

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

AETNA INSURANCE CO OF AMERICA

CIK: **925988** | IRS No.: **061286272** | State of Incorporation: **CT** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-81010** | Film No.: **95536113**

Mailing Address
151 FARMINGTON AVENUE
HARTFORD CT 06156

Business Address
151 FARMINGTON AVENUE
HARTFORD CT 06156
2032730978

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1995 Commission file number 33-81010

Aetna Insurance Company of America

(Exact name of registrant as specified in its charter)

Connecticut

06-1286272

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

151 Farmington Avenue, Hartford, Connecticut

06156

(Address of principal executive offices)

(ZIP Code)

Registrant's telephone number, including area code (203) 273-0978

None

Former name, former address and former fiscal year if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Class	Shares Outstanding at April 30, 1995
----------------	---

Common Capital Stock,
par value \$2,000

1,275

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life insurance and Annuity Company)

Quarterly Report For Period Ended March 31, 1995 on Form 10-Q

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AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life Insurance and Annuity Company)

Statements of Income
(thousands)

<TABLE>
<CAPTION>

	3 Months Ended March 31,	

	1995	1994
	----	----
<S>	<C>	<C>
Revenue:		
Net investment income	\$174.0	\$141.2
	-----	-----
Total revenue	174.0	141.2
Expenses:		
Operating expenses	54.5	26.2
	-----	-----
Total expenses	54.5	26.2
Income before federal income taxes	119.5	115.0
Federal income taxes	41.8	40.3
	-----	-----
Net Income	\$77.7	\$74.7
	=====	=====

</TABLE>

See Condensed Notes to Financial Statements.

AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life Insurance and Annuity Company)

Balance Sheets
(thousands)

<TABLE>

<CAPTION>

	March 31, 1995	December 31, 1994
Assets		
- - - - -	----	----
<S>	<C>	<C>
Investments:		
Debt securities available for sale: (amortized cost \$7,451.7 and \$7,043.9)	\$7,376.0	\$6,906.5
Short-term investments	495.0	--
Total investments	7,871.0	6,906.5
Cash and cash equivalents	3,857.2	4,732.7
Accrued investment income	203.1	91.5
Deferred tax asset	0.4	0.4
Other assets	0.4	5.1
Total assets	\$11,932.1	\$11,736.2

Liabilities and Shareholder's Equity

Liabilities:		
Due to parent and affiliates	\$ 4.7	\$ 10.5
Other liabilities	41.5	21.0
Current federal income taxes payable	71.2	29.4
Total liabilities	117.4	60.9
Shareholder's equity:		
Common capital stock, par value \$2000 (1,275 shares authorized, issued and outstanding)	2,550.0	2,550.0
Paid-in capital	7,550.0	7,550.0
Net unrealized capital losses	(75.7)	(137.4)
Retained earnings	1,790.4	1,712.7
Total shareholder's equity	11,814.7	11,675.3
Total liabilities and shareholder's equity	\$11,932.1	\$11,736.2

</TABLE>

See Condensed Notes to Financial Statements.

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AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life Insurance and Annuity Company)

Statements of Changes in Shareholder's Equity
(thousands)

<TABLE>
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	3 Months Ended March 31,	
	1995	1994
<S>	<C>	<C>
Shareholder's equity, beginning of period	\$11,675.3	\$11,584.2
Net change in unrealized capital gains (losses)	61.7	(88.4)
Net income	77.7	74.7

Shareholder's equity, end of period	\$11,814.7	\$11,570.5
	=====	=====

</TABLE>

See Condensed Notes to Financial Statements.

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AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life Insurance and Annuity Company)

Statements of Cash Flows
(thousands)

<TABLE>
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	3 Months Ended March 31,	
	1995	1994
	----	----
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	\$ 77.7	\$ 74.7
Increase in accrued investment income	(111.6)	(111.6)
Net change in amounts due to/from parent and affiliates	(5.8)	--
Increase (decrease) in other receivables	4.7	(1.7)
Net increase in other assets and liabilities	20.5	0.2
Increase (decrease) in federal income taxes	41.8	(162.8)
Net amortization of a premium on debt securities	18.6	21.1
	-----	-----
Net cash provided by (used by) operating activities	45.9	(180.1)
	-----	-----
Cash Flows from Investing Activities:		
Cost of investment purchases in:		
Debt securities	(429.3)	--
Short-term investments	(492.1)	--
	-----	-----
Net cash used for investing activities	(921.4)	--
	-----	-----
Net decrease in cash and cash equivalents	(875.5)	(180.1)
Cash and cash equivalents, beginning of period	4,732.7	4,512.9
	-----	-----
Cash and cash equivalents, end of period	\$ 3,857.2	\$ 4,332.8
	=====	=====
Supplemental cash flow information:		
Income taxes paid, net	\$ --	\$ 203.0
	=====	=====

</TABLE>

See Condensed Notes to Financial Statements.

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AETNA INSURANCE COMPANY OF AMERICA
(A wholly owned subsidiary of Aetna Life Insurance and Annuity Company)

Condensed Notes to Financial Statements

1. Basis of Presentation

Aetna Insurance Company of America (the "Company") is a stock life insurance company organized in 1990 under the insurance laws of Connecticut. The Company is a wholly owned subsidiary of Aetna Life Insurance and Annuity Company ("ALIAC"). ALIAC is a wholly owned subsidiary of Aetna Life and Casualty Company ("Aetna"). The Company is expected to begin marketing and servicing individual and group annuity contracts in 1995.

These financial statements have been prepared in conformity with generally accepted accounting principles. These interim statements necessarily rely heavily on estimates including assumptions as to annualized tax rates. In the opinion of management, all adjustments necessary for a fair statement of results for the interim periods have been made. All such adjustments are of a normal recurring nature.

2. Federal Income Tax

Net unrealized capital gains and losses are presented in shareholder's equity net of deferred taxes. At March 31, 1995, \$75.7 thousand of net unrealized capital losses were reflected in shareholder's equity without deferred tax benefits. For federal income tax purposes, capital losses are deductible only against capital gains in the year of sale or during the carryback and carryforward periods (three and five years, respectively). Due to the expected full utilization of capital gains in the carryback period and the uncertainty of future capital gains, a valuation allowance of \$26.5 thousand related to the net unrealized capital losses has been reflected in shareholder's equity. Any reversals of the valuation allowance are contingent upon the recognition of future capital gains in Aetna's federal income tax return or a change in circumstances which causes the recognition of the benefits to become more likely than not. Non-recognition of the deferred tax benefits on net unrealized losses described above had no impact on net income for the first quarter of 1995, but has the potential to adversely affect future results if such losses are realized.

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Independent Auditors' Review Report

The Board of Directors
Aetna Insurance Company of America:

We have reviewed the accompanying balance sheet of Aetna Insurance Company of America as of March 31, 1995, and the related statements of income for the three-month periods ended March 31, 1995 and 1994, and the related statements of changes in shareholder's equity and cash flows for the three-month periods ended March 31, 1995 and 1994. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Aetna Insurance Company of America as of December 31, 1994, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended (not presented

herein); and in our report dated March 17, 1995, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 1994, is fairly presented, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ KMPG Peat Marwick LLP

Hartford, Connecticut
April 27, 1995

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Item 7. Management's Analysis of the Results of Operations

<TABLE>
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Results of Operations

Three Months Ended March 31,

(Thousands)	1995 ----	1994 ----
<S>	<C>	<C>
Net investment income	\$174.0	\$141.2
Operating expenses	54.5 -----	26.2 -----
Income before federal income taxes	119.5	115.0
Federal income taxes	41.8 -----	40.3 -----
Net income	\$ 77.7 -----	\$ 74.7 -----

</TABLE>

The Company's net income increased 4% in the first quarter of 1995 when compared with the same period a year ago. The improvement in the first quarter of 1995 net income reflected an increase in net investment income primarily due to increasing yields on cash equivalents partially offset by an increase in operating expenses related to taxes, licenses and fees.

Investments

As of March 31, 1995 and December 31, 1994, all of the Company's debt securities were issued by the U.S. Treasury.

<TABLE>
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(Thousands)	1995	1994
<S>	<C>	<C>
Debt securities	\$7,376.0	\$6,906.5
Short-term investments	495.0 -----	-- -----

Total Investments	7,871.0	6,906.5
Cash and cash equivalents	3,857.2	4,732.7
	-----	-----
Total Investments, cash and cash equivalents	\$11,728.2	\$11,639.2
	-----	-----

</TABLE>

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PART II. OTHER INFORMATION

None of the items under part II are applicable.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AETNA INSURANCE COMPANY OF AMERICA
(Registrant)

May 5, 1995

(Date)

By /s/ James C. Hamilton

James C. Hamilton
Vice President, Treasurer, and
Director

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This schedule contains summary financial information extracted from the financial statements contained in the Form 10-Q for the fiscal quarter ended March 31, 1995 for Aetna Insurance Company of America and is qualified in its entirety by reference to such financial statements.

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