None

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales
None

B. Transfer and Servicing of Financial Assets
None

C. Wash Sales
None

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plan:

The Company contracts with CGLIC, an affiliated company, to administer an indemnity-based managed care product called FlexCare. FlexCare is offered to employers on an insured or self-insured funding basis. CGLIC, in the case of insured plans, and employers that contracted with CGLIC, in the case of self-insured plans, are responsible to the Company for the payment of charges by providers for covered services rendered to employees. The Company also receives an administrative fee for the use of its provider network by CGLIC or self-insured employers. Administrative fees of \$65,566,543 and \$62,141,340 for the periods ended December 31, 2002 and 2001, respectively, are included as a reduction of administrative expenses in the accompanying Statement of Revenues and Expenses. In 2002, FlexCare receivables are no longer reported in the accompanying Statements of Assets, Liabilities, Capital and Surplus but are reported by the Parent. FlexCare receivables of \$0 are included in amounts receivable relating to uninsured accident and health plans in the accompanying Statement of Assets, Liabilities, Capital and Surplus at December 31, 2001.

The gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans was as follows during 2002.

	(1)	(2)	(3)
	<u>ASO Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASO</u>
a. Net reimbursement for administrative Expenses (including administrative fees) in excess of actual expenses	\$(2,766,566)	\$ _____	\$(2,766,566)
b. Total net other income or expenses (including interest paid to or received from plans)	\$ 0	\$ _____	\$ 0
c. Net gain or (loss) from operations	\$(2,766,566)	\$ _____	\$(2,766,566)
d. Total claim payment volume	\$319,268,728	\$ _____	\$319,268,728

B. ASC Plan None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract: None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators None

20. Other Items

A. Extraordinary Items None

B. Troubled Debt Restructuring None

C. Other Disclosures

In the fourth quarter of 2002, CIGNA adopted a restructuring program primarily to realign the organizational structure and objectives of its health care business. As a result, the Company recognized in operating expenses a pre-tax charge of \$115,316 in the accompanying financial statements. The pre-tax charge includes \$86,336 of severance costs, \$28,980 in real estate related to vacating certain leased facilities. CIGNA expects this restructuring program to be substantially completed by year-end 2003.

In the fourth quarter of 2001, CIGNA adopted a restructuring program primarily to consolidate existing health service centers into regional service centers. As a result, the Company recognized in operating expenses a pre-tax charge of \$1,827,000 in the accompanying financial statements. The pre-tax charge includes severance costs of \$1,827,000 and \$0 in real estate costs. CIGNA expects this restructuring program was substantially completed in the fourth quarter of 2002.

D. At December 31, 2002 and 2001 the Company had admitted assets of \$0 and \$6,826,032, respectively in accounts receivable for uninsured plans. The Company is not at risk for the uncollectibility of accounts receivable for uninsured plans since the Company contracts with CGLIC, an affiliated company, to administer an indemnity-based managed care product called FlexCare. FlexCare is offered to employers on an insured or self-insured funding basis. CGLIC, in the case of insured plans, and employers that contracted with CGLIC, in the case of self-insured plans, are responsible to the Company for the payment of charges by providers for covered services rendered to employees.

NOTES TO FINANCIAL STATEMENTS

E. Reinsurance Accounted for as a Deposit (P/C and Title companies only)
None

F. Multiple Peril Crop Insurance
None

G. Mezzanine Real Estate Loans
None

H. Health Care Receivables
(1) Pharmaceutical Rebate Receivables
None

(2) Risk Sharing Receivables
None

I. The Company did not experience any significant losses, and did not have to develop any contingencies due to the terrorist attacks of September 11, 2001.

21. Events Subsequent

None

22. Reinsurance

A. Unsecured Reinsurance Recoverables
None

B. Reinsurance Recoverable in Dispute
None

C. Reinsurance Assumed and Ceded

(1)

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	\$ ---	\$ ---	\$ 0	\$ ---	\$ 0	\$ ---
b. All Other	---	---	0	---	0	---
c. TOTAL	\$ ---	\$ ---	\$ 0	\$ ---	\$ 0	\$ ---
d. Direct Unearned Premium Reserved	\$0					

Line (c) of Column 5 plus Line (d) must equal Page 3, Line 9, Column 1.

(2) In the normal course of business, the Company enters into agreements with other insurance companies to cede reinsurance. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses. Reinsurance does not relieve the originating insurer of liability.

Effective January 1, 1993, the Company entered into a Reinsurance Agreement, (the CGLIC Reinsurance Agreement) with CGLIC. The CGLIC Reinsurance Agreement was amended and restated as of January 1, 1994, and further amended effective January 1, 1994, to remove the exclusion of benefits for Title XXVIII Medicare enrollees of a plan under the Medicare "at risk" contract with the Health Care Finance Administration, thereby enabling such claims to be covered under the agreement. The CGLIC Reinsurance Agreement is administered by CHC. Under the provisions of the CGLIC Reinsurance Agreement, the Company pays a monthly premium based on an established rate per healthplan member. In return for premiums paid, the Company is reimbursed a percentage of costs in excess of a deductible for hospital and related services provided to individual healthplan members. The required deductible was \$150,000 per individual healthplan member per calendar year for the years ended December 31, 2002 and 2001.

Responsibility for covered charges under the CGLIC Reinsurance Agreement per member per year during the year ended December 31, 2002 was as follows:

\$150,000 and greater	-	20% the Company
	-	80% CGLIC

NOTES TO FINANCIAL STATEMENTS

Premiums paid to CGLIC and to CHC, as administrator, for this agreement amounted to \$405,131 and \$274,209 in 2002 and 2001, respectively, and are reported as an offset to premiums in the accompanying Statement of Revenues, Expenses and Net Worth. Recoveries for covered charges amounted to \$907,855 and \$121,267 in 2002 and 2001, respectively. These balances are included in net reinsurance recoveries in the accompanying Statement of Revenues, Expenses and Net Worth.

D. Uncollectible Reinsurance
None

E. Commutation of Ceded Reinsurance
None

F. Retroactive Reinsurance
None

23. Retrospectively Rates Contracts & Contracts Subject to Redetermination

None

24. Salvage and Subrogation

None

25. Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims and claim adjustment expenses attributable to insured events of prior two years has decreased by \$.6 million from \$80.3 million in 2001 to \$79.7 million in 2002, as a result of re-estimation of unpaid claims and claim adjustment expenses principally on the Comprehensive lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Organization and Operation

CIGNA HealthCare of Ohio, Inc. is a health maintenance organization (HMO) which commenced operations on May 1, 1986. The Company provides health insurance services throughout the region. Principal products and services include managed care products and services. The Company is a wholly-owned subsidiary of Healthsource, Inc. (the Parent), which is a wholly-owned subsidiary of CIGNA Health Corporation (CHC), which is an indirect wholly-owned subsidiary of CIGNA Corporation (CIGNA).

27. Minimum Net Worth

As of December 31, 2002 and 2001, the Company maintained the minimum net worth required by state laws and regulatory agencies of \$1,700,000. The Company is also required to maintain admitted assets equal to or greater than 110% of total liabilities.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000	308,963	2.271
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000	1,927,210	14.167
1.43 Revenue and assessment obligations		0.000	2,294,880	16.870
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000	1,965,878	14.452
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments		0.000	7,106,237	52.240
9. Other invested assets		0.000		0.000
10. Total invested assets	0	0.000	13,603,168	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1997
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1997
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).06/01/1998
- 3.4 By what department or departments? Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, 100 Pearl Street, Hartford, CT 06103.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Ruth Ann Woodley FSA, MAAA, Vice-President & Actuary, CIGNA HealthCare Wilde Building, B237, 900 Cottage Grove Road, Hartford, CT 06152.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 14.11 To directors or other officers .. | \$ | 0 |
| 14.12 To stockholders not officers ... | \$ | 0 |
| 14.13 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 14.21 To directors or other officers ... | \$ | 0 |
| 14.22 To stockholders not officers ... | \$ | 0 |
| 14.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|----------------------------------|----------|---|
| 15.21 Rented from others | \$ | 0 |
| 15.22 Borrowed from others | \$ | 0 |
| 15.23 Leased from others | \$ | 0 |
| 15.24 Other | \$ | 0 |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- | | | |
|--|----------|---|
| 16.21 Amount paid as losses or risk adjustment | \$ | 0 |
| 16.22 Amount paid as expenses | \$ | 0 |
| 16.23 Other amounts paid | \$ | 0 |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[X]	[]	[X]
Common	1,000	1,000	1.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2. If no, give full and complete information relating thereto:

19.1. Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2. If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$	0
19.22	Subject to repurchase agreements	\$	0
19.23	Subject to reverse repurchase agreements	\$	0
19.24	Subject to dollar repurchase agreements	\$	0
19.25	Subject to reverse dollar repurchase agreements	\$	0
19.26	Pledged as collateral	\$	0
19.27	Placed under option agreements	\$	0
19.28	Letter stock or other securities restricted as to sale	\$	0
19.29	Other	\$	0

19.3. For each category above, if any of these assets are held by others, identify by whom held:

19.31 N/A	19.35 N/A
19.32 N/A	19.36 N/A
19.33 N/A	19.37 N/A
19.34 N/A	19.38 N/A
	19.39 N/A

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4. For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

20.1. Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2. If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

21.1. Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2. If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01. For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
JPMorgan Chase Bank.....	North American Insurance Securities Services 3 Chase MetroTech Center, 6th Floor, Brooklyn, NY 11245.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....561,996

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
N/A.....	\$
	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
N/A.....	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [] No [X]
1.2	If yes, indicate premium earned on U. S. business only	\$	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	
	1.31 Reason for excluding		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above	\$	
1.5	Indicate total incurred claims on all Medicare Supplement Insurance.	\$	
1.6	Individual policies:		
	Most current three years:		
	1.61 Total premium earned	\$0	
	1.62 Total incurred claims	\$0	
	1.63 Number of covered lives	\$0	
	All years prior to most current three years:		
	1.64 Total premium earned	\$0	
	1.65 Total incurred claims	\$0	
	1.66 Number of covered lives	\$0	
1.7	Group policies:		
	Most current three years:		
	1.71 Total premium earned	\$0	
	1.72 Total incurred claims	\$0	
	1.73 Number of covered lives	\$0	
	All years prior to most current three years:		
	1.74 Total premium earned	\$0	
	1.75 Total incurred claims	\$0	
	1.76 Number of covered lives	\$0	
2.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?		Yes [] No [X]
2.2	If yes, give particulars:		
3.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?		Yes [X] No []
3.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?		Yes [] No [X]
4.1	Does the reporting entity have stop-loss reinsurance?		Yes [X] No []
4.2	If no, explain:		
4.3	Maximum retained risk (see instructions)		
	4.31 Comprehensive Medical	\$270,000	
	4.32 Medical Only	\$	
	4.33 Medicare Supplement	\$	
	4.34 Dental	\$	
	4.35 Other Limited Benefit Plan	\$	
	4.36 Other	\$	
5.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: Hold harmless contract language with providers, insolvency protection through reinsurance arrangements, statutory reserves.		
6.1	Does the reporting entity set up its claim liability for provider services on a service data base?		Yes [X] No []
6.2	If no, give details:		
7.	Provide the following Information regarding participating providers:		
	7.1 Number of providers at start of reporting year	15,205	
	7.2 Number of providers at end of reporting year	14,931	
8.1	Does the reporting entity have business subject to premium rate guarantees?		Yes [] No [X]
8.2	If yes, direct premium earned:		
	8.21 Business with rate guarantees between 15-36 months		
	8.22 Business with rate guarantees over 36 months		
9.1	Does the reporting entity have Bonus/Withhold Arrangements in its provider contract?		Yes [X] No []
9.2	If yes:		
	9.21 Maximum amount payable bonuses	\$60,000	
	9.22 Amount actually paid for year bonuses	\$0	
	9.23 Maximum amount payable withholds	\$0	
	9.24 Amount actually paid for year withholds	\$0	
10.	List service areas in which reporting entity is licensed to operate:		

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	16,408,186	24,070,022	24,545,022	42,922,228	53,128,518
2. Total liabilities (Page 3, Line 18)	11,330,903	17,168,365	15,326,524	39,729,484	37,799,359
3. Statutory surplus	27,840,375	27,840,375	27,840,375	25,940,375	25,440,381
4. Total capital and surplus (Page 3, Line 26)	5,077,283	6,901,657	9,218,498	3,192,744	15,329,158
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	25,347,733	37,639,015	51,973,470	100,650,608	162,052,228
6. Total medical and hospital expenses (Line 17)	23,786,449	29,258,282	46,638,701	98,077,742	98,965,058
7. Total administrative expenses (Line 19)	4,622,673	8,875,429	2,952,550	10,675,441	60,592,301
8. Net underwriting gain (loss) (Line 22)	(4,635,926)	(1,760,478)	1,549,405	(11,315,167)	(477,958)
9. Net investment gain (loss) (Line 25)	341,165	(143,006)	(58,670)	2,112,706	2,951,093
10. Total other income (Lines 26 plus 27)	84,957	36,632	891,484	1,099,886	21,734
11. Net income (loss) (Line 30)	(2,112,916)	(1,866,852)	2,382,219	(8,102,575)	2,494,869
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	5,077,283	6,901,657	9,218,498	3,192,744	13,745,696
13. Authorized control level risk-based capital	1,537,221	1,648,389	2,272,791	4,450,318	2,929,086
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	10,736	18,894	21,223	267,687	281,128
15. Total member months (Column 6, Line 7)	130,899	214,906	340,015	3,242,546	3,230,797
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	93.8	77.7	91.2	99.5	99.2
18. Total underwriting deductions (Line 21)	118.3	104.7	97.0	114.1	109.6
19. Total underwriting gain (loss) (Line 22)	(18.3)	(4.7)	3.0	(11.9)	0.3
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	3,456,088	4,627,559	50,063,535	97,809,493	99,702,792
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	4,098,425	8,461,002	15,568,540	15,763,099	10,050,405

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 308,963 2. Canada 0 3. Other Countries 0 4. Totals 308,963	327,494 0 0 327,494	309,384 0 0 309,384	305,000 0 0 305,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 1,927,210 10. Canada 0 11. Other Countries 0 12. Totals 1,927,210	1,927,210 0 0 1,927,210	1,936,292 0 0 1,936,292	1,870,000 0 0 1,870,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 2,294,880 14. Canada 0 15. Other Countries 0 16. Totals 2,294,880	2,294,880 0 0 2,294,880	2,294,298 0 0 2,294,298	2,300,000 0 0 2,300,000
Public Utilities (unaffiliated)	17. United States 510,478 18. Canada 0 19. Other Countries 0 20. Totals 510,478	555,635 0 0 555,635	511,720 0 0 511,720	500,000 0 0 500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 1,455,401 22. Canada 0 23. Other Countries 0 24. Totals 1,455,401	1,557,399 0 0 1,557,399	1,443,777 0 0 1,443,777	1,500,000 0 0 1,500,000
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 6,496,931	0 6,662,617	0 6,495,471	0 6,475,000
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0 56. Total Bonds and Stocks 6,496,931	0 0 0 6,662,617	0 0 0 6,495,471	0 0 0 6,475,000

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 4,722,198 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 6,502,074	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 1,118,502	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 1,446	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 0	7. Book/adjusted carrying value at end of current period 6,496,931
3.4 Column 10, Part 4 (873) 573	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 (17,903)	9. Subtotal (Lines 7 plus 8) 6,496,931
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 1,106,316	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 6,496,931

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only			
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1. Alabama	AL	No				
2. Alaska	AK	No				
3. Arizona	AZ	No				
4. Arkansas	AR	No				
5. California	CA	No				
6. Colorado	CO	No				
7. Connecticut	CT	No				
8. Delaware	DE	No				
9. District of Columbia	DC	No				
10. Florida	FL	No				
11. Georgia	GA	No				
12. Hawaii	HI	No				
13. Idaho	ID	No				
14. Illinois	IL	No				
15. Indiana	IN	No				
16. Iowa	IA	No				
17. Kansas	KS	No	5,541,331			
18. Kentucky	KY	No				
19. Louisiana	LA	No				
20. Maine	ME	No				
21. Maryland	MD	No				
22. Massachusetts	MA	No				
23. Michigan	MI	No				
24. Minnesota	MN	No				
25. Mississippi	MS	No				
26. Missouri	MO	No	6,505,041			
27. Montana	MT	No				
28. Nebraska	NE	No				
29. Nevada	NV	No				
30. New Hampshire	NH	No				
31. New Jersey	NJ	No				
32. New Mexico	NM	No				
33. New York	NY	No				
34. North Carolina	NC	No				
35. North Dakota	ND	No				
36. Ohio	OH	Yes	13,706,492			
37. Oklahoma	OK	No				
38. Oregon	OR	No				
39. Pennsylvania	PA	No				
40. Rhode Island	RI	No				
41. South Carolina	SC	No				
42. South Dakota	SD	No				
43. Tennessee	TN	No				
44. Texas	TX	No				
45. Utah	UT	No				
46. Vermont	VT	No				
47. Virginia	VA	No				
48. Washington	WA	No				
49. West Virginia	WV	No				
50. Wisconsin	WI	No				
51. Wyoming	WY	No				
52. American Samoa	AS	No				
53. Guam	GU	No				
54. Puerto Rico	PR	No				
55. U.S. Virgin Islands	VI	No				
56. Canada	CN	No				
57. Aggregate other alien	OT	XXX	0	0	0	0
58. Total (Direct Business)	XXX	(a) 3	25,752,864	0	0	0
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

Explanation of basis of allocation by states, Premiums are reported on an earned basis by state.
 premiums by state, etc.:

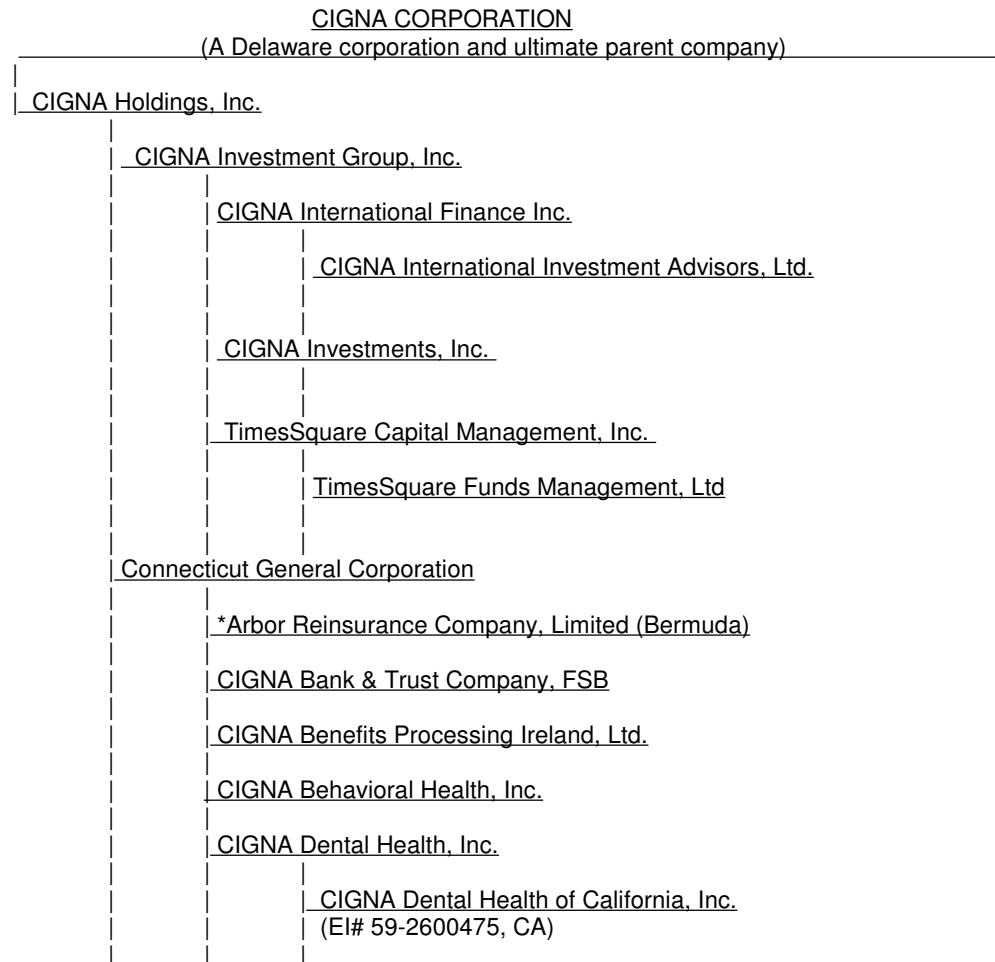
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

PART 1 - ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, except that no non-insurer affiliate or alien insurer affiliate is listed unless either its total assets, as of December 31, 2002, are equal to one-half of one percent (0.5%) of the total assets of Connecticut General Life Insurance Company, which is the largest affiliated insurer, or such non-insurer or alien had activities reported in Part 2:



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

CIGNA Dental Health of Colorado, Inc.
(EI# 59-2675861, NAIC # 11175, CO)

CIGNA Dental Health of Delaware, Inc.
(EI# 59-2676987, NAIC # 95380, DE)

CIGNA Dental Health of Florida, Inc.
(EI# 59-1611217, NAIC # 52021, FL)

CIGNA Dental Health of Kansas, Inc.
(EI# 59-2625350, NAIC # 52024, KS)

CIGNA Dental Health of Kentucky, Inc.
(EI# 59-2619589, NAIC # 52108, KY)

CIGNA Dental Health of Maryland, Inc.
(EI# 59-2740468, NAIC # 48119, DE)

CIGNA Dental Health of Missouri, Inc.
(EI#06-1582068, NAIC # 11160, MO)

CIGNA Dental Health of New Jersey, Inc.
(EI# 59-2308062, NAIC # 11167, NJ)

CIGNA Dental Health of New Mexico, Inc.
(EI# 95-4452999, NAIC # 47001, NM)

CIGNA Dental Health of North Carolina, Inc.
(EI# 56-1803464, NAIC # 95179, NC)

CIGNA Dental Health of Ohio, Inc.
(EI# 59-2579774, NAIC # 47805, OH)

CIGNA Dental Health of Pennsylvania, Inc.
(EI# 52-1220578, NAIC # 47041, PA)

CIGNA Dental Health of Texas, Inc.
(EI# 59-2676977, NAIC # 95037, TX)

CIGNA Dental Health of Virginia, Inc.
(EI# 52-2188914, NAIC # 52617, VA)

CIGNA Dental Health Plan of Arizona, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

(EI# 86-0807222, NAIC # 47013, AZ)

CIGNA Financial Partners, Inc.

CIGNA Financial Services, Inc.

CIGNA Health Corporation

Healthsource, Inc.

CIGNA HealthCare of Arizona, Inc.
(EI# 86-0334392, AZ)

CIGNA Community Choice, Inc.

CIGNA HealthCare of California, Inc.
(EI# 95-3310115, CA)

CIGNA HealthCare of Colorado, Inc.
(EI# 84-1004500, NAIC # 95604, CO)

CIGNA HealthCare of Connecticut, Inc.
(EI# 06-1141174, NAIC # 95660, CT)

CIGNA HealthCare of Delaware, Inc.
(EI# 52-1347731, NAIC # 95544, DE)

CIGNA HealthCare of Florida, Inc.
(EI# 59-2089259, NAIC # 95136, FL)

CIGNA HealthCare of Illinois, Inc.
(EI# 36-3385638, NAIC # 95602, DE)

CIGNA HealthCare of Kentucky, Inc. (dissolved 9/30/02)
(EI# 61-1275797, NAIC # 95178, KY)

CIGNA HealthCare of Louisiana, Inc.
(EI# 75-2076466, NAIC # 95600, LA)

CIGNA HealthCare of Maine, Inc.
(EI# 01-0418220, NAIC # 95447, ME)

CIGNA HealthCare of Massachusetts, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

55.3

		(EI# 02-0402111, NAIC # 95220, MA)
		<u>CIGNA HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
		<u>CIGNA HealthCare of New Hampshire, Inc.</u> (EI# 02-0387749, NAIC # 95493, NH)
		<u>CIGNA HealthCare of New Jersey, Inc.</u> (EI# 22-2720890, NAIC # 95500, NJ)
		<u>CIGNA HealthCare of Ohio, Inc.</u> (EI# 31-1146142, NAIC # 95209, OH)
		<u>CIGNA HealthCare of Pennsylvania, Inc.</u> (EI# 23-2301807, NAIC # 95121, PA)
		<u>CIGNA HealthCare of St. Louis, Inc.</u> (EI# 36-3359925, NAIC # 95635, MO)
		<u>CIGNA HealthCare of Utah, Inc.</u> (EI# 62-1230908, NAIC # 95518, UT)
		<u>CIGNA HealthCare of Virginia, Inc.</u> (EI# 54-1252797, NAIC # 96563, VA)
		<u>Healthsource South, Inc. (NH)</u>
		<u>CIGNA HealthCare of Arkansas, Inc. (dissolved 9/30/02)</u> (EI# 71-0742124, NAIC # 95499, AR)
		<u>CIGNA HealthCare of Georgia, Inc.</u> (EI# 58-1641057, NAIC # 96229, GA)
		<u>CIGNA HealthCare of Texas, Inc.</u> (EI# 74-2767437, NAIC # 95383, TX)
		* <u>CIGNA Insurance Group, Inc.</u> (EI# 02-0441070, NAIC # 87980, NH)
		<u>Healthsource Indiana, Inc.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

55.4

				<u>CIGNA HealthCare of Indiana, Inc.</u> (EI# 35-1679172, NAIC # 95525, IN)
				<u>Healthsource Management, Inc.</u>
				<u>CIGNA HealthCare of New York, Inc.</u> (EI# 11-2758941, NAIC # 95488, NY)
				<u>CIGNA HealthCare of Tennessee, Inc.</u> (EI# 62-1218053, NAIC # 95606, TN)
				<u>Healthsource Health Plans, Inc.</u>
				<u>CIGNA HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC # 95132, NC)
				<u>CIGNA HealthCare of North Carolina Administrators, Inc.</u>
				<u>Physicians' Health Systems, Inc.</u>
				<u>*CIGNA Insurance Services Company (72%)</u> (remaining interest owned by Healthsource Management, Inc.) (EI# 57-0937292, NAIC # 63405, SC)
				<u>*CIGNA HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
				<u>Lovelace Health Systems, Inc. (sold 1/15/03)</u> (EI# 85-0327237, NAIC # 95808, NM)
				<u>*Temple Insurance Company Limited (Bermuda)</u>
				<u>*CIGNA Life Insurance Company of Canada (Canada)</u>
				<u>*CIGNA Life Insurance Company of New York</u> (EI# 13-2556568, NAIC # 64548, NY)
				<u>CIGNA Vision Care, Inc.</u>
				<u>*Connecticut General Life Insurance Company</u> (EI# 06-0303370, NAIC # 62308, CT)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

CG Ballston, LLC

CG Erieview LLC

CG Galleria LLC

CG Merrick, LLC.

CG Pinnacle, L.L.C.

CG Wacker Drive, L.L.C.

CIGNA Dulles Town, L L C

*CIGNA Life Insurance Company
(EI# 06-1050034, NAIC # 93629, CT)

CIGNA Retirement Benefits Services, Inc.

Congen Properties, Inc.

CORAC, LLC

CORAC Laidley, LLC

CORAC Nashville, LLC

CORAC Northland, LLC

CORAC Westland, LLC

Houston Properties L.L.C.

KCI Investment Company L.L.C.

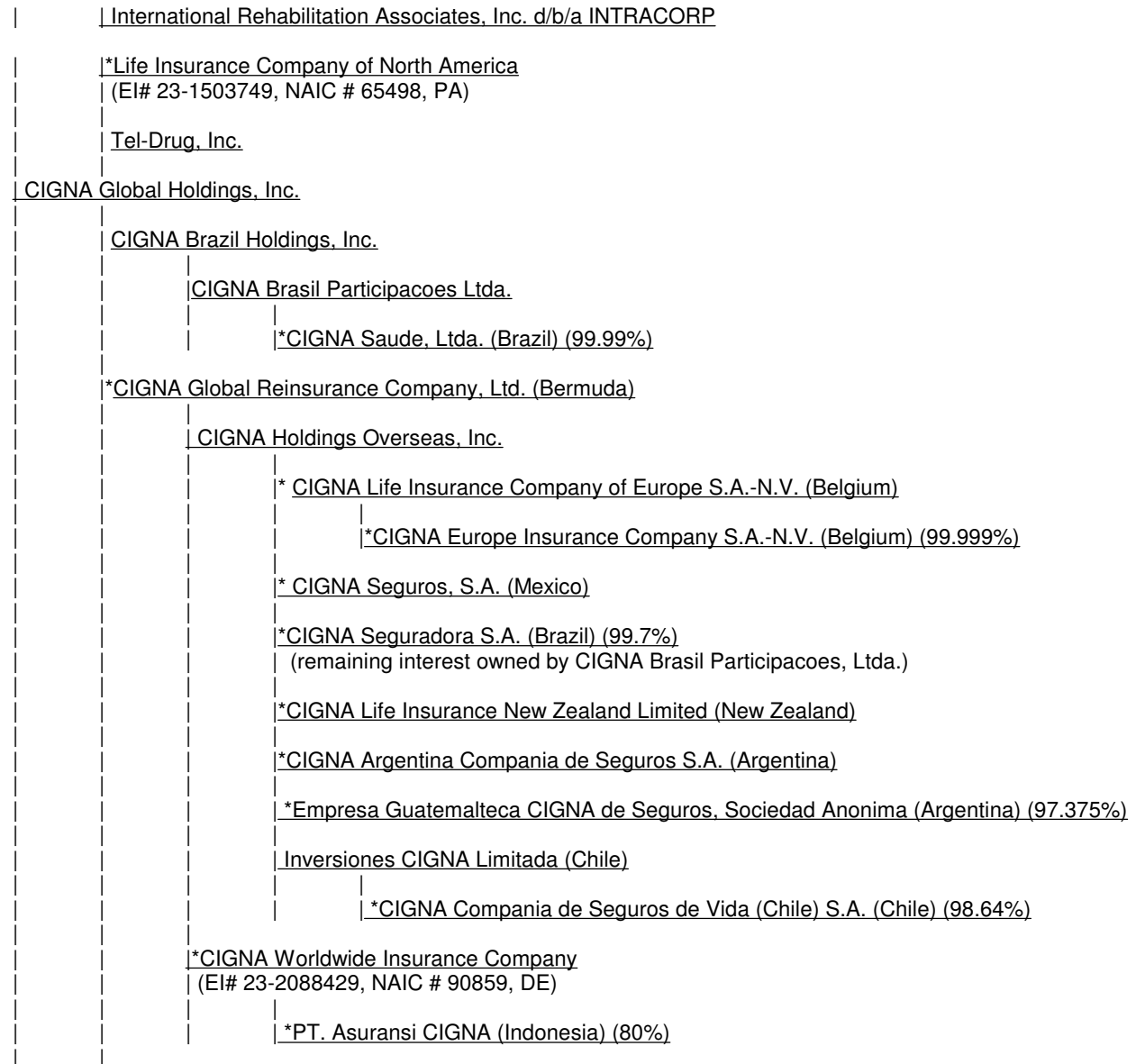
Ridgedale REIT, Inc. (49.9%)
(remaining interests owned by unaffiliated parties)

Southland REIT, Inc. (49.9%)
(remaining interests owned by unaffiliated parties)

Global Portfolio Strategies, Inc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

|	<u>*CIGNA STU S.A. (Poland) (7.5%)</u>
|	<u>*Philippine Health Care Providers, Inc. (Philippines) (30%)</u>

December 31, 2002