STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

CIGNA LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2008

DATE OF REPORT: MARCH 1, 2010

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<u>REPORT ON EXAMINATION</u>

<u>OF THE</u>

<u>CIGNA LIFE INSURANCE COMPANY OF NEW YORK</u>

<u>AS OF</u>

<u>DECEMBER 31, 2008</u>

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<u>EXAMINER</u>:	<u>COURTNEY C. WILLIAMS</u>

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

David Paterson
Governor

James J. Wrynn
Superintendent

March 1, 2010

Honorable James J. Wrynn
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 30264, dated October 23, 2008 and annexed hereto, an examination has been made into the condition and affairs of CIGNA Life Insurance Company of New York, hereinafter referred to as "the Company" or ("CLICNY") at its home office located at 140 East 45th Street, New York, New York 10017.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material findings and violation contained in this report are summarized below.

- The Company violated Section 216.6(a) of Department Regulation No. 64 for failing to pay claims according to the policy provisions. (See Section 6C of this report)
- The Company violated Section 1505(d)(3) by failing to notify the Superintendent in writing at least thirty days prior to entering into a lease transaction with its affiliate. (See Section 3B of this report)
- Due to the need for additional information regarding the denied disability claim inventory, the Department will be following up with a targeted examination of denied disability claims in the future. (See Section 6D of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2005. This examination covers the period from January 1, 2006 through December 31, 2008. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2008 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2008 to determine whether the Company's 2008 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendation and comment contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of the State of New York on June 29, 1965 and was licensed and commenced business on December 28, 1965. Initial resources of $2,000,000, consisting of common capital stock of $1,000,000 and paid in and contributed surplus of $1,000,000, were provided through the sale of 40,000 shares of common stock (with a par value of $25 each) for $50 per share to Life Insurance Company of North America ("LINA"). In 1972, the par value of the capital stock was increased to $27.50 per share, thereby increasing capital to $1,100,000. In 1973, ownership of the Company was transferred from LINA to Insurance Company of North America ("INA"). In March of 1977, INA Financial Corporation, a wholly owned subsidiary of INA Corporation, purchased the Company from INA for cash and marketable securities valued at $12,369,849.

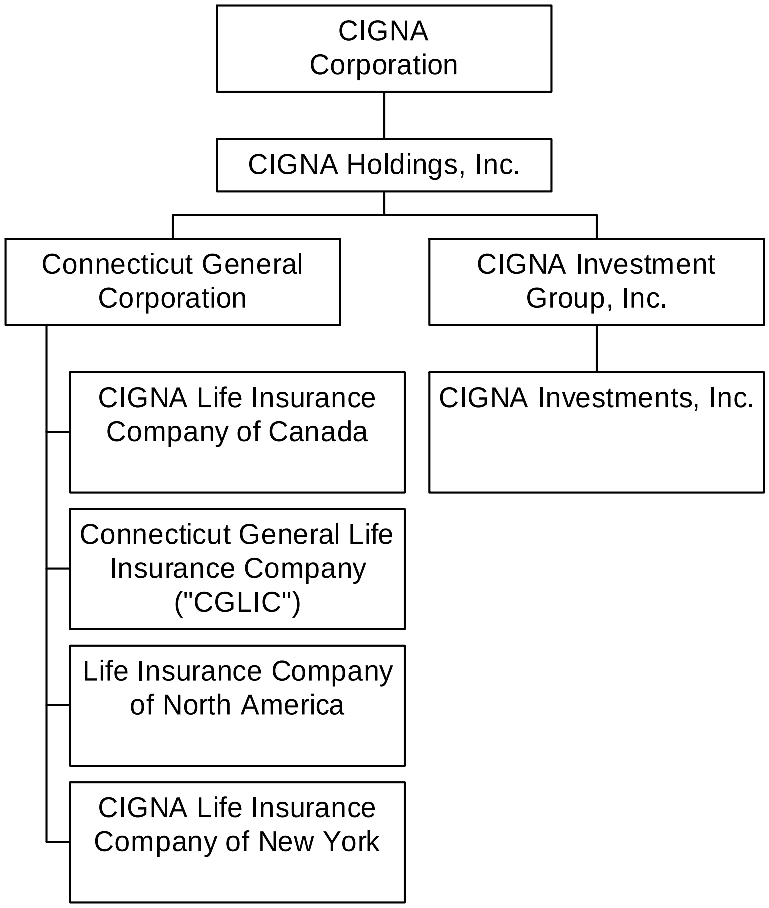
On April 1, 1982, INA Corporation merged with Connecticut General Corporation, ("CG Corp."). At that time, the resulting merged organization ranked as the second largest publicly-held insurance group in the United States. The new holding company was named CIGNA Corporation ("CIGNA"). On July 19, 1999, the Company changed its name from INA Life Insurance Company of New York to CIGNA Life Insurance Company of New York.

The Company had capital stock of $1,100,000 and contributed surplus of $5,815,000 as of December 31, 2008. There were no changes in capital stock or contributed surplus during the examination period.

B. Holding Company

The Company is a wholly owned subsidiary of CG Corp., a Connecticut stock company. CG Corp. is in turn a wholly owned subsidiary of CIGNA Holdings, Inc., a Delaware holding company. The ultimate parent of the Company is CIGNA, also a Delaware holding company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2008 follows:



The Company had 14 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Service Agreement 22209	08/01/2005	LINA	CLICNY	Administration	2006 (5,657,954) 2007 (5,885,995) 2008 (6,179,619)
Service Agreement 32149	01/01/2006	LINA	CLICNY	Claims Administration	2006 (2,022,953) 2007 (2,597,650) 2008 (2,663,444)
Service Agreement 34834	01/01/2004	LINA	CLICNY	Sales Service	2006 (588,054) 2007 (646,258) 2008 (1,125,102)
Service Agreement 34140	01/01/2004	CLICNY	LINA	Sales Service	2006 1,402,448 2007 1,530,391 2008 1,396,166
Service Agreement 34441	01/01/1994	CLICNY	LINA	Service & Expense Underwriting & Contracts	2006 1,134,599 2007 1,188,252 2008 1,348,605
Service Agreement 18752	01/01/1994	LINA	CLICNY	Service & Expense Underwriting & Contracts	2006 (1,079,955) 2007 (824,596) 2008 (965,674)
Service Agreement 29090	10/01/2000	CGLIC	CLICNY	Pension & Settlement Annuity	2006 0 2007 0 2008 0
Service Agreement 20275	10/01/1993	CIGNA	CLICNY	Payroll	2006 (8,525) 2007 (6,935) 2008 (9,510)
Service Agreement 21222	01/01/1994 (Amended 1/1/2001)	Cigna Investments, Inc.	CLICNY	Investment Advice	2006 (480,644) 2007 (461,640) 2008 (193,350)
Service Agreement 20402	05/01/1994	CGLIC	CLICNY	Premium & Claims Administration	2006 0 2007 (1,567,944) 2008 (253,843)
Service Agreement 24458	01/01/1999	CGLIC	CLICNY	Premium & Claims Administration	2006 0 2007 0 2008 0
Service Agreement 26254	01/01/1999	CIGNA	CLICNY	Expense Allocation & Payroll	2006 (148,346) 2007 (154,430) 2008 (150,536)
Service Agreement 38041	05/01/2007	CGLIC	CLICNY	Office Space Lease – Jersey City, NJ	2006 0 2007 (100,000) 2008 (230,388)
Service Agreement 32210	01/01/2004	CGLIC	CLICNY	Office Space Lease – New York City, NY	2006 (787,240) 2007 (927,532) 2008 (1,318,001)

* Amount of Income or (Expense) Incurred by the Company

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

Section 1505(d) of the New York Insurance Law states, in part:

> "The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing . . . at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period . . .
> (3) rendering of services on a regular or systematic basis . . . "

Beginning January 2007, the Company leased space at 499 Washington Boulevard, Jersey City, NJ, from its affiliate, CGLIC. The agreement was not filed with the Department until August 30, 2007.

An initial review of the lease agreement by the Department's Chief Real Estate Appraiser revealed that the Company was leasing 3,315.35 square feet at $56.07 per square foot and that more information was needed to determine additional expenses. In September 2007, the Department determined and notified the Company that the rentable area under the lease is 3,027 square feet and the Company is paying $78.06 per square foot. The Company responded that the base rental is $36.65 per square foot based on 6,232 square feet. In November 2007, the Company indicated a new square footage of 5,622 square feet segmented into 972 square feet of usable space and 4,650 of common area. The Department requested and received a space diagram that was illegible and a legible copy was never received. In March 2008, the Department's Chief Real Estate Appraiser retired and the Principal Real Estate Appraiser took over the review of this agreement and was told by the Company that they were revising the lease agreement to reflect the proper square foot allocation between usable and common areas. In October 2008, the Company e-mailed to the Department a revised lease with the allocation of rent and expenses. The Department requested an inspection of the space and subsequently wrote a memo disapproving the transaction.

In July 2009 the Company wrote the Department again with revised space calculations of 5,594 square feet and states that the rent is within market parameters with this number. In August 2009 the Company submitted a lease agreement with the old numbers and was informed that the new footage of 5,594 should be stated in the agreement. A revised floor plan was requested in August and received in December 2009 and still did not contain measurements or detailed space allocation. At this time the Company notified the Department that the Company would be terminating their lease at this space effective December 31, 2009.

The Company paid CGLIC $100,000 and $230,388 in 2007 and 2008, respectively, to rent such space.

The Company violated Section 1505(d)(3) by failing to notify the Superintendent in writing at least thirty days prior to entering into a lease transaction with its affiliate.

Using the information submitted by the Company in the original filing of the lease agreement (3,315.35 square feet and $56.07 per square foot) and the market price for the space ($38) the examiner has determined that the Company has overpaid rent in the amount of $179,724.96 during the period of January 1, 2007 through December 31, 2009.

The examiner recommends that the Company be reimbursed by the affiliate for the overpayment.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than nine and not more than 13 directors. As prescribed by the charter, the number of directors shall be increased to not less than 13 and not more than 17 within one year following the end of the calendar year in which the admitted assets of the Company exceed $1.5 billion dollars. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2008, the board of directors consisted of eight members. Meetings of the board are held quarterly.

The eight board members and their principal business affiliation, as of December 31, 2008, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
William L. Atwell Philadelphia, PA	President CIGNA International	2008
Brian H. Benjet Bryn Mawr, PA	Vice President and Chief Counsel CIGNA Group Insurance and litigation	2008
Mary B. Conrad* New York, NY	Senior Vice President Fiduciary Trust Company International	1998
Gail B. Harris* New York, NY	Retired Counsel Simpson, Thatcher and Bartlett	2004
Timothy M. Holzi Mullica Hill, NJ	Senior Director of Accounting CIGNA Corporation	2008
Mark B. Leach Simsbury, CT	Tax Director CIGNA Corporation	2008
Steven G. Mellas Glenmore, PA	Vice President CIGNA Life Insurance Company of New York Chief Compliance Officer CIGNA Group Insurance	2000
William C. Poulson* Marlton, NJ	Retired Compliance Officer CIGNA Group Insurance	2007

* Not affiliated with the Company or any other company in the holding company system

As indicated above, as of December 31, 2008, the Company had eight directors one short of the minimum nine required by the by-laws. The Company explained that Anne C. Taylor (unaffiliated director) resigned from the board effective November 17, 2008. In December 2008, the Company identified Mr. Peter Hosinski as a replacement for Anne C. Taylor. The board of directors was not able to approve Mr. Hosinski as a director until February 5, 2009.

Georgia D. Foley and Juanita Thornton replaced William L. Atwell and Steven G. Mellas, as directors on February 11, 2009. Effective March 30, 2009, William C. Poulson resigned from the board. In April of 2009, the Company identified Ilsa R. Schwartz as a replacement for William C. Poulson. The Board approved Ilsa R. Schwartz as a Director on April 30, 2009.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2008:

Name	Title
Karen S. Rohan	President
Scott R. Lambert	Vice President and Treasurer
Shermona S. Mapp	Corporate Secretary
Michael J. Wagner	Assistant Corporate Secretary
Kenneth R. Hamm	Vice President
Steven G. Mellas*	Vice President

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

In March 2009, Georgia D. Foley replaced Steven G. Mellas as Vice President and as the designated consumer services officer.

In July 2009, Matthew G. Manders replaced Karen S. Rohan as President.

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law. The Company did not write annuities during the period under review.

The Company is licensed to transact business in five states, namely Alabama, Missouri, New York, Pennsylvania, and Tennessee and in the District of Columbia. In 2008, all life premiums and 99.84% of accident and health premiums were received from New York. Policies are written on a non-participating basis.

The Company's major products consist of group long term disability, group short term disability and group life insurance. These major products together comprise approximately 92% of total written premium for 2008 and the remaining 8% consists of personal and travel accident insurance. The Company does not write ordinary life insurance products, nor does it write annuities.

Group Long Term Disability, represented 53% of total written premium. This product provides a monetary benefit to active full-time employees who suffer a covered disability while insured under the plan. Insureds receive a monthly benefit, up to a percentage of covered monthly earnings, subject to a maximum benefit amount. The plan covers disabling injuries or sickness that last beyond the benefit waiting period, whether they occur on or off the job. Maximum benefits vary based on the size of the employer group. The policy is issued to employer groups subject to the Age Discrimination in Employment Act. Product features include a partial/residual disability benefit, a survivor income benefit and an annuity supplement benefit.

Group Short Term Disability produced 13% of the Company's total written premium. This product provides a monetary benefit to active full-time employees who suffer a covered disability while insured under the plan. Insureds receive a weekly benefit, up to a percentage of covered weekly earnings, subject to a maximum benefit amount. The plan covers disabling injuries or sicknesses that are sustained off the job.

Group Term Life represents about 26% of the Company's total written premium. This product provides group term life insurance for covered employees and eligible family members for loss of life. Benefit amounts are multiples of salary, up to a maximum benefit amount. The standard features include: conversion privilege and portability; domestic partner coverage; accidental death benefit and terminal illness benefit.

The Company distributes its products through independent agents, brokers and consultants, and through a limited number of general agents without underwriting authority.

E. Reinsurance

As of December 31, 2008 the Company had reinsurance treaties in effect with 33 companies, of which 24 were authorized or accredited. The Company's life and accident and health businesses are reinsured on a coinsurance basis. Reinsurance is provided on an automatic basis.

The Company reinsured 100% of its individual life contracts with Monitor Life Insurance Company, an authorized insurer. The total face amount of life insurance ceded as of December 31, 2008, was $195,265,539. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $531,531 was supported by letters of credit.

The Company did not assume any insurance business during the period under examination.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2005	December 31, 2008	Increase (Decrease)
Admitted assets	$362,683,157	$401,174,924	$38,491,767
Liabilities	$279,625,436	$301,154,684	$21,529,248
Common capital stock	$ 1,100,000	$ 1,100,000	$ 0
Gross paid in and contributed surplus	5,815,000	5,815,000	0
Group contingency life reserve	4,252,502	0	(4,252,502)
Unassigned funds (surplus)	71,890,219	93,105,240	21,215,021
Total capital and surplus	$ 83,057,721	$100,020,240	$16,962,519
Total liabilities, capital and surplus	$362,683,157	$401,174,924	$38,491,767

The Company's invested assets as of December 31, 2008, were mainly comprised of bonds (88.9%) and cash and short-term investments (5.1%).

The majority (99.0%) of the Company's bond portfolio, as of December 31, 2008, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Group Life	
Year	Issued & Increases	In Force
2006	$2,558,240	$ 6,176,242
2007	$7,718,314	$13,534,825
2008	$2,860,095	$15,911,844

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2006	2007	2008
Ordinary:			
Individual annuities	$ (39,732)	$ (108,655)	$ (64,766)
Group:			
Life	$ 265,790	$ 2,553,192	$ 3,595,551
Annuities	27,455	(26,604)	7,354
Total group	$ 293,245	$ 2,526,588	$ 3,602,905
Accident and health:			
Group	$14,295,362	$12,901,023	$28,976,720
Other	42,275	(1,222)	1,176,726
Total accident and health	$14,337,637	$12,899,801	$30,153,446
Total	$14,591,150	$15,317,734	$33,691,585

The increase in net gain from the group life line of business in 2007 was mostly attributed to an increase in premiums due to business/premium growth.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2008, as contained in the Company's 2008 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2008 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2008

Admitted Assets

Bonds	$356,793,173
Cash, cash equivalents and short term investments	20,527,314
Receivable for securities	31
Investment income due and accrued	5,403,551
Premiums and considerations	
Uncollected premiums and agents' balances in the course of collection	8,983,735
Reinsurance:	
Amounts recoverable from reinsurers	2,628,634
Other amounts receivable under reinsurance contracts	118,089
Net deferred tax asset	3,719,053
Assessment Overpayment	3,001,344
Total admitted assets	$401,174,924

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 11,390,705
Aggregate reserve for accident and health contracts	249,262,766
Liability for deposit-type contracts	7,365,391
Contract claims:	
Life	6,210,422
Accident and health	6,940,065
Provision for experience rating refunds	501,700
Interest maintenance reserve	1,618,036
Commissions and expense allowances payable on reinsurance assumed	965,677
General expenses due or accrued	1,311,936
Taxes, licenses and fees due or accrued, excluding federal income taxes	376,720
Current federal and foreign income taxes	3,942,251
Amounts withheld or retained by company as agent or trustee	22,716
Remittances and items not allocated	1,587,349
Reinsurance in unauthorized companies	851,716
Payable to parent, subsidiaries and affiliates	1,831,803
Drafts outstanding	1,594,764
Payable for securities	5,039,114
Escheat liability	341,553
Total liabilities	$301,154,684
Common capital stock	$ 1,100,000
Gross paid in and contributed surplus	5,815,000
Unassigned funds (surplus)	93,105,240
Total capital and surplus	$100,020,240
Total liabilities, capital and surplus	$401,174,924

B. CONDENSED SUMMARY OF OPERATIONS

	2006	2007	2008
Premiums and considerations	$100,794,348	$115,746,175	$123,033,813
Investment income	21,772,654	21,203,528	23,771,423
Commissions and reserve adjustments on reinsurance ceded	(9,277,730)	(2,058,297)	539,336
Total income	$113,289,272	$134,891,406	$147,344,572
Benefit payments	$ 73,269,902	$ 80,018,515	$ 77,123,513
Increase in reserves	3,358,828	11,729,084	(5,589,527)
Commission	(3,074,773)	1,913,145	5,867,791
General expenses and taxes	17,420,862	19,075,442	20,315,818
Total deductions	$ 90,974,819	$112,736,195	$ 97,717,595
Net gain (loss)	$ 22,314,453	$ 22,155,211	$ 49,626,977
Federal and foreign income taxes incurred	7,723,296	6,837,474	15,935,344
Net gain (loss) from operations before net realized capital gains	$ 14,591,157	$ 15,317,737	$ 33,691,633
Net realized capital gains (losses)	(1,305,602)	1,026,514	(7,939,512)
Net income	$ 13,285,555	$ 16,344,251	$ 25,752,121

C. CAPITAL AND SURPLUS ACCOUNT

	2006	2007	2008
Capital and surplus, December 31, prior year	$ 83,057,722	$ 78,729,122	$ 85,419,662
Net income	$ 13,285,555	$ 16,344,251	$ 25,752,121
Change in net unrealized capital gains (losses)	(52,716)	0	(3,281)
Change in net deferred income tax	5,319,369	(4,078,844)	775,582
Change in non-admitted assets and related items	(12,596,029)	8,999,343	2,785,605
Change in liability for reinsurance in unauthorized companies	(6,907)	(124,953)	(579,569)
Change in asset valuation reserve	(277,872)	550,734	870,120
Dividends to stockholders	(10,000,000)	(15,000,000)	(15,000,000)
Net change in capital and surplus for the year	$ (4,328,600)	$ 6,690,531	$ 14,600,578
Capital and surplus, December 31, current year	$ 78,729,122	$ 85,419,653	$100,020,240

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Section 216.6(a) of Department Regulation No. 64 states:

> "In any case where there is no dispute as to coverage, it shall be the duty of every insurer to offer claimants, or their authorized representatives, amounts which are fair and reasonable as shown by its investigation of the claim, providing the amounts so offered are within policy limits and in accordance with the policy provisions."

During the review of death claims the examiner found that the Company underpaid two beneficiaries as indicated by the terms of the policy. Both claims were from the Cornell University ("Cornell") Group Contract. Cornell's group policy has ten classes of eligible employees of which three classes offer a basic benefit of the greater of $3,000 or 20% of the initial retirement benefit.

In the two instances where the claims were underpaid, the Company paid $3,000 instead of the greater amount of 20% of the initial retirement benefit or $3,000. Upon discovery of these underpayments, all of the Cornell claims from the three classes that provide the same benefit were reviewed. Of the 32 additional death claims reviewed 13 were underpaid. Once again the Company paid $3,000 for each claim instead of the greater amount of 20% of the initial retirement benefit or $3,000.

The Company violated Section 216.6(a) of Department Regulation No. 64 by failing to pay claims according to the policy provisions.

The examiner informed the Company of the underpayments and the Company paid the additional amounts owed to the beneficiaries.

D. Denied Disability Claims

The examiner requested an inventory of disability claims denied during the examination period in the pre-examination letter. The Company provided an inventory. However, upon selecting a sample, the examiner was informed by the Company that these were not true denials because the disability claims system uses the term “closed without payment” rather than “denied.” These were a listing of claims closed without payment along with the reason for closure. At the Department’s request, the Company subsequently provided a new inventory for denied claims but the examiner was still unable to select an appropriate sample for review.

The Company is directed to provide the Department with a complete and accurate inventory of disability claims denied during the period January 1, 2006 through December 31, 2009. The inventory is to be provided within 90 days after the filing of this report on examination. The Department will perform a targeted examination of denied disability claims after it reviews the inventory provided by the Company.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendation and comment contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company is not in compliance with Section 2.4(b) of its by-laws because it failed to maintain at least five board members on its Executive Committee. A review of the minutes of the Executive Committee and the attendance of the members indicates that the Company maintained the requisite five members during the examination period.
B	The examiner recommends that the Company take greater care in the preparation of the Exhibit of Number of Policies in force for Accident and Health Insurance. The Company’s financial reporting manager reviews status of Exhibit of Policies in Force for Accident and Health Insurance prior to releasing the data for inclusion to the annual statement. No discrepancies were noted with the Company’s filed annual statements for the examination period.
C	The Company violated Section 215.17(a) of Department Regulation No. 34 and Section 219.5(a) of Department Regulation No. 34-A by failing to maintain at its home office, a complete advertising file containing a specimen copy of every printed, published or prepared advertisement disseminated in this state. The Company implemented a dedicated server in the New York location for storage of advertising data. CIGNA Group Insurance marketing team has saved the Company’s advertising data to the New York server on a quarterly basis, beginning in the 4^{th} quarter of 2008 for all 2008 advertising. Data from 2006 and 2007 has also been transferred to the new server. During the advertising review, the examiner had complete access to all the advertising files for the examination period.
D	The Company violated Section 2112(a) of the New York Insurance Law by failing to file certificates of appointment with the Superintendent in order to appoint insurance agents to represent it. A review of the Company’s distribution system indicated that all agents used by the Company were properly licensed and all certificates of appointment were filed with the Department.

Item	Description
E	The Company violated Section 2114(a)(3) of the New York Insurance Law by paying commissions to agents not appointed with the Company.
	A review of the Company's distribution system indicated that all agents paid by the Company were properly licensed.
F	The Company violated Section 243.2(b)(5) of Department Regulation No. 152 by failing to maintain licensing records so as to show clearly the dates of termination of licensees.
	A review of the Company's distribution system indicated licensing records are adequately maintained.
G	The Company violated Section 243.2(b)(1)(ii) of Department Regulation No. 152 by failing to maintain policy applications as required by the Regulation.
	All policy applications were maintained in compliance with Department Regulation No. 152.
H	The Company violated Section 243.2(d) of Department Regulation No. 152 for failing to maintain the prescription drug claims and financial records subject to examination by the Superintendent.
	The contract with Express Scripts terminated at the end of 2005.
I	The Company violated Section 243.2(e) of Department Regulation No. 152 by failing to make the prescription drug claim and financial records readily available and easily accessible to the Superintendent in accordance with Section 310 of the New York Insurance Law.
	The contract with Express Scripts terminated at the end of 2005.

8. SUMMARY AND CONCLUSIONS

Following are the violations, recommendation and the comment contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent in writing at least thirty days prior to entering into a sublease agreement with its affiliate.	8
B	The examiner recommends that the Company be reimbursed by the affiliate for the overpayment.	8
C	The Company violated Section 216.6(a) of Department Regulation No. 64 by failing to pay death claims according to the policy provisions.	20
D	The Company is directed to provide the Department with a complete and accurate inventory of disability claims denied during the period January 1, 2006 through December 31, 2009. The inventory is to be provided within 90 days after the filing of this report on examination. The Department will perform a targeted examination of denied disability claims after it reviews the inventory provided by the Company.	20

Respectfully submitted,

_______/s/__________________
Courtney C. Williams
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Courtney C. Williams, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_______/s/__________________
Courtney C. Williams

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30264

STATE OF NEW YORK

INSURANCE DEPARTMENT

*I, **ERIC R. DINALLO**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

COURTNEY WILLIAMS

as a proper person to examine into the affairs of the

CIGNA LIFE INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of the Department at the City of New York

this 23rd day of October, 2008

ERIC R. DINALLO
Superintendent of Insurance

Superintendent