FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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CIGNA CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________

Commission file number 1-8323

CIGNA Corporation

(Exact name of registrant as specified in its charter)

Delaware	06-1059331
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Liberty Place, Philadelphia, Pennsylvania	19192-1550
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (215) 761-1000

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, Par Value $.25;	New York Stock Exchange, Inc.
Preferred Stock	Pacific Exchange, Inc.
Purchase Rights	Philadelphia Stock Exchange, Inc.

Securities registered pursuant to section 12(g) of the Act:
None

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of February 28, 1999, was approximately $16.3 billion.

As of February 28, 1999, 205,049,649 shares of the registrant's Common Stock were outstanding.

Parts I and II of this Form 10-K incorporate by reference information from the registrant's annual report to shareholders for the year ended December 31, 1998. Part III of this Form 10-K incorporates by reference information from the registrant's proxy statement dated March 23, 1999.

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PART I

Item 1. BUSINESS

A. Description of Business

With shareholders' equity of $8.3 billion and assets of $114.6 billion as of December 31, 1998, and revenues of $21.4 billion for the year then ended, CIGNA Corporation and its subsidiaries constitute one of the largest investor-owned insurance organizations in the United States and one of the principal United States companies in the financial services industry. Unless the context otherwise indicates, the terms "CIGNA" and the "Company" refer to one or more of CIGNA Corporation and its consolidated subsidiaries. CIGNA Corporation is not an insurance company. Its subsidiaries are major providers of group life and health insurance, managed care products and services, retirement products and services, and property and casualty insurance. CIGNA is one of the largest international insurance organizations based in the United States, measured by international revenues, and one of the largest investor-owned health maintenance organizations in the United States, based on the number of members. CIGNA's major insurance subsidiaries, Connecticut General Life Insurance Company ("CG Life") and Insurance Company of North America ("INA"), are among the oldest insurance companies in the United States, with INA tracing its origins to 1792 and CG Life to 1865. CIGNA Corporation was incorporated in the State of Delaware in 1981.

CIGNA's revenues are derived principally from premiums and fees and investment income. CIGNA conducts its business through the following operating divisions, the financial results of which are reported in the following segments:

o Employee Health Care, Life and Disability Benefits Segment (beginning on page 3)

CIGNA HealthCare

CIGNA Group Insurance: Life, Accident, Disability

o Employee Retirement Benefits and Investment Services Segment (beginning on page 11)

CIGNA Retirement & Investment Services

o International Life, Health and Employee Benefits Segment (beginning on page 16)

CIGNA International Employee Benefits and Life Insurance

o Property and Casualty Segment (beginning on page 19)

CIGNA Domestic Property & Casualty

CIGNA International Property & Casualty

o Other Operations (beginning on page 28)

CIGNA Reinsurance.

Other Operations also includes the gain on the sale of the individual insurance and annuity business and the results of CIGNA's corporate life insurance business on which policy loans are outstanding, settlement annuity business, certain new business initiatives and non-insurance operations engaged primarily in investment and real estate activities.

Investment results produced by CIGNA Investment Management on behalf of CIGNA's insurance operations are reported in each segment's results.

Recent Transaction

In January 1999, CIGNA entered into an agreement to sell its domestic and international property and casualty businesses (which comprise the Property and Casualty Segment) to ACE Limited for cash proceeds of $3.45 billion. CIGNA expects the sale, which is subject to U.S. and international regulatory approval and other conditions to closing, to be completed by mid-1999. For additional information about the sale, see page 10 of the Management's

Discussion and Analysis ("MD&A") section of, and Note 3 to the Financial Statements included in, CIGNA's 1998 Annual Report to Shareholders ("Annual Report").

Systems Considerations (including Year 2000)

CIGNA's operations are highly dependent on automated systems and systems applications. CIGNA has security and backup policies and procedures for safeguarding critical corporate data. It routinely reviews and modifies, as appropriate, these policies and procedures, and also maintains disaster contingency plans, which include recovery services in the event of a disaster in a data center.

Uncorrected systems failures due to the inability to process dates correctly because of failing to be Year 2000 ready, or for other reasons, could adversely affect the delivery of services and the functioning of various processes. These could include processing of claims, billing and collection of premiums and other receivables, providing access to medical and dental care to members and managing investing activities. CIGNA is modifying or replacing its systems to make them ready for Year 2000 and expects to substantially complete the remediation and testing of its mission critical systems by the middle of 1999.

In addition, CIGNA's businesses bear risk associated with various third-party entities' Year 2000 readiness. For example, CIGNA receives data from clients; depends on others, such as third-party administrators and banks, for services; and bears credit risk on others, such as entities in which CIGNA invests. Systems or business failures on the part of these entities could adversely affect the delivery of services by CIGNA's businesses. All of CIGNA's businesses are assessing their risks from external sources and taking action to mitigate them. For further information, see pages 23 and 24 of the MD&A section of CIGNA's Annual Report.

B. Financial Information about Industry Segments

Financial information in the tables that follow is presented in conformity with generally accepted accounting principles ("GAAP"), unless otherwise indicated. As of December 31, 1998, CIGNA adopted an accounting pronouncement which changed the way segments are structured. Prior period information has been restated based on the new requirements (see Note 16 to the Financial Statements included in CIGNA's Annual Report). Certain reclassifications have been made to 1997 and 1996 financial information to conform with the 1998 presentation. Industry rankings and percentages set forth below are for the year ended December 31, 1997, unless otherwise indicated. Unless otherwise noted, statements set forth in this document concerning CIGNA's rank or position in an industry or particular line of business have been developed internally, based on publicly available information.

Financial data for each of CIGNA's business segments is set forth in Note 16 and financial information for foreign operations is set forth in Note 18 to the Financial Statements included in CIGNA's Annual Report.

C. Employee Health Care, Life and Disability Benefits

Principal Products and Markets

CIGNA's Employee Health Care, Life and Disability Benefits operations offer a wide range of traditional indemnity products and services and are a leading provider of managed care and cost containment products and services, as well as a direct provider of health care services. As a result of the Healthsource, Inc. ("Healthsource") acquisition, the financial information and other data reported in this section include Healthsource from the purchase date of June 25, 1997.

The following table sets forth the principal products of this segment and their related net earned premiums and fees.
<TABLE>
<CAPTION>

	Year ended December 31,		
	1998	1997	1996
		(In millions)	
<S>	<C>	<C>	<C>
Indemnity:			
Medical	$ 2,563	$2,161	$1,942
Life	1,755	1,750	1,798
Long-term Disability	443	487	426
Dental	400	367	397
Accidental Death and Dismemberment	196	198	227
Short-term Disability	79	88	70
Other	43	44	49
Total	5,479	5,095	4,909
Managed Care:			
Medical			
Guaranteed-cost	4,658	3,329	2,481
Experience-rated	890	760	661
Dental	394	362	324
Total	5,942	4,451	3,466
Total Premiums and Fees	$11,421	$9,546	$8,375

<FN>

Amounts in table do not include "premium equivalents," which are described below.
</FN>
</TABLE>

CIGNA's Employee Health Care, Life and Disability Benefits customers range in size from some of the largest United States corporations to small enterprises, and include employers, multiple employer groups, unions, professional and other associations, government-sponsored programs, and other groups. Products are marketed in all 50 states, the District of Columbia and Puerto Rico. The segment's products are generally offered through traditional insurance and alternative funding arrangements, and through arrangements that combine features of both.

Under traditional insurance funding arrangements, CIGNA charges a premium and bears the risk for costs incurred. Traditional insurance arrangements may include products offered on a retrospectively experience-rated basis. These are arrangements in which the premium, in some cases, may be increased (within limits) or decreased based on actual incurred costs of the policyholder over a certain period of time with either additional premium paid to CIGNA or premium returned to the policyholder. Further, traditional insurance arrangements include products offered on a guaranteed-cost basis for which there is no retrospective adjustment for actual incurred claims. Retrospectively experience-rated business and guaranteed-cost business constituted approximately 66% and 34%, respectively, of CIGNA's traditional insurance business in 1998, as measured by premiums.

Alternative funding arrangements consist primarily of administrative services only ("ASO") plans and "minimum premium" programs. Under ASO plans, CIGNA provides claims processing, health cost containment services (through its provider networks) or utilization management programs, or a combination of these services, in exchange for an administrative services fee. The plan sponsor is responsible for self-funding all claims, but may purchase stop-loss insurance from CIGNA or other insurers for claims in excess of some predetermined amount in

total or for specific types of claims or both. Minimum premium programs combine traditional insurance protection with self-funding. The policyholder self-funds claims up to a predetermined aggregate, maximum amount and CIGNA bears the risk for claims in excess of that amount. Alternative funding programs constituted approximately 55% of business volume (premiums and fees plus premium equivalents) in 1998 and 1997. Premium equivalents generally represent paid claims under ASO and minimum premium plans and are amounts that would have been earned premium if the plans had been written as traditional insurance. Alternative funding programs and their effect on CIGNA's results are more fully described on page 13 of the MD&A section of CIGNA's Annual Report.

Health Care Products and Services

Based on premiums, including premium equivalents, health care products are the segment's principal product line. CIGNA provides a wide array of health care products. This broad spectrum of products allows CIGNA to satisfy a customer's health benefit needs. The products offered include the following:

- indemnity products;
- comprehensive managed care products, such as:
  - health maintenance organizations ("HMOs"),
  - managed dental programs,
  - managed mental health and substance abuse products and services,
  - managed pharmacy programs, and
  - medical cost and utilization management products and services;
- preferred provider organizations ("PPOs"); and
- point-of-service plans.

Indemnity Products

CIGNA offers medical and dental indemnity products. These indemnity products place no restrictions on provider choice. However, because there are no prior arrangements with physicians or hospitals to control unit costs and there is limited management over the utilization of services, the costs of such products to participants are higher than managed care products. Under indemnity arrangements, insureds usually pay deductibles and coinsurance, subject to annual out-of-pocket maximums, and their benefits may also be subject to lifetime maximum limits. Indemnity products are offered through traditional insurance and alternative funding arrangements.

Managed Care Products

CIGNA also offers managed care products, including medical, dental and mental health products. Managed care products promote effective, efficient use of health care services by coordinating utilization of care and controlling unit costs through provider contracts. Managed care products are offered through traditional insurance and alternative funding programs. Managed care products include those described below.

Medical Health Maintenance Organizations. HMOs are generally the most cost-efficient form of managed care. Members typically choose primary care physicians from CIGNA's network. Primary care physicians are responsible for the member's primary medical and preventive care. Generally, a member must receive a referral from his or her primary care physician to receive maximum coverage if seeing a network medical specialist or receiving institutional care.

CIGNA's HMOs include individual practice association ("IPA") models, staff models and mixed models. The relationship between the HMO and the health care providers distinguishes the models. Under an IPA model, the HMO contracts with independent physicians and hospitals to provide services. IPAs may cover wide geographic areas with low fixed costs, but must rely on cost-effective contracts with providers and the appropriate utilization management to influence medical costs. In a staff model, physicians and certain other providers are employees of the HMO. The HMO either owns or leases the medical facilities where the services are performed. Staff models offer a greater opportunity for direct influence over medical costs, quality and service, but require more capital

investment. Staff models generally offer lower costs to the consumer, whereas IPAs may offer broader provider choice. Mixed model HMOs offer participants a choice of staff model and IPA providers.

Many of CIGNA's HMO providers receive a monthly predetermined fee (capitation) to cover the cost of certain services used by each HMO member, regardless of the medical services provided to each member. Other physicians and hospitals are paid on a contracted fee-for-service or other service-specific basis. Capitation arrangements shift some of the financial risk from CIGNA to the provider and promote a higher degree of provider-driven utilization management. In some cases, the cost of services provided has exceeded the capitation received by providers and these providers, in some situations, have been unable to honor their contractual obligations. In these situations, the obligation to cover the cost of service reverts to CIGNA based on contractual terms or state requirements.

The table below shows the number of IPA, staff and mixed model HMOs as of December 31:

	1998	1997	1996
IPA Models...........................	59	53	37
Staff Models.........................	3	3	3
Mixed Models.........................	5	5	5

The increase in IPA models in 1997 was due to the Healthsource acquisition.

As of December 31, 1998, CIGNA's HMO networks included approximately 265,000 physicians and 3,200 hospitals.

To maintain and enhance the quality of health care delivered in its HMOs, CIGNA has developed national policies to credential and recredential practitioners and facilities. CIGNA's facility credentialing policy requires recredentialing of facilities every three years. During credentialing and recredentialing, CIGNA requires verification of an unrestricted state license, the absence of sanctions by the Department of Health and Human Services, adequate malpractice and general liability coverage and the facility's accreditation status with approved accrediting organizations. CIGNA's practitioner credentialing policy requires verification of a current unrestricted professional license, a valid and unrestricted license to prescribe drugs, board certification or other appropriate training and hospital privileges at a CIGNA participating facility. In addition, the National Practitioner Data Bank is queried to obtain malpractice experience and Medicare sanction activity. CIGNA expects practitioners to demonstrate an acceptable history of malpractice claim experience, adequacy of malpractice coverage and an acceptable work history. The policy requires practitioners to be recredentialed every two years.

CIGNA is also in the process of seeking accreditation of its HMOs by the National Committee for Quality Assurance ("NCQA"). The NCQA is a nationally recognized external accrediting agency, which was established to review the quality and medical management systems of HMOs and other managed care plans. Its accreditation validates the quality of an HMO's programs. To date, NCQA has accredited 80% of CIGNA's HMOs.

CIGNA has contracted with the federal Health Care Financing Administration ("HCFA") to provide HMO coverage for Medicare beneficiaries through certain HMO networks. These contracts provide for a fixed per member per month premium from HCFA based upon a formula that calculates the projected cost of services for each Medicare member. These amounts are updated annually.

Specialty Managed Care Products and Services. CIGNA offers managed dental care products through networks of independent providers in most states. CIGNA contracts with dentists to provide services to members. Most network dentists receive a monthly fixed fee (capitation) for each covered member. Further, network dentists may receive additional fees for certain services. Generally, members are responsible for a fixed co-payment for certain covered services provided by a network dentist.

CIGNA also provides managed mental health and substance abuse coverage and services to HMOs, insurers and employers. CIGNA provides this coverage through a national network of independent mental health providers and facilities and through CIGNA's owned behavioral care offices. While some independent providers receive a monthly capitation amount, regardless of the services provided to members, most are paid on a contracted fee-for-

service basis. CIGNA's seven behavioral care offices are staffed by salaried mental health professionals. Members pay a fixed co-payment for most services, whether from network or staff providers.

In addition, CIGNA provides disability management and medical cost containment services to help insurers and employers reduce the cost of their benefit programs, as well as managed pharmacy benefit programs to HMO and indemnity customers.

CIGNA also offers products that combine features of both indemnity and managed care products. These products are PPOs and point-of-service plans.

Preferred Provider Organizations

CIGNA has contractual arrangements with doctors, hospitals and other independent providers to form PPOs. CIGNA has both medical and dental PPO networks. Under a typical PPO plan, a participant may choose (with certain exceptions) a health care provider. In accordance with applicable state requirements and restrictions, CIGNA reimburses PPO participants at a higher percentage for the costs of care obtained from contracted providers, who are generally paid on a discounted basis, than it does for care obtained from non-contracted providers. As of December 31, 1998, 1997 and 1996, CIGNA had 112, 118 and 86 medical PPO networks, with the 1997 increase primarily due to the Healthsource acquisition. CIGNA's national dental PPO network has approximately 41,000 participating dentists.

When a medical PPO uses a contracted primary care physician as a gatekeeper, ("Gatekeeper PPO"), the higher reimbursement level is available only if participants first consult their contracted primary care physician before consulting a contracted specialist. As of December 31, 1998, 1997 and 1996, CIGNA had 36, 38 and 34 Gatekeeper PPO networks in addition to its medical PPO networks.

Point-of-Service Product

Under point-of-service products, participants generally pay no or a small, fixed co-payment to use CIGNA's network providers. Alternatively, participants may choose to go directly, without a referral, to non-network providers. Use of non-network providers is subject to certain deductibles and coinsurance that are generally less favorable to the participants than those offered under traditional indemnity arrangements. Participants in point-of-service plans are considered HMO members for purposes of the table on page 7.

Covered Lives

As of December 31, 1998, CIGNA's HMOs and PPOs (including Gatekeeper PPOs) served all or part of 45 states, the District of Columbia and Puerto Rico. CIGNA's managed care and indemnity products covered the following approximate number of lives for the periods presented. Covered lives include participants under traditional and alternative funding programs.

<TABLE>
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Approximate number of covered lives	As of December 31, 1998	1997	1996
	(In thousands)		
Medical Covered Lives			
HMOs:			
Guaranteed-Cost:			
Commercial	2,137	2,140	1,130
Medicare	147	96	69
Medicaid	63	49	52
Experience-rated and alternative funding (including Gatekeeper PPOs)	4,137	3,576	3,046
Total HMOs	6,484	5,861	4,297
Indemnity (estimated):			
Medical	2,818	3,365	3,392
Medical PPO (excluding Gatekeeper PPOs)	3,384	2,481	1,178
Total Indemnity	6,202	5,846	4,570
Total Medical Covered Lives	12,686	11,707	8,867
Dental Covered Lives:			
Dental Managed Care	2,900	2,717	2,548
Dental Indemnity and Dental PPO (estimated)	10,493	9,827	7,901
Total Dental Covered Lives	13,393	12,544	10,449

<FN>

The increases in Commercial HMO, Medical PPO and Dental Indemnity covered lives in 1997 were primarily a result of the Healthsource acquisition.

</FN>
</TABLE>

Life, Accident and Disability Insurance Products and Services

CIGNA also offers group life insurance, accidental death and dismemberment insurance, and long-term and short-term disability insurance products and services. These indemnity products are typically offered under traditional insurance plans and short-term disability products are generally offered under alternative funding arrangements. Group insurance products are marketed to employers, employees, professional and other associations and other groups.

Group life insurance products offered include group term life, group universal life and group variable universal life insurance. Approximately 7,000 group life insurance policies covering approximately 20.7 million lives were outstanding as of December 31, 1998. The following table shows group life insurance in force and cancellation data.

	Year ended December 31,		
	1998	1997	1996
		(In billions)	
In force, end of year	$488	$489	$519
Cancellations (lapses and expirations)	$ 36	$ 64	$ 55

CIGNA markets group long-term and short-term disability products in all states and statutorily required disability plans in certain states. These products generally provide a fixed level of income to replace a portion of wages lost because of disability. Disability management services provided by CIGNA help employers reduce the cost of their benefit programs. CIGNA provides personal accident coverages, which consist primarily of accidental death and dismemberment and travel accident insurance, to employers, associations and other groups.

Distribution

CIGNA's group sales representatives distribute the indemnity and managed health care products of this segment through national and other insurance brokers, through insurance consultants and directly to employers. CIGNA also has a dedicated sales force to sell its Medicare HMO product directly to consumers. Employed representatives sell disability management, medical and disability cost containment, and managed mental health and substance abuse services directly to insurance companies, HMOs and employer groups. As of December 31, 1998, the field sales force for the products of this segment consisted of approximately 900 sales representatives in 147 field locations.

Pricing and Reserves

Premiums and fees charged for insured group indemnity and managed care products are generally set in advance of the policy period with a one year duration. Premium rates are either established on a guaranteed-cost basis or using a retrospective experience rating methodology. Charges to customers established on a guaranteed-cost basis at the beginning of the policy period cannot be adjusted to reflect actual claim experience during the policy period.

A guaranteed-cost methodology reflects assumptions about future claims, expenses, credit risk, enrollment mix, investment returns, competitive considerations and profit margins. Those assumptions may be based in part on prior experience of the account or of a pool of accounts, depending on the group size and the statistical credibility of the experience. Premiums and fees charged for products using networks of contracted providers also reflect assumptions about the impact of provider contracts on future claims. Premium rates may vary among accounts to reflect the anticipated contract mix, family size, industry, renewal date, and other cost-predictive factors. In some states, premium rates must be filed and approved by the state insurance departments, and state laws may restrict or limit the use of rating methods.

Premiums established on a retrospective experience-rated basis are adjusted for the actual claim and administrative cost experience of the account through an experience settlement process subsequent to the policy period. To the extent that the cost experience is favorable in relation to the assumptions in the prospectively- determined premium rates, a portion of the margin in the initial premiums may be returned to the policyholder as an experience refund. If claim experience is adverse in relation to the assumptions in the initial premiums, the resulting experience deficit may be recoverable, according to contractual provisions, through future premiums and experience settlements, provided the contract remains in force.

CIGNA enters into contractual arrangements with HCFA to provide health care benefits to Medicare beneficiaries. Although CIGNA establishes the benefits offered and premiums charged to its Medicare HMO enrollees, HCFA determines reimbursements to CIGNA for Medicare-covered benefits, and its reimbursement decisions may affect the product's profit margin.

CIGNA contracts on an ASO basis with larger customers who fund their own claim experience. Administrative fees are charged to these customers based on the expected cost of administering self-funded programs. These fees reflect anticipated or actual experience with respect to claim volumes, expenses, competitive considerations, and profit margins. In some cases, CIGNA provides certain performance guarantees on functions such as administrative accuracy or response time.

Most of the premium volume for the indemnity business is established on a retrospective experience-rated basis. The remaining premiums are based on a guaranteed-cost basis. Most contracts permit annual rate adjustments.

In addition to paying current benefits and expenses, CIGNA establishes reserves in amounts estimated to be sufficient to settle reported claims not yet paid, as well as claims incurred but not yet reported. Also, reserves are established for estimated experience refunds based on the results of retrospectively experience-rated policies.

As of December 31, 1998, approximately $2.9 billion, or 40%, of the reserves comprise liabilities that could be paid within one year, primarily for medical and dental indemnity and managed care health claims, as well as group life and accident claims. The remainder primarily includes liabilities for group long-term disability benefits, group life insurance benefits for disabled and retired individuals, and benefits paid in the form of annuities to survivors.

Interest on fund balances is credited to experience-rated policyholders through rates that are either set at the Company's discretion or based on actual investment performance. Generally, for interest-crediting rates set at the Company's discretion, higher rates are credited to long-term funds than to short-term funds, reflecting the fact that higher yields are generally available on investments with longer maturities. For 1998, the rates of interest credited ranged from 4.00% to 8.60%, with a weighted average rate of 6.10%.

The profitability of medical and dental indemnity and managed care products is largely dependent upon the accuracy of projections for health care cost inflation and utilization, the adequacy of fees charged for administration and risk assumption and, in the case of managed care products, effective medical cost management. The profitability of other indemnity products depends on the adequacy of premiums charged relative to claims and expenses, and also, for disability products, effective medical and rehabilitation management.

CIGNA reduces its exposure to large individual and catastrophe losses under group life, medical, disability and accidental death contracts by purchasing reinsurance from unaffiliated reinsurers.

Competition

Group indemnity insurance and managed care businesses are highly competitive. No one competitor or small number of competitors dominates the health care market, although in certain locations some HMOs may dominate the sales of managed care products. A large number of insurance companies and other entities compete in offering similar products. Competition in the health care market exists both for employer-policyholders and for the employees in those instances where the employer offers employees the choice of products of more than one company. Most group policies are subject to Company review and renewal on an annual basis, and policyholders may seek competitive quotations prior to renewal.

The principal competitive factors that affect this segment are price; quality of service; scope, cost-effectiveness and quality of provider networks; product responsiveness to customers' needs; cost-containment services; and effectiveness of marketing and sales. Being responsive to the needs of employee-consumers as well as of employers is also important. For certain products with longer-term liabilities, such as group long-term disability insurance, financial strength of the insurer as indicated by ratings issued by nationally recognized rating agencies is also a competitive factor. For more information concerning insurance ratings, see "Ratings" on pages 39 and 40.

The principal competitors of CIGNA's group indemnity and managed care businesses are the large life and health insurance companies that provide group insurance, Blue Cross and Blue Shield organizations, stand-alone HMOs and PPOs, HMOs affiliated with major insurance companies and hospitals, and provider sponsored organizations that are directly contracting with employer groups. Competition also arises from smaller regional or specialty companies with strength in a particular geographic area or product line, administrative service firms and, indirectly, self-insurers.

CIGNA is one of the largest investor-owned providers of group life and health indemnity insurance, based on premiums and premium equivalents, and one of the largest investor-owned HMOs, based on the number of members. It is the leading provider of group accident insurance, and one of the largest providers of group long-term disability coverages, based on premiums.

Health Care Regulation

Efforts at the federal and state level to increase regulation of the health care industry could have an adverse effect on CIGNA's health care operations if they reduce marketplace competition and innovation or result in increased medical or administrative costs. Matters under consideration that could have an adverse effect include mandated benefits or services that increase costs without improving the quality of care, loss of the Employee Retirement Income Security Act of 1974 ("ERISA") preemption of state law through legislative actions and court decisions, changes in the ERISA regulations governing claim appeal procedures imposing increased administrative burdens and costs, and restrictions on the use of prescription drug formularies. Due to the uncertainty associated with the timing and content of any proposals ultimately adopted, the effect on CIGNA's results of operations, liquidity or financial condition cannot be reasonably estimated at this time. See pages 36 through 38 for further information about regulation of CIGNA's businesses.

D. Employee Retirement Benefits and Investment Services

General

CIGNA's Employee Retirement Benefits and Investment Services businesses provide investment products and professional services primarily to sponsors of qualified pension, profit-sharing and retirement savings plans. Its businesses also offer corporate life insurance, principally to Fortune 1000 companies.

Deposits for this segment for the year ended December 31 were as follows:

<TABLE>
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	1998	1997	1996
		(In millions)	
Deposits:			
Defined Contribution	$ 5,366	$ 5,357	$ 3,895
Defined Benefit	1,878	1,222	1,262
Other, including GICs	357	249	646
Investment Advisory Accounts	55	31	41
Corporate Life Insurance(1)	359	911	198
Total Deposits	$ 8,015	$ 7,770	$ 6,042

</TABLE>

Assets under management for this segment as of December 31 were as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
		(In millions)	
By Account:			
General Account(2):			
Guaranteed	$ 4,243	$ 4,180	$ 4,289
Experience-rated	15,457	16,128	16,048
	19,700	20,308	20,337
Separate Accounts	29,381	24,715	19,401
Investment Advisory Accounts	1,275	1,051	849
Corporate Life Insurance(1)	2,573	2,157	1,058
Total	$52,929	$48,231	$41,645
By Plan Type:			
Defined Contribution	$28,176	$24,482	$20,017
Defined Benefit	19,378	19,051	18,182

Other, including GICs(3)	1,527	1,490	1,539
Investment Advisory Accounts(3)	1,275	1,051	849
Corporate Life Insurance(1)	2,573	2,157	1,058
Total	$52,929	$48,231	$41,645

<FN>

Assets under management include assets managed by third-party managers.

(1) Corporate Life Insurance excludes corporate life insurance on which policy loans are outstanding. For a discussion of corporate life insurance on which policy loans are outstanding, see "Other Operations" on page 28.

(2) General Account assets under management (Defined Contribution, Defined Benefit and Other, including guaranteed investment contracts ("GIC"s)) reflect unrealized appreciation on fixed income securities of $585 million, $560 million and $423 million as of December 31, 1998, 1997 and 1996, respectively.

(3) Other, including GICs and Investment Advisory Accounts also support defined benefit and defined contribution plans.

</FN>
</TABLE>

Principal Products and Markets

CIGNA offers a broad range of products to both defined benefit and defined contribution pension plans, profit-sharing plans and retirement savings plans. CIGNA's primary marketing emphasis is on defined contribution plans, which provide for participant accounts with benefits based upon the value of contributions to, and investment returns on, the individual's account. This has been the fastest growing portion of the pension marketplace in recent years. Defined contribution plan assets amounted to 53% of assets under management for this segment as of December 31, 1998, compared with 51% as of December 31, 1997. The second largest category of this segment's assets under management relate to defined benefit plans, under which annual retirement benefits are fixed or defined by a benefit formula.

CIGNA sells investment products and investment management services, either separately or as full-service packages with administrative and other professional services, to pension plan sponsors. CIGNA markets full-service products that include investment management and pension services to small, middle and large market customers. In addition, CIGNA sells products to sponsors of larger plans that look to more than one entity to provide actuarial, administrative or investment services and products, or combinations thereof.

For defined contribution plans, principally 401(k) plans, CIGNA markets products that offer investment management services and plan level and participant recordkeeping, as well as employee communications, enrollment, plan design, technological support and other consulting services. For defined benefit plans, CIGNA offers investment, administrative and professional services, including recordkeeping, plan documentation, and actuarial valuation and consulting. Investment management services for CIGNA's defined contribution and defined benefit products are provided by CIGNA and by third-party managers, including Fidelity Investments, Warburg Pincus and Janus. In addition to offering third-party funds, CIGNA offers its proprietary funds, the Charter Funds, as investment options for defined benefit and defined contribution plans. CIGNA or third-party fund managers under contract with CIGNA manage the Charter Funds. A broker-dealer operation also offers benefit plan participants and other customers a range of Individual Retirement Account investments and retail brokerage services. In addition, CIGNA offers single premium annuities, both on guaranteed and experience-rated bases, and guaranteed investment contracts ("GICs"), which provide guarantees of principal and interest with a fixed maturity date.

Both defined benefit and defined contribution pension products are supported by the general asset account ("General Account") and segregated accounts ("Separate Accounts") of CG Life. The General Account supports both guaranteed and experience-rated contracts. As of December 31, 1998, the General Account-supported contracts accounted for 39% and 38% of the underlying investments in the defined benefit plans and defined contribution plans, respectively, compared with 43% for both as of December 31, 1997.

Guaranteed contracts comprise single premium annuities and GICs. As of December 31, 1998 and 1997, guaranteed single premium annuities accounted for $2.7 billion of this segment's General Account assets under management, and GICs accounted for $1.5 billion as of December 31, 1998 and 1997.

For 1998 and 1997, the interest rate on reserves for guaranteed single premium annuities and the interest rate credited on CIGNA's GICs ranged from 3.25% to 12.76%, with a weighted average of 8.42% in 1998 and 8.55% in 1997. CIGNA's single premium annuities and GICs generally do not permit withdrawal by the plan sponsor prior to maturity, except that GICs permit withdrawal at market value in the event of plan termination. None of the GICs include renewal clauses. Payouts associated with GICs have not been material to the Company's liquidity or capital resources.

Experience-rated contracts that are supported by the General Account have no fixed maturity dates and provide for transfer of net investment experience (including impairments and non-accruals) to policyholders through credited interest and termination provisions.

Credited interest rates for pooled, experience-rated defined contribution contracts are declared in advance for six months and may be changed at the expiration of the six-month period. Pooled contracts are contracts that are combined for purposes of crediting interest rates and tracking investment performance. Credited interest rates on other experience-rated contracts supported by the General Account are generally declared annually in advance and may be changed prospectively by the Company from time to time. Credited interest rates reflect investment income

and realized gains and losses. Credited interest rates for 1998 ranged from 5.85% to 9.00%, with a weighted average rate of 6.76%.

The termination provisions of $2.8 billion, or 100%, of the Company's liability for experience-rated defined benefit contracts supported by the General Account that are subject to withdrawal, and the termination provisions of $3.7 billion, or 35%, of the Company's liability for experience-rated defined contribution contracts supported by the General Account, provide the policyholder with essentially two options for withdrawal of assets upon election to terminate: (a) a lump sum at market value; or (b) annual installments. Under the market value option, the Company determines the market value of the underlying investments by discounting expected future investment cash flows from investment income (including the effect of non-accruals) and repayment of principal, including the effect of impaired assets. The discount rate assumed is based on current market interest rates. Under the installment option, 100% of the contractholder book value is paid, usually over not more than 10 years. Interest is credited over the installment period under a formula designed to pass investment gains and losses (reflecting non-accruals and impairments) through to policyholders.

The termination provisions of $6.7 billion, or 65%, of the Company's liability for experience-rated defined contribution contracts (all of which are pooled) supported by the General Account contain a book value mechanism for withdrawal at policyholder termination. Under certain circumstances, payout of book value is subject to deferral and the rate of interest credited during the deferral period may be reduced for the recovery of investment losses (including non-accruals and impairments).

The Separate Accounts allow customers the flexibility to invest in specific portfolios and participate directly in the investment results. Investment options include publicly traded bonds, private placement bonds, equities, real estate, short-term securities, Charter Funds and funds managed by third-party managers, such as mutual funds and commingled trusts. For example, each Charter Fund is a Separate Account, which includes a portfolio of securities that match the particular fund's investment objectives. As of December 31, 1998, Separate Account investments accounted for 61% and 62% of the underlying investments in defined benefit and defined contribution plans, compared with 57% and 57% as of December 31, 1997. As of December 31, 1998, approximately $24.5 billion, or 84%, of the assets in the Separate Accounts support experience-rated contracts under which the risks and benefits of investment performance generally accrue to the customers, compared with approximately $20.4 billion, or 82% of Separate Account assets as of December 31, 1997.

The remaining assets in the Separate Accounts are held under experience-rated contracts that guarantee a minimum level of benefits. As of December 31, 1998 and 1997, the amount of minimum benefit guarantees under these contracts was $4.8 billion and $4.4 billion, respectively. Reserves in addition to the Separate Account liabilities are established when CIGNA believes a payment will be required under one of these guarantees. For additional information, see Note 19 to CIGNA's 1998 Financial Statements included in its Annual Report.

CIGNA monitors contract termination experience on an ongoing basis. Of those assets subject to withdrawal, persistency for 1998 was 90% compared with 93% for 1997 and 92% for 1996.

Corporate life insurance products are permanent life insurance contracts that are sold to corporations to provide coverage on the lives of certain of their employees. Permanent life insurance, which is non-participating, provides coverage when adequately funded that does not expire after a term of years and builds a cash value that may equal the full policy amount if the insured is alive on the policy maturity date. Non-participating insurance does not pay dividends, but deviations from assumed experience may be reflected in future policy values.

Corporate life insurance products include universal life and variable universal life. Universal life policies typically provide flexible coverage and flexible premium payments. Universal life cash values fluctuate with the amount of the premiums paid, mortality and expense charges made, and interest credited to the policy. Variable universal life policies are universal life contracts where the cash values vary directly with the performance of the investments underlying the policy.

Interest is credited on nonvariable universal life products at a declared rate equal to or above a minimum guaranteed rate. Credited interest rates vary with the characteristics of each product and the anticipated investment results of the assets backing these products. Where the credited interest rate exceeds the guaranteed rate, the excess

is used to purchase additional insurance or increase cash values. Credited interest rates on these products for 1998 ranged from 4.74% to 7.00%, with a weighted average rate of 6.06%.

In early 1999, the Administration proposed a federal budget that would limit the deduction of interest expense on the general indebtedness of corporations owning non-leveraged corporate life insurance policies covering the lives of officers, employees or directors who are not 20 percent owners of the corporation. If this provision were enacted as proposed, demand for the corporate life insurance products sold by this segment would be reduced. It is uncertain whether the budget proposal will result in legislation and, if it does, what form the legislation might take. However, if it were enacted as proposed, it could have a material adverse effect on the results of operations of this segment, but would not have a material adverse effect on CIGNA's consolidated results of operations, liquidity or financial condition. In 1996, Congress passed tax legislation that has affected premium and earnings growth of certain corporate life insurance business on which policy loans are outstanding. The corporate life insurance affected by the 1996 legislation is reported in "Other Operations" on page 28.

Distribution

CIGNA's retirement products and services are distributed primarily through salaried retirement plan specialists, independent insurance agents and brokers, pension plan consultants, investment advisors and other service providers. As of December 31, 1998, the sales organization consisted of 38 salaried retirement plan specialists and sales associates and 48 client service representatives and administrative personnel located in offices across the United States. In addition, its broker-dealer operation also offers benefit plan participants and other customers a range of IRA rollover investments and retail brokerage services through 35 registered representatives. Corporate life insurance products are sold primarily through a limited number of specialty brokers.

Pricing, Reserves and Reinsurance

Premiums for annuities and corporate life insurance are based on assumptions about mortality, persistency, expenses, target profit margins, interest rates and competitive considerations. The long-term profitability of corporate life insurance products is affected by the degree to which future experience deviates from these assumptions. Fees for universal life insurance products consist of mortality, administrative and surrender charges assessed against the policyholder's fund balance. Interest credited and mortality charges for universal life, and mortality charges on variable premium products, may be adjusted prospectively to reflect expected interest and mortality experience.

CIGNA establishes reserves for experience-rated contracts in an amount equivalent to the contractholder funds on deposit with it, including, for non-pooled contracts, liability for estimated experience refunds based upon the results of each contract. Profitability on these contracts is based primarily on margins included in charges for investment and administrative services and risk assumption. For guaranteed-cost contracts, the reserve established is the present value of expected future obligations based on assumptions about mortality, investment returns, expenses and target profits, with a margin for adverse deviation. Profitability on guaranteed-cost contracts is affected by the degree to which future experience deviates from these assumptions.

For corporate life insurance, CIGNA establishes reserves for deposits received and interest credited to the policyholder, less mortality and administrative charges assessed against the policyholder's fund balance. In addition, CIGNA establishes loss reserves for losses incurred but not paid, based on prior claim experience.

CIGNA maintains a variety of ceded reinsurance agreements for corporate life insurance with non-affiliated insurers to limit its exposure to large single life losses and to multiple losses arising out of a single occurrence. Although such reinsurance does not discharge CIGNA from its obligations on insured risks, CIGNA's exposure to losses is reduced by the amount of reinsurance ceded, provided that reinsurers are able to meet their obligations.

Competition

The retirement plan marketplace is highly competitive. CIGNA's competitors include mutual fund companies, other insurance companies, banks, investment advisors, and certain service and professional organizations. No one competitor or small number of competitors is dominant. Competition focuses on service, technology, cost, variety of investment options, investment performance and financial strength.

The largest single retirement plan manager holds less than a 6% market share, as measured by assets under management. According to a survey published in "Pensions & Investments," CIGNA ranked 5th among insurers, and 27th among retirement plan managers overall, in terms of pension and employee retirement savings plan assets under management.

The corporate life insurance marketplace is also highly competitive. The Company principally competes with a significant number of the largest domestic life insurance companies that may offer one or more corporate life insurance products. Competition in this market focuses primarily on product design, underwriting, price, administrative servicing capabilities and insurer financial strength, as indicated by ratings issued by nationally recognized agencies.

For more information concerning insurance ratings, see "Ratings" on pages 39 and 40.

E. International Life, Health and Employee Benefits

Principal Products and Markets

CIGNA's international life, health and employee benefits operations ("International") provide the following insurance coverages and services outside the United States: individual and group life, accident and health, health care and employee benefits.

The following table sets forth the principal products of this segment and their related net earned premiums and fees.

<TABLE>
<CAPTION>

	Year ended December 31,		
	1998	1997	1996
		(In millions)	
Japan Life Operations:			
Individual Life	$ 487	$ 490	$ 492
Accident & Health	250	177	112
Group Life & Health	21	10	8
Health Care	277	224	201
Life and Accident and Health	192	175	168
Total Premiums and Fees	$1,227	$1,076	$ 981

</TABLE>

In Japan, International sells individual and group insurance, including whole life, endowment, variable life and term life insurance products, as well as group medical products that supplement government-provided coverages. Because policy terms and conditions are required to be approved by the Financial Supervisory Agency, a Japanese governmental organization, there is a high degree of standardization of products in this market.

CIGNA expects to sell in April 1999 an additional interest in its Japan life operations to Yasuda Fire & Marine Insurance Company Ltd., reducing CIGNA's ownership interest to 61%. CIGNA expects to recognize an after-tax gain of approximately $40 million on the sale, subject to closing adjustments.

The health care products of this segment are primarily indemnity insurance coverages, with some products having managed care or administrative service aspects. They provide government-mandated medical benefits in some markets and offer an alternative or supplement to governmental programs in others. To meet the needs of the group market, life and medical insurance products are provided through group and employee benefit programs providing employers with benefit options for their employees.

CIGNA also offers global group benefits products for employees of multinational companies, primarily U.S.- based, who work outside of their country of citizenship. This product group includes medical, dental, vision, life, accidental death and dismemberment and disability coverages, as well as primary medical and dental benefits for international travelers.

The international life and accident and health insurance products are designed to meet the insurance, savings and investment needs of consumers outside of U.S. insurance markets. Life and accident and health insurance is provided to individuals and groups. Traditional life insurance products include term, whole life, endowment and products with variable investment returns. Supplemental products include accidental death, medical, hospitalization, and income protection coverages.

International has made several acquisitions and investments in the health care market, most recently in Brazil (described below), Chile and Mexico. These ventures are intended to expand the Company's presence in these markets. International has also established representative offices in selected emerging markets, such as China and India, to facilitate the development of profitable business opportunities. International has also recently begun start-up operations or entered joint ventures to participate in the growing pension segment in certain foreign markets.

During 1997 and 1998, CIGNA invested in health care operations in Brazil. These investments include the acquisition of a staff model HMO serving approximately 337,000 members, with both individual and group contracts, through a network of 16 clinics, four hospitals and one laboratory. CIGNA also entered into a management contract for one of the largest health care operations in that country, serving approximately 968,000 members. The

contract contains an option for CIGNA to acquire a two-thirds ownership interest in that entity. The Brazilian health care operations market their services to both employer groups and individuals through independent agents, and provide them on a fee-for-service basis through independent practitioners, hospitals and laboratories. For additional information on the risks of expanding operations in foreign markets, see page 11 of the MD&A section of CIGNA's Annual Report.

CIGNA generally conducts its international businesses through foreign operating entities that maintain assets and liabilities in local currencies, which reduces the exposure to economic loss resulting from unfavorable exchange rate movements. For information on the effect of foreign exchange exposure, see pages 15, 22 and 23 of the MD&A section and Notes 2(Q) and 18 to CIGNA's 1998 Financial Statements included in its Annual Report.

Pricing and Reserves

Premiums for life and accident and health insurance are based on assumptions about mortality, morbidity, persistency, expenses and target profit margins, as well as interest rates and competitive considerations. The long-term profitability of individual products is affected by the degree to which future experience deviates from these assumptions.

Fees for variable universal life insurance products consist of mortality charges, administrative load and surrender charges assessed against the policyholder's fund balance. Mortality charges on variable universal life insurance products may be adjusted prospectively to reflect changes in expected mortality experience.

Premiums and fees for medical indemnity and managed care products reflect assumptions about future claims, expenses, investment returns, competitive considerations and profit margins. For products using networks of contracted providers, premiums reflect assumptions about the impact of provider contracts and utilization management on future claims. Most of the premium volume for the medical indemnity business is based on a guaranteed-cost basis. Other premiums are established on an experience-rated basis. Most contracts permit rate changes at least annually.

The profitability of medical and dental indemnity and managed care products is largely dependent upon the accuracy of projections for health care inflation and utilization, the adequacy of fees charged for administration and risk assumption and, in the case of managed care products, effective medical cost management.

For traditional individual life insurance products, CIGNA establishes policy reserves that reflect the present value of expected future obligations less the present value of expected future premiums. Additionally, for all products in this segment, whether sold to individuals or groups, CIGNA establishes loss reserves for pending claims or claims in the course of settlement, based on the value of claims received, and for losses incurred but not reported (IBNR). IBNR reserves are typically determined using traditional actuarial methods and underwriting experience when credible data is available, or factors taken from the experience of reinsurers.

CIGNA maintains a variety of ceded reinsurance agreements with non-affiliated reinsurers in order to limit its exposure to large and/or multiple losses arising out of a single occurrence. Although such reinsurance does not discharge CIGNA from its obligations on insured risks, CIGNA's exposure to losses is reduced by the amount of reinsurance ceded, provided that reinsurers are able to meet their obligations.

Competition

The principal competitive factors that affect the international operations are underwriting and pricing, relative operating efficiency, product innovation and differentiation, distribution methodologies and producer relations, and the quality of claims and policyholder services. In most overseas markets, perception of financial strength is also an important competitive factor.

The operation's primary competitors include U.S.-based companies with global operations, as well as other, non-U.S. global carriers and indigenous companies in regional and local markets. For the accident and health lines of business, locally based competitors include financial institutions and bank-owned insurance subsidiaries. CIGNA expects that the competitive environment will intensify as many U.S. and European-based insurance and financial services providers pursue global expansion opportunities.

Distribution

International maintains a sales or operational presence in major insurance markets around the world. The operations distribute individual and group life and accident and health products through a combination of captive agents, independent agents, agents of strategic partners, financial institutions and various direct marketing channels. International sells health care and employee benefit programs on a direct basis, as well as through brokers and agents.

F. Property and Casualty

CIGNA's Property and Casualty segment consists of international, domestic and run-off property and casualty operations. Each of these operations is discussed below. As noted above, CIGNA has agreed to sell the businesses of this segment to ACE Limited. CIGNA expects the sale, which is subject to U.S. and international regulatory approval and other conditions to closing, to be completed by mid-1999. See page 10 of the MD&A section of CIGNA's 1998 Annual Report for more information about the sale.

International Operations

Principal Products and Markets

CIGNA's international operations provide property and casualty and accident and health insurance coverages and services outside the United States. The international operations produced 49% of total earned premiums and fees for the Property and Casualty segment during 1998.

The international property and casualty operations are a specialist insurance organization offering capacity and technical expertise in the underwriting of large and unique risks for targeted commercial customer segments. International property insurance products include traditional commercial fire coverage as well as energy industry related and other technical coverages. Principal casualty products are commercial general liability and liability coverage for multinational organizations. Marine cargo and hull coverages are written in the London market as well as in marine markets throughout the world. The operations also design and implement risk financing alternatives for customers whose approach to risk management includes some form of self insurance.

The international accident and health insurance operations provide products that are designed to meet the insurance needs of individuals and groups outside of U.S. insurance markets. These products include accidental death, medical, hospital indemnity and income protection coverages.

CIGNA's international operations are diversified by line of business and geographic spread of risk. A global approach to risk management allows each local operation to underwrite and accept large insurance accounts. Centrally controlled internal reinsurance mechanisms facilitate appropriate risk transfer and efficient, cost-effective use of external reinsurance markets.

CIGNA reduces exposure to economic loss arising from foreign exchange in its international operations by maintaining invested assets abroad in the same currency as the related liabilities. For information on the effect of foreign exchange exposure, see pages 16, 22 and 23 of the MD&A section and Notes 2(Q) and 18 to CIGNA's 1998 Financial Statements included in its Annual Report.

Competition

The principal competitive factors that affect the international operations are underwriting and pricing, relative operating efficiency, product differentiation, producer relations and the quality of claims and policyholder services. Perception of financial strength, as reflected in the ratings assigned to an insurance company, is also a competitive factor. CIGNA Insurance Company of Europe S.A.-N.V., which produced approximately 22% of the international operations' 1998 written premiums, is rated "A" ("good") by Standard & Poor's and "A-" ("excellent") by A.M. Best. For more information concerning insurance ratings, see "Ratings" on pages 39 and 40.

A competitive strength of the international operations is its global network and breadth of insurance programs, which assist individuals and business organizations to meet their risk management objectives.

Based on revenues, the international operations are the second largest U.S.-based provider of foreign insurance products and services. Across all lines of business, the operations' primary competitors include U.S.-based companies with global operations, as well as other, non-U.S. global carriers and indigenous companies in regional and local markets. For the accident and health lines of business, locally-based competitors include financial institutions and bank-owned insurance subsidiaries.

Distribution

The international operations maintain a sales or operational presence in major insurance markets around the world. The geographic distribution of written premiums and fees in 1998 for the operations' insurance products,

which are sold through branches and subsidiaries of CIGNA entities, was: Japan 23%; United Kingdom 22%; Continental Europe 20%; the Americas 13%; and Other Pacific 11%. The remaining 11% was written in other jurisdictions in which the international operations conduct business. The geographic distribution of written premiums and fees for the international operations' products in 1997 and 1996 was not materially different than in 1998.

International property and casualty business is generally written through major international and local brokers. Accident and health products are distributed through agents, financial institutions and various direct marketing channels.

Domestic Operations

Principal Products and Markets

The domestic operations provide commercial insurance and risk management services to U.S. businesses of all sizes and to other groups and individuals with specialized insurance needs. These operations had 51% of total earned premiums and fees for this segment during 1998. The table on page 22 lists the principal product lines of the domestic operations and their associated earned premiums and fees, and the table on page 23 shows their underwriting results and combined ratios. These operations are organized into three units: Special Risk Facilities, Specialty Insurance Services and Commercial Insurance Services.

Special Risk Facilities provides multi-line and mono-line insurance coverages and related services to large-risk property and casualty customers. It focuses on loss-sensitive casualty coverages, including workers' compensation, commercial auto and general liability programs for customers willing to retain significant risk and implement alternative risk financing programs. It also focuses on large, complex property coverages for petroleum, utility, independent power and industrial companies, as well as general property coverages. Special Risk Facilities also markets loss control, risk information and claims services to large corporate customers on a fee-for-service basis.

Specialty Insurance Services provides insurance products and related services designed to meet the needs of businesses, groups and individuals with specialized insurance needs that require customized underwriting and risk management expertise. Targeted markets include aviation, recreational and ocean marine, financial institutions, agribusiness, excess casualty and programs in which specialist agents share underwriting and processing expertise with the division.

Commercial Insurance Services provides insurance and related services to customers in the standard insurance market. It emphasizes mid-sized commercial insureds who value loss cost containment. Commercial Insurance Services' products include workers' compensation, inland marine and commercial multi-peril coverages.

Competition

The principal competitive factors that affect the domestic operations are pricing and underwriting, producer relations, quality of claims and policyholder services, operating efficiencies, and product differentiation and availability. Perception of financial strength, as reflected in the ratings assigned to an insurance company, especially by A.M. Best, is also a competitive factor. The domestic operations are rated "A-" ("excellent") by A.M. Best. For more information concerning insurance ratings, see "Ratings" on pages 39 and 40.

Competition, particularly over price, remains intense because of the high level of capacity in the market resulting from growth in capital supporting the industry. In the highly competitive environment of the past several years, the domestic operations reduced their premium volume in some lines rather than maintain business at inadequate prices, resulting in a decline in market share.

The domestic operations pursue a specialist strategy and focus on those market segments where they can compete effectively based on service levels and product design and achieve an adequate level of profitability. They offer experienced claims handling, loss control and risk management staffs with proven expertise in specialty fields, including large-risk property and casualty, recreational and ocean marine, aviation and workers' compensation. A competitive strength of all of the domestic units, especially Special Risk Facilities, is the ability to deliver global products and coverages to customers in concert with CIGNA's international property and casualty operations.

Property and casualty insurance can be obtained in the United States through national and regional companies that use an agency distribution system, direct writers (that may have an employed agency force) and brokers. In

addition, some potential customers elect to self-insure. Over 3,000 companies compete for property and casualty business in the United States and no single company or group of affiliated companies is dominant. In 1998 and 1997, CIGNA's domestic property and casualty statutory net written premiums amounted to approximately 0.6% of the total market.

Based on information published by A.M. Best, CIGNA's domestic property and casualty insurance subsidiaries rank 20th in annual net premiums written for commercial coverages. They are the 3rd largest U.S. writer of ocean marine coverages, 4th of aviation, 12th of inland marine, 15th of workers' compensation, 26th of commercial multiperil, and 46th of commercial auto.

Distribution

Special Risk Facilities writes business mainly through brokers. Specialty Insurance Services and Commercial Insurance Services write business through independent agents and brokers. Specialty Insurance Services also markets its business through alternate distribution channels, including financial institutions and general agents.

The domestic operations' top five states, measured by 1998 written premium, were California (14%), New York, Florida and Texas (6% each), and Pennsylvania (5%). The operations wrote business in all other states, of which no one state constituted more than 4% of direct written premiums. The geographic distribution of premiums for the domestic operations' products in 1997 and 1996 was not materially different than in 1998.

Run-off Operations

Effective December 31, 1995, the Insurance Commissioner of Pennsylvania (the "Commissioner") approved a restructuring of CIGNA's domestic property and casualty businesses into two separate operations, ongoing and run-off. The run-off operations, which do not actively sell insurance products, manage a number of expired policies and related claims, including those for asbestos-related and environmental pollution exposures. For additional information on the restructuring, see Note 17 to CIGNA's 1998 Financial Statements included in its Annual Report.

Certain competitors and policyholders of CIGNA are challenging the Commissioner's action. In March 1997, the Commonwealth Court of Pennsylvania ruled on certain procedural issues, including that the competitors lack standing in the matter and that certain issues be remanded to the Insurance Department for further proceedings. The ruling has been appealed to the Pennsylvania Supreme Court. Pending resolution of the appeal, the Insurance Department has confirmed that CIGNA's restructuring remains in place. Although CIGNA expects the matter to be involved in litigation for some time, it expects to ultimately prevail.

The risk-based capital ratios of the subsidiaries in the run-off operations are at the mandatory control level, as described on page 36. However, because the Commissioner determined that these subsidiaries have sufficient assets to meet their obligations, they are running off their liabilities consistent with the terms of an Order by the Commissioner, which include periodic reporting obligations to the Pennsylvania Insurance Department.

Pricing and Underwriting Results

CIGNA's property and casualty insurance subsidiaries provide loss protection to insureds in exchange for premiums. If earned premiums exceed the sum of losses, commissions to agents or brokers, premium taxes, other operating expenses and policyholders' dividends, underwriting profits are realized. The "combined ratio" is a frequently used measure of property and casualty underwriting performance. On a GAAP basis, this ratio is the sum of (i) the ratio of incurred losses and associated loss adjustment expenses to earned premiums (the "loss and loss adjustment expense ratio"), (ii) the ratio of expenses incurred for sales commissions, premium taxes and other operating expenses to earned premiums (the "expense ratio") and (iii) the ratio of policyholders' dividends to earned premiums (the "policyholder dividend ratio"), each of these three ratios being expressed as a percentage. When the combined ratio is over 100%, underwriting results are not profitable. The GAAP combined ratios for CIGNA's property and casualty product lines and total property and casualty operations are shown in the table on page 23.

Because time normally elapses between the receipt of premiums and the payment of claims and certain related expenses, funds become available for investment by CIGNA. The combined ratio does not reflect investment income from these funds, investment gains and losses, results of non-insurance business, or federal income taxes. Such items, when added to underwriting profits or losses, produce net income or loss. For information concerning investment income, see the table on page 35.

The following table sets forth GAAP net earned premiums and fees for the operations of this segment for the year ended December 31.

<TABLE>
<CAPTION>

(Dollar amounts in millions)	1998		1997		1996	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Premiums and Fees/Percent of Total Premiums and Fees:						
International:						
Accident and health	$ 457	15%	$ 472	15%	$ 477	14%
Property	412	14	462	15	484	14
Casualty	261	9	272	9	264	8
Auto	180	6	197	6	207	6
Marine	117	4	124	4	143	4
Other	22	1	12	--	12	--
Total International Ongoing	1,449	49	1,539	49	1,587	46
Domestic:						
Property	347	12	386	12	382	11
Workers' compensation	404	14	366	11	380	11
Casualty	304	10	287	9	298	9
Marine and aviation	265	9	270	9	258	8
Commercial packages	158	5	178	6	228	7
Other	33	1	106	3	125	3
Total Domestic Ongoing	1,511	51	1,593	50	1,671	49
Total Ongoing Operations	2,960	100	3,132	99	3,258	95
Run-off Operations	(3)	--	22	1	159	5
Total Premiums and Fees	$2,957	100%	$3,154	100%	$3,417	100%

</TABLE>

The following table sets forth GAAP underwriting results, combined ratios and net investment income for the operations of this segment for the year ended December 31.

<TABLE>
<CAPTION>

(Dollar amounts in millions)	1998		1997		1996	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Underwriting Gain (Loss)/Combined Ratios:						

International:						
Accident and health	$ 13	97.3%	$ 31	93.4%	$ 43	91.0%
Property	(149)	136.0	45	90.3	68	86.0
Casualty	28	89.2	17	93.7	24	91.0
Auto	(7)	104.1	(9)	104.7	(5)	102.5
Marine	14	88.1	(5)	103.7	(10)	106.6
Other	(3)	110.8	2	89.9	(12)	189.0
Total International Ongoing	(104)	107.1	81	94.7	108	93.2
Domestic:						
Property	(14)	104.2	20	94.9	(43)	111.3
Workers' compensation	(56)	113.9	(28)	107.5	(22)	105.7
Casualty	(39)	112.9	(35)	112.2	(48)	116.2
Marine and aviation	8	97.0	9	96.5	5	97.9
Commercial packages	(12)	107.5	(43)	124.4	(37)	116.3
Other	7	76.8	(3)	102.7	(28)	122.6
Total Domestic Ongoing	(106)	107.0	(80)	105.0	(173)	110.4
Total Ongoing operations	(210)	107.1%	1	100.0%	(65)	102.0%
Run-off operations	(266)		(291)		(317)	
Total underwriting loss:						
After Policyholders' Dividends	$(476)		$(290)		$(382)	
Before Policyholders' Dividends	$(455)		$(278)		$(350)	
Net investment income, pre-tax:						
International	$ 102		$ 118		$ 118	
Domestic	231		239		259	
Run-off	250		282		302	
Total	$ 583		$ 639		$ 679	

</TABLE>

Ceded Reinsurance

To protect against losses greater than the amount that it is willing to retain on any one risk or event, CIGNA purchases reinsurance from unaffiliated insurance companies. During 1998, the Company revised its reinsurance programs. CIGNA's domestic reinsurance programs now provide approximately 60% recovery for property catastrophe losses between $45 million and $260 million. Other reinsurance programs are in place which could provide for the recovery of up to an additional $300 million on a combination of property catastrophe and other losses, depending on the aggregate annual level of losses incurred. CIGNA's international property catastrophe reinsurance program provides approximately 95% recovery of losses between $100 million and $400 million. Other reinsurance programs are in place which could provide for the recovery of additional property losses including coverage between $15 million and $150 million on a per risk basis. Although reinsurance does not discharge CIGNA from its obligations on insured risks, CIGNA's exposure to losses is reduced by the amount ceded, and thus will be limited to the amount of risk retained, provided that reinsurers meet their obligations.

CIGNA's property and casualty operations are not substantially dependent upon any single reinsurer. Approximately 25% of its reinsurance recoverables as of December 31, 1998 relate to pools and captives, under

which CIGNA's assets are generally protected through future industry assessments or by some form of collateral. An additional 52% relate primarily to domestic ongoing and run-off operations (including 5% of total recoverables with more than 100 syndicates affiliated with Lloyd's of London). Of that 52%, approximately 84% relate to individual reinsurers that carry a financial rating characterized as "very good" or higher from an independent rating agency. The remaining 23% of reinsurance recoverables relate to international and reinsurance operations for which an independent rating agency evaluation may not be available. A significant portion of these recoverables is due from reinsurers that continue to meet CIGNA's internal security standards, selection criteria and other controls over collectibility, as described in the following paragraph.

The collectibility of reinsurance is largely a function of the solvency of reinsurers. CIGNA cedes risk to reinsurers that meet certain financial security standards. It relies on independent ratings of reinsurers, when available, and otherwise examines its reinsurers' financial performance and reserve adequacy. When deemed appropriate, CIGNA seeks collateral from reinsurers; reassumes, in return for a settlement, risks for which it had previously purchased reinsurance; and establishes allowances for potentially unrecoverable reinsurance. CIGNA's allowance for unrecoverable reinsurance was $705 million and $720 million at December 31, 1998 and 1997, respectively.

Reinsurance disputes also can delay recovery of reinsurance and, in some cases, affect its collectibility. Reinsurance disputes continue to be significant, particularly on larger and more complex claims, such as those related to asbestos, environmental pollution and London reinsurance market exposures.

As of December 31, 1998, approximately 84% of CIGNA's reinsurance recoverable balance related to unpaid reported claims and incurred but not reported claims, and the remaining 16% related to paid losses. The timing and collectibility of reinsurance recoverables have not had, and are not expected to have, a material adverse effect on CIGNA's liquidity.

For additional information on reinsurance, including on CIGNA's property catastrophe reinsurance program, see page 16 of the MD&A section and Notes 13 and 14 to CIGNA's 1998 Financial Statements included in its Annual Report.

Reserves

Significant periods of time may elapse between the occurrence of an insured loss, the reporting of the loss to the insurer and the insurer's payment of that loss. To recognize liabilities for unpaid losses, insurers establish reserves, which are liabilities representing estimates of future amounts needed to pay claims and related expenses with respect to insured events that have occurred, including events that have not been reported to the insurer.

After a claim is reported, a case reserve is typically established by claims personnel for the estimated amount of the ultimate payment. The estimate reflects the informed judgment of such personnel, based on their experience and knowledge regarding the nature and value of the specific claim. Claims personnel review and update their estimates as additional information becomes available and claims proceed toward resolution.

Bulk reserves are established on an aggregate basis (i) to provide for losses incurred but not yet reported to and recorded by the insurer; (ii) to provide for the estimated expenses of settling claims, including legal and other fees and general expenses of administering the claims adjustment process; and (iii) to adjust for the fact that, in the aggregate, case reserves may not accurately estimate the ultimate liability for reported claims. As part of the bulk reserving process, CIGNA's historical claims data and other information are reviewed and consideration is given to the anticipated impact of various factors such as legal developments, economic conditions and changes in social attitudes. Insurance industry experience is also considered.

The reserving process relies on the basic assumption that past experience is an appropriate basis for predicting future events. The probable effects of current developments, trends and other relevant matters are also considered. Because the eventual deficiency or redundancy of reserves is affected by many factors, some of which are interdependent, there is no precise method for evaluating the adequacy of the consideration given to inflation or to any other specific factor affecting claims payments. However, the reserving process provides implicit recognition of the impact of inflation and other factors by taking into account changes in historic claims reporting and payment patterns. A number of analytical reserving techniques are used, which often yield differing results.

CIGNA continually improves its loss estimation process by refining its analysis of loss development patterns, claims payments and other information, but there remain many reasons for favorable or adverse development of estimated ultimate liabilities. For example, unanticipated changes in workers' compensation and product liability laws have at times significantly affected the ability of insurers to estimate liabilities for unpaid losses and related expenses.

CIGNA's reserves for asbestos-related and environmental pollution claims are a reasonable estimate of its liability for these claims, based on currently known facts, reasonable assumptions, and current law and methodologies.

Reserving for property and casualty claims continues to be a complex and uncertain process. Because available claims data and other information are rarely definitive, the evaluation of such data's implications with respect to future losses requires the use of informed estimates and judgments. CIGNA's estimates and judgments may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed or as current law changes. Any such revisions could result in future changes in estimates of losses and would be reflected in CIGNA's results of operations for the period in which the estimates are changed. While the effect of any such changes in estimates of losses could be material to future results of operations, CIGNA does not expect such changes to have a material effect on its liquidity or financial condition. In management's judgment, information currently available has been appropriately considered in estimating CIGNA's loss reserves.

The adverse pre-tax effects, net of reinsurance, during 1998, 1997 and 1996 on CIGNA's results of operations from insured events of prior years (prior year development) were $177 million, $218 million and $177 million, respectively. Prior year development is discussed on page 17 of the MD&A section of CIGNA's Annual Report.

A reconciliation of total beginning and ending reserve balances of the property and casualty operations for unpaid claims and claim adjustment expenses for the years ended December 31, 1998, 1997 and 1996 is provided in Note 14 to CIGNA's 1998 Financial Statements included in its Annual Report.

The table on page 26 presents the subsequent development of the estimated year-end property and casualty reserve, net of reinsurance ("net reserve"), for the 10 years prior to 1998. The first section of the table shows the estimated net reserve that was recorded at the end of each of the indicated years for all current and prior year unpaid claims and claim adjustment expenses. The second section shows the cumulative percentages of such previously recorded net reserve paid in succeeding years. The third section shows, as a percentage of such net reserve, the re-estimates of the net reserve made in each succeeding year.

The cumulative deficiency as shown in the table represents the aggregate change in the reserve estimates from the original balance sheet dates through 1998; an increase in a loss estimate that related to a prior year occurrence generates a deficiency in each intervening year. For example, a deficiency recognized in 1995 relating to losses incurred in 1989 would be included in the cumulative deficiency amount for the years 1989 through 1994. The deficiency would be reflected in operating results in 1995 only.

Conditions and trends that have affected the reserve development reflected in the table are likely to continue to change, and care should be exercised in extrapolating future reserve redundancies or deficiencies from such development. Historically, asbestos-related and environmental pollution losses had a significant effect on the net cumulative deficiency.

<TABLE>
<CAPTION>

	Year Ended December 31,										
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
	(Dollar amounts in millions)										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net reserve for unpaid claims and claim adjustment expenses	$9,366	$9,730	$10,126	$10,188	$10,467	$10,550	$10,506	$11,013	$10,489	$9,762	$9,333
Cumulative percentage of net. reserve paid through:											
One year later..........	31.1%	34.3%	33.7%	33.9%	28.8%	24.6%	22.2%	19.7%	19.7%	17.9%	
Two years later.........	52.7	54.2	53.8	53.4	45.6	40.1	37.0	32.3	31.8		
Three years later.......	67.6	69.3	68.5	66.7	58.5	51.5	48.2	42.0			
Four years later........	78.9	80.7	78.9	77.1	67.6	60.7	57.0				
Five years later........	87.9	88.5	86.8	84.5	75.3	68.3					
Six years later.........	94.4	95.4	93.0	91.8	82.7						
Seven years later.......	100.5	100.7	99.7	98.2							
Eight years later.......	105.1	106.7	105.6								
Nine years later........	110.4	112.3									
Ten years later.........	115.9										
Net reserve (percentage) re-estimated as of:											
One year later..........	103.0%	103.1%	103.4%	106.4%	107.5%	105.1%	114.3%	101.6%	102.1%	101.8%	
Two years later.........	105.9	106.9	107.4	115.5	113.6	119.9	115.8	103.8	103.8		
Three years later.......	109.8	109.7	117.0	122.7	128.5	121.6	117.9	105.4			
Four years later........	112.4	119.7	123.7	139.3	130.3	124.2	119.9				
Five years later........	122.0	125.8	140.4	141.4	132.9	126.4					
Six years later.........	128.0	143.2	142.8	144.5	135.9						
Seven years later.......	144.8	145.3	145.9	147.3							
Eight years later.......	146.6	148.2	148.0								
Nine years later........	149.6	151.3									
Ten years later.........	152.8										
Net cumulative deficiency....	$4,945	$4,993	$4,861	$4,820	$3,755	$2,790	$2,087	$591	$404	$177	
Gross reserve--December 31...					$17,831	$17,654	$16,696	$16,877	$16,324	$14,930	$14,626
Less: Reinsurance recoverable					7,364	7,104	6,190	5,864	5,835	5,168	5,293
Net reserve--December 31.....					$10,467	$10,550	$10,506	$11,013	$10,489	$ 9,762	$ 9,333

Gross re-estimated reserve...	$22,432	$20,804	$19,176	$17,637	$16,848	$15,372
Less: Re-estimated reinsurance recoverable..............	8,210	7,464	6,583	6,033	5,955	5,433
Net re-estimated reserve.....	$14,222	$13,340	$12,593	$11,604	$10,893	$ 9,939
Gross cumulative deficiency..	$ 4,601	$ 3,150	$ 2,480	$ 760	$ 524	$ 442

</TABLE>

For additional information about gross loss development, amounts ceded to reinsurers and net loss development, see pages 16 and 17 of the MD&A section of CIGNA's Annual Report. On a GAAP basis, which is before the effects of reinsurance, CIGNA's 1998 year-end reserves totaled $14.6 billion. For GAAP purposes, CIGNA's reserves are generally carried at the full value of the estimated liabilities. For state regulatory purposes, reserves are reported in accordance with statutory accounting procedures ("SAP"), which is net of the effects of reinsurance and discounting for certain lines of business, and, on that basis, totaled $8 billion.

The following table reconciles, as of year end, liabilities for unpaid claims and claim adjustment expenses determined in accordance with SAP to those determined in accordance with GAAP:

<TABLE>
<CAPTION>

	As of December 31,		
	1998	1997	1996
		(In millions)	
<S>	<C>	<C>	<C>
Statutory reserve for unpaid claims and claim adjustment expenses, net of reinsurance..................................	$ 8,012	$ 8,424	$ 9,105
Adjustments:..			
Statutory Reinsurance Recoverable...........................	4,998	4,848	5,465
Discounting of Gross Reserves(1)............................	1,616	1,658	1,754
GAAP reserve for unpaid claims and claim adjustment expenses..	14,626	14,930	16,324
Less GAAP Reinsurance Recoverable...............................	5,293	5,168	5,835
GAAP reserve for unpaid claims and claim adjustment expenses, net of reinsurance..	$ 9,333	$ 9,762	$10,489

<FN>

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(1) Primarily for workers' compensation reserves and certain asbestos-related and environmental pollution reserves. For SAP purposes, these reserves are discounted at 6%.

</FN>
</TABLE>

G. Other Operations

Other Operations includes the gain on the sale of the individual insurance and annuity business, as well as the results of CIGNA's corporate life insurance business on which policy loans are outstanding ("leveraged corporate life insurance"), reinsurance operations, settlement annuity business, certain new business initiatives and non- insurance operations engaged primarily in investment and real estate activities.

CIGNA sold its individual life insurance and annuity business to subsidiaries of Lincoln National Corporation effective January 1, 1998. Because it was an indemnity reinsurance transaction, CIGNA is not relieved of liability for the reinsured business. For further information about this transaction, see pages 10 and 11 of the MD&A section and Note 3 to CIGNA's 1998 Financial Statements included in its Annual Report.

In 1996, Congress passed tax legislation that phased out over a three-year period the interest deduction for policy loans on leveraged corporate life insurance. The legislation has affected the premiums and earnings of CIGNA's leveraged corporate life insurance business. The full effect of this legislation on customers' decisions to maintain these policies after the phase-out period is uncertain. However, customers could fully or partially surrender these policies.

No new policies were sold in 1998. For additional information on the impact of the legislation, see page 12 of the MD&A section of CIGNA's Annual Report.

The reinsurance products reported in Other Operations include coverages for part or all of the risks written by other insurance companies under life and annuity policies (both group and individual); accident policies (personal accident, catastrophe and workers' compensation coverages); and health policies. Certain of these risks include certain domestic equity market exposures arising under contracts to reinsure guaranteed death or income benefits offered with variable annuities. Under these contracts, CIGNA's potential exposure reflects specified unfavorable changes in certain customer account values if account holders die (in some cases) or elect to receive periodic income payments (in others).

Reinsurance products are sold principally in North America and Europe through a small sales force and through intermediaries. Net earned premiums were $419 million for 1998, $347 million for 1997 and $293 million for 1996.

Reinsurance coverages generally extend for the same duration as the underlying direct policies: from one year or less for group life and health, special risk and individual life term policies, to time of lapse or expiration at death for permanent individual life, individual annuities and individual health policies. Most permanent reinsurance coverages have recapture charges to recover policy acquisition costs and to encourage persistency.

Premiums for assumed reinsurance are based on assumptions about mortality, morbidity, persistency, expenses and target profit margins as well as interest rates and competitive considerations. For individual and specialty life and health reinsurance in force, CIGNA establishes policy reserves that reflect the present value of expected future obligations less the present value of expected future premiums. In addition, for reinsurance products, CIGNA establishes loss reserves for claims received but not yet paid, based on the amount of the claim received, and for losses incurred but not reported, based on prior claim experience.

CIGNA's reinsurance business operates in highly competitive markets. More than 25 companies offer one or more reinsurance products similar to those offered by CIGNA. The Company competes against other insurance and reinsurance companies as well as brokers and other non-insurance financial organizations. Competition in this market focuses on product, service, price, distribution method and the financial strength ratings issued by internationally recognized agencies. For more information concerning insurance ratings, see "Ratings" on pages 39 and 40.

CIGNA's settlement annuity business is a runoff block of contracts. These contracts are primarily liability settlements with the majority of payments guaranteed and not contingent on survivorship.

CIGNA's new business initiatives include a product that integrates CIGNA's health care and disability management expertise and collaborates with employers to design, implement and continuously improve integrated employee benefits and workers' compensation programs. These initiatives also include a product that offers employers integrated benefits outsourcing services with a single point of contact for all of their plans, carriers and benefits services.

H. Investments and Investment Income

CIGNA's investment operations provide investment management and related services in the United States and certain other countries for CIGNA's corporate and insurance-related invested assets and for large group pension plan sponsors, institutions, international investors and other clients. CIGNA acquires or originates, directly or through intermediaries, various investments including private placements, public securities, mortgage loans, real estate and short-term investments. It also develops and issues structured investment products.

In 1998, CIGNA restructured its investment operations to focus on three specific client market segments: retirement investment, insurance investment and capital markets. The new structure, which incorporates the business's investment, credit analysis and research strengths, enables CIGNA to design and deliver investment-related solutions and services targeted to the specific needs of its external and internal clients. The retirement investment unit provides a comprehensive portfolio of retirement investment products for domestic and international pension plans. The insurance investment unit specializes in designing investment strategies that contribute to the earnings and profitability of CIGNA's insurance businesses through its expertise in fixed-income, indexed-equity and international investments, asset/liability matching and asset allocation. The capital markets unit provides structured commercial mortgage, high-yield and other asset-backed products to meet the investment goals of institutional investors, including pension plan sponsors and CIGNA's insurance divisions.

CIGNA's assets under management at year-end 1998 totaled $90.2 billion, comprising CIGNA corporate and insurance-related invested assets ("invested assets") of $50.7 billion and advisory portfolio assets of $39.5 billion. Advisory portfolio assets included $34.8 billion in Separate Accounts of CIGNA's life insurance subsidiaries. CIGNA's investment operations manage 100% of the invested assets and 52% of the advisory portfolios. Use of outside investment managers has increased, most significantly in retirement accounts where asset allocations have shifted in part from fixed income investments in CIGNA's General Account to equity securities in non-CIGNA managed advisory portfolios. For additional information about the General Account and Separate Accounts, see "Employee Retirement Benefits and Investment Services--Principal Products and Markets," beginning on page 12.

CIGNA invests in a broad range of asset classes, including domestic and international fixed maturities and common stocks, mortgage loans, real estate and short-term investments. Fixed maturity investments include publicly traded and private placement corporate bonds, government bonds, publicly traded and private placement asset-backed securities and redeemable preferred stocks. Asset-backed securities are primarily mortgage-backed securities and secondarily other asset-backed securities. Mortgage-backed securities include collateralized mortgage obligations ("CMOs"). CMO holdings are concentrated in securities with limited prepayment, extension and default risk, such as planned amortization class bonds. For additional information about CMOs, see Note 4(A) to CIGNA's 1998 Financial Statements included in its Annual Report.

The major portfolios under management in CIGNA's General Account consist of the combined assets of the Employee Health Care, Life and Disability Benefits segment, the Employee Retirement Benefits and Investment Services segment and Other Operations (collectively, "Employee Benefits portfolios") and the assets of the Property and Casualty segment. CIGNA generally manages the characteristics of its invested assets to reflect the underlying characteristics of related insurance and contractholder liabilities, as well as regulatory and tax considerations pertaining to those liabilities. CIGNA's insurance and contractholder liabilities as of December 31, 1998 comprised the following: property and casualty 25%, fully guaranteed 12%, experience-rated 23%, interest-sensitive 19%, and other life and health 21%.

Property and casualty claim demands are somewhat unpredictable in nature and require liquidity from the underlying invested assets, which are structured to emphasize current investment income to the extent consistent with maintaining appropriate portfolio quality and diversity. The liquidity requirements for shorter-term liabilities are met primarily through operating cash flows and shorter-term investments (less than two years) and, to a lesser extent, through publicly traded fixed maturities. For longer-term liabilities, liquidity requirements are met primarily through private and public fixed maturity investments.

Fully guaranteed products primarily include guaranteed investment contracts ("GICs"), single premium annuity products and settlement annuities. Because these products generally do not permit withdrawal by policyholders prior to maturity, the amount and timing of future benefit cash flows can be reasonably estimated. Funds supporting these

products are invested in fixed income investments that generally match the aggregate duration of the investment portfolio with that of the related benefit cash flows. As of December 31, 1998, the duration of assets and liabilities for GICs, single premium annuities and settlement annuities was approximately 2 years, 8 years and 10 years, respectively.

Experience-rated products primarily consist of defined benefit and defined contribution pension products. Investments for these products are selected to support the yield and liquidity needs of the products and are principally fixed income investments. Interest-sensitive products primarily include corporate life insurance. Invested assets supporting these products are primarily fixed income investments and policy loans. Fixed income investments emphasize investment yield while meeting the liquidity requirements of the related liabilities.

Other life and health products consist of various group and individual life and health products. The supporting invested assets are structured to emphasize investment income, and the necessary liquidity is provided through cash flow, short-term investments and common stocks.

Investment strategy and results are affected by the amount and timing of cash available for investment, competition for investments (especially in private asset classes), economic conditions, interest rates and asset allocation decisions.

CIGNA routinely monitors and evaluates the status of its investments in light of current economic conditions, trends in capital markets and other factors. Such factors include industry segment considerations for fixed maturity investments, and geographic and property-type considerations for mortgage loan and real estate investments. Most international fixed maturity investments are government-backed.

CIGNA's fixed maturity investments, including policyholder share, as of December 31, 1998 constituted approximately 56% of the Employee Benefits portfolios and approximately 93% of the Property and Casualty portfolios. As of that date, approximately 27% of fixed maturity investments was attributable to experience-rated contracts. CIGNA reduces credit risk for the portfolios as a whole by investing primarily in investment grade fixed maturities rated by rating agencies (for public investments), by CIGNA (for private investments) or by the Securities Valuation Office of the National Association of Insurance Commissioners (for both public and private investments). For information about below investment grade holdings, see page 20 of the MD&A section of CIGNA's Annual Report.

CIGNA's mortgage loan investments, including policyholder share, constituted approximately 25% of the Employee Benefits portfolios and less than 1% of the Property and Casualty portfolios as of December 31, 1998. As of that date, approximately 57% of mortgage loan investments was attributable to experience-rated contracts. Mortgage loan investments are subject to underwriting criteria addressing loan-to-value ratio, debt service coverage, cash flow, tenant quality, leasing, market, location and borrower's financial strength. Such investments consist primarily of first mortgage loans on commercial properties and are diversified relative to property type, location and borrower. The Company invests in fully completed and substantially leased commercial properties. Virtually all of the Company's mortgage loans are bullet or balloon payment loans, under which all or a substantial portion of the loan principal is due at the end of the loan term.

CIGNA's real estate investments are either held for the production of income or held for sale. Real estate investments, including policyholder share, constituted approximately 2% of the Employee Benefits portfolios and less than 1% of the Property and Casualty portfolios as of December 31, 1998. As of that date, 63% of real estate investments was attributable to experience-rated contracts.

Real estate investments held for the production of income are actively managed to maximize operating income. These investments consist primarily of stabilized commercial properties and are diversified relative to property type and location. Real estate investments held for sale are primarily properties acquired as a result of foreclosure of mortgage loans. The Company's general policy is to rehabilitate the foreclosed properties, re-lease them and sell them, which generally takes two to four years, or less if circumstances indicate that an immediate sale is in the best financial interests of the Company or policyholders. CIGNA sold $52 million of foreclosed properties in 1998 and $264 million in 1997 because of improved commercial real estate markets and expects to sell additional foreclosed properties in 1999.

CIGNA generally uses derivative financial instruments to minimize market risk. Derivative instruments written to minimize market risks of insurance customers are not material.

See pages 20 through 23 of the MD&A section and Notes 2, 4 and 5 to CIGNA's 1998 Financial Statements included in its Annual Report for additional information about CIGNA's investments.

Employee Benefits Investments

The following tables summarize the distribution of investments attributable to CIGNA's Employee Benefits portfolios and the related net investment income from such investments. Approximately 50% of the investments in the Employee Benefits portfolios is attributable to experience-rated contracts with policyholders.

In connection with the sale of its individual life insurance and annuity business, CIGNA transferred approximately $5.4 billion of invested assets to subsidiaries of Lincoln National Corporation effective January 1, 1998. The transferred invested assets, which are included in the following tables for 1997 and 1996, consisted of approximately $3.3 billion of bonds, $1.4 billion of mortgage loans and $0.7 billion of policy loans.

<TABLE>
<CAPTION>

	As of December 31,		
Investments	1998	1997	1996
	(In millions)		

<S>	<C>	<C>	<C>
Fixed maturities			
Bonds:			
Consumer products	$ 2,755	$ 3,218	$ 3,039
Manufacturing	2,406	2,840	2,817
Finance	2,349	3,448	3,608
Energy	2,287	2,832	2,765
Public utilities	1,409	1,653	1,679
U.S. government and government agencies and authorities	1,170	1,572	662
Transportation	1,149	1,528	1,346
States, municipalities and political subdivisions	1,081	738	474
Foreign governments(1)	194	199	160
Other	301	251	334
Total bonds	15,101	18,279	16,884
Asset-backed securities	6,546	7,263	6,612
Redeemable preferred stocks	4	7	13
Total fixed maturities	21,651	25,549	23,509
Equity securities			
Common stocks:			
Industrial and miscellaneous	365	334	255
Banks, trust and insurance companies	46	49	32
Public utilities	27	27	22
Total common stocks	438	410	309
Non-redeemable preferred stocks	14	18	9
Total equity securities	452	428	318
Mortgage loans			
Commercial:			
Office buildings	3,578	3,679	3,681
Retail facilities	3,275	4,386	4,660
Apartments	1,421	1,430	1,341
Industrial	653	560	393
Hotels	463	513	682
Other	203	261	121
Total commercial	9,593	10,829	10,878
Agricultural	4	21	35
Total mortgages	9,597	10,850	10,913
Policy loans	6,090	7,146	7,132
Real estate	724	760	1,089
Other long-term investments	171	180	208
Short-term investments	214	114	487
Total investments	$38,899	$45,027	$43,656

<FN>

See Note 2(D) to the Financial Statements of CIGNA's Annual Report for a discussion of the method of valuation of investments. The above amounts do not include Separate Account assets.

(1) Comprises fixed maturities of sovereign foreign governments.
</FN>
</TABLE>

<TABLE>
<CAPTION>

Net Investment Income	Year ended December 31,		
	1998	1997	1996
	(Dollar amounts in millions)		
<S>	<C>	<C>	<C>
Fixed maturities	$ 1,608	$ 1,857	$ 1,861
Equity securities	8	13	6
Mortgage loans	800	946	981
Policy loans	459	532	548
Real estate	147	202	211
Other investments	86	83	79
Total	3,108	3,633	3,686
Less investment expenses	135	180	186

Net investment income, pre-tax	$ 2,973	$ 3,453	$ 3,500
Net investment yield(1)	7.77%	8.05%	8.38%

<FN>

(1) The net investment yield is equal to (a) net investment income multiplied by two, divided by (b) the sum, at the beginning and end of the year, of cash, invested assets (at cost or amortized cost less impairments) and investment income due and accrued, less borrowed money, less net investment income.

</FN>
</TABLE>

Property and Casualty Investments

The following tables summarize the distribution of investments attributable to CIGNA's Property and Casualty segment and the related net investment income from such investments. As noted above, CIGNA agreed to sell its domestic and international property and casualty businesses (which comprise the Property and Casualty segment) to ACE Limited, subject to regulatory approvals and other conditions. At the closing of the sale, which is expected to occur in mid-1999, CIGNA will transfer substantially all of the invested assets of this segment to ACE. ACE agreed to retain CIGNA to manage the assets associated with the property and casualty businesses sold to ACE, subject to performance conditions, for five years. See page 10 of the MD&A section of CIGNA's 1998 Annual Report for more information about the sale.

<TABLE>
<CAPTION>

Investments	As of December 31, 1998	1997	1996
	(In millions)		
<S>	<C>	<C>	<C>
Fixed maturities			
Bonds:			
Foreign governments(1)	$1,329	$1,295	$1,338
States, municipalities and political subdivisions	1,305	1,283	1,300
Finance	1,118	1,140	1,152
Consumer products	730	725	744
Manufacturing	660	668	652
Energy	432	504	598
Public utilities	404	434	511
Transportation	318	343	344
U.S. government and government agencies and authorities	267	314	474
Other	272	262	228
Total bonds	6,835	6,968	7,341
Asset-backed securities	1,517	1,729	1,894
Redeemable preferred stocks	12	3	3
Total fixed maturities	8,364	8,700	9,238
Equity securities			
Common stocks:			
Industrial and miscellaneous	379	273	208
Banks, trust and insurance companies	116	73	74
Public utilities	66	47	28
Total common stocks	561	393	310
Non-redeemable preferred stocks	5	--	1
Total equity securities	566	393	311
Other long-term investments	36	102	60
Short-term investments	66	75	339
Total investments	$9,032	$9,270	$9,948

<FN>

See Note 2(D) to the Financial Statements of CIGNA's Annual Report for a discussion of the method of valuation of investments.

(1) Comprises fixed maturities of sovereign foreign governments.
</FN>
</TABLE>

<TABLE>
<CAPTION>

Net Investment Income	Year Ended December 31, 1998	1997	1996
	(Dollar amounts in millions)		
Interest:			
Taxable	$558	$624	$655
Tax-exempt	58	58	66
Total	616	682	721
Dividends from stocks	9	6	9
Total investment income	625	688	730
Less investment expenses	42	49	51
Net investment income, pre-tax	$583	$639	$679
Net investment yield(1)	6.10%	6.39%	6.59%

<FN>

----

(1) The net investment yield is equal to (a) net investment income multiplied by two, divided by (b) the sum, at the beginning and end of the year, of cash, invested assets (at cost or amortized cost less impairments) and investment income due and accrued, less borrowed money, less net investment income.
</FN>
</TABLE>

International Employee Benefits and Corporate Investments

Invested assets for CIGNA's International Life, Health and Employee Benefits segment ("International Employee Benefits") and unallocated corporate investments totaled $2.8 billion and $2.3 billion as of December 31, 1998 and 1997, respectively. They include fixed maturities, policy loans, mortgage loans, and short-term investments. Net investment income for these investments and for cash and cash equivalents was $149 million for 1998, $153 million for 1997, and $154 million for 1996.

I. Regulation

CIGNA's subsidiaries, depending on where they operate, are subject to federal, state and foreign regulation. CIGNA's insurance subsidiaries are licensed to do business in, and are subject to regulation and supervision by, the states of the United States, the District of Columbia, certain U.S. territories and various foreign jurisdictions. Although the extent of regulation varies, most jurisdictions have laws and regulations governing rates, solvency, standards of conduct, and various insurance and investment products. Licensing of insurers and their agents and the approval of policy forms are usually required. The form and content of statutory financial statements and the type and concentration of investments are also regulated. Each insurance subsidiary is required to file periodic financial reports with supervisory agencies in most of the jurisdictions in which it does business, and its operations and accounts are subject to examination by such agencies at regular intervals.

Many domestic jurisdictions and certain foreign jurisdictions require licensed insurance companies to support guaranty associations or indemnity funds, which are organized to pay claims on behalf of insolvent insurance companies. In the United States, these associations levy assessments on member insurers in a particular state to pay such claims on the basis of their proportionate shares of the lines of business of the insolvent insurer. Maximum assessments permitted by law in any one year generally range from 1% to 2% of annual premiums written by each member in a particular state with respect to the categories of business involved and may be offset against premium taxes payable in some states. In addition, insurance and other companies are subject to a variety of assessments to fund insurance-related activities such as workers' compensation second-injury funds, medical risk pools and operating expenses of state regulatory bodies. These assessments are levied on various bases, including companies' proportionate shares of written premiums and incurred or paid losses. For additional information about guaranty fund and other insurance-related assessments, see Note 19 to CIGNA's 1998 Financial Statements included in its Annual Report.

The National Association of Insurance Commissioners ("NAIC") has developed model solvency-related laws that many states have adopted. The NAIC also uses risk-based capital rules ("RBC rules") for health care, life insurance and property and casualty insurance companies. The RBC rules recommend a minimum level of capital depending on the types and quality of investments held, the types of business written and the types of liabilities maintained. Depending on the ratio of the insurer's adjusted surplus to its risk-based capital, the insurer could be subject to various regulatory actions ranging from increased scrutiny to conservatorship.

Four levels of regulatory attention may be triggered if an insurance company's ratio of adjusted surplus to risk- based capital ("RBC ratio") is insufficient:

- If the RBC ratio is between 75% and 100% (the "company action level"), the company must submit a plan to the regulator detailing corrective action that it proposes to undertake.

- If the RBC ratio is between 50% and 75% (the "regulatory action level"), the company must submit a corrective action plan, and the regulator may issue a corrective order requiring the insurer to comply within a specified period.

- If the RBC ratio is between 35% and 50% (the "authorized control level"), the regulatory response is the same as at the "regulatory action level" and, in addition, the regulator may take action to rehabilitate or liquidate the insurer.

- If the RBC ratio is less than 35% (the "mandatory control level"), the regulator must rehabilitate or liquidate the insurer.

An insurance commissioner may allow a property and casualty company at or below the mandatory control level that is writing no business and is running off its existing business to continue its run-off.

Various foreign jurisdictions prescribe minimum surplus requirements that are based upon liquidity and reserve coverage measures. As of December 31, 1998, CIGNA's health care, life insurance and ongoing domestic property and casualty insurance subsidiaries were adequately capitalized under applicable RBC rules and foreign surplus rules, and the run-off subsidiaries were running off their liabilities as described on page 21.

Recent state and federal regulatory scrutiny of life and health care insurance companies' marketing and advertising practices, including the adequacy of disclosure regarding products and their future performance, may result in increased regulation.

CIGNA's insurance subsidiaries are subject to state laws regulating insurers that are subsidiaries of insurance holding companies. Under such laws, certain dividends, distributions and other transactions between an insurance subsidiary and the holding company or its other subsidiaries may require notification to, or be subject to the approval of, one or more state insurance commissioners.

CIGNA's HMOs are subject to regulation and supervision by various government agencies in the states in which they do business. The extent of regulation varies, but most jurisdictions regulate licensing, solvency, contracts and rates. Regulation of these entities also may include standards for quality assurance, minimum levels of benefits that must be offered and requirements for availability and continuity of care. A few states require HMOs to participate in guaranty funds, special risk pools and administrative funds, and several state legislatures have recently considered insolvency and guaranty fund legislation, a trend that is expected to continue. Increasingly, states are regulating the relationship between HMOs and their contracted providers. Some of CIGNA's HMOs are also federally qualified and subject to regulation as to benefits, solvency and rates under the federal HMO Act. CIGNA administers employee health care benefit plans governed by ERISA and, therefore, may be subject to requirements imposed on ERISA fiduciaries. CIGNA's mental health and substance abuse clinics are licensed by the states in which they operate for quality of treatment.

In many markets, CIGNA's HMOs offer Medicare programs, which are subject to federal regulation. Under the Balanced Budget Act of 1997 ("BBA"), Medicare payments to participating health care plans may be reduced. BBA and related interim regulations await clarification by the Health Care Financing Administration, the federal agency that administers the Medicare program. See page 5 for additional information.

In addition, the Health Insurance Portability and Accountability Act of

1996 ("HIPAA"), the Mental Health Parity Act of 1996 ("MHPA"), and the Newborns' and Mothers' Health Protection Act of 1996 ("NMHPA") subject health care insurers to new federal regulation. HIPAA imposes guaranteed issuance, renewal and portability requirements on health care insurers and establishes new rules to standardize the electronic transmission of data among insurers, providers and group customers. MHPA generally prohibits group health plans from establishing separate aggregate annual or lifetime dollar limits on mental health benefits. NMHPA provides minimum periods of coverage for hospitalization following childbirth. Federal and state efforts to increase regulation of the health care industry are expected to continue in 1999. Such proposals are discussed on page 10.

Regulatory concerns with insurance risk selection have increased significantly in recent years. For example, some states have imposed restrictions on the use of underwriting criteria related to AIDS, domestic abuse and credit reports. Also, various interpretations under the Americans with Disabilities Act may affect the provision of insurance benefits under certain types of policies.

Domestic property and casualty insurers, health insurers and HMOs are required to participate in assigned risk plans, joint underwriting authorities, pools or other residual market mechanisms to insure risks not acceptable under normal underwriting standards. In addition, states have responded to concerns about the marketing, advertising and underwriting of insurance by increasing the number and frequency of market conduct examinations and imposing larger penalties for violations of laws and regulations pertaining to these functions.

The extent of insurance regulation varies significantly among the countries in which CIGNA conducts its international operations. In many countries, foreign insurers are faced with greater restrictions than domestic competitors. These may include discriminatory licensing procedures, compulsory cessions of reinsurance, required localization of records and funds, higher premium and income taxes, and requirements for local participation in an insurer's ownership. Where appropriate, CIGNA has incorporated insurance subsidiaries locally to improve its position.

Depending upon their nature, CIGNA's investment management activities and products with United States jurisdictional contacts and its broker-dealer activities are subject to U.S. federal securities laws, ERISA and other federal and state laws governing investment-related activities and products. Investments made by United States insurance companies are subject to state insurance laws. Investment management activities and products outside the

United States, and investments made by non-U.S. insurance companies outside the United States, are subject to local regulation. In many cases, the investment management activities and investments of individual insurance companies are subject to regulation by multiple jurisdictions.

Federal regulation and taxation may affect CIGNA's operations in a variety of ways. In addition to proposals discussed above related to increased regulation of the health care and property and casualty industries, current and proposed federal measures that may significantly affect CIGNA's operations include pension and other employee benefit regulation, tax legislation, and Social Security legislation. Congress is also considering several measures that would change the traditional separation of financial services companies. These measures, if enacted, would allow bank affiliates to underwrite insurance and would allow insurance affiliates to perform functions similar to those now reserved for banks; they may also impose new operational limits. For more information concerning proposed federal tax legislation, see page 14 above and pages 12 and 18 of the MD&A section of CIGNA's Annual Report.

The economic and competitive effects of the legislative and regulatory proposals discussed above will depend upon the final form any such legislation or regulation may take.

J. Ratings

CIGNA and certain of its insurance subsidiaries are rated by nationally and internationally recognized rating agencies. While the significance of individual ratings varies from agency to agency, companies assigned ratings at the top end of the range have, in the opinion of the rating agency, the strongest capacity for repayment of debt or payment of claims, while companies at the bottom end of the range have the weakest capacity.

Insurance ratings represent the opinions of the rating agencies on the financial strength of the company and its capacity to meet the obligations of insurance policies. The principal agencies that rate the Company's insurance subsidiaries characterize their insurance rating scales as follows:

- o A.M. Best Company, Inc. ("A.M. Best"), A++ to F ("Superior" to "In Liquidation");
- o Moody's Investors Service ("Moody's"), Aaa to C ("Exceptional" to "Lowest");
- o Standard & Poor's Corp. ("S&P"), AAA to R ("Extremely Strong" to "Regulatory Action"); and
- o Duff & Phelps Credit Rating Co. ("DCR"), AAA to DD ("Highest" to "Order of Liquidation").

As of March 12, 1999, the insurance rating for Life Insurance Company of North America obtained from A.M. Best was A+ ("Superior," 2nd of 15), and the insurance ratings for CIGNA Insurance Company of Europe S.A.- N.V. obtained from S&P and A.M. Best were A+ ("Strong," 6th of 18) and A ("Excellent," 4th of 15), respectively. The insurance ratings for CG Life and the domestic property and casualty ongoing and run-off operations were as follows:

<TABLE>
<CAPTION>

	Insurance Ratings(1)		
	Life	Property & Casualty	
	CG Life	Ongoing Operations(2)	Run-off Operations(3)
A.M. Best	A+ ("Superior," 2nd of 15)	A- ("Excellent," 4th of 15)	B+ ("Very Good," 6th of 15)(4)
Moody's	Aa3 ("Excellent," 4th of 21)	Baa1 ("Adequate," 8th of 21)	Ba1 ("Questionable," 11th of 21)
S&P	AA ("Very Strong," 3rd of 21)	BBB ("Good," 9th of 21)	BBB ("Good," 9th of 21)
DCR	AA+ ("Very high," 2nd of 18)	A ("High," 6th of 18)	BBB- ("Adequate," 10th of 18)

<FN>

(1) Includes the rating assigned, the agency's characterization of the rating and the position of the rating in the agency's rating scale (e.g., CG Life's rating by A.M. Best is the 2nd highest rating awarded in its scale of 15).
(2) The rated Ongoing Operations consist of CIGNA's domestic ongoing property and casualty insurance subsidiaries. For further information, see "Domestic Operations" beginning on page 20.
(3) The rated Run-off Operations consist of domestic insurance subsidiaries that manage a number of expired policies and related claims, including those for asbestos-related and environmental pollution exposures. For further information, see "Run-off Operations" on page 21.
(4) Although this is the sixth highest rating in the A.M. Best rating scale, it is the second highest rating available for run-off operations.
</FN>
</TABLE>

Debt ratings are assessments of the likelihood that the Company will make timely payments of principal and interest. The principal agencies that rate CIGNA's senior debt characterize their rating scales as follows:

- o Moody's, Aaa to C ("Best" to "Lowest");
- o S&P, AAA to D ("Extremely Strong" to "Default"); and
- o DCR, AAA to DD ("Highest" to "Default").

The commercial paper rating scales for Moody's, S&P, DCR and Fitch IBCA Inc. ("Fitch") are as follows:

- o Moody's, Prime-1 to Not Prime ("Superior" to "Not Prime");
- o S&P, A-1+ to D ("Extremely Strong" to "Default");
- o DCR, D-1+ to D-5 ("Highest" to "Default"); and
- o Fitch F-1+ to D ("Exceptional" to "Default").

As of March 12, 1999, the debt ratings obtained from the following agencies were as follows:

	Debt Ratings(1) CIGNA Corporation	
	Senior Debt	Commercial Paper
Moody's	A3 ("Upper-medium-grade," 7th of 21)	Prime-2 ("Strong," 2nd of 4)
S&P	A ("Strong," 6th of 22)	A-1 ("Strong," 2nd of 7)
DCR	A ("Adequate," 6th of 18)	D-1 ("Very high," 2nd of 7)
Fitch	Not rated	F-1 ("Highest," 2nd of 6)

(1) Includes the rating assigned, the agency's characterization of the rating and the position of the rating in the applicable agency's rating scale.

The ratings are reviewed routinely by the rating agencies and may be changed at their discretion.

K. Miscellaneous

Portions of CIGNA's insurance business are seasonal in nature. Reported claims under group health and certain property and casualty products are generally higher in the first quarter.

CIGNA and its principal subsidiaries are not dependent on business from one or a few customers. No customer accounted for 10% or more of CIGNA's consolidated revenues in 1998. CIGNA and its principal subsidiaries are not dependent on business from one or a few brokers or agents. In addition, CIGNA's insurance businesses are generally not committed to accept a fixed portion of the business submitted by independent brokers and agents, and generally all such business is subject to its approval and acceptance.

CIGNA had approximately 49,900, 47,700, and 42,800 employees as of December 31, 1998, 1997 and 1996, respectively.

Item 2. PROPERTIES

CIGNA's headquarters are located in approximately 50,000 square feet of leased office space at One Liberty Place, Philadelphia, Pennsylvania. CIGNA Domestic Property & Casualty, CIGNA International Property & Casualty, CIGNA Group Insurance: Life, Accident, Disability, and CIGNA International Employee Benefits and Life Insurance are located in a leased building of approximately 1.25 million total square feet at Two Liberty Place, Philadelphia. CIGNA HealthCare, CIGNA Reinsurance and CIGNA Investment Management are located in a complex of buildings owned by CIGNA, aggregating approximately 1.4 million total square feet of office space, located at 900-950 Cottage Grove Road, Bloomfield, Connecticut. CIGNA Retirement & Investment Services is located in approximately 268,000 total square feet of leased office space at 280 Trumbull Street, Hartford, Connecticut. In addition, CIGNA owns or leases office buildings, or parts thereof, throughout the United States and

in other countries. For additional information concerning leases and property, see Notes 2(H) and 15 to CIGNA's 1998 Financial Statements included in its Annual Report. This paragraph does not include information on investment properties.

Item 3. LEGAL PROCEEDINGS

CIGNA is continuously involved in numerous lawsuits arising, for the most part, in the ordinary course of business, either as a liability insurer defending third-party claims brought against its insureds or an insurer defending coverage claims brought against it by its policyholders or other insurers. One such area of litigation involves policy coverage and judicial interpretation of legal liability for asbestos-related and environmental pollution claims.

While the outcome of all litigation involving CIGNA, including insurance-related litigation, cannot be determined, litigation (including that related to asbestos and environmental pollution claims) is not expected to result in losses that differ from recorded reserves by amounts that would be material to results of operations, liquidity or financial condition. Also, reinsurance recoveries related to claims in litigation, net of allowance for uncollectible reinsurance, are not expected to result in recoveries that differ from recorded recoverables by amounts that would be material to results of operations, liquidity or financial condition.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Executive Officers of the Registrant

Reference is made below to CG Life, which is a subsidiary of CIGNA. All officers are elected to serve for a one-year term or until their successors are elected. Principal occupations and employment during the past five years are listed.

H. EDWARD HANWAY, 47, President, Chief Operating Officer and a Director of CIGNA since January 1999; President of CIGNA HealthCare from February 1996 until January 1999; and President of CIGNA International from February 1989 until February 1996.

GERALD A. ISOM, 60, President of CIGNA Domestic Property and Casualty since 1993.

THOMAS C. JONES, 52, President of CIGNA Investment Management since October 1997; President of CG Life since March 1995; President of CIGNA Individual Insurance from February 1995 through December 1997; and President of CIGNA Reinsurance Property & Casualty from March 1994 until February 1995.

TERRY L. KENDALL, 52, President of CIGNA International Employee Benefits & Life Insurance since January 1999; Senior Vice President of CIGNA International from May 1998 until January 1999; President and Chief Executive Officer of Golden American Life Insurance Company from September 1993 until April 1998. Golden American Life Insurance Company is a subsidiary of ING Group, a financial services company.

JOHN K. LEONARD, 50, President of CIGNA Group Insurance: Life, Accident, Disability since 1992.

DONALD M. LEVINSON, 53, Executive Vice President of CIGNA since 1988, with responsibility for Human Resources and Services.

FRANCINE M. NEWMAN, 54, President of CIGNA Reinsurance since 1984.

BYRON D. OLIVER, 56, President of CIGNA Retirement & Investment Services since 1988.

WILLIAM M. PASTORE, 50, President of CIGNA HealthCare since January 1999; Senior Vice President of CIGNA HealthCare from December 1995 until January 1999; Vice President of National Service Operations at Citibank from December 1993 until December 1995. Citibank is a subsidiary of Citigroup, a financial services company.

B. KINGSLEY SCHUBERT, 53, President of CIGNA International Property & Casualty since January 1999; President of CIGNA International from February 1996 until January 1999; Senior Vice President of CIGNA International

(Asia-Pacific) from March 1995 until February 1996; President of CIGNA Insurance Company in Japan from June 1992 until February 1996.

JAMES G. STEWART, 56, Executive Vice President and Chief Financial Officer of CIGNA since 1983.

WILSON H. TAYLOR, 55, Chairman of CIGNA since 1989; Chief Executive Officer of CIGNA since 1988; and President of CIGNA from 1988 until January 1999.

THOMAS J. WAGNER, 59, Executive Vice President and General Counsel of CIGNA since 1992.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information under the caption "Quarterly Financial Data--Stock and Dividend Data" on page 51 and under the caption "Stock Listing" on the inside back cover of CIGNA's Annual Report is incorporated by reference, as is the information from Note 8 to CIGNA's 1998 Financial Statements and the number of shareholders of record as of December 31, 1998 under the caption "Highlights" on page 1 of CIGNA's Annual Report.

Item 6. SELECTED FINANCIAL DATA

The five-year financial information under the caption "Highlights" on page 1 of CIGNA's Annual Report is incorporated by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information on pages 10 through 24 of CIGNA's Annual Report is incorporated by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information under the caption "Market Risk of Financial Instruments" on pages 22 and 23 of CIGNA's Annual Report is incorporated by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CIGNA's Consolidated Financial Statements on pages 25 through 49 and the report of its independent accountants on page 50 of CIGNA's Annual Report are incorporated by reference, as is the unaudited information set forth under the caption "Quarterly Financial Data--Consolidated Results" on page 51.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A. Directors of the Registrant

The information under the captions "Nominee for Election," "Nominees for Election" and "Incumbent Directors to Continue in Office" on pages 3 and 4 of CIGNA's proxy statement dated March 23, 1999 are incorporated by reference.

B. Executive Officers of the Registrant

See PART I above.

Item 11. EXECUTIVE COMPENSATION

The information under the captions "Executive Compensation" beginning on page 10 and "Director Compensation" beginning on page 7 of CIGNA's proxy statement dated March 23, 1999 is incorporated by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the captions "CIGNA Corporation Common Stock and Equivalents Owned by Directors, Nominees and Executive Officers" beginning on page 4 and "CIGNA Corporation Common Stock Owned by Certain Beneficial Owners" on page 20 of CIGNA's proxy statement dated March 23, 1999, relating to security ownership of certain beneficial owners and management, is incorporated by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the caption "Certain Transactions of Directors, Executive Officers and Largest Shareholders" on pages 8 and 9 of CIGNA's proxy statement dated March 23, 1999 is incorporated by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

A. (1) The following financial statements have been incorporated by reference from the pages indicated below of CIGNA's Annual Report:

Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996 -- page 25.

Consolidated Balance Sheets as of December 31, 1998 and 1997 -- page 26.

Consolidated Statements of Comprehensive Income and Changes in Shareholders' Equity for the years ended December 31, 1998, 1997 and 1996 -- page 27.

Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996 -- page 28.

Notes to Financial Statements -- pages 29 through 49.

Report of Independent Accountants, PricewaterhouseCoopers LLP -- page 50.

(2) The financial statement schedules are listed in the Index to Financial Statement Schedules on page FS-1.

(3) The exhibits are listed in the Index to Exhibits beginning on page E-1.

B. During the last quarter of the fiscal year ended December 31, 1998, the registrant filed a Report on Form 8-K dated November 2, 1998 containing a copy of a news release reporting its third quarter 1998 results.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by its undersigned duly authorized officer, on its behalf and in the capacity indicated.

Date: March 26, 1999

CIGNA Corporation

By: /s/ JAMES G. STEWART

James G. Stewart
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 26, 1999.

Principal Executive Officer:	Directors:*
	Robert P. Bauman
	Robert H. Campbell
Wilson H. Taylor*	Alfred C. DeCrane, Jr.
Chairman, Chief Executive Officer	H. Edward Hanway
and a Director	Peter N. Larson
	Joseph Neubauer
	Charles R. Shoemate
	Louis W. Sullivan, M.D.
	Harold A. Wagner
Principal Accounting Officer:	Carol Cox Wait
	Marilyn Ware

/s/ JAMES A. SEARS

James A. Sears
Vice President and Chief Accounting Officer

*By: /s/ THOMAS J. WAGNER

Thomas J. Wagner
Attorney-in-Fact

CIGNA CORPORATION AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENT SCHEDULES

PAGE

Schedules other than those listed above are omitted because they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto, which are incorporated by reference from CIGNA's Annual Report.

Report of Independent Accountants on
Financial Statement Schedules

To the Board of Directors
of CIGNA Corporation

Our audits of the consolidated financial statements referred to in our report dated February 9, 1999 appearing on page 50 of the 1998 Annual Report to Shareholders of CIGNA Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedules listed in the index on page FS-1 of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

Philadelphia, Pennsylvania
February 9, 1999

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE I
SUMMARY OF INVESTMENTS -- OTHER THAN INVESTMENTS IN RELATED PARTIES
DECEMBER 31, 1998
(In millions)

<TABLE>
<CAPTION>

Type of Investment	Cost	Fair Value	Amount at which shown in the consolidated balance sheet
<S>	<C>	<C>	<C>
Fixed maturities			
Bonds:			
United States government and government agencies and authorities...	$ 972	$ 1,438	$ 1,438
States, municipalities and political subdivisions........	2,212	2,386	2,386
Foreign governments......................................	2,707	2,867	2,867
Public utilities...	1,769	1,860	1,860
Convertibles and bonds with warrants attached............	7	7	7
All other corporate bonds................................	15,141	15,992	15,992
Asset-backed securities..................................	7,790	8,068	8,068
Redeemable preferred stocks..............................	16	16	16
Total fixed maturities................................	30,614	32,634	32,634

Equity securities			
Common stocks:			
Industrial, miscellaneous and all other	534	767	767
Banks, trust and insurance companies	127	164	164
Public utilities	61	94	94
Non-redeemable preferred stocks	24	18	18
Total equity securities	746	1,043	1,043
Mortgage loans on real estate	9,599		9,599
Policy loans	6,185		6,185
Real estate investments (including $332 million of real estate acquired in satisfaction of debt)	733		733
Other long-term investments	205		205
Short-term investments	308		308
Total investments	$48,390		$50,707

</TABLE>

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE II
CONDENSED FINANCIAL INFORMATION OF CIGNA CORPORATION
(REGISTRANT)
STATEMENTS OF INCOME
(In millions)

<TABLE>
<CAPTION>

	For the year ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Intercompany income	$ 2	$ 2	$ 2
Total revenues	2	2	2
Operating expenses:			
Interest	123	118	93
Intercompany interest	42	20	30
Other	5	6	10
Total operating expenses	170	144	133
Loss before income taxes	(168)	(142)	(131)
Income tax benefit	(52)	(39)	(39)
Loss of parent company	(116)	(103)	(92)
Equity in income of subsidiaries	1,408	1,189	1,148
Net income	$1,292	$1,086	$1,056

</TABLE>

See Notes to Condensed Financial Statements on FS-7.

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE II
CONDENSED FINANCIAL INFORMATION OF CIGNA CORPORATION
(REGISTRANT)
BALANCE SHEETS
(In millions)

<TABLE>
<CAPTION>

	As of December 31,	
	1998	1997
<S>	<C>	<C>

Assets:				
Cash and cash equivalents		$ 1		$ 1
Investments in subsidiaries		10,498		10,683
Other assets		103		77
Goodwill		19		39
Total assets		$10,621		$10,800
Liabilities:				
Intercompany		$ 439		$ 425
Short-term debt		268		687
Long-term debt		1,361		1,371
Other liabilities		276		385
Total liabilities		2,344		2,868
Shareholders' Equity:				
Common stock (shares issued, 265; 264)		66		66
Additional paid-in capital		2,719		2,655
Net unrealized appreciation-- fixed maturities	$ 750		$ 752	
Net unrealized appreciation-- equity securities	206		132	
Net translation of foreign currencies	(114)		(126)	
Accumulated other comprehensive income		842		758
Retained earnings		6,746		5,696
Less treasury stock, at cost		(2,096)		(1,243)
Total shareholders' equity		8,277		7,932
Total liabilities and shareholders' equity		$10,621		$10,800

</TABLE>

See Notes to Condensed Financial Statements on FS-7.

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE II
CONDENSED FINANCIAL INFORMATION OF CIGNA CORPORATION
(REGISTRANT)
STATEMENTS OF CASH FLOWS
(In millions)

<TABLE>
<CAPTION>

	For the year ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Cash Flows from Operating Activities:			
Net Income	$ 1,292	$ 1,086	$ 1,056
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Equity in income of subsidiaries	(1,408)	(1,189)	(1,148)
Dividends received from subsidiaries	2,411	847	926
Other liabilities	(144)	(74)	(148)
Other, net	45	104	6
Net cash provided by operating activities	2,196	774	692
Cash Flows from Investing Activities:			
Capital contributions to subsidiaries	(1,028)	(1,124)	(250)
Other, net	(17)	(10)	(14)
Net cash used in investing activities	(1,045)	(1,134)	(264)
Cash Flows from Financing Activities:			
Net change in intercompany debt	329	3	253
Net change in short-term debt	(348)	358	(6)
Issuance of long-term debt	--	600	--
Repayment of long-term debt	(82)	(39)	(157)
Repurchase of common stock	(833)	(335)	(292)
Issuance of common stock	26	19	12
Common dividends paid	(243)	(245)	(242)

Net cash provided by (used in) financing activities....	(1,151)	361	(432)
Net increase (decrease) in cash and cash equivalents..........	--	1	(4)
Cash and cash equivalents, beginning of year..................	1	--	4
Cash and cash equivalents, end of year.......................	$ 1	$ 1	$ --

</TABLE>

See Notes to Condensed Financial Statements on FS-7.

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE II
CONDENSED FINANCIAL INFORMATION OF CIGNA CORPORATION
(REGISTRANT)

NOTES TO CONDENSED FINANCIAL STATEMENTS

The accompanying condensed financial statements should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto in the Annual Report.

Note 1-- CIGNA acquired the outstanding common stock of Healthsource, Inc. (Healthsource) on June 25, 1997. The cost of the acquisition was $1.7 billion, reflecting the purchase of Healthsource common stock for $1.4 billion and the retirement of Healthsource debt of $250 million.

In January 1999, CIGNA entered into an agreement to sell its domestic and international property and casualty businesses to ACE Limited for cash proceeds of $3.45 billion. The sale, which is subject to U.S. and international regulatory approval and other conditions to closing, is expected to be completed by mid- 1999. Net assets of the businesses to be sold were approximately $2.3 billion as of December 31, 1998. The determination of the gain on sale will be affected by changes to net assets through closing for results of operations and dividends from the businesses to be sold, as well as transaction costs and other adjustments.

As of January 1, 1998, CIGNA sold its individual life insurance and annuity business for cash proceeds of $1.4 billion. The sale resulted in an after-tax gain of $773 million of which $202 million was recognized upon closing of the sale. Since the principal agreement to sell this business is in the form of an indemnity reinsurance arrangement, the remaining $571 million of the gain was deferred and is being recognized at the rate that earnings from the business sold would have been expected to emerge, primarily over fifteen years on a declining basis. CIGNA recognized $66 million of the deferred gain in 1998.

Note 2-- Long-term debt, net of current maturities, consists of CIGNA's 8.16% Notes due 2000; 8 3/4% Notes due 2001; 7.17% Notes due 2002; 7.4% Notes due 2003; 6 3/8% Notes due 2006; 7.4% Notes due 2007; 8 1/4% Notes due 2007; 7.65% Notes due 2023; 8.3% Notes due 2023; 7 7/8% Debentures due 2027; 8.3% Step Down Notes due 2033; and Medium-term Notes with interest rates ranging from 6 1/4% to 9 1/2%, and original maturity dates from approximately five to ten years. As of December 31, 1998 and 1997, the weighted average interest rate on Medium-term Notes was 8.0% and 8.3%, respectively.

Maturities of long-term debt for each of the next five years are as follows: 1999-$10 million; 2000-$53 million; 2001-$145 million; 2002-$36 million; 2003-$126 million.

In July 1998, CIGNA completed an offer to exchange its 8.3% Step Down Notes due 2033 (New Notes) for 8.3% Notes due 2023 (Old Notes). Old Notes with principal amounts aggregating approximately $83 million were tendered in connection with the exchange offer. The New Notes bear interest at 8.3% through January 14, 2023 and 8.08% to January 15, 2033.

In 1997, CIGNA issued $300 million of unsecured 7.4% Notes due in 2007 and $300 million of unsecured 7 7/8% Debentures due in 2027.

As of December 31, 1998, CIGNA had $1 billion remaining under effective shelf registration statements filed with the Securities and Exchange Commission that may be issued as debt securities, equity securities or both, depending upon market conditions and CIGNA's capital requirements.

Interest paid on short- and long-term debt amounted to $124 million, $113 million and $97 million, for 1998, 1997 and 1996, respectively.

Note 3-- CIGNA Corporation files a consolidated U.S. federal income tax return with its domestic subsidiaries. Net income taxes paid in connection with the consolidated return were $780 million, $536 million and $285 million during 1998, 1997, and 1996, respectively.

Note 4-- On April 22, 1998, CIGNA's shareholders approved a three-for-one common stock split, an increase in the number of common shares authorized for issuance from 200 million to 600 million and a decrease in the par value of common stock from $1 per share to $0.25 per share. These actions resulted in a reduction in common stock and corresponding increase in additional paid-in capital of $22 million. Share and per share data have been retroactively adjusted for the stock split as though it had occurred at the beginning of the periods presented.

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CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE III
SUPPLEMENTARY INSURANCE INFORMATION
(In millions)

<TABLE>
<CAPTION>

Segment	Deferred policy acquisition costs	Future policy benefits and contractholder deposit funds	Unpaid claims and claim expenses
<S>	<C>	<C>	<C>
Year Ended December 31, 1998:			
Property and Casualty:			
International	$ 171	$ 203	$ 2,341
Domestic	166	--	6,252
Run-off operations	2	54	6,033
Total Property and Casualty	339	257	14,626
Employee Health Care, Life and Disability Benefits	23	4,414	2,464
Employee Retirement Benefits and Investment Services	153	20,197	10
International Life, Health and Employee Benefits	533	2,327	488
Other Operations	21	16,179	429
Corporate	--	--	--
Total	$1,069	$43,374	$18,017
Year Ended December 31, 1997:			
Property and Casualty:			
International	$ 164	$ 172	$ 2,281
Domestic	165	--	6,060
Run-off operations	--	63	6,589
Total Property and Casualty	329	235	14,930
Employee Health Care, Life and Disability Benefits	22	4,277	2,311
Employee Retirement Benefits and Investment Services	139	20,221	5

International Life, Health and Employee Benefits..........	354	1,888	321
Other Operations...	698	16,037	339
Corporate..	--	--	--
Total..	$1,542	$42,658	$17,906
Year Ended December 31, 1996:			
Property and Casualty:			
International...	$ 167	$ 186	$ 2,352
Domestic..	174	--	6,469
Run-off operations......................................	2	73	7,503
Total Property and Casualty..........................	343	259	16,324
Employee Health Care, Life and Disability Benefits.........	27	4,288	1,972
Employee Retirement Benefits and Investment Services.......	88	19,106	1
International Life, Health and Employee Benefits..........	81	1,909	276
Other Operations...	691	16,100	268
Corporate..	--	--	--
Total..	$1,230	$41,662	$18,841

</TABLE>

<TABLE>
<CAPTION>

Unearned premiums	Premiums and fees (1)	Net investment income (2)	Benefits, losses and settlement expenses (1)	Policy acquisition expenses	Other operating expenses	Premiums written
<S>	<C>	<C>	<C>	<C>	<C>	<C>
$ 629	$ 1,449	$ 102	$ 932	$ 394	$ 249	$1,484
768	1,511	231	1,128	350	415	1,510
4	(3)	250	187	9	84	(4)
1,401	2,957	583	2,247	753	748	2,990
244	11,421	589	8,374	9	3,191	--
1	257	1,613	1,253	32	220	--
275	1,227	115	926	152	231	--
69	551	771	1,061	8	287	--
--	--	34	--	--	(65)	--
$1,990	$16,413	$3,705	$13,861	$ 954	$4,612	$2,990
$ 573	$ 1,539	$ 118	$ 823	$ 408	$ 271	$1,576
739	1,593	239	1,165	367	426	1,496
6	22	282	232	14	82	11
1,318	3,154	639	2,220	789	779	3,083
166	9,546	563	7,098	8	2,800	--
1	221	1,655	1,342	26	177	--
225	1,076	122	862	130	175	--
64	938	1,235	1,507	93	456	--
--	--	31	--	--	(74)	--
$1,774	$14,935	$4,245	$13,029	$1,046	$4,313	$3,083
$ 591	$ 1,587	$ 118	$ 837	$ 419	$ 258	$1,616
862	1,671	259	1,297	383	360	1,637
17	159	302	333	58	100	76
1,470	3,417	679	2,467	860	718	3,329
141	8,375	567	6,243	13	2,332	--
1	272	1,716	1,478	21	181	--
279	981	125	794	126	178	--
49	871	1,217	1,491	118	398	--
--	--	29	--	--	(69)	--
$1,940	$13,916	$4,333	$12,473	$1,138	$3,738	$3,329

<FN>
----
(1) Amounts presented are shown net of the effects of reinsurance.
(2) The allocation of net investment income is based upon the investment year method, the identification of certain portfolios with specific segments, or a combination of both.
</FN>
</TABLE>

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE IV
REINSURANCE
(Dollar amounts in millions)

<TABLE>
<CAPTION>

<S>	Gross amount <C>	Ceded to other companies <C>	Assumed from other companies <C>	Net amount <C>	Percentage of amount assumed to net <C>
Year Ended December 31, 1998:					
Life insurance in force......................	$510,075	$80,978	$160,592	$589,689	27.2%
Premiums and fees:					
Life insurance and annuities...............	$ 3,354	$ 714	$ 641	$ 3,281	19.5%
Accident and health insurance..............	10,566	416	482	10,632	4.5
Property and casualty insurance............	3,516	1,396	380	2,500	15.2
Total....................................	$ 17,436	$ 2,526	$ 1,503	$ 16,413	9.2%
Year Ended December 31, 1997:					
Life insurance in force......................	$543,241	$60,855	$152,031	$634,417	24.0%
Premiums and fees:					
Life insurance and annuities...............	$ 3,189	$ 272	$ 595	$ 3,512	16.9%
Accident and health insurance..............	8,569	404	574	8,739	6.6
Property and casualty insurance............	3,534	1,368	518	2,684	19.3
Total....................................	$ 15,292	$ 2,044	$ 1,687	$ 14,935	11.3%
Year Ended December 31, 1996:					
Life insurance in force......................	$502,558	$54,850	$155,100	$602,808	25.7%
Premiums and fees:					
Life insurance and annuities...............	$ 3,142	$ 252	$ 710	$ 3,600	19.7%
Accident and health insurance..............	7,324	339	392	7,377	5.3
Property and casualty insurance............	3,839	1,531	631	2,939	21.5
Total....................................	$ 14,305	$ 2,122	$ 1,733	$ 13,916	12.5%

</TABLE>

CIGNA CORPORATION

SCHEDULE V
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(In millions)

<TABLE>
<CAPTION>

Description <S>	Balance at beginning of period <C>	Charged (Credited) to costs and expenses <C>	Charged (Credited) to other accounts -describe(1) <C>	Other deductions -describe(2) <C>	Balance at end of period <C>
1998:					
Investment asset valuation reserves:					
Mortgage loans...............................	$ 50	$ (2)	$ (7)	$ (35)	$ 6
Real estate..................................	29	2	5	--	36
Allowance for doubtful accounts:					

Premiums, accounts and notes receivable	138	33	--	(37)	134
Reinsurance recoverables	720	27	1	(43)	705
Deferred tax asset valuation allowance	53	--	--	--	53
1997:					
Investment asset valuation reserves:					
Mortgage loans	$101	$ 16	$ 15	$ (82)	$ 50
Real estate	67	--	(6)	(32)	29
Allowance for doubtful accounts:					
Premiums, accounts and notes receivable	98	61	--	(21)	138
Reinsurance recoverables	711	23	--	(14)	720
Deferred tax asset valuation allowance	47	6	--	--	53
1996:					
Investment asset valuation reserves:					
Mortgage loans	$ 88	$ 26	$ 37	$ (50)	$101
Real estate	58	18	11	(20)	67
Allowance for doubtful accounts:					
Premiums, accounts and notes receivable	105	13	--	(20)	98
Reinsurance recoverables	700	31	--	(20)	711
Deferred tax asset valuation allowance	48	(1)	--	--	47

<FN>

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(1) Change in valuation reserves attributable to policyholder contracts.

(2) Reflects transfer of reserves to other investment asset categories as well as charge-offs upon sales, repayments and other.

</FN>

</TABLE>

CIGNA CORPORATION AND SUBSIDIARIES

SCHEDULE VI
SUPPLEMENTAL INFORMATION CONCERNING
PROPERTY-CASUALTY INSURANCE OPERATIONS
(In millions)

<TABLE>
<CAPTION>

Column A	Column B	Column C	Column D	Column E
Affiliation With Registrant	Deferred policy acquisition costs	Reserves for unpaid claims and claim adjustment expenses	Discount, if any, deducted in column C(1)	Unearned premiums
<S>	<C>	<C>	<C>	<C>
Year Ended December 31, 1998:				
Consolidated property-casualty entities	$339	$14,626	$14	$1,401
Year Ended December 31, 1997:				
Consolidated property-casualty entities	$329	$14,930	$15	$1,318
Year Ended December 31, 1996:				
Consolidated property-casualty entities	$343	$16,324	$18	$1,470

</TABLE>

<TABLE>
<CAPTION>

Column F	Column G	Column H		Column I	Column J	Column K
		Claims and claim adjustment expenses incurred related to:				
Earned premiums(2)	Net investment income	Current year(2)	Prior year(2)	Amortization of deferred policy acquisition costs	Paid claims and claim adjustment expenses(2)	Premiums written

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	$2,957	$583	$2,049	$177	$753	$2,655	$2,990
	$3,154	$639	$1,990	$218	$789	$2,935	$3,083
	$3,417	$679	$2,257	$177	$860	$2,958	$3,329

<FN>
----
(1) Discounts were computed using an annual interest rate of 9%.
(2) Amounts presented are shown net of the effects of reinsurance.
</FN>
</TABLE>

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

Number		Description	Method of Filing
<S>		<C>	<C>
3.1		Restated Certificate of Incorporation of the registrant as last amended July 22, 1998	Filed as Exhibit 3 to the registrant's Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference.
3.2		By-Laws of the registrant as last amended and restated February 25, 1998	Filed as Exhibit 3.2 to the registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.
4(a)		Amended and Restated Shareholder Rights Agreement dated as of July 22, 1998 between CIGNA Corporation and First Chicago Trust Company of New York	Filed as Item 1 and Exhibit 1 to the registrant's Form 8-A/A Amendment No. 1 dated July 22, 1998 and incorporated herein by reference.
(b)		Amendment No. 1 dated as of December 14, 1998 to the Amended and Restated Shareholder Rights Agreement between CIGNA Corporation and First Chicago Trust Company of New York	Filed as Item 1 and Exhibit 1 to the registrant's Form 8-A/A Amendment No. 2 dated December 14, 1998 and incorporated herein by reference.
		Exhibits 10.1 through 10.24 are filed as exhibits pursuant to Item 14(c) of Form 10-K.	
10.1		Deferred Compensation Plan for Directors of CIGNA Corporation, as amended and restated as of January 1, 1997	Filed as Exhibit 10.1 to the registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.
10.2		Retirement and Consulting Plan for Directors of CIGNA Corporation, as amended and restated as of May 29, 1991	Filed herewith.
10.3		Restated Restricted Stock Plan for Non-Employee Directors of CIGNA Corporation dated as of April 22, 1998	Filed as Exhibit 10 to the registrant's Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference.
10.4		Description of Stock Compensation Plan for Non-Employee Directors of CIGNA Corporation, as amended and restated effective July 1, 1997	Filed as Exhibit 10 to the registrant's Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference.
10.5		CIGNA Corporation Stock Plan, as amended and restated through February 24, 1999	Filed herewith.
10.6	(a)	CIGNA Corporation Executive Stock Incentive Plan, as amended and restated March 23, 1988	Filed herewith.
	(b)	Amendment No.1 dated as of September 28, 1988 to the CIGNA Corporation Executive Stock Incentive Plan	Filed herewith.
	(c)	Amendment No. 2 dated as of March 27, 1991 to the CIGNA Corporation Executive Stock Incentive Plan	Filed herewith.

	(d)	Amendment No. 3 dated as of July 31, 1996 to the CIGNA Corporation Executive Stock Incentive Plan	Filed as Exhibit 10.3 to the registrant's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference.
10.7		CIGNA Executive Severance Benefits Plan effective as of January 1, 1997	Filed as Exhibit 10.11 to the registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.
10.8	(a)	CIGNA Executive Incentive Plan effective as of January 1, 1997	Filed as Appendix A to the registrant's Definitive Proxy Statement on Schedule 14A dated March 19, 1997 and incorporated herein by reference.
	(b)	Amendment No. 1 to the CIGNA Executive Incentive Plan dated as of February 25, 1998	Filed as Exhibit 10.8(b) to the registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.
10.9		CIGNA Long-Term Incentive Plan, as amended and restated through February 24, 1999	Filed herewith.
10.10	(a)	Deferred Compensation Plan of CIGNA Corporation and Participating Subsidiaries, as amended and restated as of January 1, 1996	Filed as Exhibit 10.15 to the registrant's Form 10-K for the year ended December 31, 1995 and incorporated herein by reference.
	(b)	Amendment No. 1 dated as of December 16, 1996 to the Deferred Compensation Plan of CIGNA Corporation and Participating Subsidiaries	Filed as Exhibit 10.9(b) to the registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.
10.11		CIGNA Supplemental Pension Plan as amended and Restated as of August 1, 1998	Filed as Exhibit 10 to the registrant's Form 10-Q for the quarter ended September 30, 1998 and incorporated herein by reference.
10.12		Description of CIGNA Corporation Financial Services Program	Filed as Exhibit 10.9 to the registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.
10.13		Description of the CIGNA Corporation Key Management Annual Incentive Bonus Plan	Filed herewith.
10.14		Agreement dated February 9, 1993 between Mr. Isom and the registrant	Filed herewith.
10.15		Form of Special Retention Agreement with Messrs. Taylor and Stewart	Filed as Exhibit 10.3 to the registrant's Form 10-Q for the quarter ended March 31, 1995 and incorporated herein by reference.
10.16		Special Retention Agreement dated March 27, 1996 with Mr. Levinson	Filed as Exhibit 10.26 to the registrant's Form 10-K for the year ended December 31, 1995 and incorporated herein by reference.
10.17		Non-Compete Agreement dated October 20, 1997 between Mr. Taylor and the registrant	Filed as Exhibit 10.17 to the registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.

10.18		Form of Non-Compete Agreement dated December 8, 1997 with Messrs. Stewart, Isom, Hanway and Levinson	Filed as Exhibit 10.18 to the registrant's Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.
10.19		Description of Mandatory Deferral of Non-Deductible Executive Compensation Arrangement	Filed as Exhibit 10.17 to the registrant's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.
10.20		Special Incentive Agreement with Mr. Taylor dated March 17, 1998	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference.
10.21		Special Incentive Agreement with Mr. Stewart dated March 17, 1998	Filed as Exhibit 10.2 to the registrant's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference.
10.22		Special Incentive Agreement with Mr. Levinson dated March 17, 1998	Filed as Exhibit 10.3 to the registrant's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference.
10.23		Special Incentive Agreement with Mr. Isom dated March 17, 1998	Filed as Exhibit 10.4 to the registrant's Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference.
10.24		Special Incentive Agreement with Mr. Hanway dated March 17, 1998	Filed as Exhibit 10.5 to the registrant's Form 10-Q for the quarter ended March 31, 1998 and incorporated

		herein by reference.
12	Computation of Ratios of Earnings to Fixed Charges	Filed herewith.
13	Portions of registrant's 1998 Annual Report to Shareholders (Entire Annual Report bound in printed versions of Form 10-K)	Filed herewith.
21	Subsidiaries of the Registrant	Filed herewith.
23	Consent of Independent Accountant	Filed herewith.
24.1	Powers of Attorney	Filed herewith.
24.2	Certified Resolutions	Filed herewith.
27	Financial Data Schedule	Included only in EDGAR version of the Form 10K.

The registrant will furnish to the Commission upon request a copy of any of the registrant's agreements with respect to its long-term debt.

Shareholders may obtain copies of exhibits by writing to CIGNA Corporation, Shareholder Services Department, Two Liberty Place, 1601 Chestnut Street, P.O. Box 7716, Philadelphia, PA 19192-2378.
</TABLE>

EXHIBIT 10.2

RETIREMENT AND CONSULTING PLAN FOR DIRECTORS OF CIGNA CORPORATION

Amended Effective May 29, 1991

1. Eligibility

Each member of the Board of Directors (the "Board") of CIGNA Corporation (the "Corporation") who at the time of Retirement from the Board shall have served five years on the Board or the Board of Directors of Connecticut General Corporation, the Board of Directors of Connecticut General Life Insurance Company, the Board of Directors of INA Corporation, the Board of Directors of Insurance Company of North America, or any combination thereof (the "Boards"), and shall have attained at least age 60 (an "Eligible Director") shall be eligible to receive fees under this Plan.

2. Amount of Fees

(a) An Eligible Director who at the time of Retirement from the Board shall have attained age 70 shall be entitled to receive, for the remainder of the Director's lifetime, fees at an annual rate equal to the annual retainer in effect for non-employee directors of the Board at the time of such Retirement.

(b) An Eligible director who at the time of Retirement from the Board shall have attained age 60 but not age 70 shall be entitled to receive, for a period of time equal to the number of months such Director served as director of the Boards, fees at an annual rate equal to the annual retainer in effect for non-employee directors of the Board at

the time of such Retirement. Concurrent service on Boards shall be counted as service on a single board.

(c) Notwithstanding any other provision of this Plan, an Eligible Director who qualifies for the payment of fees under Paragraph 2(b) but not Paragraph 2(a), may, prior to his retirement, request the Board's Committee on Directors approve payment to him upon his Retirement of a lump-sum equal to the discounted present value of the total amount of fees which would be payable to the Eligible Director under Paragraph 2(b). The discounted present value shall be computed using the same mortality and discount rate assumptions used in the measurement of the Corporation's annual pension expense pursuant to Financial Accounting

Standards Board Statement No. 87 for the year in which the Director's retirement occurs.

(d) Fees paid in any calendar year shall be reduced by any other pension or retirement payment the Director or surviving spouse receives on account of service as a Director or employee under any other retirement plan or arrangement of the Corporation or any entity which controls or is controlled by the Corporation.

3. Time of Payment

The fees shall be paid to an Eligible Director commencing upon such Director's Retirement from the Board (a "Retired Director") in as nearly equal as possible quarterly installments at the same time as payments of annual retainers are made to non-employee directors serving on the Board at the time of the payment. If such payments are made to current directors more frequently than quarterly, then amounts due under the Plan shall be paid on such more frequent basis.

4. Services of Retired Director

A Retired Director receiving payments under the Plan (a) shall be available at such reasonable times and places as the Chairman of the Board of Directors may request to render consultative services and advice to the Corporation and (b) shall not engage in any activity in competition with the Corporation's business without prior written agreement of the Corporation. If a Retired Director fails to render such services and advice (unless physically unable to do so) or engages in such competition without agreement of the Corporation, the Corporation shall be entitled, at its option after considering all the circumstances, to suspend or terminate future payments to such Director under the Plan or to recover payments already made under the Plan. If an Eligible Director receives fees pursuant to Paragraph 2(c) of this Plan, the Eligible Director's obligations under this Paragraph 4 shall continue for a period of time equal to the number of months such Director served as a Director of the Boards.

5. Payments on Death

In the event of the death of an Eligible Director (before or after retirement) prior to receiving payments for a period equal to the lesser of (a) the total number of months of such Director's service on the Board, or (b) 120 months, such Retired Director's surviving lawful spouse, if any, will be entitled to such payments for the remainder of such lesser period or until such spouse's death, whichever occurs first. No payments shall, however, be made under this Paragraph 5 with respect to any Eligible Director who has received a lump sum payment under Paragraph 2(c).

6. Miscellaneous

(a) The right to receive any payment under the Plan shall not be transferable or assignable.

(b) The Corporation shall not be required to set aside funds for the payment of its obligations under the Plan.

(c) Nothing in the Plan shall create any benefit, cause of action, right of sale, transfer, assignment, pledge, encumbrance, or other such right in any heirs or the estate of any Retired Director.

(d) The Board may at any time amend or terminate the Plan provided that no amendment or termination shall impair the rights of an Eligible Director to receive upon retirement from the Board the payments which would have been made to such Director had the Plan not been amended or terminated (based upon such Director's service on the Board, to the date of such amendment or termination) or the rights of a Retired Director (or such Director's surviving spouse) to receive any remaining payments due under the Plan.

(e) Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any Director for reelection by the Corporation's shareholders.

(f) Any questions involving entitlement to payments under the Plan shall be referred to the Committee on Directors of the Board or any successor thereto (the "Committee") for resolution. The determination of such Committee shall be conclusive. Such Committee may obtain such advice or assistance, as it deems appropriate from persons not serving on the Committee.

(f) As used in the Plan, "Retirement" shall include any termination of service (other than by death) of an Eligible Director after the effective date of this Plan except any termination which the Committee determines to have resulted from gross cause. "Gross cause" shall include fraud, misappropriation of or intentional misconduct damaging to the property or business of the Corporation or any of its subsidiaries, or commission of a felony directed against the Corporation.

EXHIBIT 10.5

CIGNA CORPORATION
STOCK PLAN
(As Amended and Restated through February 24, 1999)

ARTICLE 1
Statement of Purpose

The CIGNA Corporation Stock Plan (the "Plan") is intended to reward and provide incentives for key employees of CIGNA Corporation and its Subsidiaries by providing them with an opportunity to acquire an equity interest in CIGNA Corporation, thereby increasing their personal interest in its continued success and progress. It also is intended to aid the Company in attracting key personnel of exceptional ability.

ARTICLE 2
Definitions

2.1 Defined Terms. For all purposes of this Plan, except as otherwise expressly provided or defined herein or unless the context otherwise requires, the terms defined in this Article shall have the following meanings:

"Board of Directors" means either the board of directors of CIGNA Corporation or any duly authorized committee of that board.

"Change of Control" means:

(I) a corporation, person or group acting in concert as described in Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), holds or acquires beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act of a number of preferred or common shares of CIGNA Corporation having voting power which is either (I) more than 50% of the voting power of the shares which voted in the election of directors of CIGNA Corporation at the shareholders' meeting immediately preceding such determination, or (ii) more than 25% of the voting power of CIGNA Corporation's outstanding common shares; or

(ii) as a result of a merger or consolidation to which CIGNA Corporation is a party, either (I) CIGNA Corporation is not the surviving corporation or (ii) Directors of CIGNA Corporation immediately prior to the merger or consolidation constitute less than a majority of the Board of Directors of the surviving corporation; or

(iii) a change occurs in the composition of the Board at any time during any consecutive 24-month period such that the "Continuity Directors" cease for any reason to constitute a majority of the Board. For purposes of the preceding sentence "Continuity Directors" shall mean those members of the Board who either: (I) were directors at the beginning of such consecutive 24-month period; or (ii) were elected by, or on nomination or recommendation of, at least a majority (consisting of at least nine directors) of the Board.

"Committee" means the People Resources Committee of the Board of Directors or any successor committee with responsibility for compensation. The number of Committee members and their qualifications shall at all times be sufficient to meet the requirements of Securities and Exchange Commission Rule 16b-3 as in effect from time to time.

"Common Stock" means the common stock, par value $1 per share, of CIGNA Corporation.

"Company" means CIGNA Corporation, a Delaware corporation, and/or its Subsidiaries.

"Deferred Compensation Account" means a separate account established pursuant to a Deferred Compensation Plan.

"Deferred Compensation Plan" means and refers to a deferred compensation plan of the Company which has been designated by the Committee as a "Deferred Compensation Plan" for purposes of this Plan.

"Disability" means permanent and total disability as defined in Section 22(e)(3) of the Internal Revenue Code.

"Early Retirement" means a Termination of Employment, after appropriate notice to the Company, (I) on or after age 55 and before age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee or officers of the Company designated by the Board of Directors or the Committee.

"Eligible Employee" means a salaried officer or other key employee of the Company who (I) occupies a position with the Company that has been designated by the Committee as an eligible position for participation in this Plan or (ii) has been specifically authorized or designated by the Committee to participate in this Plan.

"Fair Market Value" means the mean between the highest and lowest quoted selling prices as reported on the Composite Tape (or other successor means of publishing stock prices) on the date as of which any determination of such value is or is required to be made, or, if the Composite Tape or such successor publication is not published on such date, on the next preceding date of publication. In the absence of such sales, Fair Market Value shall be determined by the Committee, which shall take into account all relevant facts and circumstances.

"Incentive Stock Option" means a stock option granted in accordance with Section 422A of the Internal Revenue Code.

"Participant" means an Eligible Employee to whom any one or more of the awards authorized in this Plan shall have been granted.

"Payment Date" means the date that payment of an award pursuant to a Qualifying Incentive Plan, or of a benefit pursuant to a Qualifying Supplemental Benefit Plan, is made or would have been made but for deferral pursuant to Section 3.7(b).

"Qualifying Incentive Plan" means any Company bonus plan, short-term or long-term incentive compensation plan or any other incentive compensation arrangement, including but not limited to the Company's Performance Recognition Award Program.

"Qualifying Supplemental Benefit Plan" means any plan of the Company pursuant to which benefits which would have been paid under a tax qualified retirement plan but for legal limitations are payable in cash to eligible employees of the Company.

"Retirement" means a Termination of Employment, after appropriate notice to the Company, (I) on or after age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee, or officers of the Company designated by the Board of Directors or the Committee.

"Subsidiary" means any corporation of which more than 50% of the total combined voting power of all classes of stock entitled to vote, or other equity interest, is directly or indirectly owned by CIGNA Corporation; or a partnership, joint venture or other unincorporated entity of which more than a 50% interest in the capital, equity or profits is directly or indirectly owned by CIGNA Corporation.

"Termination for Cause" means a Termination of Employment initiated by the Company on account of the conviction of Participant of a felony involving fraud or dishonesty directed against the Company.

"Termination of Employment" means the termination of the Participant's active employment relationship with the Company, unless otherwise expressly provided by the Committee, or the occurrence of a transaction by which the Participant's employing Company ceases to be a Subsidiary.

"Termination Upon a Change of Control" means a Termination of Employment upon or within two years after a Change of Control (I) initiated by the Company or a successor corporation other than pursuant to Termination for Cause or (ii) initiated by the Participant and pursuant to the Participant's certification that the Change of Control has rendered him unable to perform the duties and responsibilities of the position he held immediately prior to the Change of Control by adverse changes in his authority, compensation, office location, duties, responsibilities, or title.

2.2 General. Certain terms are defined in other Articles of this Plan. The terms defined in this Article and elsewhere in this Plan shall include the feminine as well as the masculine gender and the plural as well as the singular, as the context in which they are used requires.

ARTICLE 3
Authorized Stock Incentive Awards

3.1 Authorized Awards. The awards authorized are as follows:

(a) stock options,

(b) stock appreciation rights,

(c) restricted stock grants,

(d) dividend equivalent rights, and

(e) Common Stock in lieu of cash or other awards payable under a Qualifying Incentive Plan or Qualifying Supplemental Benefit Plan.

3.2 General Powers of the Committee. Subject to the provisions of this Plan, the Committee is authorized and empowered in its sole discretion to select Participants and to grant to them any one or more of the awards authorized above in such amounts and combinations and upon such terms and conditions as it shall determine.

3.3 Stock Options. (Paragraphs (d), (f), (g) and (h) below apply only to options granted on or after February 24, 1999.) The Committee shall have the authority to grant Eligible Employees options to purchase Common Stock upon such terms and conditions as it shall establish, including restrictions on the right to exercise options, subject in all events to the following limitations and provisions of general application:

(a) The option price per share of any option shall not be less than the Fair Market Value on the date of grant. The option price may be paid in cash or, if the Committee so provides, in Common Stock (including Common Stock subject to a Restricted Period pursuant to Section 3.5(a)). Common Stock used to pay the option price shall be valued using the Fair Market Value on the date of exercise. To the extent the option price is paid in shares of restricted stock, an equal number of the shares of Common Stock purchased upon exercise of the option shall be subject to identical restrictions which shall continue in effect for the remaining part of the Restricted Period applicable to the restricted stock used to pay the option price.

(b) No option shall be for a term of more than 10 years from the date of grant.

(c) No option may be exercised during a leave of absence except to the extent exercisable immediately prior to commencement of the leave of absence, unless otherwise expressly provided by the Committee.

(d) Except as provided elsewhere in this Section 3.3, in the event of Termination of Employment (including termination during an approved leave of absence) for any reason of a Participant holding an outstanding option, the term of the option shall expire on the earlier of the date of Termination of Employment or the expiration date set forth in the option.

(e) In the event of Termination of Employment due to death or Disability (including death or Disability during an approved leave of absence) of a Participant holding an outstanding Incentive Stock Option, the option shall be fully exercisable immediately and the term of the option shall expire on the earlier of 12 months from the date of Termination of Employment or the expiration date set forth in the option.

(f) In the event of Termination of Employment due to death, Disability, Early Retirement or Retirement (including such termination during an approved leave of absence) of a Participant holding an outstanding option other than an Incentive Stock Option, the option shall immediately become exercisable upon Participant's Termination of Employment and shall remain fully exercisable until (1) the expiration date set forth in the Option if, within six months before the Termination of Employment date, the Participant was an Executive Officer subject to the requirements of Section 16(a) of the Securities Exchange Act of 1934 or (2) the earlier of the expiration date set forth in the Option or the third anniversary of Participant's Termination of Employment.

(g) In the event of Termination of Employment due to Early Retirement or Retirement (including during an approved leave of absence) of a Participant holding an outstanding Incentive Stock Option or Termination of Employment Upon a Change of Control of a Participant holding an outstanding option, the term of the option shall expire on the earlier of 3 months from the date of Termination of Employment or the expiration date set forth in the option.

(h) Notwithstanding the provisions of Section 3.3(f), in the event of a Termination of Employment due to Early Retirement (including during an approved leave of absence) of a Participant holding an outstanding option, the Committee or its designee may, in its or his sole discretion, curtail the exercise period of the option from the expiration date set forth in the option to any earlier date up to and including the date of Participant's Termination of Employment.

3.4 Stock Appreciation Rights. The Committee shall have the authority to grant stock appreciation rights to Eligible Employees who are granted options under this Plan upon such terms and conditions as it shall establish, subject in all events to the following limitations and provisions of general application:

(a) Each right shall relate to a specific option granted under this Plan and shall be granted to the optionee either concurrently with the grant of such option or at such later time as determined by the Committee.

(b) The right shall entitle an optionee to receive a number of shares of Common Stock, without payment to the Company, determined by dividing--(1) the total number of shares which the optionee is eligible to purchase as of the exercise date under the related option multiplied by the amount by which the Fair Market Value of a share of Common Stock on the exercise date of the right exceeds the Fair Market Value of a share of Common Stock on the date, as determined by the Committee, that the right or related option was granted to the optionee; by (2) the Fair Market Value of a share of Common Stock on the exercise date.

(c) In lieu of issuing shares on an exercise of a right, the Committee may elect to pay the cash equivalent of the Fair Market Value on the date of exercise of any or all the shares which would otherwise be issuable pursuant to such exercise.

(d) Shares under an option to which a right is related shall be used not more than once to calculate a number of shares or cash to be received pursuant to an exercise of such right.

(e) The number of shares which may be purchased pursuant to an exercise of the related option will be reduced to the extent such shares are used in calculating the number of shares or cash to be received pursuant to an exercise of a related right.

(f) In the event of Termination of Employment of a Participant holding an outstanding right, the right shall be exercisable only to the extent and upon the conditions that its related option is exercisable.

3.5 Restricted Stock Grants. The Committee shall have the authority to award Common Stock to Eligible Employees by grant (a "Grant") upon such terms and conditions as it shall establish, subject in all events to the following limitations, restrictions and provisions of general application:

(a) Except as expressly provided below, the Common Stock awarded by a Grant shall not be sold, transferred, assigned, pledged or otherwise disposed of by the Participant during the period or periods established by the Committee (each such period, a "Restricted Period"). Common Stock subject to a Restricted Period may be used to exercise options pursuant to Section 3.3(a). The Committee may establish different Restricted Periods applicable to such number of the shares of Common Stock evidenced by a single Grant as it deems appropriate.

(b) The Common Stock awarded by a Grant shall be issued by the Company as of the date of the Grant. During the Restricted Period, the Participant shall be entitled to vote the shares. Shares issued as a consequence of stock dividends, splits or reclassifications shall be issued subject to the same limitations, restrictions and provisions applicable to the Common Stock with respect to which they are issued.

(c) In the event of Termination of Employment of a Participant during a Restricted Period, except Termination Upon a Change of Control or termination by reason of death or Disability, ownership of the Common Stock subject to any Restricted Period at the date of Termination of Employment and all rights therein shall be forfeited to the Company, unless otherwise expressly provided by the Committee. In the event of Termination of Employment by reason of Retirement of a Participant during a Restricted Period, the Committee or its designee in the sole discretion of either may provide, before the Participant's Retirement, that the Restricted Period applicable to any outstanding Grant at the date of Retirement shall lapse immediately upon the Participant's Retirement.

(d) In the event of Termination Upon a Change of Control or Termination of Employment by reason of death or Disability of a Participant during a Restricted Period, the Restricted Period applicable to any outstanding Grant at the date of Termination of Employment shall lapse immediately.

(e) The effect of approved leaves of absence on the running of applicable Restricted Periods shall be determined by the Committee, provided, however, that no Restricted Period shall lapse during an approved leave of absence unless expressly provided by the Committee.

(f) Notwithstanding the other provisions of this Section 3.5, options which have been granted under this Plan to any Company employees who become employed by Lincoln National Corporation or one or more of its subsidiaries or affiliates on or about January 1, 1998 as a result of the sale of the assets of the CIGNA Individual Insurance Division and which options remain unexercised and unexpired as of December 31, 1997, shall not expire before the earlier of (1) 10 years from the date of grant or (2) the later of the close of business on March 31, 1998 or ninety (90) days following the closing of such sale of assets.

3.6 Dividend Equivalent Rights. The Committee shall have the authority to grant dividend equivalent rights to Eligible Employees upon such terms and conditions as it shall establish, subject in all events to the following limitations and provisions of general application:

(a) Each right may relate to a specific option granted under this Plan and may be granted to the optionee either concurrently with the grant of such option or at such later time as determined by the Committee, or each right may be granted independent of any option.

(b) The right shall entitle a holder to receive, for a period of time to be determined by the Committee, a payment equal to the quarterly dividend declared and paid by the Company on one share of Common Stock. If the right relates to a specific option, the period shall not extend beyond the earliest of the date the option is exercised, the date any stock appreciation right related to the option is exercised, or the expiration date set forth in the option.

(c) The Committee shall determine at time of grant whether payment pursuant to a right shall be immediate or deferred and whether it shall be in the form of cash or Common Stock, or a combination of cash and Common Stock. If immediate, the Company shall make payments pursuant to each right within 90 days after the Company has paid the quarterly dividend to holders of Common Stock. If deferred, the payments shall accumulate (with interest computed in a manner to be determined by the Committee) until a date or event

specified by the Committee and then shall be made within 90 days after the occurrence of the specified date or event, unless the right is forfeited under the terms of the Plan.

(d) In the event of Termination of Employment (including termination during an approved leave of absence) of a Participant for any reason, any dividend equivalent right held by such Participant at Termination of Employment shall be forfeited, unless otherwise expressly provided by the Committee.

3.7 Common Stock in Lieu of Other Awards. The Committee shall have the authority to award an Eligible Employee Common Stock, including Common Stock awarded by a Grant under Section 3.5, (collectively referred to as a "Stock Payment") in lieu of all or a portion (determined by the Committee) of an award otherwise payable pursuant to a Qualifying Incentive Plan or Qualifying Supplemental Benefit Plan. The Stock Payment shall comprise the number of shares of Common Stock that have an aggregate Fair Market Value, determined as of the Payment Date, equal to the amount of the award in lieu of which the Stock Payment is made. All Stock Payments shall be subject to the following limitations and provisions of general application:

(a) Unless the Committee, in its sole discretion, provides otherwise, a Stock Payment which has been awarded to a Participant who dies or whose employment otherwise terminates before the Payment Date, shall be paid in the form of Common Stock to the Participant (or to his spouse or estate).

(b) The right to receive all or a portion of Stock Payments in the form of Common Stock shall be deferred if the Participant has elected to defer the award otherwise payable in cash under a Deferred Compensation Plan, subject to the provisions of such Deferred Compensation Plan.

ARTICLE 4
Shares Authorized under the Plan

4.1 Maximum Number Authorized. The number of shares of Common Stock Authorized to be issued pursuant to stock options, rights, Grants or Stock Payments awarded under this Plan is 3,500,000.

4.2 Maximum Number Per Participant. No more than 10% of the maximum number of shares of Common Stock authorized pursuant to this Plan shall be acquired by any one Participant by way of option (including Common Stock subject to option), right, Grant or Stock Payment under this Plan.

4.3 Unexercised Options, Grant Forfeitures and Options Exercised with Common Stock.

(a) All Common Stock (1) under options granted under this Plan which expire or are canceled or surrendered or (2) which is forfeited pursuant to Section 3.5, shall be available for further awards under this Plan upon such expiration, cancellation, surrender or forfeiture; and

(b) Any Common Stock which is used by a Participant as full or partial payment to the Company for the purchase of Common Stock acquired upon exercise of a stock option granted under this Plan, and any shares withheld by the Company to satisfy a Participant's tax withholding obligations, shall be available for further

awards under this Plan.

4.4 No Fractional Shares. No fractional shares of Common Stock shall be issued pursuant to this Plan.

4.5 Source of Shares. Common Stock may be issued from authorized but unissued shares or out of shares held in CIGNA Corporation's treasury, or both.

ARTICLE 5
Antidilution Provisions

Except as otherwise expressly provided herein, the following provisions shall apply to all Common Stock authorized for issuance, and options, granted or awarded under this Plan:

5.1 Stock Dividends, Splits, Etc. In the event of a stock dividend, stock split, or other subdivision or combination of the Common Stock, the number of shares of Common Stock authorized under this Plan will be adjusted proportionately. Similarly, in any such event there will be a proportionate adjustment in the number of shares of Common Stock subject to unexercised stock options (but without adjustment to the aggregate option price) and in the number of shares of Common Stock then subject to Restricted Periods under a Grant.

5.2 Merger, Exchange or Reorganization. In the event that the outstanding shares of Common Stock are changed or converted into, exchanged or exchangeable for, a different number or kind of shares or other securities of CIGNA Corporation or of another corporation, by reason of a reorganization, merger, consolidation, reclassification or combination, appropriate adjustment shall be made by the Committee in the number of shares and kind of Common Stock for which options, rights, Grants and Stock Payments may be or may have been awarded under this Plan, to the end that the proportionate interests of Participants shall be maintained as before the occurrence of such event, provided, however, that in the event of any contemplated transaction which may constitute a Change of Control of CIGNA Corporation, the Committee, with the approval of a majority of the members of the Board of Directors who are not then Participants, may modify any and all outstanding options, rights, Grants and Stock Payments (except those deferred pursuant to Section 3.7(b)), so as to accelerate, as a consequence of or in connection with such transaction, the vesting of a Participant's right to exercise any such options or stock appreciation right or the unqualified ownership of Common Stock subject to a Grant or the accelerated payment of any deferred dividend equivalent rights.

ARTICLE 6
Administration of Plan

6.1 General Administration. The Plan is to be administered by the Committee, subject to such requirements for review and approval by the Board of Directors as the Board of Directors may establish.

6.2 Administrative Rules. The Committee shall have the power and authority to adopt, amend and rescind administrative guidelines, rules and regulations pertaining to this Plan and to interpret and rule on any questions respecting any provision of this Plan.

6.3 Committee Members Not Eligible. No member of the Committee shall be eligible to participate in this Plan.

6.4 Decisions Binding. Decisions of the Committee concerning this Plan shall be binding on CIGNA Corporation and its Subsidiaries and their respective boards of directors, and on all Eligible Employees and Participants.

ARTICLE 7
Amendments

All amendments to this Plan shall be in writing and shall be effective when approved by the Board of Directors, provided, however, that an amendment shall not be effective without the prior approval of the shareholders of CIGNA Corporation if such approval is necessary under Internal Revenue Service or Securities and Exchange Commission regulations, or the rules of the New York Stock Exchange or any applicable law. The Board of Directors may make any changes required to conform this Plan and option agreements with applicable provisions of the Internal Revenue Code or regulations thereunder pertaining to Incentive Stock Options. Unless otherwise expressly provided by an amendment or the Board of Directors, no amendment to this Plan shall apply to grants of options, rights or Restricted Stock made before the effective date of the amendment.

ARTICLE 8
Other Provisions

8.1 Effective Date. This Plan is effective on May 1, 1991 (the "Effective Date").

8.2 Duration of the Plan. The Plan shall remain in effect until all options and rights granted under this Plan have been satisfied by the issuance of Common Stock, or terminated under the terms of this Plan, provided that options, rights, Grants and Stock Payments under this Plan must be awarded on or after the Effective Date.

8.3 Early Termination. Notwithstanding the provisions of Section 8.2, the Board of Directors may terminate this Plan at any time; but no such action by the Board of Directors shall adversely affect the rights of Participants which exist under this Plan immediately before its termination.

8.4 General Restriction. No Common Stock issued pursuant to this Plan shall be sold or distributed by a Participant until all appropriate listing, registration and qualification requirements and consents and approvals have been obtained, free of any condition unacceptable to the Board of Directors.

8.5 Awards Not Assignable.

(a) No derivative security (as defined in rules promulgated under Section 16 of the Securities Exchange

Act of 1934), including any right to receive Common Stock (such as options, stock appreciation rights or similar rights) or any right to payment pursuant to this Plan, shall be assignable or transferable by a Participant except by will or by the laws of descent and distribution. Any other attempted assignment or alienation shall be void and of no force or effect. Any right to receive Common Stock or any other derivative security (including options, stock appreciation rights or similar rights) shall be exercisable during a Participant's lifetime only by the Participant or by the Participant's guardian or legal representatives.

(b) Notwithstanding the restrictions set forth above in Section 8.5(a), the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment of an existing grant, including, without limitation, grants made before the effective date of this Section 8.5(b)) derivative securities which may be transferred without consideration by the Participant during his lifetime to any member of his immediate family, to a trust established for the exclusive benefit of one or more members of his immediate family, to a partnership of which the only partners are members of his immediate family, or to such other person as the Committee shall permit. In the case of a grant, the written documentation containing the terms and conditions of such derivative security shall state that it is transferable, and in the case of an amendment to an existing grant, such amendment shall be in writing. A derivative security transferred as contemplated in this Section 8.5(b) may not be subsequently transferred by the transferee except by will or the laws of descent and distribution and shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant grant. However, the Committee, in its sole discretion at the time the transfer is approved, may alter the terms and limitations of the relevant grant and establish such additional terms and conditions as it shall deem appropriate. As used in this subparagraph, "immediate family" shall mean, with respect to any person, a spouse, any child, stepchild or grandchild, and shall include relationships arising from legal adoption.

8.6 Withholding Taxes. Whenever Common Stock is to be issued or delivered in satisfaction of options or other awards granted hereunder, the Company shall have the right to require the Participant to remit an amount sufficient to satisfy federal, state and local withholding taxes prior to delivery of any certificate for such shares. The Committee may require, or permit, the Participant to remit such amount in whole or in part in Common Stock. If the Committee permits a Participant to elect to remit such amount in Common Stock, any such election shall be made on or prior to the date the withholding obligation arises and be subject to the disapproval of the Committee. The Committee may establish such additional conditions as it deems appropriate. If the Participant remits such amount in Common Stock, the number of shares of Common Stock delivered to or on behalf of a Participant shall be reduced by the number of shares so remitted. Common Stock so remitted shall be valued using the Fair Market Value of Common Stock as of the date the withholding obligation arises.

8.7 Safekeeping of Certificates. The certificate evidencing Common Stock awarded by a restricted stock grant or purchased upon exercise of an option shall be retained for safekeeping by the Company, or by a custodian appointed by the Company, except the Committee may in its discretion cause the certificate to be delivered to the Participant after a restricted stock grant or a purchase upon exercise of an option. The Company will deliver any such retained certificates that are not subject to a Restricted Period to the Participant within a reasonable period after a Participant requests delivery of such certificates.

Exhibit 10.6(a)

CIGNA CORPORATION
EXECUTIVE STOCK INCENTIVE PLAN
(AMENDED AND RESTATED EFFECTIVE AS OF MARCH 23, 1988)

ARTICLE 1
Statement of Purpose

The CIGNA Corporation Executive Stock Incentive Plan (the "Plan") is intended to reward and provide incentives for key employees of CIGNA Corporation and its Subsidiaries by providing them with an opportunity to acquire an equity interest in CIGNA Corporation, thereby increasing their personal interest in its continued success and progress. It also is intended to aid the Company in attracting key personnel of exceptional ability.

ARTICLE 2
Definitions

2.1 Defined Terms. For all purposes of this Plan, except as otherwise expressly provided or defined herein or unless the context otherwise requires, the terms defined in this Article shall have the meanings assigned to them as follows:

"Board of Directors" means either the board of directors of CIGNA Corporation or any duly authorized committee of that board.

"Change of Control" means:

(i) a corporation, person or group acting in concert as described in Section 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), holds or acquires beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act of a number of preferred or common shares of CIGNA Corporation having voting power which is either (i) more than 50% of the voting power of the shares which voted in the election of directors of CIGNA Corporation at the shareholders' meeting immediately preceding such determination, or (ii) more than 25% of the voting power of CIGNA Corporation's outstanding common shares; or

(ii) as a result of a merger or consolidation to which CIGNA Corporation is a party, either (i) CIGNA Corporation is not the surviving corporation or (ii) Directors of CIGNA Corporation immediately prior to the merger or consolidation constitute less than a majority of the Board of Directors of the surviving corporation; or

(iii) a change occurs in the composition of the Board at any time during any consecutive 24-month period such that the "Continuity Directors" cease for any reason to constitute a majority of the Board. For purposes of the preceding sentence "Continuity Directors" shall mean those members of the Board who either: (i) were directors at the beginning of such consecutive 24-month period; or (ii) were elected by, or on nomination or recommendation of, at least a majority (consisting of at least nine directors) of the Board.

"Committee" means the People Resources Committee of the Board of Directors or any successor committee with responsibility for compensation.

"Common Stock" means the common stock, par value $1 per share, of CIGNA Corporation.

"Company" means CIGNA Corporation, a Delaware corporation, and/or its Subsidiaries.

"Deferred Compensation Account" means a separate account established pursuant to a Deferred Compensation Plan.

"Deferred Compensation Plan" means and refers to a deferred compensation plan of the Company which has been designated by the Committee as a "Deferred Compensation Plan" for purposes of this Plan.

"Disability" means permanent and total disability as defined in Section 22(e)(3) of the Internal Revenue Code.

"Early Retirement" means a Termination of Employment, after appropriate notice to the Company, (i) on or after age 55 and before age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee or officers of the Company designated by the Board of Directors or the Committee.

"Eligible Employee" means a salaried officer or other key employee of the Company who (i) occupies a position with the Company that has been designated by the Committee as an eligible position for participation in this Plan or (ii) has been specifically authorized or designated by the Committee to participate in this Plan.

"Fair Market Value" means the mean between the highest and lowest quoted selling prices as reported on the Composite Tape (or other successor means of publishing stock prices) on the date as of which any determination of such value is or is required to be made, or, if the Composite Tape or such successor publication is not published on such date, on the next preceding date of publication. In the absence of such sales, Fair Market Value shall be determined by the Committee, which shall take into account all relevant facts and circumstances.

"Incentive Stock Option" means a stock option granted in accordance with Section 422A of the Internal Revenue Code.

"Participant" means an Eligible Employee to whom any one or more of the awards authorized in this Plan shall have been granted.

"Qualifying Incentive Plan" means any bonus plan or other incentive compensation plan of the Company, pursuant to which awards payable in cash are or are authorized to be made to employees of the Company.

"Restatement Date" means the date this Plan was amended and restated March 23, 1988.

"Retirement" means a Termination of Employment, after appropriate notice to the Company, (i) on or after age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee, or officers of the Company designated by the Board of Directors or the Committee.

"Subsidiary" means any corporation of which more than 50% of the total combined voting power of all classes of stock entitled to vote, or other equity interest, is directly or indirectly owned by CIGNA Corporation; or a partnership, joint venture or other unincorporated entity of which more than a 50% interest in the capital, equity or profits is directly or indirectly owned by CIGNA Corporation.

"Termination for Cause" means a Termination of Employment initiated by the Company on account of the conviction of Participant of a felony involving fraud or dishonesty directed against the Company.

"Termination of Employment" means the termination of the Participant's active employment relationship with the Company, unless otherwise expressly provided by the Committee, or the occurrence of a transaction by which the Participant's employing Company ceases to be a Subsidiary.

"Termination Upon a Change of Control" means a Termination of Employment upon or within two years after a Change of Control (i) initiated by the Company or a successor corporation other than pursuant to Termination for Cause or (ii) initiated by the Participant and pursuant to the Participant's certification that the Change of Control has rendered him unable to perform the duties and responsibilities of the position he held immediately prior to the Change of Control by adverse changes in his authority, compensation, office location, duties, responsibilities, or title.

2.2 General. Certain terms are defined in other Articles of this Plan. The terms defined in this

Article and elsewhere in this Plan shall include the feminine as well as the masculine gender and the plural as well as the singular, as the context in which they are used requires.

ARTICLE 3
Authorized Stock Incentive Awards

3.1 Authorized Awards. The awards authorized are as follows:

(a) stock options,

(b) stock appreciation rights,

(c) restricted stock grants, and

(d) Common Stock in lieu of cash payable under a Qualifying Incentive Plan.

3.2 General Powers of the Committee. Subject to the provisions of this Plan, the Committee is authorized and empowered in its sole discretion to select Participants and to grant to them any one or more of the awards authorized above in such amounts and combinations and upon such terms and conditions as it shall determine.

3.3 Stock Options. The Committee shall have the authority to grant Eligible Employees options to purchase Common Stock upon such terms and conditions as it shall establish, subject in all events to the following limitations and provisions of general application:

(a) The option price per share of any option shall not be less than the Fair Market Value on the date of grant. The option price may be paid in cash or, if the Committee so provides, in Common Stock (including Common Stock subject to a Restricted Period pursuant to Section 3.5(a)). Common Stock used to pay the option price shall be valued using the Fair Market Value on the date of exercise. To the extent the option price is paid in shares of restricted stock, an equal number of the shares of Common Stock purchased upon exercise of the option shall be subject to identical restrictions which shall continue in effect for the remaining part of the Restricted Period applicable to the restricted stock used to pay the option price.

(b) No option shall be for a term of more than 10 years from the date of grant.

(c) No option may be exercised during a leave of absence except to the extent exercisable immediately prior to commencement of the leave of absence, unless otherwise expressly provided by the Committee.

(d) In the event of Termination of Employment (including termination during an approved leave of absence) of a Participant holding an outstanding option (including options outstanding on April 22, 1987) for any reason other than death, Disability, Early Retirement, or Retirement, the term of the option shall

expire on the earlier of 3 months from the date of Termination of Employment or the expiration date set forth in the option.

(e) In the event of Termination of Employment due to death, Disability, Early Retirement, or Retirement (including death, Disability, Early Retirement, or Retirement during an approved leave of absence) of a Participant holding an outstanding option (including options outstanding on April 22, 1987), the option shall be fully exercisable until the earlier of 3 years from the date of Termination of Employment due to death, Disability, Early Retirement, or Retirement, or the expiration date set forth in the option.

3.4 Stock Appreciation Rights. The Committee shall have the authority to grant stock appreciation rights to Eligible Employees who are granted options under this Plan upon such terms and conditions as it shall establish, subject in all events to the following limitations and provisions of general application:

(a) Each right shall relate to a specific option granted under this Plan and shall be granted to the optionee either concurrently with the grant of such option or at such later time as determined by the Committee.

(b) The right shall entitle an optionee to receive a number of shares of Common Stock, without payment to the Company, determined by dividing --

(1) the total number of shares which the optionee is eligible to purchase as of the exercise date under the related option multiplied by the amount by which the Fair Market Value of a share of Common Stock on the exercise date of the right exceeds the Fair Market Value of a share of Common Stock on the date, as determined by the Committee, that the right or related option was granted to the optionee; by

(2) the Fair Market Value of a share of Common Stock on the exercise date.

(c) In lieu of issuing shares on an exercise of a right, the Committee may elect to pay the cash equivalent of the Fair Market Value on the date of exercise of any or all the shares which would otherwise be issuable pursuant to such exercise.

(d) Shares under an option to which a right is related shall be used not more than once to calculate a number of shares or cash to be received pursuant to an exercise of such right.

(e) The number of shares which may be purchased pursuant to an exercise of the related option will be reduced to the extent such shares are used in calculating the number of shares or cash to be received pursuant to an exercise of a related right.

(f) In the event of Termination of Employment of a Participant holding an outstanding right, the right shall be exercisable only to the extent and upon the conditions that its related option is exercisable.

3.5 Restricted Stock Grants. The Committee shall have the authority to award Common Stock to Eligible Employees by grant (a "Grant") upon such terms and conditions as it shall establish, subject in all events to the following limitations, restrictions and provisions of general application:

(a) Except as expressly provided below, the Common Stock awarded by a Grant shall not be sold, transferred, assigned, pledged or otherwise disposed of by the Participant during the period or periods established by the Committee (each such period, a "Restricted Period"). Common Stock subject to a Restricted Period may be used to exercise options pursuant to Section 3.3(a). The Committee may establish different Restricted Periods applicable to such number of the shares of Common Stock evidenced by a single Grant as it deems appropriate. At the time of Grant no Restricted Period shall be less than 1 year or more than 10 years from the date of the Grant.

(b) The Common Stock awarded by a Grant shall be issued as of the date of the Grant. During the Restricted Period, the Participant shall be entitled to vote the shares. Shares issued as a consequence of stock dividends, splits or reclassifications shall be issued subject to the same limitations, restrictions and provisions applicable to the Common Stock with respect to which they are to be issued.

(c) In the event of Termination of Employment of a Participant during a Restricted Period, except Termination Upon a Change of Control or termination by reason of death, Disability or Retirement, ownership of the Common Stock subject to any Restricted Period at the date of Termination of Employment and all rights therein shall be forfeited to the Company, unless otherwise expressly provided by the Committee.

(d) In the event of Termination Upon a Change of Control or Termination of Employment by reason of death, Disability or Retirement of a Participant during a Restricted Period, the Restricted Period applicable to any outstanding Grant at the date of Termination of Employment shall lapse immediately.

(e) The effect of approved leaves of absence on the running of applicable Restricted Periods shall be determined by the Committee, provided, however, that no Restricted Period shall lapse during an approved leave of absence unless expressly provided by the Committee.

3.6 Common Stock in Lieu of Cash. The Committee shall have the authority to award an Eligible Employee Common Stock (a "Stock Payment") in lieu of all or a portion (determined by the Committee) of an award otherwise payable in cash pursuant to a Qualifying Incentive Plan. The number of shares of Common Stock comprising the Stock Payment shall have an aggregate Fair Market Value, determined as of the date payment of the award pursuant to the Qualifying Incentive Plan is made or, but for deferral pursuant to paragraph (b) below, would have been made (the "Payment Date"), equal to the amount of cash in lieu of which the Stock Payment is made. All Stock Payments shall be subject to the following limitations and provisions of general application:

(a) Stock Payments shall not be made to any Participant whose employment terminates for any reason before the Payment Date or to the heirs of an Eligible Employee who dies before the Payment Date. In any such event, the entire

award, in lieu of a portion of which a Stock Payment was to be made, shall be paid to such Participant or his personal representative, as the case may be, in cash.

(b) The right to receive all or a portion of Stock Payments may be deferred by a Participant under a Deferred Compensation Plan, subject to the following provisions: (i) the aggregate Fair Market Value of the Stock Payment so deferred shall be hypothetically invested (within the meaning of the Deferred Compensation Plan) in the number of shares of Common Stock (as adjusted to reflect stock dividends, splits and reclassifications) comprising the Stock Payment, (ii) an amount equal to cash dividends which otherwise would have been paid on the Stock Payment if it were not so hypothetically invested, also will be deemed to have been paid and hypothetically invested pursuant to the Deferred Compensation Plan, and (iii) a certificate evidencing the number of shares of Common Stock (as so adjusted) comprising the Stock Payment shall not be issued or delivered to the Participant until payment of his Deferred Compensation Account is made pursuant to the Deferred Compensation Plan.

ARTICLE 4
Shares Authorized under the Plan

4.1 Maximum Number Authorized. The number of shares of Common Stock Authorized to be issued pursuant to stock options, rights, Grants or Stock Payments awarded under this Plan is 2,500,000.

4.2 Maximum Number Per Participant. No more than 10% of the maximum number of shares of Common Stock authorized pursuant to this Plan shall be acquired by any one Participant by way of option (including Common Stock subject to option), right, Grant or Stock Payment under this Plan.

4.3 Unexercised Options and Grant Forfeitures. All Common Stock (i) under options granted under this Plan which expire, or (ii) which is forfeited pursuant to Section 3.5, shall be available for further awards upon such expiration and forfeiture.

4.4 No Fractional Shares. No fractional shares of Common Stock shall be issued pursuant to this Plan.

4.5 Source of Shares. Common Stock may be issued from authorized but unissued shares or out of shares held in CIGNA Corporation's treasury, or both.

ARTICLE 5
Antidilution Provisions

Except as otherwise expressly provided herein, the following provisions shall apply to all Common Stock authorized for issuance, and options, granted or awarded under this Plan:

5.1 Stock Dividends, Splits, Etc. In the event of a stock dividend, stock split, or other subdivision or combination of the Common Stock, the number of shares of Common Stock authorized under this Plan will be adjusted proportionately. Similarly, in any such event there will be a proportionate adjustment in the number of shares of Common Stock subject to unexercised stock options (but without adjustment to the aggregate option price) and in the number of shares of Common Stock then subject to Restricted Periods under a Grant.

5.2 Merger, Exchange or Reorganization. In the event that the outstanding shares of Common Stock are changed or converted into, exchanged or exchangeable for, a different number or kind of shares or other securities of CIGNA Corporation or of another corporation, by reason of a reorganization, merger, consolidation, reclassification or combination, appropriate adjustment shall be made by the Committee in the number of shares and kind of Common Stock for which options, rights, Grants and Stock Payments may be or may have been awarded under this Plan, to the end that the proportionate interests of Participants shall be maintained as before the occurrence of such event, provided, however, that in the event of any contemplated transaction which may constitute a Change of Control of CIGNA Corporation, the Committee, with the approval of a majority of the members of the Board of Directors who are not then Participants, may modify any and all outstanding options, rights, Grants and Stock Payments (except those deferred pursuant to Section 3.6(b)), so as to accelerate, as a consequence of or in connection with such transaction, the vesting of a Participant's right to exercise any such option or right or the unqualified ownership of Common Stock subject to a Grant.

ARTICLE 6
Administration of Plan

6.1 General Administration. The Plan is to be administered by the Committee, subject to such requirements for review and approval by the Board of Directors as the Board of Directors may establish.

6.2 Administrative Rules. The Committee shall have the power and authority to adopt, amend and rescind administrative guidelines, rules and regulations pertaining to this Plan and to interpret and rule on any questions respecting any provision of this Plan.

6.3 Committee Members Not Eligible. No member of the Committee shall be eligible to participate in this Plan.

6.4 Decisions Binding. Decisions of the Committee concerning this Plan shall be binding on CIGNA Corporation and its Subsidiaries and their respective boards of directors, and on all Eligible Employees and Participants.

ARTICLE 7
Amendments

All amendments to this Plan shall be in writing and shall be effective when approved by the Board of Directors, provided, however, that no amendment increasing the number of shares of common stock authorized or available under the Plan, providing for the grant of stock options at an option price of less than Fair Market Value, or continuing this Plan in effect beyond the time established in Section 8.2 shall be effective without the prior approval of the shareholders of CIGNA Corporation. The Board of Directors may make any changes required to conform this Plan and option agreements with applicable provisions of the Internal Revenue Code or regulations thereunder pertaining to Incentive Stock Options. Unless otherwise expressly provided by an amendment or the Board of Directors, no amendment to this Plan shall apply to grants of options, rights or Restricted Stock made before the effective date of the amendment.

ARTICLE 8
Other Provisions

8.1 Effective Date. This Plan is effective on April 1, 1982 (the "Effective Date").

8.2 Duration of the Plan. The Plan shall remain in effect until all options and rights granted under this Plan have been satisfied by the issuance of Common Stock, or terminated under the terms of this Plan, provided that options, rights, Grants and Stock Payments under this Plan must be awarded on or after the Effective Date.

8.3 Early Termination. Notwithstanding the provisions of Section 8.2, the Board of Directors may terminate this Plan at any time; but no such action by the Board of Directors shall adversely affect the rights of Participants under this Plan.

8.4 General Restriction. No Common Stock issued pursuant to this Plan shall be sold or distributed by a Participant until all appropriate listing, registration and qualification requirements and consents and approvals have been obtained, free of any condition unacceptable to the Board of Directors.

8.5 Awards Not Assignable. No right to receive Common Stock pursuant to this Plan shall be assignable or transferable by a Participant except (unless otherwise expressly provided herein) by will or by the laws of descent and distribution.

8.6 Withholding Taxes. Whenever Common Stock is to be issued or delivered in satisfaction of options or other awards granted hereunder, the Company shall have the right to require the Participant to remit an amount sufficient to satisfy federal, state and local withholding taxes prior to delivery of any certificate for such shares. The Committee may require, or permit, the Participant to remit such amount in whole or in part in Common Stock. If the Committee permits a Participant to elect to remit such amount in Common Stock, any such election shall be irrevocable, be made on or prior to the date the withholding obligation arises and be subject to the disapproval of the Committee. The Committee may establish such additional conditions as it deems appropriate. If the Participant remits such amount in Common Stock, the number of shares of Common Stock delivered to or on behalf of a Participant shall be reduced by the number of shares so remitted. Common Stock so remitted shall be valued using the Fair Market

Value of Common Stock as of the date the withholding obligation arises.

8.7 Safekeeping of Certificates. The certificate evidencing Common Stock awarded by a restricted stock grant or purchased upon exercise of an option shall be retained for safekeeping by CIGNA Corporation, or by a custodian appointed by CIGNA Corporation, except the Committee may in its discretion cause the certificate to be delivered to the Participant after a restricted stock grant or a purchase upon exercise of an option. CIGNA Corporation will deliver any such retained certificates that are not subject to a Restricted Period to the Participant within a reasonable period after a Participant requests delivery of such certificates.

EXHIBIT 10.6(b)

AMENDMENT NO. 1 TO THE

CIGNA CORPORATION EXECUTIVE STOCK INCENTIVE PLAN

(AS AMENDED AND RESTATED EFFECTIVE MARCH 23, 1988)

WHEREAS, the Board of Directors has retained the right to amend the CIGNA Corporation Executive Stock Incentive Plan (the "Plan") pursuant to Article 7 thereof, and,

WHEREAS, by resolution dated September 28, 1988, the Board of Directors of CIGNA Corporation authorized changes in the Plan to extend the period during which retirees may exercise stock options and authorized an officer of the Corporation to effectuate such changes.

NOW, THEREFORE, the Plan is amended effective as of September 28, 1988 as follows:

Subsection 3.3(e) of Article 3 shall be amended in its entirety to read as follows:

(e) In the event of Termination of Employment due to death, Disability, Early Retirement, or Retirement (including death, Disability, Early Retirement, or Retirement during an approved leave of absence) of a Participant holding an outstanding option, the option shall be fully exercisable until the earlier of 5 years from the date of Termination of Employment due to death, Disability, Early Retirement, or Retirement, or the expiration date set forth in the option.

EXHIBIT 10.6(c)

AMENDMENT NO. 2 TO THE

CIGNA CORPORATION EXECUTIVE STOCK INCENTIVE PLAN

(AS AMENDED AND RESTATED EFFECTIVE MARCH 23, 1988)

WHEREAS, the Board of Directors has retained the right to amend the CIGNA Corporation Executive Stock Incentive Plan (the "Plan") pursuant to Article 7 thereof; and

WHEREAS, by resolution dated March 27, 1991, the Board of Directors of CIGNA Corporation authorized changes in the Plan to extend the period during which retirees and certain other optionholders may exercise stock options and authorized an officer of the Corporation to effectuate such changes:

NOW, THEREFORE, the Plan is amended effective as of March 27, 1991 as follows:

1. Subsection 3.3(e) of Article 3 shall be amended in its entirety to read as follows:

   (e) In the event of Termination of Employment due to death, Disability, Early Retirement or Retirement (including death, Disability, Early Retirement or Retirement during an approved leave of absence) of a Participant holding an outstanding option, the option shall be fully exercisable only until the earlier of 5 years from the date of Participant's Termination of Employment or the expiration date set forth in the option unless the Chief Executive Officer of the Corporation extends the exercise period of the option up to the expiration date set forth in the option.

2. This amendment shall also apply to grants of options made under the Plan before the effective date of the amendment; provided that, with respect to grants of Incentive Stock Options, such grants were modified, before the effective date of this amendment, to become nonqualified stock options, and further provided that, with respect to any options, they have not been exercised, cancelled or surrendered, and have not expired, before the effective date of this amendment. This amendment shall apply only to the exercise period of options and shall have no effect upon, or in any manner extend the

exercise period of, any stock appreciation rights which may have been granted in tandem with, or which may have subsequently been attached to, any options described in the preceding sentence.

EXHIBIT 10.9

CIGNA LONG-TERM INCENTIVE PLAN
(As Amended and Restated through February 24, 1999)

ARTICLE 1
Statement of Purpose

The CIGNA Long-Term Incentive Plan (the "Plan") is intended to:

(a) provide incentives for and reward key employees of the Company by providing them with an opportunity to acquire an equity interest in CIGNA Corporation, thereby increasing their personal interest in its continued success and progress;

(b) aid the Company in attracting and retaining key personnel of exceptional ability;

(c) supplement and balance the Company's salary and incentive bonus programs in support of CIGNA Corporation's long-term strategic plans;

(d) motivate and reward the maximization of CIGNA Corporation's long-term financial results; and

(e) encourage decisions and actions by senior level Company executives that are consistent with the long-range interests of CIGNA Corporation's shareholders.

ARTICLE 2
Definitions

For all purposes of this Plan, except as otherwise expressly provided or defined herein or unless the context otherwise requires, the terms defined in this Article shall have the following meanings:

2.1 "Board of Directors" or "Board" means the board of directors of CIGNA Corporation or any duly authorized committee of that board.

2.2 "CEO" means the Chief Executive Officer of CIGNA Corporation.

2.3 "Change of Control" means:

(a) a corporation, person or group acting in concert, as described in Exchange Act Section 14(d)(2), holds or acquires beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act of a number of preferred or common shares of CIGNA Corporation having voting power which is either (1) more than 50% of the voting power of the shares which voted in the election of directors of CIGNA

Corporation at the shareholders' meeting immediately preceding such determination, or (2) more than 25% of the voting power of

CIGNA Corporation's outstanding common shares; or

(b) as a result of a merger or consolidation to which CIGNA Corporation is a party, either (1) CIGNA Corporation is not the surviving corporation or (2) Directors of CIGNA Corporation immediately prior to the merger or consolidation constitute less than a majority of the Board of Directors of the surviving corporation; or

(c) a change occurs in the composition of the Board at any time during any consecutive 24-month period such that the "Continuity Directors" cease for any reason to constitute a majority of the Board. For purposes of the preceding sentence "Continuity Directors" shall mean those members of the Board who either: (1) were directors at the beginning of such consecutive 24-month period; or (2) were elected by, or on nomination or recommendation of, at least a majority (consisting of at least nine directors) of the Board.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Committee" means the People Resources Committee of the Board of Directors or any successor committee with responsibility for compensation. The number of Committee members and their qualifications shall at all times be sufficient to meet the requirements of SEC Rule 16b-3 and Code Section 162(m) as in effect from time to time.

2.6 "Common Stock" means the common stock, par value $1 per share, of CIGNA Corporation.

2.7 "Company" means CIGNA Corporation, a Delaware corporation, and/or its Subsidiaries.

2.8 "Deferred Compensation Account" means a separate account established pursuant to a Deferred Compensation Plan.

2.9 "Deferred Compensation Plan" means a deferred compensation plan or other arrangement of the Company which has been designated by the Committee as a "Deferred Compensation Plan" for purposes of this Plan.

2.10 "Disability" means permanent and total disability as defined in Code Section 22(e)(3).

2.11 "Early Retirement" means a Termination of Employment, after appropriate notice to the Company, (I) on or after age 55 and before age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee or officers of the Company designated by the Board of Directors or the Committee.

2.12 "Eligible Employee" means a salaried officer or other key employee of the Company.

2.13 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.14 "Fair Market Value" means the mean between the highest and lowest quoted selling prices as reported on the Composite Tape (or other successor means of publishing stock prices) on the date as of which any determination of such value is or is required to be made, or, if the Composite Tape or such successor publication is not published on such date, on the next preceding date of publication. In the absence of such sales, Fair Market Value shall be determined by the Committee, which shall take into account all relevant facts and circumstances.

2.15 "Incentive Stock Option" means a stock option granted in accordance with Code Section 422.

2.16 "Participant" means an Eligible Employee to whom any one or more of the awards authorized in this Plan shall have been granted.

2.17 "Payment" means the compensation due a Participant, or Participant's estate, under the provisions of the Plan on account of a Unit Award.

2.18 "Payment Date" means the date that payment of an award pursuant to a Qualifying Incentive Plan, or of a benefit pursuant to a Qualifying Supplemental Benefit Plan, is made or would have been made but for deferral pursuant to Section 9.3.

2.19 "Peer Group" means a group of companies, selected by the Committee, whose financial performance is compared to that of CIGNA Corporation to value Strategic Performance Units.

2.20 "Performance Period" means the period specified by the Committee with respect to which Unit Awards and Payments may be made.

2.21 "Performance Points" means the number of points assigned to a particular year of a Performance Period pursuant to Section 10.3 of the Plan.

2.22 "Plan" means the CIGNA Long-Term Incentive Plan, as it may be amended from time to time.

2.23 "Qualifying Incentive Plan" means any Company bonus plan, short-term or long-term incentive compensation plan or any other incentive compensation arrangement, including but not limited to the Company's Performance

Recognition Award Program.

2.24 "Qualifying Supplemental Benefit Plan" means any plan of the Company pursuant to which benefits which would have been paid under a tax qualified retirement plan but for

legal limitations are payable in cash to eligible employees of the Company.

2.25 "Restricted Period" means the period during which Common Stock awarded under Article 7 is subject to restrictions on sale, transfer, assignment, pledge or other disposition under Section 7.2.

2.26 "Restricted Stock" means Common Stock granted to a Participant under Article 7 while it remains subject to a Restricted Period.

2.27 "Retirement" means a Termination of Employment, after appropriate notice to the Company, (I) on or after age 65 with eligibility for immediate annuity benefits under a qualified pension or retirement plan of the Company, or (ii) upon such terms and conditions approved by the Committee, or officers of the Company designated by the Board of Directors or the Committee.

2.28 "SEC" means the Securities and Exchange Commission.

2.29 "Strategic Performance Unit" or "Unit" means the smallest amount of incentive opportunity available for award to a Participant for a specified Performance Period, with a target value of $75.00 per Unit unless a different target value is established by the Committee at the time a Unit Award is made.

2.30 "Subsidiary" means any corporation of which more than 50% of the total combined voting power of all classes of stock entitled to vote, or other equity interest, is directly or indirectly owned by CIGNA Corporation; or a partnership, joint venture or other unincorporated entity of which more than a 50% interest in the capital, equity or profits is directly or indirectly owned by CIGNA Corporation.

2.31 "Termination for Cause" means a Termination of Employment initiated by the Company on account of the conviction of an employee of a felony involving fraud or dishonesty directed against the Company.

2.32 "Termination of Employment" means the termination of the Participant's active employment relationship with the Company, unless otherwise expressly provided by the Committee, or the occurrence of a transaction by which the Participant's employing Company ceases to be a Subsidiary.

2.33 "Termination Upon a Change of Control" means a termination of employment upon or within two years after a Change of Control (I) initiated by the

Company or a successor other than a Termination for Cause or (ii) initiated by an Employee after determining in his reasonable judgment that there has been a reduction in his authority, duties, responsibilities or title, any reduction in his compensation, or any change caused by the Company in his office location of more than 35 miles from its location on the date of the Change of Control.

2.34 "Unit Award" means the assignment of a specific number of Strategic Performance Units to an Eligible Employee for a Performance Period.

ARTICLE 3
Participation

3.1 Participation. The Eligible Employees who have been specifically authorized by the Committee pursuant to Section 4.2, or the CEO pursuant to Section 4.3, to receive awards under the Plan shall become Participants in the Plan.

3.2 Directors. Members of the Board of Directors who are not employed by the Company are not eligible to participate in the Plan.

ARTICLE 4
Authorized Incentive Awards

4.1 Authorized Awards. The awards authorized are as follows:

(a) stock options (including Incentive Stock Options),

(b) stock appreciation rights,

(c) restricted stock grants,

(d) dividend equivalent rights,

(e) Common Stock in lieu of cash or other awards payable under a Qualifying Incentive Plan or Qualifying Supplemental Benefit Plan, and

(f) Strategic Performance Units.

4.2 General Powers of the Committee. Subject to the requirements of Delaware law, the Committee is authorized and empowered in its sole discretion to select Participants and to grant to them any one or more of the awards authorized above in such amounts and combinations and upon such terms and conditions as it shall determine. No power or authority delegated by the Committee to a designee hereunder may be exercised to affect the terms and conditions of an award made to anyone subject to the requirements of Exchange Act Section 16(a) or with respect to matters which have been reserved to the Board of Directors under the Delaware General Corporation Law.

4.3 General Powers of the CEO. Subject to the requirements of Delaware law, the CEO is authorized and empowered in his sole discretion to select Participants and to grant to them any one or more of the awards authorized in Section 4.1 above in such amounts and combinations and upon such terms and conditions as he shall determine, subject to the same limitations and provisions that apply to the Committee, and also subject to the following:

(a) the CEO may not make any grants or awards to or for the benefit of (1) members of the Board of Directors or (2) anyone subject to the requirements of Exchange Act Section 16(a);

(b) the CEO must be a member of the Board of Directors at the time he makes any grant or award under the Plan and must be properly empowered by the Board of Directors to make such grants and awards; and

(c) the total number of shares of Common Stock which may be issued pursuant to grants or awards made under the authority of this Section 4.3 is limited to a maximum of ten percent (10%) of the number of shares of Common Stock authorized to be issued under the Plan.

ARTICLE 5
Stock Options

5.1 General. The Committee shall have the authority to grant Eligible Employees options to purchase Common Stock upon such terms and conditions as it shall establish, including restrictions on the right to exercise options, subject in all events to the limitations and provisions of general application set forth in this Article 5.

5.2 Option Price. The option price per share of any option shall not be less than the Fair Market Value on the date of grant. The option price may be paid in cash or, if the Committee so provides, in Common Stock (including Restricted Stock). Common Stock used to pay the option price shall be valued using the Fair Market Value on the date of exercise. To the extent the option price is paid in shares of Restricted Stock, an equal number of the shares of Common Stock purchased upon exercise of the option shall be subject to identical restrictions which shall continue in effect for the remaining part of the Restricted Period applicable to the Restricted Stock used to pay the option price.

5.3 Maximum Term. No option shall be for a term of more than 10 years from the date of grant.

5.4 Leave of Absence. No option may be exercised during a leave of absence except to the extent exercisable immediately prior to commencement of the leave of absence, unless otherwise expressly provided by the Committee.

5.5 Expiration of Options. (This provision applies only to options granted on or after February 24, 1999.)

(a) Except as provided elsewhere in this Section 5.5, in the event of Termination of Employment (including termination during an approved leave of absence) for any reason of a Participant holding an outstanding option, the term of the option shall expire on the earlier of the date of Termination of Employment or the expiration date set forth in the option.

(b) In the event of Termination of Employment due to death or Disability (including death or Disability during an approved leave of absence) of a Participant holding an outstanding Incentive Stock Option, the option shall be fully exercisable immediately and the term of the option shall expire on the earlier of 12 months from the date of Termination of Employment or the expiration date set forth in the option.

(c) In the event of Termination of Employment due to death, Disability, Early Retirement or Retirement (including such termination during an approved leave of absence) of a Participant holding an outstanding option other than an Incentive Stock Option, the option shall immediately become exercisable upon Participant's Termination of Employment and shall remain fully exercisable until (1) the expiration date set forth in the Option if, within six months before the Termination of Employment date, the Participant was an Executive Officer subject to the requirements of Section 16(a) of the Securities Exchange Act of 1934 or (2) the earlier of the expiration date set forth in the Option or the third anniversary of Participant's Termination of Employment.

(d) In the event of Termination of Employment due to Early Retirement or Retirement (including during an approved leave of absence) of a Participant holding an outstanding Incentive Stock Option or Termination of Employment Upon a Change of Control of a Participant holding an outstanding option, the term of the option shall expire on the earlier of 3 months from the date of Termination of Employment or the expiration date set forth in the option.

(e) Notwithstanding the provisions of Section 5.5(c), in the event of a Termination of Employment due to Early Retirement (including during an approved leave of absence) of a Participant holding an outstanding option, the Committee or its designee may, in its or his sole discretion, curtail the exercise period of the option from the expiration date set forth in the option to any earlier date up to and including the date of Participant's Termination of Employment.

(f) Notwithstanding the other provisions of this Section 5.5, options which have been granted under this Plan to any Company employees who become employed by Lincoln National Corporation or one or more of its subsidiaries or affiliates on or about January 1, 1998 as a result of the sale of the assets of the CIGNA Individual Insurance Division and which options remain unexercised and unexpired as of

December 31, 1997, shall not expire before the earlier of (1) 10 years from the date of grant or (2) the later of the close of business on March 31, 1998 or ninety (90) days following the close of such sale of assets.

5.6 Option Regrants. No option may, without the prior approval of the shareholders of CIGNA Corporation, be granted by the Committee if (a) it replaces in any manner an option previously granted by the Committee and (b) the option price of the newly granted option is lower than that of such previously granted and replaced option.

5.7 Automatic Option Grants. The Committee may provide that, to the extent a Participant pays the option price of options granted under the Plan in Common Stock, new options will automatically be granted to such Participant, subject to the following terms and conditions:

(a) the option price per share of any such new option shall not be less than the Fair Market Value on the date of automatic grant;

(b) the date of automatic grant of such new option shall be the date the former option is exercised; and

(c) the term of the new option shall not extend beyond the original expiration date of the former option.

5.8 Incentive Stock Options. The following terms and conditions shall apply to any options granted under the Plan which are identified as Incentive Stock Options.

(a) Incentive Stock Options may be granted only to Eligible Employees who are employed by CIGNA Corporation or a corporation which is either a direct Subsidiary or an indirect Subsidiary through an unbroken chain of corporations.

(b) No Incentive Stock Option may be granted under this Plan after February 21, 2005.

(c) No Incentive Stock Option may be granted to any person who, at the time the option is granted, owns (or is deemed to own under Code Section 424(d)) shares of outstanding Common Stock possessing more than 10% of the total combined voting power of all classes of stock of CIGNA Corporation or a

Subsidiary, unless the exercise price of such option is at least 110% of the Fair Market Value of the stock subject to the option and such option by its terms is not exercisable after the expiration of five years from the date such option is granted.

(d) To the extent that the aggregate Fair Market Value of stock with respect to which the Incentive Stock Options first become exercisable by a Participant in any calendar year exceeds $100,000 (taking into account both Common Stock subject to the Incentive Stock Options under this Plan and stock subject to Incentive Stock Options under all

other Company plans, if any), such options shall be treated as nonqualified stock options. For this purpose the Fair Market Value of the stock subject to options shall be determined as of the date the options were awarded. In reducing the number of options treated as Incentive Stock Options to meet the $100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the $100,000 limit, the Committee may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

(e) There shall be imposed upon any grant of Incentive Stock Options such terms and conditions as are required to meet the requirements of Code Section 422.

ARTICLE 6
Stock Appreciation Rights

6.1 General. The Committee shall have the authority to grant stock appreciation rights to Eligible Employees who are granted options under this Plan upon such terms and conditions as it shall establish, subject in all events to the limitations and provisions of general application set forth in this Article 6.

6.2 Rights and Options. Each right shall relate to a specific option granted under this Plan and shall be granted to the optionee either concurrently with the grant of such option or at such later time as determined by the Committee.

6.3 Nature of Rights. The right shall entitle an optionee to receive a number of shares of Common Stock, without payment to the Company, determined by dividing:

(a) the total number of shares which the optionee is eligible to purchase as of the exercise date under the related option multiplied by the amount by which the Fair Market Value of a share of Common Stock on the exercise date of the right exceeds the Fair Market Value of a share of Common Stock on the date, as determined by the Committee, that the right or related option was granted to the optionee; by

(b) the Fair Market Value of a share of Common Stock on the exercise date.

6.4 Cash Payments. In lieu of issuing shares on an exercise of a right, the Committee may elect to pay the cash equivalent of the Fair Market Value on the date of exercise of any or all the shares which would otherwise be issuable pursuant to such exercise.

6.5 Related Options. Shares under an option to which a right is related shall be used not more than once to calculate a number of shares or cash to be received pursuant to an exercise of such right. The number of shares which may be purchased pursuant to an exercise of the

related option will be reduced to the extent such shares are used in calculating the number of shares or cash to be received pursuant to an exercise of a related right.

6.6 Termination of Employment. In the event of Termination of Employment of a Participant holding an outstanding right, the right shall be exercisable only to the extent and upon the conditions that its related option is exercisable.

ARTICLE 7
Restricted Stock Grants

7.1 General. The Committee shall have the authority to grant Restricted Stock to Eligible Employees upon such terms and conditions as it shall establish, subject in all events to the limitations, restrictions and provisions of general application set forth in this Article 7. The consideration for a grant of Restricted Stock may be solely in the form of the recipient's services rendered to the Company, or may be such other lawful form of consideration as the Committee shall determine.

7.2 Restricted Period. Except as expressly provided below, Restricted Stock shall not be sold, transferred, assigned, pledged or otherwise disposed of by the Participant during the Restricted Period(s) established by the Committee. Restricted Stock may be used to exercise options pursuant to Section 5.2. The Committee may establish different Restricted Periods and different restriction terms applicable to such number of the shares of Restricted Stock evidenced by a single grant as it deems appropriate.

7.3 Issuance; Voting Rights; Dividends. Restricted Stock granted to a Participant shall be issued by the Company as of the date of the grant. During the Restricted Period, the Participant shall be entitled to vote the shares. The Committee may provide for the current payment of dividends on shares of

Restricted Stock to the holders of such shares. Shares issued as a consequence of stock dividends, splits or reclassifications shall be issued subject to the same limitations, restrictions and provisions applicable to the Common Stock with respect to which they are issued.

7.4 Termination of Employment.

(a) In the event of Termination of Employment of a Participant during a Restricted Period, except Termination Upon a Change of Control or termination by reason of death or Disability, ownership of the Restricted Stock at the date of Termination of Employment and all rights therein shall be forfeited to the Company, unless otherwise expressly provided by the Committee. In the event of Termination of Employment by reason of Retirement of a Participant during a Restricted Period, the Committee or its designee in the sole discretion of either may provide, before the Participant's Retirement, that the Restricted Period applicable to any outstanding Restricted Stock at the date of Retirement shall lapse immediately upon the Participant's Retirement.

(b) In the event of Termination Upon a Change of Control or Termination of Employment by reason of death or Disability of a Participant during a Restricted Period, the Restricted Period applicable to any outstanding Restricted Stock at the date of Termination of Employment shall lapse immediately.

7.5 Leave of Absence. The effect of approved leaves of absence on the running of applicable Restricted Periods shall be determined by the Committee, provided, however, that no Restricted Period shall lapse during an approved leave of absence unless expressly provided by the Committee.

ARTICLE 8
Dividend Equivalent Rights

8.1 General. The Committee shall have the authority to grant dividend equivalent rights to Eligible Employees upon such terms and conditions as it shall establish, subject in all events to the following limitations and provisions of general application set forth in Article 8. The consideration for stock issued pursuant to dividend equivalent rights may be solely in the form of the recipient's services rendered to the Company, or may be such other lawful form of consideration as the Committee shall determine.

8.2 Rights and Options. Each right may relate to a specific option granted under this Plan and may be granted to the optionee either concurrently with the grant of such option or at such later time as determined by the Committee, or each right may be granted independent of any option.

8.3 Nature of Rights. The right shall entitle a holder to receive, for a period of time to be determined by the Committee, a payment equal to the quarterly dividend declared and paid by the Company on one share of Common Stock. If the right relates to a specific option, the period shall not extend beyond the earliest of the date the option is exercised, the date any stock appreciation right related to the option is exercised, or the expiration date set forth in the option.

8.4 Payments. The Committee shall determine at time of grant whether payment pursuant to a right shall be immediate or deferred and whether it shall be in the form of cash or Common Stock, or a combination of cash and Common Stock. If immediate, the Company shall make payments pursuant to each right within 90 days after the Company has paid the quarterly dividend to holders of Common Stock. If deferred, the payments shall accumulate (with interest computed in a manner to be determined by the Committee) until a date or event specified by the Committee and then shall be made within 90 days after the occurrence of the specified date or event, unless the right is forfeited under the terms of the Plan.

8.5 Termination of Employment. In the event of Termination of Employment (including termination during an approved leave of absence) of a Participant for any reason, any dividend equivalent right held by such Participant at Termination of Employment shall be forfeited, unless otherwise expressly provided by the Committee.

ARTICLE 9
Common Stock in Lieu of Other Awards

9.1 General. The Committee shall have the authority to award an Eligible Employee either Common Stock or Restricted Stock, or both (collectively referred to as a "Stock Payment") in lieu of all or a portion (determined by the Committee) of an award otherwise payable pursuant to a Qualifying Incentive Plan or Qualifying Supplemental Benefit Plan. The Stock Payment shall comprise the number of shares of Common Stock (or Restricted Stock) that have an aggregate Fair Market Value, determined as of the Payment Date, equal to the amount of the award in lieu of which the Stock Payment is made.

9.2 Death; Termination of Employment. Unless the Committee, in its sole discretion, provides otherwise, a Stock Payment which has been awarded to a Participant who dies or whose employment otherwise terminates before the Payment Date, shall be paid in the form of Common Stock or Restricted Stock, as applicable, to the Participant (or to his spouse or estate).

9.3 Deferral of Payments. The right to receive all or a portion of Stock Payments in the form of Common Stock shall be deferred if the Participant has elected to defer the award otherwise payable in cash under a Deferred Compensation Plan, subject to the provisions of such Deferred Compensation Plan and paragraph 10.7(d) of this Plan.

ARTICLE 10
Strategic Performance Units

10.1 Award of Units.

(a) The Committee shall in its sole discretion make Unit Awards to those Eligible Employees selected for participation for a Performance Period.

(b) In accordance with guidelines approved by the Committee or actions subject to ratification by the Committee prior to any resulting Unit Award payment, the CEO or his designee may make a Unit Award to a person who becomes an Eligible Employee during a Performance Period.

(c) The number of Units that may be awarded to any Eligible Employee during any calendar year may not exceed 20,000.

10.2 Financial Measures. At the time Unit Awards are made for a particular Performance Period, the Committee shall establish in writing the objective performance goals and the financial measurements which shall be used to measure the degree to which CIGNA Corporation attains those goals. The objective performance goals shall be in the form of an annual scoring formula or method and a Performance Period payout formula, as described in Sections 10.3 and 10.4 below. The financial measurements shall be one or more of the following: return on equity, adjusted return on equity, earnings, revenue growth, expense ratios or other expense management measures and total shareholder return. The Committee shall determine at the time Unit Awards are made whether the financial measurements require a comparison of CIGNA Corporation's financial results to the financial results of a Peer Group, in which case composition of the Peer Group shall be determined by the Committee.

10.3 Performance Points. Using an annual scoring formula or method approved by the Committee at the time Unit Awards are made and the applicable financial results, a number of Performance Points will be assigned to each year of a Performance Period. Based upon the Committee's assessment of factors which affected financial results, the Committee may adjust downward the number of Performance Points for each or any year in the Performance Period, but such adjustment shall not exceed 10 points. The Performance Points for each year of a Performance Period will be added to compute the total number of Performance Points to be used in valuing Units for the entire Performance Period.

10.4 Value of Units. The number of Performance Points computed for the Performance Period will determine, in accordance with a Performance Period payout formula approved by the Committee when Unit Awards are made, the preliminary dollar value of a Strategic Performance Unit for the Performance Period. The preliminary value may be adjusted downward by the Committee based upon the Committee's evaluation of CIGNA Corporation's strategic accomplishments over the Performance Period. The maximum amount of the downward adjustment per Unit shall not exceed $25.00. The Committee shall certify in writing that the Unit value for a Performance Period is based on the degree of CIGNA Corporation's attainment of pre-established performance goals. The final value of each Strategic Performance Unit may not exceed $200.00.

10.5 Unit Award Payment.

(a) As soon as practicable after the close of a Performance Period, the Units shall be valued and Unit Award payments shall be made to those Participants who are eligible to receive a Payment.

(b) A Participant's Unit Award Payment with respect to a Performance Period shall equal the value of one Strategic Performance Unit, as determined in accordance with Section 10.4, multiplied by the number of Units in the Unit Award made to the Participant.

(c) Notwithstanding the above, the Committee in its sole discretion may reduce the amount of any Payment to any Participant, eliminate entirely the Payment to any Participant, or defer the Payment until a later date or occurrence of a particular event. The Committee's authority under this Section 10.5(c) shall expire immediately upon a Change of Control.

10.6 Eligibility for Payments.

(a) Except for Payments described in paragraphs (b) and (c) of this Section 10.6, and except in the event of a Termination Upon a Change of Control, a Participant shall be eligible to receive a Unit Award Payment for a Performance Period only if the Participant has been employed by the Company continuously from the date of Participant's Unit Award through the date of Payment.

(b) For the purposes of this Section 10.6, a leave of absence of less than three months' duration with the approval of the Company is not considered to be a break in continuous employment. In the case of a leave of absence of three months or longer:

(1) the Committee, based on the recommendation of the CEO, shall determine whether or not the leave of absence constitutes a break in continuous employment for purposes of a Unit Award Payment; and

(2) if a Participant is on a leave of absence on the date that the Unit Award Payment is to be made, the Committee may require that the Participant return to active employment with the Company at the end of

the leave of absence as a condition of receiving the Payment, and any determination as to eligibility for a Payment may be deferred for a reasonable period after such return.

(c) If the employment of a Participant is terminated by reason of Retirement, death or Disability after receipt of a Unit Award but before the related Payment is made, the Committee or its designee shall determine whether a Payment shall be made to or on behalf of such Participant, and whether the Payment, if made, shall be in full or prorated based on factors determined in the sole discretion of the Committee, or its designee. Any such Payment shall be made to the Participant or the Participant's estate.

(d) In the event of a Termination Upon a Change of Control of a Participant after the Participant receives a Unit Award but before the related Payment is made, a Payment in cash shall be made to the Participant within 30 days following the Termination Upon a Change of Control. The amount of the Payment shall be an amount equal to the total number of Units contained in all Unit Awards held by the Participant as of the date of his Termination Upon a Change of Control multiplied by the greatest of:

(1) the Unit target value;

(2) the highest value established by the Committee for Unit Awards, including units awarded under the CIGNA Corporation Strategic Performance Plan, for which any Payments were made to any Participants during the twelve-month period immediately preceding the date of Participant's Termination Upon a Change of Control; or

(3) the average of the highest values established by the Committee for the last two Unit Awards, including units awarded under the CIGNA Corporation Strategic Performance Plan, paid to any Participants prior to the date of Participant's Termination Upon a Change of Control.

10.7 Form of Payment.

(a) Except as otherwise provided in Section 10.6(d), Unit Award Payments shall be made in cash, shares of Common Stock, Restricted Stock, options or a combination of these forms of Payment, as determined by the Committee in its sole discretion.

(b) If the Committee requires a Payment to be made wholly or partially in shares of Common Stock or Restricted Stock as provided in paragraph (a) above, the Payment shall be made in whole shares, the number of which shall have an aggregate Fair Market Value which most closely approximates, but does not exceed, the dollar amount of the Payment if made in cash.

(c) A Participant's Payment may be deferred in accordance with the provisions of the Deferred Compensation Plan of CIGNA Corporation and Participating

Subsidiaries or a similar or successor plan.

(d) In case of any deferral under Section 9.3 or paragraph 10.7(c) of the Plan, the interest rate which may be credited upon such deferred compensation would be one that would produce a rate of return not considered to be an impermissible increase in compensation within the meaning of Code Section 162(m).

ARTICLE 11
Shares Authorized under the Plan

11.1 Maximum Number Authorized. The number of shares of Common Stock authorized to be issued pursuant to stock options, rights, grants, Stock Payments or other awards under this Plan is 5,000,000.

11.2 Maximum Number Per Participant. Notwithstanding anything contained herein to the contrary, the aggregate number of shares of Common Stock subject to options and stock appreciation rights that may be granted during any calendar year to any individual shall be

limited to 500,000. For purposes of this limitation, if an option is cancelled, such cancelled option shall continue to be counted during the calendar year of cancellation against the maximum shares for which options and stock appreciation rights may be granted to an individual.

11.3 Unexercised Options, Grant Forfeitures and Options Exercised with Common Stock.

(a) All Common Stock (1) under options granted under this Plan which expire or are canceled or surrendered or (2) which is forfeited pursuant to Section 7.4, shall be available for further awards under this Plan upon such expiration, cancellation, surrender and forfeiture; and

(b) Any Common Stock which is used by a Participant as full or partial payment to the Company for the purchase of Common Stock acquired upon exercise of a stock option granted under this Plan, and any shares withheld by the Company to satisfy a Participant's tax withholding obligations, shall be available for further awards under this Plan.

11.4 No Fractional Shares. No fractional shares of Common Stock shall be issued pursuant to this Plan.

11.5 Source of Shares. Common Stock may be issued from authorized but unissued shares or out of shares held in CIGNA Corporation's treasury, or both.

ARTICLE 12
Antidilution Provisions

Except as otherwise expressly provided herein, the following provisions shall apply to all shares of Common Stock authorized for issuance and all Restricted Stock and options granted or awarded under this Plan:

12.1 Stock Dividends, Splits, Etc. In the event of a stock dividend, stock split, or other subdivision or combination of the Common Stock, the number of shares of Common Stock authorized under this Plan will be adjusted proportionately. Similarly, in any such event there will be a proportionate adjustment in the number of shares of Common Stock subject to unexercised stock options (but without adjustment to the aggregate option price) and in the number of shares of Restricted Stock outstanding.

12.2 Merger, Exchange or Reorganization. In the event that the outstanding shares of Common Stock are changed or converted into, exchanged or exchangeable for, a different number or kind of shares or other securities of CIGNA Corporation or of another corporation, by reason of a reorganization, merger, consolidation, reclassification or

combination, appropriate adjustment shall be made by the Committee in the number of shares and kind of Restricted Stock and Common Stock for which options, rights and Stock Payments may be or may have been awarded under this Plan, to the end that the proportionate interests of Participants shall be maintained as before the occurrence of such event, provided, however, that in the event of any contemplated transaction which may constitute a Change of Control of CIGNA Corporation, the Committee, with the approval of a majority of the members of the Board of Directors who are not then Participants, may modify any and all outstanding Restricted Stock, options, rights, and Stock Payments (except those deferred pursuant to Section 9.3), so as to accelerate, as a consequence of or in connection with such transaction, the vesting of a Participant's right to exercise any such options or stock appreciation right or the lapsing of the Restricted Periods for shares of Restricted Stock or the accelerated payment of any deferred dividend equivalent rights.

ARTICLE 13
Administration of Plan

13.1 General Administration. The Plan is to be administered by the Committee, subject to such requirements for review and approval by the Board of Directors as the Board of Directors may establish.

13.2 Administrative Rules. The Committee shall have full power and authority to adopt, amend and rescind administrative guidelines, rules and regulations pertaining to this Plan and to interpret the Plan and rule on any questions respecting any of its provisions, terms and conditions.

13.3 Committee Members Not Eligible. No member of the Committee shall be eligible to participate in this Plan.

13.4 Decisions Binding. All decisions of the Committee concerning this Plan shall be binding on CIGNA Corporation and its Subsidiaries and their respective boards of directors, and on all Eligible Employees, Participants and other persons claiming rights under the Plan.

ARTICLE 14
Amendments

All amendments to this Plan shall be in writing and shall be effective when approved by the Board of Directors, provided, however, that an amendment shall not be effective without the prior approval of the shareholders of CIGNA Corporation if such approval is necessary under Internal Revenue Service or SEC regulations, or the rules of the New York Stock Exchange or any applicable law. The Board of Directors may make any changes required to conform this Plan and option agreements with applicable provisions of the Internal Revenue Code or regulations thereunder pertaining to Incentive Stock Options. Unless otherwise expressly provided by an amendment or the Board of Directors, no amendment to this Plan shall apply to grants of options, rights or Restricted Stock made before the effective date of the amendment. A Participant's rights with respect to outstanding options, rights, Restricted Stock grants or Unit awards, including without limitation rights under paragraph 10.6(d), and a transferee's rights with respect to transferred derivative securities, may not be abridged by any amendment, modification or termination of the Plan without his individual consent.

ARTICLE 15
Other Provisions

15.1 Effective Date. This Plan is effective as of January 1, 1995 (the "Effective Date"), subject to approval by the shareholders of CIGNA Corporation.

15.2 Duration of the Plan. The Plan shall remain in effect until all options and rights granted under this Plan have been satisfied by the issuance of Common Stock, or terminated under the terms of this Plan, and all Performance Periods related to Unit Awards granted under the Plan have expired.

15.3 Early Termination. Notwithstanding the provisions of Section 15.2, the Board of Directors may terminate this Plan at any time; but no such action by the Board of Directors shall adversely affect the rights of Participants which exist under this Plan immediately before its termination.

15.4 General Restriction. No Common Stock issued pursuant to this Plan shall be sold or distributed by a Participant until all appropriate listing, registration and qualification requirements and consents and approvals have been obtained, free of any condition unacceptable to the Board of Directors. In no event shall the value, amount or form of consideration for any award under the Plan be less than the value or amount, or in other than the form, required by applicable Delaware law.

15.5 Awards Not Assignable.

(a) No derivative security (as defined in rules promulgated under Exchange Act Section 16), including any right to receive Common Stock (such as options, stock appreciation rights or similar rights) or any right to payment pursuant to this Plan, shall be assignable or transferable by a Participant except by will or by the laws of descent and distribution. Any other attempted assignment or alienation shall be void and of no force or effect. Any right to receive Common Stock or any other derivative security (including options, stock appreciation rights or similar rights) shall be exercisable during a Participant's lifetime only by the Participant or by the Participant's guardian or legal representative.

(b) Notwithstanding the restrictions set forth above in Section 15.5(a), the Committee shall have the authority, in its discretion, to grant (or to sanction by way of amendment of an existing grant, including, without limitation, grants made before the effective date of this Section 15.5(b)) derivative securities which may be transferred without consideration by the Participant during his lifetime to any member of his immediate family, to a trust established for the exclusive benefit of one or more members of his immediate family, to a partnership of which the only partners are members of his immediate family, or to such other person as the Committee shall permit. In the case of a grant, the written documentation containing the terms and conditions of such derivative security shall state that it is transferable, and in the case of an amendment to an existing grant, such amendment shall be in writing. A derivative security transferred as contemplated in this Section 15.5(b) may not be subsequently transferred by the transferee except by will or the laws of descent and distribution and shall continue to be governed by and subject to the terms and limitations of the Plan and the relevant grant. However, the Committee, in its sole discretion at the time the transfer is approved, may alter the terms and limitations of the relevant grant and establish such additional terms and conditions as it shall deem appropriate. As used in this subparagraph, "immediate family" shall mean, with respect to any person, a spouse, any child, stepchild or grandchild, and shall include relationships arising from legal adoption.

15.6 Withholding Taxes. Upon the exercise of any option or stock appreciation right, the vesting of any Restricted Stock, or payment of any award described in Section 4.1(d), (e) or (f), or upon the exercise of an Incentive Stock Option prior to the satisfaction of the holding period requirements of Code Section 422, the Company shall have the right at its option to:

(a) require the Participant (or personal representative or beneficiary) to remit an amount sufficient to satisfy federal, state and local withholding taxes; or

(b) deduct, from any amount payable, the amount of any taxes the Company may be required to withhold with respect to such transaction.

The Committee may require, or permit, the Participant to remit such amount in whole or in part in Common Stock. If the Committee permits a Participant to elect to remit such amount in Common Stock, any such election shall be made on or prior to the date the withholding obligation arises and be subject to the disapproval of the Committee. The Committee may establish such additional conditions as it deems appropriate. If the Participant remits such amount in Common Stock, the number of shares of Common Stock delivered to or on behalf of a Participant shall be reduced by the number of shares so remitted. Common Stock so remitted shall be valued using the Fair Market Value of Common Stock as of the date the withholding obligation arises.

15.7 Safekeeping of Certificates. The certificate evidencing Common Stock awarded by a Restricted Stock grant or purchased upon exercise of an option shall be retained for safekeeping by the Company, or by a custodian appointed by the Company, except the Committee may in its discretion cause the certificate to be delivered to the Participant after a Restricted Stock grant or a purchase upon exercise of an option. The Company will deliver any such retained certificates that are not subject to a Restricted Period to the Participant within a reasonable period after a Participant requests delivery of such certificates.

15.8 Participant's Rights Unsecured. The right of any Participant to receive future payments under the provisions of the Plan shall be an unsecured claim against the general assets of the Company.

15.9 Future Participation Not Guaranteed. Participation in the Plan with respect to a Performance Period is not in and of itself to be construed as evidence of a right to participate in any subsequent Performance Period. For each successive Performance Period, participation of an Eligible Employee shall be evidenced only by the grant to the Eligible Employee by the Committee of a Unit Award.

15.10 Termination of Employment. CIGNA Corporation and each Subsidiary retain the right to terminate the employment of any employee at any time for any reason or no reason, and an award or grant under the Plan to an Eligible Employee is not, and shall not be construed in any manner to be, a waiver of such right.

15.11 Successors. Any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of CIGNA Corporation, shall assume the liabilities of CIGNA Corporation under this Plan and perform any duties and responsibilities in the same manner and to the same extent that CIGNA Corporation would be required to perform if no such succession had taken place.

15.12 Construction. The terms used in this Plan shall include the feminine as well as the masculine gender and the plural as well as the singular, as the context in which they are used requires.

EXHIBIT 10.13

DESCRIPTION DATED MARCH 30, 1990 OF CIGNA CORPORATION KEY MANAGEMENT ANNUAL INCENTIVE BONUS PLAN

The CIGNA Key Management Annual Incentive Bonus Plan is designed to activate and reward the attainment of annual corporate performance objectives and performance relative to key competitors. The maximum bonus pool for any one year is based on the evaluation by the Board of Directors of corporate results versus corporate financial performance goals and business plans previously approved by the Board. Cash awards to individual participants depend on the extent to which those objectives have been achieved, how corporate results compare to competitor performance and upon the People Resources Committee's assessment of the Individual's personal contribution to their achievement.

Exhibit 10.14

CIGNA Corporation
One Liberty Place
1650 Market Street
P. O. Box 7716
Philadelphia, PA 19192-1550
(215) 761-6001

Wilson H. Taylor
Chairman and Chief Executive Officer

February 9, 1993

Mr. Gerald A. Isom
4421 Alta Tupelo Drive
Calabasas, CA 91302

Dear Gerry,

It is a pleasure to confirm my offer of employment to you for the position of President, Domestic Property & Casualty Division, reporting to me.

Compensation opportunity for this position includes:

- Salary, paid bi-weekly, at a pretax annualized rate of $475,000. The salary range for your job is $350,000 to $580,000. You will receive annual consideration for salary increases.

- Signing bonus of $50,000 to be paid within the first month after your start date.

- Target bonus opportunity of $255,000 for the 1993 performance year. Bonus amounts can vary from 0 to 200% of target based on performance during a calendar year. Bonuses are typically paid in the first quarter of the year following the performance period and are not considered earned until the date paid. Your earned bonus for the 1993 performance year is guaranteed at $150,000 or greater dependent upon performance.

- Performance units, under the Strategic Performance Plan, will be awarded to you in 1993. Unit values are determined at the end of a three-year performance period. The target for the award is $210,000, to be valued based on CIGNA's returns over the 1993-1995 period and to be paid in the first quarter of 1996. In addition, you will be given two transition awards, each with a target of $210,000 and payable in 1994 and 1995. These awards are

not considered earned until the date paid.

- Stock grants are made annually in the first quarter. Half of the value is in the form of restricted stock (RSGS) and half in options. RSGs vest after five years. During the vesting period, dividends and interest on those dividends, will accrue. Half of the options are exercisable after one year, and the remaining half, after two years. Options have a 10 year exercise period. The target value of the stock award for your grade is $150,000 and your first regular grant will be in 1994.

This year the Board of Directors will award you two special stock grants: (1) a 20,000 share option grant, target value $300,000, and (2) a restricted stock grant, approximately equal to $150,000. Both grants will conform to the guidelines in our current stock program described in the previous paragraph.

- Your base salary rate is guaranteed for three years from your start date. If your employment is terminated involuntarily, except for gross misconduct, you will receive a payment equal to the remaining guaranteed salary you would have been paid through the three-year period.

The executive compensation program elements described here -- bonus, stock, performance units -- are those of our current program and may be subject to modification or enhancement by the Board of Directors. As an executive of the company, you will be eligible for any future program changes.

You will also be eligible for CIGNA's comprehensive employee benefits program, including the defined benefit pension plan and, after one year, the 401(k) savings plan. Under this plan, CIGNA will match your contributions, up to the first 6% of your salary and bonus, at the rate of 50 cents on the dollar - for a maximum match of 3% of your eligible earnings.

Beginning in 1994 and each year of your employment thereafter, we will provide a retirement supplement equal to $100,000. This supplement is in addition to our normal defined benefit plan. Because the form of this supplement and its payout can have varying tax implications or you, we want your involvement in the determination of its final structure. Therefore, once you have joined us, Gerald Meyn, Vice-President, Benefits, will discuss the alternatives with you before finalizing the pension supplement.

You will also receive relocation support, including payment of closing costs on the sale of your existing home, home finding and final trip expenses, and movement of your household goods to the Philadelphia area. We will also provide a monthly housing subsidy for you in the Philadelphia area of $3,000 for a period of up to 12 months. Upon the purchase of a new home, closing costs, as defined in our policy, will be reimbursed. At that time, a settling-in allowance of $10,000 will also be paid. Because the majority of these payments will be income to you, we will provide tax gross-up according to the terms of our relocation policy. Payment of closing costs on both homes is available up to two years.

Gerry, I'm personally delighted to have you join the CIGNA management team and I am looking forward to working with you.

Sincerely,

/s/ Bill

Please indicate your acceptance of our offer by signing below and returning a copy to me.

Acceptance: /s/ Gerald A. Isom
Date: 2/10/93

Exhibit 12

CIGNA CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

<TABLE>
<CAPTION>

	Year ended December 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Income before income taxes..............................	$2,010	$1,650	$1,601	$ 251	$ 805
Fixed charges included in income:					
Interest expense..................................	126	127	102	120	121
Interest portion of rental expense................	63	94	86	99	102
Total fixed charges included in income..........	189	221	188	219	223
Income available for fixed charges....................	$2,199	$1,871	$1,789	$ 470	$1,028
Ratio of earnings to fixed charges....................	11.6	8.5	9.5	2.1	4.6

</TABLE>

HIGHLIGHTS
<TABLE>
<CAPTION>

(Dollars in millions, except per share amounts)	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Premiums and fees and other revenues	$17,576	$15,626	$14,526	$14,426	$14,404
Net investment income	3,705	4,245	4,333	4,296	3,946
Realized investment gains	156	167	91	233	42
Total revenues	$21,437	$20,038	$18,950	$18,955	$18,392
Net Income:					
Operating Income (Loss):					
Employee Health Care, Life and Disability Benefits	$617	$425	$497	$489	$529
Employee Retirement Benefits and Investment Services	248	230	210	197	184
International Life, Health and Employee Benefits	17	21	5	(4)	(23)
Property and Casualty	70	205	208	(718)	(210)
Other Operations	313	180	155	146	135
Corporate	(75)	(90)	(73)	(77)	(89)
Total operating income	1,190	971	1,002	33	526
Realized investment gains, net of taxes	102	115	54	178	28
Net Income	$1,292	$1,086	$1,056	$211	$554
Earnings per share:					
Basic	$6.12	$4.93	$4.68	$0.97	$2.58
Diluted	$6.05	$4.88	$4.64	$0.96	$2.50
Common dividends declared per share	$1.15	$1.11	$1.07	$1.01	$1.01
Total assets	$114,612	$108,199	$98,932	$95,903	$86,102
Long-term debt	$1,431	$1,465	$1,021	$1,066	$1,389
Shareholders' equity	$8,277	$7,932	$7,208	$7,157	$5,811
Per share	$40.25	$36.55	$32.38	$31.25	$26.82
Common shares outstanding (thousands)	205,650	216,996	222,594	228,996	216,675
Shareholders of record	12,441	12,953	14,027	15,131	16,408
Employees	49,900	47,700	42,800	44,700	48,600

</TABLE>

Operating income (loss) is defined as net income (loss) excluding after-tax realized investment results.

Operating income (loss) by segment for years 1994-1997 has been restated to reflect the adoption of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." For more information regarding the effect of adopting accounting pronouncements, see the Notes to Financial Statements.

Share and per share data for years 1994-1997 reflect the three-for-one stock split approved by shareholders on April 22, 1998.

As discussed in Note 3, CIGNA entered into an agreement in January 1999 to sell the businesses included in the Property and Casualty segment. Completion of the transaction is subject to U.S. and international regulatory approval and other conditions to closing.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONSOLIDATED RESULTS OF OPERATIONS

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premiums and fees	$16,413	$14,935	$13,916
Net investment income	3,705	4,245	4,333
Other revenues	1,163	691	610
Realized investment gains	156	167	91
Total revenues	21,437	20,038	18,950
Benefits and expenses	19,427	18,388	17,349
Income before taxes	2,010	1,650	1,601
Income taxes	718	564	545
Net income	1,292	1,086	1,056

Realized investment gains, net of taxes	102	115	54
Operating income*	$1,190	$971	$1,002

CIGNA's consolidated operating income increased 23% in 1998, primarily reflecting the $202 million after-tax gain recognized on the sale of CIGNA's individual life insurance and annuity business, 1997 after-tax charges of $58 million for integration costs associated with the acquisition of Healthsource, Inc. (Healthsource) and $22 million for health care restructuring costs (discussed below) and improved results in the Employee Health Care, Life and Disability Benefits (excluding the 1997 charges) and Employee Retirement Benefits and Investment Services segments.** These increases were partially offset by lower operating income in the Property and Casualty segment (principally due to catastrophe losses) and Other Operations (excluding the gain).

Excluding the 1997 charges mentioned above, operating income increased 5% in 1997 reflecting improved results in all segments except Property and Casualty.

Net realized investment gains decreased 11% in 1998 reflecting higher impairment losses on equity securities, partially offset by lower impairments of fixed maturities and mortgage loans. Net realized investment gains increased 113% in 1997, reflecting sales of real estate and fixed maturities. For additional information on net realized investment gains, see Note 5(B) to the Financial Statements.

Consolidated revenues, excluding realized investment gains, were $21.3 billion, $19.9 billion and $18.9 billion for 1998, 1997 and 1996, respectively. The 1998 and 1997 increases primarily reflect growth in the Employee Health Care, Life and Disability Benefits segment (principally from Healthsource), partially offset in 1998 by the absence of revenues for the individual life insurance and annuity business. Revenue growth for all years was constrained by continued price competition and strict underwriting standards.

Excluding the $202 million after-tax gain recognized on the sale of CIGNA's individual life insurance and annuity business, the anticipated gain on the sale of CIGNA's property and casualty operations and the effect of the adoption of a new accounting pronouncement (SOP 97-3, discussed below), operating income is expected to improve in 1999; however, such improvement could be adversely affected by the factors noted in the cautionary statement on page 24.

OTHER MATTERS

Acquisitions and Dispositions

In January 1999, CIGNA entered into an agreement to sell its domestic and international property and casualty businesses (which comprise the Property and Casualty segment described in Note 16 to the Financial Statements) to ACE Limited for cash proceeds of $3.45 billion. The sale, which is subject to U.S. and international regulatory approval and other conditions to closing, is expected to be completed by mid-1999. Net assets of the businesses to be sold were approximately $2.3 billion as of December 31, 1998. The determination of the gain on sale will be affected by changes to net assets through closing for results of operations and dividends from the businesses to be sold, as well as transaction costs and other adjustments. CIGNA's priorities for the use of capital, including proceeds from the sale are, in order, internal growth, acquisitions, and share repurchases.

As of January 1, 1998, CIGNA sold its individual life insurance and annuity business for cash proceeds of $1.4 billion. The sale resulted in an after-tax gain of $773 million of which $202 million was recognized upon closing of the sale. Since the principal agreement to sell this business is in the form of an indemnity reinsurance arrangement, the remaining $571 million of the gain was deferred and is being recognized at the rate that earnings from the business sold would have been expected to emerge, primarily over fifteen years on a declining basis. CIGNA recognized $66 million of the deferred gain in 1998.

Revenues for this business were $972 million and $926 million for the years ended December 31, 1997 and 1996, respectively, and net income was $102 million and $67 million for the same periods. Also, as part of the transaction, CIGNA recorded a reinsurance recoverable from the purchaser of $5.8 billion for insurance liabilities retained, and transferred invested assets of $5.4 billion along with other assets and liabilities associated with the business. The sales agreement provides for the possibility of certain

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*Operating income (loss) is defined as net income (loss) excluding after-tax realized investment results.

**CIGNA adopted new segment reporting requirements as of December 31, 1998 as discussed in Note 16 to the Financial Statements.

adjustments; however, any future adjustments are not expected to be material to results of operations, liquidity or financial condition.

CIGNA acquired the outstanding common stock of Healthsource on June 25, 1997. The cost of the acquisition was $1.7 billion, reflecting the purchase of Healthsource common stock for $1.4 billion and the retirement of Healthsource debt of $250 million. The acquisition was accounted for as a purchase, and was financed through the issuance of long-term debt of $600 million and a combination of internally generated funds and short-term debt.

In the fourth quarter of 1997, CIGNA recorded a pre-tax integration charge of $87 million ($58 million after-tax) in connection with its review of Healthsource operations. The charge primarily resulted from an analysis of Healthsource HMO medical reserves, receivable balances and contractual obligations. During 1998, adjustments to these items were recorded, resulting in an increase to net income of $10 million.

In addition, Healthsource goodwill and other intangibles of $1.5 billion, recorded at the time of acquisition, were increased by $24 million in the fourth quarter of 1997. This increase primarily reflects severance of Healthsource employees, vacated Healthsource lease space and adjustments to Healthsource net assets to conform to CIGNA's accounting policies. These initiatives are expected to result in annual after-tax expense savings of $35 million with approximately two-thirds having emerged in 1998 and the full amount in 1999.

CIGNA has invested in certain entities in connection with the expansion (principally in emerging markets) of its international operations for approximately $350 million in 1998 and $125 million in 1997. Most of these investments relate to the expansion of CIGNA's health care operations in Brazil. They include the acquisition of a managed health care business, which is being consolidated, and investments in another health care operation, which are being accounted for under the equity method. These investments also included equity securities of a Brazilian financial services company. In 1998, CIGNA recognized realized investment losses of $31 million after-tax on the Brazilian equity securities and losses of approximately $17 million after-tax from Brazilian health care operations. The effect on CIGNA's results of operations in 1997 and 1996 from this expansion of international operations was not material.

CIGNA expects that additional losses and start-up costs will be incurred, and additional investments may be required in order for these entities to achieve profitable operations. Certain risks are inherent in expanding operations in foreign countries, particularly in emerging markets. The investments in recent international expansion are routinely monitored for potential impairment, and management currently believes that such investments are recoverable.

CIGNA continues to conduct strategic and financial reviews of its businesses in order to deploy its capital most effectively. See Note 3 to the Financial Statements for additional information on acquisitions and dispositions.

Cost Reduction Initiatives

In the fourth quarter of 1998, CIGNA adopted a cost reduction plan to restructure certain operations which resulted in a pre-tax charge of $29 million ($19 million after-tax), including $18 million after-tax for restructuring certain of its domestic and international operations included in the Property and Casualty segment and $1 million after-tax for certain operations included in the International Life, Health and Employee Benefits segment. The charge consisted primarily of costs related to severance and vacated lease space. The majority of the cash outlays for these initiatives are expected to be made in 1999. These initiatives are expected to result in annual after-tax savings of $20 million in the Property and Casualty segment. As noted above, CIGNA has entered into an agreement to sell the businesses that comprise this segment.

In the fourth quarter of 1997, CIGNA adopted a cost reduction plan to restructure its health care operations, which resulted in a pre-tax charge of $32 million ($22 million after-tax) in the Employee Health Care, Life and Disability Benefits segment. The charge consisted primarily of costs related to severance, real estate and other costs for office closings. Cash outlays associated with this initiative are expected to be completed in 1999 with most having occurred in 1998. These initiatives are expected to result in annual after-tax expense savings of $50 million with approximately two-thirds having emerged in 1998 and the full amount in 1999.

See Note 17 to the Financial Statements for additional information on cost reduction initiatives.

Other

Effective December 31, 1995, CIGNA restructured its domestic property and casualty businesses into two separate operations, ongoing and run-off. The ongoing operations are actively engaged in selling insurance products and related services. The run-off operations, which do not actively sell insurance products, manage run-off policies and related claims, including those for asbestos and environmental (A&E) exposures. Insurance products that were actively sold in 1995 by subsidiaries that are now in run-off continue to be sold by the ongoing operations. The restructuring is being contested in the courts by certain competitors and policyholders. Although CIGNA expects the matter to be in litigation for some time, it expects to ultimately prevail.

CIGNA's businesses are subject to a changing social, economic, legal, legislative and regulatory environment that could affect them. Some of the changes include initiatives to:

- increase health care regulation;
- revise the system of funding cleanup of environmental damages;
- reinterpret insurance contracts long after the policies were written to provide coverage unanticipated by CIGNA;

- restrict insurance pricing and the application of underwriting standards; and
- revise federal tax laws.

In early 1999, the Administration proposed a federal budget that would eliminate the deferral of taxation of certain statutory income of life insurance companies. As discussed in Note 9 to the Financial Statements, CIGNA has not provided taxes on $450 million of such income. If the budget provision is enacted, CIGNA will record additional income tax expense of $158 million to reflect this liability. The proposed federal budget also would limit the deduction of interest expense on the general indebtedness of corporations owning non-leveraged corporate life insurance policies covering the lives of officers, employees or directors. If this latter provision is enacted as proposed, CIGNA does not anticipate that it will have a material effect on its consolidated results of operations, liquidity, or financial condition, although it could have a material adverse effect on the results of operations of the Employee Retirement Benefits and Investment Services segment.

The eventual effect on CIGNA of the changing environment in which it operates remains uncertain. For additional information, see Note 19 to the Financial Statements.

ACCOUNTING PRONOUNCEMENTS

CIGNA adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," as of December 31, 1998. SFAS No. 131 changes the way segments are structured and requires additional segment disclosures. Prior period information has been restated based on the new requirements. See Note 16 to the Financial Statements for additional information.

In 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that derivatives be reported on the balance sheet at fair value. Changes in fair value are recognized in net income or, for derivatives that are hedging market risk related to future cash flows, in the accumulated other comprehensive income section of shareholders' equity. Implementation is required by the first quarter of 2000, with the cumulative effect of adoption reflected in net income and accumulated other comprehensive income, as appropriate. CIGNA has not determined the effect or timing of implementation of this pronouncement.

The American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 97-3, "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments," in 1997. SOP 97-3 provides guidance on the recognition and measurement of liabilities for guaranty fund and other insurance-related assessments. Implementation is required by the first quarter of 1999, with the cumulative effect of adopting the SOP reflected in net income in the year of adoption. The estimated reduction of net income from implementation of this pronouncement is expected to be approximately $95 million, and is primarily related to the property and casualty operations.

In 1998, the AICPA issued SOP 98-7, "Deposit Accounting: Accounting for Insurance and Reinsurance Contracts That Do Not Transfer Insurance Risk." SOP 98-7 provides guidance on the deposit method of accounting for insurance and reinsurance contracts that do not transfer insurance risk, except for long-duration life and health contracts. Implementation is required by the first quarter of 2000, with the cumulative effect of adopting the SOP reflected in net income in the year of adoption. CIGNA has not determined the effect or timing of implementation of this pronouncement.

See Note 2(B) to the Financial Statements for additional information regarding accounting pronouncements.

EMPLOYEE HEALTH CARE, LIFE AND DISABILITY BENEFITS

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premiums and fees	$11,421	$9,546	$8,375
Net investment income	589	563	567
Other revenues	542	454	404
Segment revenues	12,552	10,563	9,346
Benefits and expenses	11,574	9,906	8,588
Income before taxes	978	657	758
Income taxes	361	232	261
Operating income	$617	$425	$497
Realized investment gains, net of taxes	$54	$17	$3

Operating income for the Employee Health Care, Life and Disability Benefits segment increased 45% in 1998 and decreased 14% in 1997. Results for 1997 included after-tax charges of $58 million for Healthsource integration and $22 million related to cost reduction initiatives to restructure the health care operations. See pages 10 and 11 for additional information. Excluding the above charges, operating income was as follows:

(In millions)	1998	1997	1996
Indemnity operations	$314	$302	$286
HMO operations	303	203	211
Total	$617	$505	$497

The increase in the indemnity operations in 1998 primarily reflects favorable claim experience from guaranteed cost medical, long-term disability and life businesses. Partially offsetting this increase were lower earnings from experience-rated medical business.

The increase in the indemnity operations in 1997 reflects improved claim experience from guaranteed cost medical and group life businesses. Partially offsetting this increase were higher medical costs, and lower earnings from Administrative Services Only (ASO) business resulting from higher operating expenses due to customer service initiatives.

The 1998 increase in HMO results reflects membership growth and rate increases, improved results in health care services operations and lower operating expenses per member due to expense savings initiatives. These improvements were partially offset by increased HMO medical costs reflecting higher pharmacy and outpatient costs and higher amortization of goodwill and other intangibles associated with the acquisition of Healthsource. The effect of account reviews on operating income in 1998 compared with 1997 was not material.

HMO operating income for 1997 and 1996 includes the favorable after-tax effect of tax and other account reviews of $6 million and $17 million in 1997 and 1996, respectively, and a net gain from sales of subsidiaries of $8 million in 1996. Excluding these amounts, operating income for 1997 and 1996 was $197 million and $186 million, respectively. The 1997 improvement reflects rate increases, membership growth and lower dental costs. Partially offsetting these improvements were increased HMO medical costs, higher operating expenses associated with growth and customer service initiatives, and amortization of Healthsource goodwill and other intangibles.

Premiums and fees increased 20% in 1998 and 14% in 1997. These increases primarily reflect the addition of Healthsource premiums and fees and, to a lesser extent, rate increases and non-Healthsource membership growth.

The 5% increase in net investment income in 1998 reflects higher assets due to the Healthsource acquisition, partially offset by lower yields.

Total medical HMO membership increased 11% in 1998 and 36% in 1997. The 1998 increase primarily reflects membership growth in medical HMO alternative funding programs. The 1997 increase reflects the Healthsource acquisition and, to a lesser extent, growth in medical HMO alternative funding programs.

Management believes that adding premium equivalents to premiums and fees (adjusted premiums and fees) produces a more meaningful measure of business volume. Premium equivalents generally represent paid claims under alternative funding programs, such as minimum premium and ASO plans, and are additional premiums that would have been earned if these coverages had been written as traditional indemnity and HMO programs. Under alternative funding programs, the customer assumes all or a portion of the responsibility for funding claims, and CIGNA generally earns a lower margin than under traditional programs.

Premium equivalents were approximately $13 billion in 1998 compared with $10.8 billion in 1997 and $9.6 billion in 1996. The 1998 increase of 21% primarily reflects the Healthsource acquisition and growth in HMOs. The 1997 increase of 13% reflects the Healthsource acquisition. Excluding Healthsource, 1997 premium equivalents were level with 1996, with both years reflecting growth in HMOs offset by cancellations and conversions of medical indemnity business to HMOs. Premium equivalents were approximately 55% of total adjusted premiums and fees in 1998, 1997 and 1996. ASO plans accounted for approximately 50% of total adjusted premiums and fees in 1998, 1997 and 1996.

Business mix in 1998, measured by adjusted premiums and fees, was approximately 44% HMO medical and dental care, 38% medical indemnity, 8% dental indemnity, 7% life insurance, 2% long-term disability insurance and 1% other insurance coverages.

Indemnity claims paid for insured plans and claims paid for all alternative funding programs, including ASOs, for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Insured plans	$3,880	$3,842	$3,814
Alternative funding programs	13,063	11,052	19,759
Total	$16,943	$14,894	$13,573

The 1998 and 1997 increases in alternative funding programs primarily reflect the Healthsource acquisition and membership growth.

Growth in premiums and fees and premium equivalents may be constrained by competitive pressures in both the medical indemnity and HMO markets.

EMPLOYEE RETIREMENT BENEFITS AND INVESTMENT SERVICES

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premiums and fees	$257	$221	$272
Net investment income	1,613	1,655	1,716
Segment revenues	1,870	1,876	1,988
Benefits and expenses	1,505	1,545	1,680
Income before taxes	365	331	308
Income taxes	117	101	98
Operating income	$248	$230	$210
Realized investment gains, net of taxes	$25	$15	$21

Operating income for the Employee Retirement Benefits and Investment Services segment increased 8% in 1998 and 10% in 1997. Results for 1997 include a favorable tax adjustment of $5 million and, for 1996, an after-tax charge of $8 million for state guarantee fund assessments.

Operating income, excluding the items noted above, was $248 million, $225 million and $218 million in 1998, 1997 and 1996, respectively. The increases for 1998 and 1997 reflect higher earnings from an increased asset base, partially offset by a shift to lower margin products (separate account equity funds) and by higher operating expenses related to growth initiatives. The 1998 increase also reflects higher earnings from non-leveraged corporate life insurance business resulting from an increased asset base and favorable mortality experience.

Premiums and fees increased 16% in 1998 and decreased 19% in 1997. The 1998 increase reflects higher non-leveraged corporate life insurance premiums and fees, higher fees from separate accounts and higher annuity sales. The 1997 decrease primarily reflects a decline in annuity sales.

Net investment income decreased 3% in 1998 and 4% in 1997. These decreases primarily reflect customers' continued redirection of a portion of their investments from the general account to separate accounts and lower investment yields, partially offset by higher investment income from an increased non-leveraged corporate life insurance asset base.

Assets under management are generally a key determinant of earnings for this segment. For the year ended December 31, assets under management and related activity, including amounts attributable to separate accounts, were as follows:

(In millions)	1998	1997
Balance -- January 1	$48,231	$41,663
Premiums and deposits	8,048	7,796
Investment results	3,432	3,244
Increase in fair value of assets	2,704	2,613
Customer withdrawals	(3,573)	(2,428)
Other, including participant withdrawals and benefit payments	(5,913)	(4,657)
Balance -- December 31	$52,929	$48,231

Premiums and deposits increased slightly in 1998 compared with 1997. Recurring deposits from existing customers were approximately 55% and 52% of the premiums and deposits for 1998 and 1997, respectively, while the remaining amounts represent sales to new customers. The increase in investment results reflects higher realized capital gains, partially offset by lower investment yields. The increase in the fair value of assets primarily reflects market value appreciation of equity securities in separate accounts. The increase in customer withdrawals is primarily due to the effect of one customer withdrawal in 1998. The increase in Other reflects larger participant withdrawals and benefit payments due to a higher level of assets under management.

Assets under management will continue to be affected by market value fluctuations for equity securities and fixed maturities.

See Other Matters for additional information regarding corporate life insurance.

INTERNATIONAL LIFE, HEALTH AND EMPLOYEE BENEFITS

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premiums and fees	$1,227	$1,076	$981
Net investment income	115	122	125
Other revenues	4	2	--
Segment revenues	1,346	1,200	1,106
Benefits and expenses	1,309	1,167	1,098
Income before taxes	37	33	8
Income taxes	20	12	3
Operating income	$17	$21	$5
Realized investment gains, net of taxes	$--	$2	$1

Operating income for the International Life, Health and Employee Benefits segment decreased 19% in 1998 and increased substantially in 1997. The decrease in 1998 reflects losses of $17 million after-tax in Brazilian health care operations, unfavorable economic conditions in Asia, and expenses incurred in connection with expansion of operations, primarily in Poland. Partially offsetting these decreases were an $18 million after-tax improvement in the results of Japanese life insurance operations reflecting higher business volume and favorable product mix, and growth in the health care business related to expatriate employees of multinational companies.

Premiums and fees increased 14% and 10% for 1998 and 1997, respectively. Excluding the effects of foreign currency changes, premiums and fees increased 25% and 17% for the same periods. These increases reflect growth in the Japanese life insurance operations and the health care business related to expatriate employees of multinational companies and, for 1998, the acquisition of a Brazilian managed health care business.

Net investment income declined 6% and 2% in 1998 and 1997, respectively. Excluding the unfavorable effects of foreign currency changes, net investment income increased 5% for both 1998 and 1997, reflecting higher average assets due to business growth.

CIGNA is undertaking efforts to improve the results of its Brazilian operations, including initiatives to improve the pricing of medical products and services and to provide for enhanced medical cost controls. Additional losses are expected while these initiatives are in progress. See page 11 for additional discussion regarding the expansion of CIGNA's international operations.

The devaluation of the Brazilian currency in early 1999 is not expected to have a material effect on CIGNA's consolidated results of operations, liquidity or financial condition.

PROPERTY AND CASUALTY

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premiums and fees	$2,957	$3,154	$3,417
Net investment income	583	639	679
Other revenues	297	302	244
Segment revenues	3,837	4,095	4,340
Benefits and expenses	3,748	3,788	4,045
Income before taxes	89	307	295
Income taxes	19	102	87
Operating income	$70	$205	$208
Realized investment gains, net of taxes	$11	$47	$26

In January 1999, CIGNA entered into an agreement to sell the businesses included in this segment. See page 10 for additional information. Operating income (loss) was as follows:

(In millions)	1998	1997	1996
International	$(13)	$106	$130
Domestic	85	98	76
Total ongoing operations	72	204	206
Run-off operations	(2)	1	2
Total	$70	$205	$208

The decline in the international operations for 1998 includes catastrophe losses of $72 million after-tax for Hurricane Georges, Hurricane Mitch and Canadian winter storms as well as restructuring costs (primarily severance) of approximately $7 million after-tax. These results also reflect unfavorable claim experience, primarily from large property losses, the competitive pricing environment, and lower investment income. The decline in 1997 primarily reflects unfavorable claim experience in both the fire and casualty lines and charges for severance costs.

The decline in the domestic operations for 1998 reflects higher catastrophe losses, including $9 million after-tax relating to Hurricane Georges, restructuring charges of $9 million after-tax, lower net investment income and unfavorable workers' compensation experience, partially offset by favorable prior year development on selected lines of business and improvement in results from insurance-related service businesses. The improvement in the domestic operations for 1997 primarily reflects lower catastrophe losses partially offset by lower premiums and fees, lower investment income and an unfavorable tax adjustment of $7 million.

Results for the run-off operations primarily reflect prior year development on claim and claim adjustment expense reserves and investment activity and for 1998 include $2 million after-tax for restructuring costs.

Premiums and fees for the segment decreased 6% in 1998. This decline primarily reflects 1) the unfavorable effect of approximately $104 million from foreign currency translation, 2) lower premiums of approximately $92 million for run-off and certain personal lines that are no longer being actively sold , 3) strict underwriting standards, and 4) the highly competitive pricing environment in certain domestic and international property and casualty lines of business. These declines were partially offset by increases in workers' compensation premiums and growth in international accident and health business.

Premiums and fees decreased 8% in 1997. This decline primarily reflects 1) lower premiums of approximately $153 million for run-off and personal automobile products that are no longer being actively sold, 2) the unfavorable effect of approximately $73 million from foreign currency translation, 3) strict underwriting standards, and 4) the highly competitive pricing environment in certain domestic and international property and casualty lines of business. These declines were partially offset by increases in domestic specialty lines of business including marine and aviation coverages as well as growth in international accident and health business.

Net investment income for 1998 decreased 9% reflecting a lower asset base (primarily for run-off operations), a shift in the investment portfolio mix from fixed maturities to equity securities, and the unfavorable effect of $6 million from currency translation. Net investment income for 1997 decreased 6% from 1996, primarily reflecting a lower asset base and an unfavorable effect from currency translation of $2 million.

Pre-tax catastrophe losses, net of reinsurance, were $141 million, $17 million and $87 million in 1998, 1997 and 1996, respectively. Net catastrophe losses in 1998 included $82 million for Hurricane Georges, $21 million for Hurricane Mitch, and $29 million for Canadian and East Coast winter storms. Net catastrophe losses in 1996 included $21 million for Hurricane Fran and $22 million for East Coast winter storms.

Effective July 1, 1998, CIGNA revised its reinsurance programs. CIGNA's domestic reinsurance programs provide approximately 60% recovery for property catastrophe losses between $45 million and $260 million. Other reinsurance programs are in place which could provide for the recovery of up to an additional $300 million on certain losses, including property catastrophes, depending on the aggregate annual level of losses incurred. CIGNA's international catastrophe program provides approximately 95% recovery of losses between $100 million and $400 million. Other reinsurance programs are in place which could provide for the recovery of additional property losses including coverage between $15 million and $150 million on a per risk basis. CIGNA's results of operations could be volatile, depending on the frequency and severity of catastrophes.

Loss Reserves and Reinsurance Recoverables

CIGNA's property and casualty loss reserves of $14.6 billion and $14.9 billion as of December 31, 1998 and 1997, respectively, are estimates of future payments for reported and unreported claims for losses and related expenses with respect to insured events that have occurred. The basic assumption underlying the many traditional actuarial and other methods used in the estimation of property and casualty loss reserves is that past experience is an appropriate basis for predicting future events. However, current trends and other factors that would modify past experience are also considered. The process of establishing loss reserves is subject to uncertainties that are normal, recurring and inherent in the property and casualty business.

CIGNA continually attempts to improve its loss estimation process by refining its analysis of loss development patterns, claims payments and other information, but there remain many reasons for adverse development of estimated ultimate liabilities. For example, unanticipated changes in workers' compensation and product liability laws have at times significantly affected the ability of insurers to estimate liabilities for unpaid losses and related expenses.

Reserving for property and casualty claims continues to be a complex and uncertain process, requiring the use of informed estimates and judgments.

CIGNA's estimates and judgments may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed or as current law changes. Any such revisions could result in future changes in estimates of losses or reinsurance recoverables, and would be reflected in CIGNA's results of operations for the period in which the estimates are changed. While the effect of any such changes in estimates of losses or reinsurance recoverables could be material to future results of operations, CIGNA does not expect such changes to have a material effect on its liquidity or financial condition.

CIGNA manages its loss exposure through the use of reinsurance. While reinsurance arrangements are designed to limit losses from large exposures and to permit recovery of a portion of direct losses, reinsurance does not relieve CIGNA of liability to its insureds. Accordingly, CIGNA's loss reserves represent total gross losses, and reinsurance recoverables represent anticipated recoveries of a portion of those losses.

CIGNA's reinsurance recoverables were approximately $6.3 billion and $6.2 billion as of December 31, 1998 and 1997, net of allowances for unrecoverable reinsurance of $705 million and $720 million, respectively.

CIGNA recognized significant recoveries in 1998, 1997 and 1996 from reinsurance arrangements, as shown in the table below. Reinsurance recoveries for the periods presented increased or decreased as a result of comparable changes in gross losses. Reinsurance recoveries are also affected by the factors noted below for "unrecoverable reinsurance."

CIGNA expects to continue to have significant recoveries from its reinsurance arrangements, including recoveries of A&E losses. However, the extent of recoveries in the aggregate will depend on future gross loss experience and the particular reinsurance arrangements to which future losses relate.

At December 31, 1998 and 1997, approximately 16% of CIGNA's reinsurance recoverables related to paid claims. The timing and collectibility of such recoverables have not had, and are not expected to have, a material adverse effect on CIGNA's liquidity.

In management's judgment, information currently available has been appropriately considered in estimating CIGNA's loss reserves and reinsurance recoverables.

See CIGNA's Form 10-K for additional information on CIGNA's loss reserves and reinsurance recoverables.

The following table shows CIGNA's gross losses for incurred claims and claim adjustment expenses (Gross), amounts ceded to reinsurers (Reinsurance) and net losses for incurred claims and claim adjustment expenses (Net) for the year ended December 31. The table also categorizes those amounts as they relate to insured events of the current year and of prior years (prior year development).

<TABLE>
<CAPTION>

	1998			1997			1996		
(In millions)	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Gross	Reinsurance	Net
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Current year	$3,241	$(1,192)	$2,049	$2,831	$(841)	$1,990	$3,419	$(1,162)	$2,257
Prior year development:									
Asbestos-related	202	(109)	93	170	(78)	92	115	(53)	62
Environmental pollution	51	(11)	40	94	(61)	33	58	(26)	32
Assumed reinsurance exposures	59	(37)	22	16	(9)	7	114	(74)	40
Unrecoverable reinsurance	--	27	27	--	23	23	--	23	23
Other	130	(135)	(5)	(71)	134	63	(26)	46	20
Total prior year development	442	(265)	177	209	9	218	261	(84)	177
Total incurred claims and claim adjustment expenses	$3,683	$(1,457)	$2,226	$3,040	$(832)	$2,208	$3,680	$(1,246)	$2,434

</TABLE>

Losses for "assumed reinsurance exposures" resulted from a review of reserves for certain reinsurance lines of business, including London reinsurance exposures.

Losses for "unrecoverable reinsurance" are principally due to the failure of reinsurers to indemnify CIGNA, primarily because of disputes under reinsurance contracts. Reinsurance disputes continue to be significant, particularly on larger and more complex claims, such as those related to asbestos, environmental pollution and London reinsurance market exposures. Allowances have been established for amounts deemed uncollectible.

"Other" prior year development in 1998 reflects favorable development on shorter-tail property, marine and aviation business, partially offset by unfavorable development on workers' compensation and long-term exposures. Losses for "other" prior year development in 1997 and 1996 reflect unfavorable development on workers' compensation and long-term exposures, partially offset by favorable loss reserve development on commercial packages and, for 1996, the commercial fire line of business.

OTHER OPERATIONS

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Premium and fees	$551	$938	$871
Net investment income	771	1,235	1,217
Other revenues	514	151	156
Segment revenues	1,836	2,324	2,244
Benefits and expenses	1,356	2,056	2,007
Income before taxes	480	268	237
Income taxes	167	88	82
Operating income	$313	$180	$155
Realized investment gains, net of taxes	$9	$35	$12

Other Operations consist of gain recognition related to the sale of the individual life insurance and annuity business, corporate life insurance on which policy loans are outstanding (also called leveraged corporate life insurance), life, accident and health reinsurance operations, settlement annuity business, and certain new business initiatives.

Operating income for the Other Operations segment increased substantially in 1998 and by 16% in 1997. Results for 1998 include an after-tax gain of $202 million recognized on the sale of the individual life and annuity business. Results for 1998 also include $66 million from recognizing a portion of the deferred gain associated with the sale (as discussed on page 10). Excluding these amounts, operating income for 1998 was $45 million, compared with operating income of $82 million in 1997 and $91 million in 1996 (excluding, in those years, results from the sold business). The 1998 decrease primarily reflects unfavorable claim experience in the health and accident reinsurance operations and increased operating expenses for new business initiatives, partially offset by growth in specialty life reinsurance products. The 1997 decrease primarily reflects the expenses related to new business initiatives, partially offset by growth in specialty life reinsurance products.

Premiums and fees decreased 41% in 1998 and increased 8% in 1997. Excluding premiums and fees for the sold business, premiums and fees increased 11% and 8% in 1998 and 1997, respectively. These increases reflect growth in specialty life reinsurance, partially offset by lower renewal premiums for leveraged corporate life insurance.

Net investment income decreased 38% in 1998 and was about level in 1997 with 1996. Excluding net investment income from the business sold, 1998 and 1997 decreased slightly, primarily reflecting lower yields and lower assets from leveraged corporate life insurance, partially offset by higher assets from specialty life reinsurance products.

The increase in other revenues in 1998 is primarily attributable to recognition of gains on the sale of the individual life insurance and annuity business.

In 1996, Congress passed legislation that phases out over a three-year period the tax deductibility of policy loan interest for most leveraged corporate life insurance products. Revenues of $556 million and operating income of $42 million for 1998 were from leveraged corporate life insurance products that are affected by this legislation. CIGNA does not expect this legislation to have a material effect on its consolidated results of operations, liquidity or financial condition.

The specialty life reinsurance products of this segment include contracts that guarantee payments for specified unfavorable changes in variable annuity account values based on underlying mutual fund investments if account holders expire or elect to receive periodic income payments. Although these guarantees may adversely affect CIGNA's results of operations in future periods, they are not expected to have a material adverse effect on CIGNA's liquidity or financial condition.

CORPORATE

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Operating loss	$(75)	$(90)	$(73)

Realized investment gains (losses), net of taxes	$3	$(1)	$(9)

The Corporate caption is used to report amounts not allocated to segments, such as interest expense, certain goodwill amortization and intersegment eliminations. The reduction in the operating loss in 1998 is primarily attributed to a decrease in unallocated corporate expenses. The increase in the operating loss in 1997 primarily reflects higher interest expense.

LIQUIDITY AND CAPITAL RESOURCES

(In millions)

FINANCIAL SUMMARY	1998	1997	1996
Short-term investments	$308	$212	$847
Cash and cash equivalents	3,028	2,625	1,760
Short-term debt	272	690	289
Long-term debt	1,431	1,465	1,021
Shareholders' equity	8,277	7,932	7,208

CIGNA's operations have liquidity requirements that vary among the principal product lines. Life insurance and pension plan reserves are primarily longer-term liabilities. Property and casualty, as well as accident and health reserves, including long-term disability, consist of both short-term and long-term liabilities. Life insurance and

pension plan reserve requirements are usually stable and predictable, and are supported primarily by medium-term, fixed-income investments. Property and casualty claim demands are less predictable in nature, requiring greater liquidity in the investment portfolio. Accident and health claim demands are stable and predictable, but generally shorter term, requiring greater liquidity.

Generally, CIGNA has met its operating requirements by maintaining appropriate levels of liquidity in its investment portfolio and utilizing overall cash flows. Overall cash flows have been constrained by negative cash flows in the property and casualty business, resulting from claim payments related to insurance reserves established in prior periods. Liquidity for CIGNA and its insurance subsidiaries has remained strong, as evidenced by significant amounts of short-term investments and cash and cash equivalents.

During 1998, cash and cash equivalents increased $403 million. This increase primarily reflects net proceeds on the sale of the individual life insurance and annuity business ($1.3 billion), cash provided by operating activities ($627 million) reflecting earnings and the timing of cash receipts and cash disbursements, and net investment sales (approximately $300 million). These increases were partially offset by repurchases of, and payments of dividends on, common stock ($1.1 billion), repayment of debt ($456 million) and investments in international growth initiatives (approximately $350 million).

During 1997, cash and cash equivalents increased $865 million. This increase primarily reflects cash flows from operating activities ($1.2 billion) reflecting earnings and the timing of cash receipts and cash disbursements; proceeds on the issuance of long-term debt ($600 million); net proceeds on short-term debt ($358 million); and deposits and interest credited, net of withdrawals, to contractholder deposit funds ($579 million). The increase was partially offset by cash used in investing activities ($966 million, which reflects $1.3 billion used to acquire Healthsource), repayment of Healthsource debt ($250 million), and payments of dividends on and repurchases of CIGNA common stock ($580 million).

Funds provided from premiums and fees, investment income and maturities of investment assets are reasonably predictable and normally exceed liquidity requirements for payments of claims, benefits and expenses. However, since the timing of available funds cannot always be matched precisely to commitments, imbalances may arise when demand for funds exceeds those on hand. Also, a demand for funds may arise as a result of CIGNA taking advantage of current investment opportunities.

CIGNA's insurance subsidiaries are subject to various regulatory restrictions that can limit the amount of internal dividends and other distributions, including loans, that can be utilized to manage liquidity needs. However, CIGNA's size and diversity generally provide the flexibility to manage liquidity needs, either internally or externally, through short-term borrowings. At December 31, 1998, CIGNA had available approximately $655 million of committed and uncommitted lines of credit with banks.

CIGNA's financial strength provides the capacity and flexibility to enable it to raise funds in the capital markets through the issuance of long-term debt and equity securities. CIGNA continues to be well capitalized, with sufficient borrowing capacity to meet the anticipated needs of its businesses.

CIGNA's capital resources represent funds available for long-term business commitments. They primarily consist of retained earnings and proceeds from the issuance of long-term debt and equity securities. Capital resources provide protection for policyholders and the financial strength to support the underwriting of insurance risks, and allow for continued business growth. The amount of capital resources that may be needed is determined by CIGNA's senior management and Board of Directors, as well as by regulatory requirements. The allocation of resources to new long-term business commitments is designed to achieve an attractive return, tempered by considerations of risk and the need to support CIGNA's existing businesses.

CIGNA had $1.4 billion of long-term debt outstanding at December 31, 1998, compared with $1.5 billion at December 31, 1997. At December 31, 1998, CIGNA had $1 billion remaining under effective shelf registration statements filed with the Securities and Exchange Commission that may be issued as debt securities, equity securities or both, depending upon market conditions and CIGNA's capital requirements.

CIGNA repurchased 12.4 million shares of its common stock for $822 million during 1998. From January 1, 1999 through February 24, 1999, an additional 673,700 shares were repurchased for $53 million. The remaining authorization of CIGNA's Board of Directors for share repurchases as of February 24, 1999 was $737 million. Decisions regarding share repurchases are subject to prevailing market conditions and alternative uses for capital.

INVESTMENT ASSETS

Information regarding investment assets held by CIGNA is presented below. Additional information regarding CIGNA's investment assets and related accounting policies is included in Notes 2, 4 and 5 to the Financial Statements, and in CIGNA's Form 10-K.

(In millions)

FINANCIAL SUMMARY	As of December 31, 1998	1997
Fixed maturities	$32,634	$36,358
Equity securities	1,043	854
Mortgage loans	9,599	10,859
Real estate	733	769
Other, primarily policy loans	6,698	7,738
Total investment assets	$50,707	$56,578

The decrease in investment assets in 1998 is primarily related to investments which were included in the sale of the individual life insurance and annuity business.

Significant amounts of CIGNA's investment assets are attributable to experience-rated contracts with policyholders (policyholder contracts). Approximate percentages of investments attributable to policyholder contracts as of December 31 were as follows:

	1998	1997
Fixed maturities	27%	29%
Mortgage loans	57%	53%
Real estate	63%	64%

Under the experience-rating process, net investment income and gains and losses on assets related to policyholder contracts generally accrue to the policyholders. Consequently, write-downs, changes in valuation reserves and non-accruals on investments attributable to policyholder contracts do not affect CIGNA's net income, except under unusual circumstances.

Fixed Maturities

Investments in fixed maturities (bonds) include publicly traded and private placement debt securities; asset-backed securities, including collateralized mortgage obligations (CMOs); and redeemable preferred stocks.

As of December 31, 1998, the fair value of fixed maturities, including policyholder share, was greater than amortized cost by $2.0 billion, compared with $2.1 billion as of December 31, 1997.

Quality Ratings

As of December 31, 1998, $31.0 billion, or 95%, of bonds were investment grade, and $1.6 billion, or 5%, were below investment grade (BA and below, or equivalent).

The quality ratings of CIGNA's below investment grade bonds are concentrated toward the higher end of the below investment grade spectrum. Approximately 17% of below investment grade securities relate to policyholder contracts.

Private placement investments are made after credit analysis and are diversified by industry and issuer. Private placement investments are generally less marketable than public bonds, and yields are generally higher for comparable credit risk. Further, private placement investments generally contain financial and other covenants that allow CIGNA to monitor the debtor for early signs of deteriorating financial strength so it can take remedial actions, if warranted.

As a result of the higher yields and the inherent risk associated with below investment grade securities and private placement investments, gains or losses could significantly affect future results of operations, although such effects are not expected to be material to CIGNA's liquidity or financial condition.

Potential Problem and Problem Bonds

Potential problem bonds are fully current but judged by management to have certain characteristics that increase the likelihood of problem classification. CIGNA had $69 million of potential problem bonds, including amounts attributable to policyholder contracts, as of December 31, 1998, compared with $63 million as of December 31, 1997. These amounts are net of $14 million and $10 million of cumulative write-downs, respectively. Potential problem bonds attributable to policyholder contracts represented 35% and 45% of total potential problem bonds at December 31, 1998 and 1997, respectively.

CIGNA considers bonds that are delinquent or restructured as to terms, typically interest rate and, in certain cases, maturity date, problem bonds. As of December 31, 1998 and 1997, CIGNA had problem bonds, including amounts attributable to policyholder contracts, of $119 million and $137 million, net of related cumulative write-downs of $19 million and $30 million, respectively. Problem bonds attributable to policyholder contracts represented 29% and 24% of total problem bonds at December 31, 1998 and 1997, respectively.

CIGNA recognizes interest income on problem bonds only when payment is received. See the Summary on page 22 for the adverse effect of non-accruals and write-downs for bonds on policyholder contracts and on CIGNA's net income.

Mortgage Loans

	As of December 31, 1998	1997
Mortgage loans (in millions)	$9,599	$10,859
Property type:		
Retail facilities	34%	40%
Office buildings	37	34
Apartment buildings	15	13
Industrial	7	5
Hotels	5	5
Other	2	3
Total	100%	100%

CIGNA's investment strategy requires diversification of the mortgage loan portfolio. This strategy includes guidelines relative to property type, location and borrower to reduce its exposure to potential losses. CIGNA routinely monitors and evaluates the status of its mortgage loans through the review of loan and property-related information, including cash flows, expiring leases, financial health of the borrower and major tenants, loan payment history, occupancy and room rates for hotels and, for all commercial properties, significant new competition. CIGNA evaluates this information in light of current economic conditions as well as geographic and property type considerations.

Potential Problem and Problem Mortgage Loans

Potential problem mortgage loans include:

- fully current loans that are judged by management to have certain characteristics that increase the likelihood of problem classification;
- fully current loans for which the borrower has requested restructuring; and
- loans that are 30 to 59 days delinquent with respect to interest or principal payments.

CIGNA had potential problem mortgage loans, including amounts attributable to policyholder contracts, of $55 million and $191 million as of December 31, 1998 and 1997, respectively. These amounts were net of related valuation reserves of $41 million as of December 31, 1997. There were no such reserves as of December 31, 1998. Potential problem mortgage loans attributable to policyholder contracts represented 58% and 61% of total potential problem mortgage loans at December 31, 1998 and 1997, respectively.

CIGNA's problem mortgage loans include delinquent and restructured mortgage loans. Delinquent mortgage loans include those on which payment is overdue 60 days or more. Restructured mortgage loans are those whose basic financial terms have been modified, typically to reduce the interest rate or extend the maturity date.

CIGNA had problem mortgage loans, including amounts attributable to policyholder contracts, of $98 million and $152 million, net of valuation reserves of $6 million and $9 million, as of December 31, 1998 and 1997, respectively. Problem mortgage loans attributable to policyholder contracts represented 62% and 51% of total problem mortgage loans at December 31, 1998 and 1997, respectively.

For 1998 and 1997, the majority of problem mortgage loans related to office buildings in the Middle Atlantic region.

CIGNA recognizes interest income on problem mortgage loans only when payment is received. See the Summary on page 22 for the effect of non-accruals and valuation reserves for mortgage loans on policyholder contracts and on CIGNA's net income.

Real Estate

Investment real estate includes real estate held for the production of income and real estate held for sale, primarily properties acquired as a result of foreclosure of mortgage loans (foreclosure properties).

As of December 31, investment real estate, including amounts attributable to policyholder contracts, and related cumulative write-downs and valuation reserves, were as follows:

(In millions)	1998	1997
Real estate held for sale (primarily foreclosure properties)	$511	$513
Less cumulative write-downs	132	129
Less valuation reserves	36	29
	343	355
Real estate held for the production of income	435	462
Less cumulative write-downs	45	48
	390	414
Investment real estate	$733	$769

Foreclosure properties attributable to policyholder contracts represented 60% of total foreclosure properties at December 31, 1998 and 1997.

For 1998 and 1997, the majority of real estate held for sale related to office buildings and retail facilities in the Central and Middle Atlantic regions.

See the Summary on page 22 for the effect of real estate write-downs and valuation reserves on policyholder contracts and on CIGNA's net income.

Summary

The adverse (favorable) effects of write-downs and changes in valuation reserves as well as of non-accruals on policyholder contracts and on CIGNA's net income for the year ended December 31 were as follows:

<TABLE>
<CAPTION>

	1998		1997		1996	
(In millions)	Policyholder Contracts	CIGNA	Policyholder Contracts	CIGNA	Policyholder Contracts	CIGNA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Write-downs and valuation reserves:						
Bonds	$4	$10	$15	$23	$18	$24
Mortgage loans	(7)	(1)	15	10	37	16
Real estate	7	2	(5)	1	1	1
Total	$4	$11	$25	$34	$56	$41
Non-accruals:						
Bonds	$3	$6	$2	$9	$8	$15
Mortgage loans	(2)	(2)	(5)	(1)	1	--
Total	$1	$4	$(3)	$8	$9	$15

</TABLE>

CIGNA also recognized losses in connection with Brazilian equity securities, as discussed on page 11. Additional losses from problem investments are expected to occur for specific investments in the normal course of business. Assuming no significant deterioration in economic conditions, including further significant deterioration in Latin American and Asian economies, CIGNA does not expect additional non-accruals, write-downs and reserves to materially affect future results of operations, liquidity or financial condition, or to result in a significant decline in the aggregate carrying value of its assets.

MARKET RISK OF FINANCIAL INSTRUMENTS

CIGNA's principal assets and liabilities are financial instruments, which are subject to the market risk of potential losses from adverse changes in market rates and prices. CIGNA's primary market risk exposures are: interest rate risk on fixed rate domestic medium-term instruments and, to a lesser extent, international medium-term and domestic and international short- and long-term instruments; foreign currency exchange rate risk, in particular the U.S. dollar to the Brazilian real, Japanese yen, Canadian dollar and certain European currencies; and equity price risk for domestic and international stocks and for contract guarantees linked to variable annuity account values with underlying mutual fund investments. CIGNA uses a variety of techniques to manage its exposure to market risk, as follows:

o CIGNA generally selects investment assets with characteristics such as duration, yield, currency and liquidity to reflect the underlying characteristics of related insurance and contractholder liabilities. CIGNA selects medium-term, fixed rate investments to support interest-sensitive, experience-rated and health liabilities subject to liquidity requirements, shorter- and longer-term investments to support generally shorter- and longer-term property and casualty and other life and health claim liabilities, and longer-term fully guaranteed products, primarily annuities.
o CIGNA generally conducts its international businesses through foreign operating entities that maintain assets and liabilities in local currencies, substantially limiting exchange rate risk to net assets denominated in foreign currencies.
o CIGNA generally uses derivative financial instruments to minimize market risk. Derivative instruments written to minimize market risks of insurance customers are not material.

See Notes 2(C) and 4(F) to the Financial Statements for additional information about financial instruments, including derivative financial instruments.

Caution should be used in evaluating CIGNA's overall market risk from the information on page 23, since actual results could differ materially because the information was developed using estimates and assumptions as described on page 23, and because insurance contract liabilities and reinsurance recoverables on unpaid losses are not included in the hypothetical effects (insurance contract liabilities represent 62% and 61% of total liabilities and reinsurance recoverables on unpaid losses represent 13% and 7% of the total assets, excluding separate accounts at December 31, 1998 and 1997, respectively).

The hypothetical effects of changes in market rates or prices on the fair values of financial instruments, excluding separate account assets and liabilities (because gains and losses of these accounts generally accrue to the policyholders), insurance contract liabilities and reinsurance recoverables on unpaid losses (because insurance contracts are excluded from requirements for these disclosures of hypothetical effects), would have been as follows as of December 31:

Market scenario for certain noninsurance financial instruments	Loss in fair value 1998	1997
100 basis point increase in interest rate	$1.3 billion	$1.3 billion
10% strengthening in U.S. dollar to each foreign currency	$495 million	$450 million
10% decrease in market prices for equity exposures	$110 million	$85 million

The decrease in fair values based on an increase in interest rates was determined by estimating the present value of future cash flows using various models, primarily duration modeling.

The decrease in fair value based on a strengthening of the U.S. dollar in comparison with each of the foreign currencies held by CIGNA was estimated as 10% of the U.S. dollar equivalent fair value.

The decrease in fair value of equity securities based on a decrease in the market prices of all equity securities was estimated as 10% of the fair value. The decrease in fair value of contract guarantees for minimum annuity benefits was estimated for amounts expected to be paid assuming a 10% decrease in the market prices of underlying mutual funds. Equity securities at December 31, 1998 and 1997, included domestic securities of $737 million and $564 million, respectively, which are primarily managed to reflect the S&P 500, and international securities of $306 million and $290 million, respectively, substantially all of which relate to issuers that are based in developed countries (primarily certain European countries, Japan and Australia). Contract guarantees are linked to variable annuity account values invested primarily in domestic stock and bond mutual funds.

YEAR 2000

CIGNA is highly dependent on automated systems and systems applications in conducting its operations. These systems include information technology (IT) systems that are used for, among other things, processing claims, billing, collecting premiums from customers and managing investment activities. If these systems were unable to function because of failing to be Year 2000 ready, CIGNA's business operations would be interrupted, which could have a material adverse effect on CIGNA's results of operations.

CIGNA's Year 2000 efforts include: 1) identifying systems requiring remediation; 2) assessing what is required to remediate those systems; 3) remediating systems to be ready for the Year 2000 (by either modifying or replacing them); and 4) testing systems for Year 2000 readiness, including that they properly interface with systems of external parties such as customers and third-party administrators. CIGNA has completed the identification and assessment phases with respect to its IT systems that are critical to maintaining operations or the failure of which would result in significant costs or disruption of operations ("mission critical systems"). As of December 31, 1998, remediation and testing procedures had been completed for 90% of its mission critical systems. CIGNA expects to substantially complete the remediation and testing of its mission critical systems by the middle of 1999. In certain cases, CIGNA will perform additional testing to ensure that these systems appropriately interact with other systems.

CIGNA's systems also include non-IT systems, such as telephone, facility management and other systems using embedded chips. The majority of non-IT systems are believed to be Year 2000 ready and the remaining non-IT systems are expected to be ready by mid-1999.

CIGNA is using both internal and external resources to meet the timetable established for completion of its Year 2000 efforts. The after-tax costs of Year 2000 efforts were approximately $100 million in 1998, and are expected to be $50 million in 1999. Approximately 60% of total Year 2000 costs are attributable to existing systems resources that have been redirected to the Year 2000 efforts. The remaining amounts represent incremental costs for Year 2000 efforts. Although certain systems development efforts have been deferred in order to address Year 2000 issues, CIGNA does not expect that this deferral will have a significant adverse effect on its results of operations or financial condition.

CIGNA has relationships with various third-party entities in the ordinary course of business. For example, CIGNA receives data from clients; depends on others, such as third-party administrators and banks, for services; and bears credit risk on others, such as entities in which it invests. CIGNA has identified third-party entities critical to its operations, and it is assessing and attempting to mitigate its risks with respect to the potential failure of these entities to be Year 2000 ready by, among other things, reviewing, where possible, their formal Year 2000 plans and obtaining Year 2000 readiness affirmations from certain third-party entities. The effect, if any, on CIGNA's results of operations from the failure of these entities (including entities on which CIGNA bears credit risk) to be Year 2000 ready is not reasonably estimable.

While CIGNA expects that its Year 2000 efforts will be successful, it has begun, but not yet completed, a comprehensive analysis of the operational problems that would be reasonably likely to result from the failure by CIGNA and certain third parties to complete efforts necessary to achieve Year 2000 compliance on a timely basis. CIGNA has made substantial progress in completing this analysis and expects to complete it by the end of the second quarter of 1999. CIGNA has historically had security and backup policies and procedures for safeguarding critical corporate data. It is supplementing these policies by developing Year 2000 contingency plans to provide for the resumption of operations in the event of Year 2000 systems failures or the failure of third-party entities to be Year 2000 ready. These plans are expected to be completed and tested prior to the fourth quarter of 1999.

The costs of CIGNA's Year 2000 efforts and the dates on which CIGNA believes it will complete such efforts are based on management's best estimates, which were derived using numerous assumptions regarding future events, including the continued availability of certain resources, third-party remediation plans, and other factors. There can be no assurance that these estimates will prove to be accurate, and actual results could differ materially from those currently anticipated. Specific factors that could cause such material differences include, but are not limited to, the availability and costs of personnel trained in Year 2000 issues, the ability to identify, assess, remediate and test all relevant computer codes and embedded technology, the risk that reasonable testing will not uncover all Year 2000 problems, and similar uncertainties. Property and casualty indemnity losses for Year 2000 claims and litigation costs to defend or deny such claims are not reasonably estimable at this time.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for historical information provided in this Management's Discussion and Analysis of Financial Condition and Results of Operations, statements made throughout this document are forward-looking and contain information about financial results, economic conditions, trends and known uncertainties. CIGNA cautions the reader that actual results could differ materially from those expected by CIGNA, depending on the outcome of certain factors (some of which are described with the forward-looking statements) including: 1) adverse catastrophe experience in CIGNA's property and casualty businesses; 2) adverse property and casualty loss development for events that CIGNA insured in prior years; 3) an increase in medical costs in CIGNA's health care operations, including increases in utilization and costs of medical services; 4) heightened competition, particularly price competition, reducing product margins and constraining growth in CIGNA's businesses; 5) significant changes in interest rates; 6) significant stock market declines resulting in payments contingent on certain variable annuity account values; 7) the effect on CIGNA's international operations and investments from further significant deterioration in Latin American and Asian economies; and 8) proposals to change federal corporate income taxes.

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

(In millions, except per share amounts)

For the years ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
REVENUES			
Premiums and fees	$16,413	$14,935	$13,916
Net investment income	3,705	4,245	4,333
Other revenues	1,163	691	610
Realized investment gains	156	167	91
Total revenues	21,437	20,038	18,950
BENEFITS, LOSSES AND EXPENSES			
Benefits, losses and settlement expenses	13,861	13,029	12,473
Policy acquisition expenses	954	1,046	1,138
Other operating expenses	4,612	4,313	3,738
Total benefits, losses and expenses	19,427	18,388	17,349
INCOME BEFORE INCOME TAXES	2,010	1,650	1,601
Income taxes (benefits):			
Current	841	493	419
Deferred	(123)	71	126
Total taxes	718	564	545
NET INCOME	$1,292	$1,086	$1,056
EARNINGS PER SHARE:			
Basic	$6.12	$4.93	$4.68
Diluted	$6.05	$4.88	$4.64

</TABLE>

The Notes to Financial Statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

(In millions, except per share amounts)

As of December 31,		1998		1997
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investments:				
Fixed maturities, at fair value (amortized cost, $30,614; $34,284)		$32,634		$36,358
Equity securities, at fair value (cost, $746; $648)		1,043		854
Mortgage loans		9,599		10,859
Policy loans		6,185		7,253
Real estate		733		769
Other long-term investments		205		273
Short-term investments		308		212
Total investments		50,707		56,578
Cash and cash equivalents		3,028		2,625
Accrued investment income		769		868

Premiums, accounts and notes receivable		4,469		4,265
Reinsurance recoverables		12,925		6,753
Deferred policy acquisition costs		1,069		1,542
Property and equipment		938		857
Deferred income taxes		1,861		1,788
Other assets		1,543		1,033
Goodwill and other intangibles		2,495		2,542
Separate account assets		34,808		29,348
Total assets		$114,612		$108,199
LIABILITIES				
Contractholder deposit funds		$30,864		$30,682
Unpaid claims and claim expenses		18,017		17,906
Future policy benefits		12,510		11,976
Unearned premiums		1,990		1,774
Total insurance and contractholder liabilities		63,381		62,338
Accounts payable, accrued expenses and other liabilities		6,765		6,562
Current income taxes		56		60
Short-term debt		272		690
Long-term debt		1,431		1,465
Separate account liabilities		34,430		29,152
Total liabilities		106,335		100,267
CONTINGENCIES - NOTE 19				
SHAREHOLDERS' EQUITY				
Common stock (shares issued, 265; 264)		66		66
Additional paid-in capital		2,719		2,655
Net unrealized appreciation, fixed maturities	$750		$752	
Net unrealized appreciation, equity securities	206		132	
Net translation of foreign currencies	(114)		(126)	
Accumulated other comprehensive income		842		758
Retained earnings		6,746		5,696
Less treasury stock, at cost		(2,096)		(1,243)
Total shareholders' equity		8,277		7,932
Total liabilities and shareholders' equity		$114,612		$108,199
SHAREHOLDERS' EQUITY PER SHARE		$40.25		$36.55

</TABLE>
The Notes to Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN SHAREHOLDERS' EQUITY

<TABLE>

(In millions)						
For the years ended December 31,	1998		1997		1996	
	Compre-hensive Income	Share-holders' Equity	Compre-hensive Income	Share-holders' Equity	Compre-hensive Income	Share-holders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Common stock		$66		$66		$66
Additional paid-in capital, beginning of year		2,655		2,594		2,558
Issuance of common stock for employee benefits plans		64		61		36
Additional paid-in capital, end of year		2,719		2,655		2,594
Accumulated other comprehensive income, beginning of year		758		582		1,071
Net unrealized appreciation (depreciation), fixed maturities	$(2)	(2)	$213	213	$(486)	(486)
Net unrealized appreciation, equity securities	74	74	44	44	15	15
Net unrealized appreciation (depreciation) on investments	72		257		(471)	
Net translation of foreign currencies	12	12	(81)	(81)	(18)	(18)
Other comprehensive income (loss)	84		176		(489)	

Accumulated other comprehensive income, end of year		842		758		582
Retained earnings, beginning of year		5,696		4,855		4,041
Net income	1,292	1,292	1,086	1,086	1,056	1,056
Common dividends declared		(242)		(245)		(242)
Retained earnings, end of year		6,746		5,696		4,855
Treasury stock, beginning of year		(1,243)		(889)		(578)
Repurchase of common stock		(822)		(340)		(298)
Other treasury stock transactions, net		(31)		(14)		(13)
Treasury stock, end of year		(2,096)		(1,243)		(889)
TOTAL COMPREHENSIVE INCOME AND SHAREHOLDERS' EQUITY	$1,376	$8,277	$1,262	$7,932	$567	$7,208

</TABLE>

The Notes to Financial Statements are an integral part of these statements.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

For the years ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$1,292	$1,086	$1,056
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Insurance liabilities	530	(665)	(351)
Reinsurance recoverables	(239)	565	(140)
Premiums, accounts and notes receivable	(248)	85	23
Deferred policy acquisition costs	(126)	(217)	(89)
Accounts payable, accrued expenses, other liabilities and current income taxes	31	328	23
Deferred income taxes	(123)	71	126
Realized investment gains	(156)	(167)	(91)
Depreciation and goodwill amortization	318	255	227
Gain on sale of businesses	(418)	--	(18)
Other, net	(234)	(110)	(66)
Net cash provided by operating activities	627	1,231	700
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments sold:			
Fixed maturities	6,776	5,902	6,076
Equity securities	439	304	368
Mortgage loans	1,278	861	676
Other (primarily short-term investments)	2,692	4,305	4,222
Investment maturities and repayments:			
Fixed maturities	4,015	3,588	3,867
Mortgage loans	470	634	672
Investments purchased:			
Fixed maturities	(9,567)	(10,309)	(9,842)
Equity securities	(466)	(383)	(348)
Mortgage loans	(1,851)	(1,527)	(1,375)
Other (primarily short-term investments)	(3,013)	(2,731)	(4,659)
Sale of individual life insurance and annuity business, net proceeds	1,296	--	--
Healthsource acquisition, net cash used	--	(1,305)	--
Other acquisitions and dispositions, net cash provided (used)	(336)	(111)	65
Other, net	(441)	(194)	(209)
Net cash provided by (used in) investing activities	1,292	(966)	(487)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits and interest credited to contractholder deposit funds	7,064	7,622	7,261
Withdrawals and benefit payments from contractholder deposit funds	(7,097)	(7,043)	(7,168)
Net change in short-term debt	(348)	358	(6)
Issuance of long-term debt	--	600	--
Repayment of long-term debt	(108)	(318)	(158)
Repurchase of common stock	(833)	(335)	(292)
Issuance of common stock	26	19	12
Common dividends paid	(243)	(245)	(242)
Net cash provided by (used in) financing activities	(1,539)	658	(593)
Effect of foreign currency rate changes on cash and cash equivalents	23	(58)	(22)

Net increase (decrease) in cash and cash equivalents	403	865	(402)
Cash and cash equivalents, beginning of year	2,625	1,760	2,162
Cash and cash equivalents, end of year	$3,028	$2,625	$1,760
Supplemental Disclosure of Cash Information:			
Income taxes paid, net of refunds	$843	$620	$360
Interest paid	$128	$123	$106

</TABLE>
The Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- DESCRIPTION OF BUSINESS

CIGNA Corporation's subsidiaries provide group health and life insurance, managed care products and related services, retirement and investment products and services, and property and casualty insurance throughout the United States and in many locations worldwide, as well as individual life and health insurance and annuity products in selected international locations.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Presentation: The consolidated financial statements include the accounts of CIGNA Corporation and all significant subsidiaries (CIGNA). These consolidated financial statements have been prepared in conformity with generally accepted accounting principles, and reflect management's estimates and assumptions, such as those regarding medical costs and interest rates, that affect the recorded amounts. Significant estimates used in determining insurance and contractholder liabilities and related reinsurance recoverables, and valuation allowances for investment assets and deferred tax assets, are discussed throughout the Notes to Financial Statements.

All share and per share data presented have been restated to reflect the three-for-one stock split approved by shareholders on April 22, 1998 (see Note 7). Certain reclassifications have been made to prior years' amounts to conform with the 1998 presentation.

B) Recent Accounting Pronouncements: CIGNA adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," as of December 31, 1998. SFAS No. 131 changes the way segments are structured and requires additional segment disclosures. Prior period information has been restated based on the new requirements. See Note 16 for additional information.

In 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that derivatives be reported on the balance sheet at fair value. Changes in fair value are recognized in net income or, for derivatives that are hedging market risk related to future cash flows, in the accumulated other comprehensive income section of shareholders' equity. Implementation is required by the first quarter of 2000, with the cumulative effect of adoption reflected in net income and accumulated other comprehensive income, as appropriate. CIGNA has not determined the effect or timing of implementation of this pronouncement.

The American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 97-3, "Accounting by Insurance and Other Enterprises for Insurance-Related Assessments," in 1997. SOP 97-3 provides guidance on the recognition and measurement of liabilities for guaranty fund and other insurance-related assessments. Implementation is required by the first quarter of 1999, with the cumulative effect of adopting the SOP reflected in net income in the year of adoption. The estimated reduction of net income from implementation of this pronouncement is expected to be approximately $95 million, and is primarily related to the property and casualty operations.

In 1998, the AICPA issued SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 specifies the types of costs that must be capitalized and amortized over the software's expected useful life and the types of costs which must be immediately recognized as expense. Implementation of this pronouncement is required by the first quarter of 1999 and is not expected to have a material effect on results of operations, liquidity or financial condition.

In 1998, the AICPA issued SOP 98-7, "Deposit Accounting: Accounting for Insurance and Reinsurance Contracts That Do Not Transfer Insurance Risk." SOP 98-7 provides guidance on the deposit method of accounting for insurance and reinsurance contracts that do not transfer insurance risk, except for long-duration life and health contracts. Implementation is required by the first quarter of 2000, with the cumulative effect of adopting the SOP reflected in net income in the year of adoption. CIGNA has not determined the effect or timing of implementation of this pronouncement.

C) Financial Instruments: In the normal course of business, CIGNA enters into transactions involving various types of financial instruments, including investments such as fixed maturities and equity securities, debt, and off-balance-sheet financial instruments such as investment and loan commitments and financial guarantees. These instruments are subject to risk of loss due to interest rate and market fluctuations and most have credit risk. CIGNA evaluates and monitors each financial instrument individually and, where appropriate, uses certain derivative instruments or obtains collateral or other forms of security to minimize risk of loss.

Financial instruments that are subject to fair value disclosure requirements (insurance contracts, real estate, goodwill and taxes are excluded) are carried in the financial statements at amounts that approximate fair value, except for mortgage loans, contractholder deposit funds (non-insurance products) and long-term debt. For these financial instruments, the fair value was not materially different from the carrying amount as of December 31, 1998 and 1997. Fair values of off-balance-sheet financial instruments as of December 31, 1998 and 1997 were not material.

Fair values for financial instruments are estimates that, in many cases, may differ significantly from the amounts that could be realized upon immediate liquidation. In cases where market prices are not available, estimates of fair value are based on discounted cash flow analyses which utilize current interest rates for similar financial instruments with comparable terms and credit quality. The fair value of liabilities for contractholder deposit funds was estimated using the amount payable on demand and, for those not payable on demand, discounted cash flow analyses.

D) Investments: Investments in fixed maturities, which are classified as available-for-sale and carried at fair value, include bonds; asset-backed securities, including collateralized mortgage obligations (CMOs); and redeemable preferred stocks. Fixed maturities are considered impaired and written down to fair value when a decline in value is considered to be other than temporary.

Mortgage loans are carried principally at unpaid principal balances, net of valuation reserves. Mortgage loans are considered impaired when it is probable that CIGNA will not collect all amounts according to the contractual terms of the loan agreement. If impaired, a valuation reserve is utilized to record any change in the fair value of the underlying collateral below the carrying value of the mortgage loan.

Fixed maturities and mortgage loans that are delinquent or restructured to modify basic financial terms, typically to reduce the interest rate and, in certain cases, extend the term, are placed on non-accrual status. Net investment income on such investments is recognized only when payment is received.

Real estate investments are either held for the production of income or held for sale. Real estate investments held for the production of income are carried at depreciated cost less any write-downs to fair value. Depreciation is generally calculated using the straight-line method based on the estimated useful lives of these assets.

Real estate investments held for sale are generally those which are acquired through the foreclosure of mortgage loans. CIGNA's policy is to rehabilitate, re-lease and sell foreclosed properties, which generally takes two to four years or less if circumstances indicate that an immediate sale is in the best interests of CIGNA or policyholders. At the time of foreclosure, properties are valued at fair value less estimated costs to sell and are reclassified from mortgage loans to real estate held for sale. Subsequent to foreclosure, these investments are carried at the lower of cost or current fair value less estimated costs to sell and are no longer depreciated. Adjustments to the carrying value as a result of changes in fair value subsequent to foreclosure are recorded as valuation reserves. CIGNA considers several methods in determining fair value for real estate, with emphasis placed on the use of discounted cash flow analyses and, in some cases, the use of third-party appraisals.

Equity securities and short-term investments are classified as available-for-sale. Equity securities, which include common and non-redeemable preferred stocks, are carried at fair value. Short-term investments are carried at fair value, which approximates cost.

Policy loans generally are carried at unpaid principal balances.

Realized investment gains and losses result from sales, investment asset write-downs and changes in valuation reserves. Realized investment gains and losses do not include amounts attributable to experience-rated pension policyholders' contracts and participating life policies (policyholder share). Realized investment gains and losses are based upon specific identification of the investment assets.

Unrealized investment gains and losses for investments carried at fair value are included in shareholders' equity net of policyholder-related amounts and deferred income taxes.

See Note 4(F) for a discussion of CIGNA's accounting policies for derivative financial instruments.

E) Cash and Cash Equivalents: Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.

F) Reinsurance Recoverables: Reinsurance recoverables are estimates of amounts to be received from reinsurers. Allowances are established for amounts estimated to be uncollectible.

G) Deferred Policy Acquisition Costs: Acquisition costs consist of commissions, premium taxes and other costs, which vary with, and are primarily related to, the production of revenues. Acquisition costs for:

- property and casualty products are deferred and amortized over the terms of the insurance policies;
- universal life products and contractholder deposit funds are deferred and amortized in proportion to the present value of total estimated gross

profits over the expected lives of the contracts;

- annuity and other individual life insurance products are deferred and amortized, generally in proportion to the ratio of annual revenue to the estimated total revenues over the contract periods; and
- other products are expensed as incurred.

Deferred policy acquisition costs are reviewed to determine if they are recoverable from future income, including investment income. If such costs are estimated to be unrecoverable, they are expensed unless such costs are estimated to be unrecoverable as a result of treating unrealized investment gains and losses as though they had been realized. If so, a deferred acquisition cost valuation allowance may be established or adjusted, with a comparable offset in net unrealized appreciation (depreciation).

H) Property and Equipment: Property and equipment are carried at cost less accumulated depreciation. When applicable, cost includes interest and real estate taxes incurred during construction and other construction-related costs. Depreciation is calculated principally on the straight-line method based on the estimated useful lives of the assets. Accumulated depreciation was $1.3 billion and $1.2 billion at December 31, 1998 and 1997, respectively.

I) Other Assets: Other assets consists of various insurance-related assets, principally ceded unearned premiums and reinsurance deposits, and investments accounted for under the equity method.

J) Goodwill and Other Intangibles: Goodwill represents the excess of the cost of businesses acquired over the fair value of their net assets. Other intangible assets primarily represent purchased customer lists and provider contracts. Goodwill and other intangibles are amortized over periods ranging from five to 40 years. Goodwill and other intangibles are written down when not recoverable based on analysis of historical and estimated future income or undiscounted estimated cash flows of the related businesses. Amortization periods are revised if it is estimated that the remaining period of benefit of the goodwill and other intangibles has changed. Accumulated amortization was $1.2 billion and $1.0 billion at December 31, 1998 and 1997, respectively.

K) Separate Accounts: Separate account assets and liabilities are carried at market value and represent policyholder funds maintained in accounts having specific investment objectives. The investment income, gains and losses of these accounts generally accrue to the policyholders and, therefore, are not included in CIGNA's revenues and expenses.

L) Contractholder Deposit Funds: Liabilities for contractholder deposit funds consist of deposits received from customers and investment earnings on their fund balances, less administrative charges and, for universal life fund balances, mortality charges.

M) Unpaid Claims and Claim Expenses: Liabilities for unpaid claims and claim expenses are estimates of payments to be made on reported claims and incurred but not reported claims on property, casualty, health and dental coverages. Estimated amounts of salvage and subrogation are deducted from the liability for unpaid claims.

N) Future Policy Benefits: Future policy benefits are liabilities for life, health and annuity products. Such liabilities are established in amounts adequate to meet the estimated future obligations of policies in force. These liabilities are computed using premium assumptions for group annuity policies and the net level premium method for individual life policies, and are based upon estimates as to future investment yield, mortality and withdrawals that include provisions for adverse deviation. Future policy benefits for individual life insurance and annuity policies are computed using interest rates ranging from approximately 2.0% to 10.8%, generally graded down from one to 20 years. Mortality, morbidity and withdrawal assumptions are based on either CIGNA's own experience or various actuarial tables.

O) Unearned Premiums: Premiums for property and casualty and group life, accident and health insurance are reported as earned on a pro-rata basis over the contract period. The unexpired portion of these premiums is recorded as unearned premiums.

P) Other Liabilities: Other liabilities consists principally of postretirement and postemployment benefits and various insurance-related liabilities, including amounts related to reinsurance contracts and guaranty fund assessments that can be reasonably estimated.

Q) Translation of Foreign Currencies: Foreign operations primarily utilize the local currencies as their functional currencies, and assets and liabilities are translated at the rates of exchange as of the balance sheet date. The translation gain or loss on such functional currencies, net of applicable taxes, is generally reflected in shareholders' equity. Revenues and expenses are translated at average rates of exchange prevailing during the year.

R) Premiums and Fees, Revenues and Related Expenses: Premiums for property and casualty insurance, group life, accident and health insurance, and prepaid health and dental coverages are recognized as revenue on a pro-rata basis over their contract periods. Benefits, losses and settlement expenses are recognized when incurred.

Revenues for investment-related products consist of net investment income and contract fees assessed against the fund balances during the period. Net investment income represents investment income on assets supporting investment-related products and is recognized as earned. Contract fees are based upon related administrative expenses and are assessed ratably over the contract year. Benefit expenses for investment-related products primarily consist of amounts credited in accordance with contract provisions.

Premiums for individual life insurance as well as individual and group annuity products, excluding universal life and investment-related products, are recognized as revenue when due. Benefits, losses and settlement expenses are matched with premiums.

Revenues for universal life products consist of net investment income and mortality, administration and surrender fees assessed against the fund balances during the period. Net investment income represents investment income on assets supporting universal life products and is recognized as earned. Fees for mortality are recognized ratably over the policy year. Administration fees are recognized as services are provided, and surrender charges are recognized as earned. Benefit expenses for universal life products consist of benefit claims in excess of fund balances, which are recognized when claims are filed, and amounts credited in accordance with contract provisions.

S) Participating Business: Certain life insurance policies contain dividend payment provisions that enable the policyholder to participate in a portion of the earnings of the life insurance subsidiaries of CIGNA. The participating insurance in force accounted for approximately 6% of total life insurance in force at December 31, 1998, 1997 and 1996.

T) Income Taxes: CIGNA and its domestic subsidiaries file a consolidated United States federal income tax return; foreign subsidiaries file tax returns in accordance with applicable foreign regulations. Included in tax returns for domestic subsidiaries are the taxable income and credits for taxes paid for certain foreign subsidiaries. Entities included within the consolidated group are segregated into either a life insurance or non-life insurance company subgroup. The consolidation of these subgroups is subject to certain statutory restrictions on the percentage of eligible non-life tax losses that can be applied to offset life company taxable income.

Deferred income taxes are generally recognized when assets and liabilities have different values for financial statement and tax reporting purposes. See Note 9 for additional information.

NOTE 3 -- ACQUISITIONS AND DISPOSITIONS

In January 1999, CIGNA entered into an agreement to sell its domestic and international property and casualty businesses (which comprise the Property and Casualty segment described in Note 16) to ACE Limited for cash proceeds of $3.45 billion. The sale, which is subject to U.S. and international regulatory approval and other conditions to closing, is expected to be completed by mid-1999. Net assets of the businesses to be sold were approximately $2.3 billion as of December 31, 1998. The determination of the gain on sale will be affected by changes to net assets through closing for results of operations and dividends from the businesses to be sold, as well as transaction costs and other adjustments.

As of January 1, 1998, CIGNA sold its individual life insurance and annuity business for cash proceeds of $1.4 billion. The sale resulted in an after-tax gain of $773 million of which $202 million was recognized upon closing of the sale. Since the principal agreement to sell this business is in the form of an indemnity reinsurance arrangement, the remaining $571 million of the gain was deferred and is being recognized at the rate that earnings from the business sold would have been expected to emerge, primarily over fifteen years on a declining basis. CIGNA recognized $66 million of the deferred gain in 1998.

Revenues for this business were $972 million and $926 million for the years ended December 31, 1997 and 1996, respectively, and net income was $102 million and $67 million for the same periods. Also, as part of the transaction, CIGNA recorded a reinsurance recoverable from the purchaser of $5.8 billion for insurance liabilities retained, and transferred invested assets of $5.4 billion along with other assets and liabilities associated with the business. The sales agreement provides for the possibility of certain adjustments; however, any future adjustments are not expected to be material to results of operations, liquidity or financial condition.

CIGNA acquired the outstanding common stock of Healthsource, Inc. (Healthsource) on June 25, 1997. The cost of the acquisition was $1.7 billion, reflecting the purchase of Healthsource common stock for $1.4 billion and the retirement of Healthsource debt of $250 million. The acquisition was accounted for as a purchase, and was financed through the issuance of long-term debt of $600 million and a combination of internally generated funds and short-term debt. The results of operations of Healthsource are included in the accompanying consolidated financial statements from the date of acquisition. Healthsource revenues that are not included in CIGNA's results of operations were $971 million and $1.7 billion for the first six months of 1997 and for the full year 1996, respectively. The pro forma effect on CIGNA's net income was not material.

Goodwill and other intangible assets associated with the Healthsource acquisition were $1.5 billion, including $24 million recorded in the fourth quarter of 1997 for severance of Healthsource employees, vacated Healthsource lease space and adjustments to Healthsource net assets to conform to CIGNA's accounting policies. As of December 31, 1998, approximately $8 million of severance had been paid to approximately 530 employees. Goodwill and other intangible assets are being amortized on a straight-line basis over periods ranging from eight to 40 years.

CIGNA has invested in certain entities in connection with the expansion (principally in emerging markets) of its international operations for approximately $350 million in 1998 and $125 million in 1997. Most of these investments relate to expansion of CIGNA's health care operations in Brazil. They include the acquisition of a managed health care business, which is being consolidated, and investments in another health care operation, which are being accounted for under the equity method. These investments also included equity securities of a Brazilian financial services company. In 1998, CIGNA recognized realized investment losses of $31 million after-tax on the Brazilian equity securities and losses of approximately $17 million after-tax from Brazilian health care operations. The effect on CIGNA's results of operations in 1997 and 1996 from this expansion of international operations was not material.

CIGNA had other acquisitions and dispositions during 1998, 1997 and 1996, the effects of which were not material to the financial statements.

NOTE 4 -- INVESTMENTS

A) Fixed Maturities: Fixed maturities are net of cumulative write-downs of $33 million and $43 million, including policyholder share, as of December 31, 1998 and 1997, respectively.

The amortized cost and fair value by contractual maturity periods for fixed maturities, including policyholder share, as of December 31, 1998 were as follows:

(In millions)	Amortized Cost	Fair Value
Due in one year or less	$1,898	$1,930
Due after one year through five years	8,120	8,447
Due after five years through ten years	7,952	8,367
Due after ten years	4,854	5,822
Asset-backed securities	7,790	8,068
Total	$30,614	$32,634

Actual maturities could differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Also, CIGNA may extend maturities in some cases.

Gross unrealized appreciation (depreciation) for fixed maturities, including policyholder share, by type of issuer was as follows:

	December 31, 1998			
(In millions)	Amortized Cost	Unrealized Apprec- iation	Unrealized Deprec- iation	Fair Value
Federal government bonds	$972	$467	$(1)	$1,438
State and local government bonds	2,212	175	(1)	2,386
Foreign government bonds	2,707	238	(78)	2,867
Corporate securities	16,933	1,178	(236)	17,875
Asset-backed securities	7,790	320	(42)	8,068
Total	$30,614	$2,378	$(358)	$32,634
	December 31, 1997			
Federal government bonds	$1,816	$336	$--	$2,152
State and local government bonds	1,835	190	(2)	2,023
Foreign government bonds	2,507	178	(45)	2,640
Corporate securities	19,532	1,185	(165)	20,552
Asset-backed securities	8,594	418	(21)	8,991
Total	$34,284	$2,307	$(233)	$36,358

Asset-backed securities include investments in CMOs as of December 31, 1998 of $2.9 billion carried at fair value (amortized cost, $2.8 billion), compared with $3.5 billion carried at fair value (amortized cost, $3.4 billion) as of December 31, 1997. Certain of these securities are backed by Aaa/AAA-rated government agencies. All other CMO securities have high quality ratings through use of credit enhancements provided by subordinated securities or mortgage insurance from Aaa/AAA-rated insurance companies. CMO holdings are concentrated in securities with limited prepayment, extension and default risk, such as planned amortization class bonds. CIGNA's investments in interest-only and principal-only CMOs, which are subject to interest rate risk due to accelerated prepayments, represented less than 1% of total CMO investments at December 31, 1998 and 1997, respectively.

At December 31, 1998, contractual fixed maturity investment commitments were $39 million. The majority of investment commitments are for the purchase of investment grade fixed maturities, bearing interest at a fixed market rate, and require no collateral. These commitments are diversified by issuer and maturity date, and it is estimated that approximately 65% will be disbursed in 1999.

B) Mortgage Loans and Real Estate: CIGNA's mortgage loans and real estate investments are diversified by property type and location and, for mortgage loans, by borrower. Mortgage loans are collateralized by the related property and generally are less than 75% of the property's value at the time the original loan is made.

At December 31, the carrying values of mortgage loans and real estate investments, including policyholder share, were as follows:

(In millions)	1998	1997
Mortgage loans	$9,599	$10,859
Real estate:		
Held for sale	343	355
Held for the production of income	390	414
Total real estate	733	769
Total	$10,332	$11,628

At December 31, mortgage loans and real estate investments comprised the following property types and geographic regions:

(In millions)	1998	1997
Property type:		
Retail facilities	$3,412	$4,579
Office buildings	4,049	4,191
Apartment buildings	1,434	1,460
Industrial	692	601
Hotels	468	513
Other	277	284
Total	$10,332	$11,628
Geographic region:		
Central	$3,279	$3,744
Pacific	2,273	2,473
Middle Atlantic	1,590	1,918
South Atlantic	1,516	1,618
New England	1,065	1,180
Other	609	695
Total	$10,332	$11,628

Mortgage Loans

At December 31, 1998, scheduled mortgage loan maturities were as follows: 1999 -- $924 million; 2000 -- $1.0 billion; 2001 -- $903 million; 2002 -- $1.2 billion; 2003 -- $1.7 billion; and $3.9 billion thereafter. Actual maturities could differ from contractual maturities because borrowers may have the right to prepay obligations, with or without prepayment penalties; the maturity date may be extended; and loans may be refinanced. During 1998 and 1997, CIGNA refinanced at current market rates approximately $135 million and $139 million, respectively, of its mortgage loans relating to borrowers that were unable to obtain alternative financing.

At December 31, 1998, contractual commitments to extend credit under commercial mortgage loan agreements amounted to approximately $542 million, most of which were at a fixed market rate of interest. These commitments expire within three months, and are diversified by property type and geographic region.

At December 31, 1998, CIGNA's impaired mortgage loans were $159 million, including $26 million before valuation reserves totaling $6 million, and $133 million, which had no valuation reserves. At December 31, 1997, CIGNA's impaired mortgage loans were $393 million, including $170 million before valuation reserves totaling $50 million, and $223 million, which had no valuation reserves.

During the year ended December 31, changes in reserves for impaired mortgage loans, including policyholder share, were as follows:

(In millions)	1998	1997
Reserve balance -- January 1	$50	$101
Transfers to foreclosed real estate	(26)	(30)
Charge-offs upon sales	(9)	(52)
Net change in valuation reserves	(9)	31
Reserve balance -- December 31	$6	$50

During 1998 and 1997, impaired mortgage loans, before valuation reserves, averaged approximately $294 million and $624 million, respectively, and interest income recorded and cash received on these loans were approximately $12 million and $35 million in each year.

Real Estate

During 1998, 1997 and 1996, non-cash investing activities included real estate acquired through foreclosure of mortgage loans, which totaled $37 million, $85 million and $114 million, respectively.

Valuation reserves and cumulative write-downs related to real estate, including policyholder share, were $213 million and $206 million as of December 31, 1998 and 1997, respectively.

Net income for 1998 and 1997 included net investment income of $9 million and $10 million, respectively, for real estate held for sale. Write-downs upon foreclosure and changes in valuation reserves were not material for 1998 and 1997.

C) Short-Term Investments and Cash Equivalents: At December 31, 1998 and 1997, short-term investments and cash equivalents, in the aggregate, primarily included debt securities, principally federal government bonds of $144 million and $682 million, respectively, and corporate securities of $1.8 billion and $985 million, respectively.

D) Net Unrealized Appreciation (Depreciation) of Investments: Unrealized appreciation (depreciation) for investments carried at fair value as of December 31 were as follows:

(In millions)	1998	1997
Unrealized appreciation:		
Fixed maturities	$2,378	$2,307
Equity securities	349	284
	2,727	2,591
Unrealized depreciation:		
Fixed maturities	(358)	(233)
Equity securities	(52)	(78)
	(410)	(311)
	2,317	2,280
Less policyholder-related amounts	871	946
Shareholder net unrealized appreciation	1,446	1,334
Less deferred income taxes	490	450
Net unrealized appreciation	$956	$884

The components of net unrealized appreciation (depreciation) on investments for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Unrealized appreciation (depreciation) on investments held, net of taxes of $129, $176 and $(228), respectively	$237	$319	$(431)
Less gains realized in net income, net of taxes of $89, $33 and $21, respectively	165	62	40

Net unrealized appreciation (depreciation)	$72	$257	$(471)

E) Non-Income Producing Investments: At December 31, the carrying values of investments, including policyholder share, that were non-income producing during the preceding 12 months were as follows:

(In millions)	1998	1997
Fixed maturities	$27	$34
Mortgage loans	2	--
Real estate	68	141
Other long-term investments	6	8
Total	$103	$183

F) Derivative Financial Instruments: CIGNA's investment strategy is to manage the characteristics of investment assets, such as duration, yield, currency and liquidity, to reflect the underlying characteristics of the related insurance and contractholder liabilities, which vary among CIGNA's principal product lines. In connection with this investment strategy, CIGNA's use of derivative instruments, including interest rate and currency swaps, purchased options and futures contracts, is generally limited to hedging applications to minimize market risk.

Hedge accounting treatment requires a probability of high correlation between the changes in the market value or cash flows of the derivatives and the hedged assets or liabilities. Under hedge accounting, the changes in market value or cash flows of the derivatives and the hedged assets or liabilities are recognized in net income in the same period. If CIGNA's use of derivatives does not qualify for hedge accounting treatment, the derivative is recorded at fair value and changes in its fair value are recognized in net income without considering changes in the hedged asset or liability.

CIGNA routinely monitors, by individual counterparty, exposure to credit risk associated with swap and option contracts and diversifies the portfolio among approved dealers of high credit quality. Futures contracts are exchange-traded and, therefore, credit risk is limited since the exchange assumes the obligations. CIGNA manages legal risks by following industry standardized documentation procedures and by monitoring legal developments.

Underlying contract, notional or principal amounts associated with derivatives at December 31 were as follows:

(In millions)	1998	1997
Interest rate swaps	$182	$316
Currency swaps	$213	$276
Purchased options	$897	$833
Written options	$1,105	$--
Futures	$249	$80

Under interest rate swaps, CIGNA agrees with other parties to periodically exchange the difference between variable rate and fixed rate asset cash flows to provide stable returns for related liabilities. CIGNA uses currency swaps (primarily Canadian dollars, pounds sterling and Swiss francs) to match the currency of investments to that of the associated liabilities. Under currency swaps, the parties exchange principal and interest amounts in two relevant currencies using agreed-upon exchange amounts.

The net interest cash flows from interest rate and currency swaps are recognized currently as an adjustment to net investment income, and the fair value of these swaps is reported as an adjustment to the related investments.

Using purchased options to reduce the effect of changes in interest rates or equity indexes on liabilities, CIGNA pays an up-front fee to receive cash flows from third parties when interest rates or equity indexes vary from specified levels. Purchased options that qualify for hedge accounting are recorded consistent with the related liabilities, at amortized cost plus adjustments based on current equity indexes, and income is reported as an adjustment to benefit expense. Purchased options that qualify for hedge accounting are reported in other assets, and fees paid are amortized to benefit expense over their contractual periods. Purchased options with underlying notional amounts of $82 million at December 31, 1997 that are designated as hedges, but do not qualify for hedge accounting, are reported in other long-term investments at fair value with changes in fair value recognized as realized investment gains and losses. There were no such options at December 31, 1998.

CIGNA also writes reinsurance contracts that are accounted for as written options. CIGNA receives fees to pay for specified unfavorable changes in variable annuity account values based on underlying mutual fund investments when account holders elect to receive periodic income payments. These written options, along with options purchased to minimize the risk assumed, are reported at fair value in other liabilities and other assets, respectively. Changes in fair value are recognized in other revenues, or other operating expenses if there is a net loss. Fair values of written and related purchased options during 1998 and as of December 31, 1998 were not material.

Interest rate futures are used to temporarily hedge against the changes in market values of bonds and mortgage loans to be purchased or sold. Under futures contracts, changes in the contract values are settled in cash daily with the exchange on which the instrument is traded. These changes in contract values are deferred and recorded as adjustments to the carrying value of the related bond or mortgage loan. Deferred gains and losses are amortized into net investment income over the life of the investments purchased or are recognized in full as realized investment gains and losses if investments are sold. Gains and losses on futures contracts deferred in anticipation of investment purchases were immaterial at December 31, 1998 and 1997.

The effects of interest rate and currency swaps, purchased and written options and futures on the components of net income for 1998, 1997 and 1996 were not material.

As of December 31, 1998 and 1997, CIGNA's variable interest rate investments consisted of approximately $788 million and $828 million of fixed maturities, respectively. As of December 31, 1998 and 1997, CIGNA's fixed interest rate investments consisted of $31.8 billion and $35.6 billion, respectively, of fixed maturities, and $9.6 billion and $10.9 billion, respectively, of mortgage loans.

G) Other: As of December 31, 1998 and 1997, CIGNA had no concentration of investments in a single investee exceeding 10% of shareholders' equity.

NOTE 5 -- INVESTMENT INCOME AND GAINS AND LOSSES

A) Net Investment Income: The components of net investment income, including policyholder share, for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Fixed maturities	$2,268	$2,566	$2,613
Equity securities	17	20	20
Mortgage loans	800	948	982
Policy loans	466	542	561
Real estate	159	213	223
Other long-term investments	45	48	65
Short-term investments	130	141	110
	3,885	4,478	4,574
Less investment expenses	180	233	241
Net investment income	$3,705	$4,245	$4,333

Net investment income attributable to policyholder contracts, which is included in CIGNA's revenues and is primarily offset by amounts included in benefits, losses and settlement expenses, was approximately $1.6 billion for 1998, compared with $1.7 billion for 1997 and $1.8 billion for 1996. Net investment income for separate accounts, which is not reflected in CIGNA's revenues, was $1.5 billion, $1.4 billion and $1.1 billion for 1998, 1997 and 1996, respectively.

As of December 31, 1998, fixed maturities and mortgage loans on non-accrual status, including policyholder share, were $122 million and $98 million, including restructured investments of $96 million for both fixed maturities and mortgage loans. As of December 31, 1997, fixed maturities and mortgage loans on non-accrual status, including policyholder share, were $141 million and $176 million, including restructured investments of $90 million and $137 million, respectively. If interest on these investments had been recognized in accordance with their original terms, net income would have been increased by $4 million, $8 million and $15 million in 1998, 1997 and 1996, respectively.

B) Realized Investment Gains and Losses: Realized gains (losses) on investments, excluding policyholder share, for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Fixed maturities	$98	$57	$37
Equity securities	(2)	38	24
Mortgage loans	15	(15)	(23)
Real estate	13	73	29
Other	32	14	24
	156	167	91
Less income taxes	54	52	37

Net realized investment gains	$102	$115	$54

Realized investment gains and losses include impairments in the value of investments, net of recoveries, of $49 million, $33 million and $51 million in 1998, 1997 and 1996, respectively.

Realized investment gains for separate accounts, which are not reflected in CIGNA's revenues, were $493 million, $484 million and $305 million for 1998, 1997 and 1996, respectively. Realized investment gains attributable to policyholder contracts, which also are not reflected in CIGNA's revenues, were $98 million, $45 million and $82 million for 1998, 1997 and 1996, respectively.

Sales of available-for-sale fixed maturities and equity securities, including policyholder share, for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Proceeds from sales	$7,215	$6,206	$6,444
Gross gains on sales	$322	$191	$239
Gross losses on sales	$(84)	$(127)	$(158)

NOTE 6 -- DEBT

Short-term and long-term debt consisted of the following at December 31:

(In millions)	1998	1997
Short-term		
Commercial paper	$257	$605
Current maturities of long-term debt	15	85
Total short-term debt	$272	$690
Long-term		
Unsecured Debt:		
8.16% Notes due 2000	$25	$25
8 3/4% Notes due 2001	100	100
7.17% Notes due 2002	25	25
7.4% Notes due 2003	100	100
6 3/8% Notes due 2006	100	100
7.4% Notes due 2007	300	300
8 1/4% Notes due 2007	100	100
7.65% Notes due 2023	100	100
8.3% Notes due 2023	17	100
7 7/8% Debentures due 2027	300	300
8.3% Step Down Notes due 2033	83	--
Medium-term Notes	111	121
Secured Debt (principally by real estate)	70	94
Total long-term debt	$1,431	$1,465

CIGNA issues commercial paper primarily to manage imbalances between operating cash flows and existing commitments, to meet working capital needs and to take advantage of current investment opportunities. Commercial paper borrowing arrangements are supported by various lines of credit. As of December 31, 1998 and 1997, the weighted average interest rate on commercial paper was 5.5% and 5.9%, respectively.

Medium-term notes have original maturity dates ranging from approximately five to ten years and interest rates ranging from 6 1/4% to 9 1/2%. As of December 31, 1998 and 1997, the weighted average interest rate on medium-term notes was 8.0% and 8.3%, respectively.

In July 1998, CIGNA completed an offer to exchange its 8.3% Step Down Notes due 2033 (New Notes) for 8.3% Notes due 2023 (Old Notes). Old Notes with principal amounts aggregating approximately $83 million were tendered in connection with the exchange offer. The New Notes bear interest at 8.3% through January 14, 2023 and 8.08% to January 15, 2033. The New Notes may be redeemed at CIGNA's option, at any time, at par plus a possible additional redemption payment. Expenses incurred in connection with the exchange were not material.

In 1997, CIGNA issued $300 million of unsecured 7.4% Notes due in 2007 and $300 million of unsecured 7 7/8% Debentures due in 2027. The proceeds from these issues were used for the purchase of Healthsource.

As of December 31, 1998, CIGNA had available approximately $655 million in committed and uncommitted lines of credit provided by U.S. and foreign banks. These lines of credit generally have terms ranging from one to three years and are paid for by using a combination of fees and bank balances. Interest that CIGNA would be charged for usage of these lines of credit is based upon negotiated arrangements.

As of December 31, 1998, CIGNA had $1 billion remaining under effective shelf registration statements filed with the Securities and Exchange Commission that may be issued as debt securities, equity securities or both, depending upon market conditions and CIGNA's capital requirements.

Maturities of long-term debt for each of the next five years are as follows: 1999 -- $15 million; 2000 -- $57 million; 2001 -- $148 million; 2002 -- $39 million; and 2003 -- $129 million.

Interest expense was $126 million, $127 million and $102 million in 1998, 1997 and 1996, respectively.

NOTE 7 -- COMMON AND PREFERRED STOCK

On April 22, 1998, CIGNA's shareholders approved a three-for-one common stock split, an increase in the number of common shares authorized for issuance from 200 million to 600 million and a decrease in the par value of common stock from $1 per share to $0.25 per share. These actions resulted in a reduction in common stock and corresponding increase in additional paid-in capital of $22 million. Share and per share data have been retroactively adjusted for the stock split as though it had occurred at the beginning of the periods presented.

(Shares in thousands)	1998	1997	1996
Common: Par value $0.25			
600,000 shares authorized			
Outstanding -- January 1	216,996	222,594	228,996
Issued for stock option			
and other benefit plans	1,055	687	882
Repurchase of common stock	(12,401)	(6,285)	(7,284)
Outstanding -- December 31	205,650	216,996	222,594
Treasury shares	59,530	46,875	40,296
Issued -- December 31	265,180	263,871	262,890

In 1997, CIGNA's Board of Directors adopted a shareholder rights plan which will expire on August 4, 2007. The rights attach to all outstanding shares of common stock and become exercisable upon an acquisition of (or announcement to acquire) 10% or more of CIGNA's outstanding common stock unless CIGNA's Board of Directors approves the acquisition. When exercisable, each right entitles its holder to purchase securities of CIGNA at a substantial discount or, at the discretion of the Board of Directors, to exchange the rights for CIGNA common stock on a one-for-one basis. In certain other circumstances, the rights also entitle the holders to purchase securities of an acquirer at a substantial discount. CIGNA's Board of Directors may redeem the rights for $.0033 each prior to an acquisition of 10% or more of its common stock, and thereafter under certain circumstances.

CIGNA has authorized a total of 25 million shares of $1 par value preferred stock. No shares of preferred stock were outstanding at December 31, 1998, 1997 and 1996.

NOTE 8 -- SHAREHOLDERS' EQUITY AND DIVIDEND RESTRICTIONS

The insurance departments of various jurisdictions in which CIGNA's insurance subsidiaries are domiciled recognize as net income and surplus (shareholders' equity) those amounts determined in conformity with statutory accounting practices prescribed or permitted by the departments, which may differ from generally accepted accounting principles. As permitted by a state insurance department, certain of CIGNA's insurance subsidiaries discount certain asbestos-related and environmental pollution liabilities, which increased statutory surplus by approximately $197 million and $217 million as of December 31, 1998 and 1997, respectively.

The amounts of statutory net income (loss) for the year ended, and surplus as of, December 31 were as follows:

(In millions)	1998	1997	1996
Life Insurance Companies:			
Net income	$947	$634	$680
Surplus	$2,858	$3,021	$2,683
Property and Casualty			
Insurance Companies:			
Net income	$160	$192	$164
Surplus	$1,673	$1,542	$1,655

CIGNA's insurance subsidiaries are subject to various regulatory restrictions that limit the amount of annual dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. The maximum dividend distribution that may be made by CIGNA's insurance subsidiaries during 1999 without prior approval is approximately $1.2 billion. The amount of restricted net assets as of December 31, 1998 was approximately $6.8 billion.

NOTE 9 -- INCOME TAXES

CIGNA's net deferred tax asset of $1.9 billion and $1.8 billion as of December 31, 1998 and 1997, respectively, reflects management's belief that CIGNA's taxable income in future years will be sufficient to realize the net deferred tax asset based on CIGNA's earnings history and its future expectations. In determining the adequacy of future taxable income, management considered the future reversal of its existing taxable temporary differences and available tax planning strategies that could be implemented, if necessary.

CIGNA's deferred tax asset is net of valuation allowances of $53 million as of December 31, 1998 and 1997. The valuation allowance reflects management's assessment, based on available information, that it is more likely than not that a portion of the deferred tax asset will not be realized. Adjustments to the valuation allowance will be made if there is a change in management's assessment of the amount of the deferred tax asset that is realizable. Adjustments made to the valuation allowance for 1998, 1997 and 1996 were immaterial.

As of December 31, 1998 and 1997, CIGNA did not have any tax basis net operating loss carryforwards.

In accordance with the Life Insurance Company Income Tax Act of 1959, a portion of CIGNA's life insurance companies' statutory income was not subject to current income taxation but was accumulated in an account designated Policyholders' Surplus Account. Under the Tax Reform Act of 1984, no further additions may be made to the Policyholders' Surplus Account for tax years ending after December 31, 1983. The balance in the account of approximately $450 million at December 31, 1998 would result in a tax liability of $158 million only if distributed to shareholders or if the account balance exceeded a prescribed maximum. No income taxes have been provided on this amount because, in management's opinion, the likelihood that these conditions will be met is remote. See Note 19 for a discussion of potential legislation regarding this matter.

CIGNA's federal income tax returns are routinely audited by the Internal Revenue Service (IRS), and provisions are made in the financial statements in anticipation of the results of these audits. The IRS completed its audits for the years 1982 through 1993, and challenged CIGNA on one issue related to years prior to 1989. During the third quarter of 1997, the U.S. Tax Court ruled against CIGNA in connection with this issue. The decision did not have an effect on results of operations, as liabilities had been previously established. As a result of this ruling, CIGNA made payments of approximately $115 million and $250 million during 1998 and 1997, respectively. CIGNA has appealed the U.S. Tax Court decision to the U.S. Court of Appeals.

In management's opinion, adequate tax liabilities have been established for all years.

The tax effect of temporary differences which give rise to deferred income tax assets and liabilities as of December 31 was as follows:

(In millions)	1998	1997
Deferred tax assets:		
Loss reserve discounting	$679	$705
Other insurance and contractholder liabilities	341	689
Employee and retiree benefit plans	493	455
Deferred gain on sale of business	290	--
Investments, net	282	287
Policy acquisition expenses	144	--
Bad debt expense	155	152
Other	189	194
Deferred tax assets before valuation allowance	2,573	2,482
Valuation allowance for deferred tax assets	(53)	(53)
Deferred tax assets, net of valuation allowance	2,520	2,429
Deferred tax liabilities:		
Unrealized appreciation on investments	490	450
Depreciation and amortization	168	183
Policy acquisition expenses	--	4
Other	1	4
Total deferred tax liabilities	659	641
Net deferred income tax asset	$1,861	$1,788

The components of income taxes for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Current taxes:			
U.S. income	$753	$424	$339
Foreign income	48	69	80
State income	40	--	--
	841	493	419
Deferred taxes (benefits):			
U.S. income	(36)	68	108
Foreign income	(76)	3	18
State income	(11)	--	--
	(123)	71	126
Total income taxes	$718	$564	$545

State income taxes were not material in years prior to 1998.

Total income taxes for the year ended December 31 differs from the amount computed using the nominal federal income tax rate of 35% for the following reasons:

(In millions)	1998	1997	1996
Tax expense at nominal rate	$704	$577	$560
Tax-exempt interest income	(33)	(30)	(31)
Realized investment results	1	(1)	1
Dividends received deduction	(12)	(8)	(7)
Amortization of goodwill	30	26	17
State income tax (net of federal income tax benefit)	18	--	--
Interest on provisions	8	15	7
Resolved federal tax audit issues	--	(13)	--
Other	2	(2)	(2)
Total income taxes	$718	$564	$545

NOTE 10 -- PENSION AND OTHER POSTRETIREMENT BENEFITS PLANS

A) Pension and Other Postretirement Benefits Plans: CIGNA and certain of its subsidiaries provide pension and certain health care and life insurance benefits to eligible retired employees and agents, spouses and other eligible dependents through various plans.

The following tables summarize the obligations, costs and significant assumptions related to these plans as of and for the year ended December 31:

	Pension Benefits		Other Postretirement Benefits	
(In millions)	1998	1997	1998	1997
Change in benefit obligation				
Benefit obligation, January 1	$2,925	$2,540	$478	$462
Service cost	106	96	4	6
Interest cost	191	188	31	32
(Gain) loss from past experience	32	279	(7)	9
Benefits paid - from plan assets	(137)	(117)	(1)	(2)
Benefits paid - other	(20)	(7)	(32)	(29)
Amendments	--	(45)	--	--
Other	(11)	(9)	(4)	--
Benefit obligation, December 31	3,086	2,925	469	478
Change in plan assets				
Fair value of plan assets, January 1	2,631	2,337	59	54
Actual return on plan assets	361	390	6	7
Employer contributions	67	31	--	--
Benefits paid	(137)	(117)	(1)	(2)
Other	--	(10)	--	--
Fair value of plan assets, December 31	2,922	2,631	64	59

Net benefit obligation	164	294	405	419
Unrecognized net gain (loss) from past experience	67	(68)	214	216
Unrecognized prior service cost	(23)	(26)	213	236
Unamortized SFAS 87 transition asset	24	34	--	--
Net amount recognized in the balance sheet	$232	$234	$832	$871
Prepaid benefit cost	$(14)	$(8)	$--	$--
Accrued benefit liability	290	290	832	871
Intangible asset	(44)	(48)	--	--
Net amount recognized in the balance sheet	$232	$234	$832	$871

At December 31, 1998 and 1997, pension plans under which accumulated benefits exceeded assets had projected benefit obligations of $318 million and $293 million, respectively, and related assets at fair value of $29 million and $34 million, respectively. The accumulated benefit obligation related to these plans was $238 million and $221 million at December 31, 1998 and 1997, respectively.

CIGNA funds the pension plans at least at the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Substantially all pension plan assets are invested in either the separate accounts

of Connecticut General Life Insurance Company (CGLIC), which is a CIGNA subsidiary, or immediate participation guaranteed investment contracts issued by CGLIC. Plan assets also include 292,500 shares of CIGNA common stock at December 31, 1998 and 1997, with a market value of $23 million and $17 million at December 31, 1998 and 1997, respectively.

Components of net pension cost for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Service cost	$106	$96	$100
Interest cost	191	188	174
Expected return on plan assets	(208)	(185)	(171)
Gain on curtailments	--	(3)	--
Amortization of:			
Net loss from past experience	4	3	11
Prior service cost	4	7	7
SFAS 87 transition asset	(10)	(10)	(10)
Net pension cost	$87	$96	$111

Determination of the projected benefit obligation was based on the following weighted average assumptions at December 31:

	1998	1997	1996
Discount rate	6.75%	7%	7.5%
Expected return on plan assets	9%	9%	9%
Expected rate of compensation increase	5.1%	5.1%	5.1%

Retiree health benefit plans with accumulated benefit obligations of $327 million and $337 million at December 31, 1998 and 1997, respectively, are unfunded. At December 31, 1998 and 1997, plan assets of $64 million and $59 million, respectively, represented partial funding for retiree life insurance plans with accumulated benefit obligations of $142 million and $141 million, respectively, and such plan assets were invested in the general account assets of CGLIC.

Components of net other postretirement benefit cost for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Service cost	$4	$6	$10
Interest cost	31	32	38
Expected return on plan assets	(4)	(4)	(4)
Amortization of:			
Net gain from past experience	(10)	(11)	(9)

Prior service cost	(17)	(17)	(14)
Net other postretirement benefit cost	$4	$6	$21

Determination of the accumulated other postretirement benefit obligation was based on the following weighted average assumptions at December 31:

	1998	1997	1996
Discount rate	6.75%	7%	7.5%
Expected return on plan assets	7%	7%	7%
Expected rate of compensation increase	4.5%	4.5%	4.5%

The estimated rate of future increases in per capita cost of health care benefits (the health care cost trend rate) was 7% decreasing to 5% over three years, which reflects CIGNA's current claim experience and management's estimate that future rates of growth will decline. A one percentage point change in assumed health care cost trend rate would have the following effects on amounts reported for 1998:

(In millions)	Increase	Decrease
Effect on total service and interest cost	$4	$3
Effect on postretirement benefit obligation	$39	$33

B) Capital Accumulation Plans: CIGNA sponsors various capital accumulation plans (401(k)) in which employee contributions on a pre-tax basis are supplemented by CIGNA matching contributions. These contributions are invested, at the election of the employee, in one or more of the following investments: CIGNA common stock fund, several CIGNA and non-CIGNA mutual funds, and a fixed-income fund. In addition, beginning in 1999, CIGNA may provide additional matching contributions, depending on its annual performance, which would be invested in the CIGNA common stock fund. CIGNA's expense for such plans totaled $51 million, $42 million and $39 million for 1998, 1997 and 1996, respectively.

NOTE 11 -- EMPLOYEE INCENTIVE PLANS

The People Resources Committee of the Board of Directors can award to employees stock options, stock appreciation rights (SARs) only in tandem with stock options, restricted stock, dividend equivalent rights or common stock in lieu of cash payable under other incentive plans or arrangements. As of December 31, 1998, 1997 and 1996, stock available for award aggregated 10,783,561 shares, 15,008,850 shares and 15,286,245 shares, respectively.

Grants of restricted stock are awarded annually, with vesting periods ranging from three to five years. Although recipients are entitled to receive dividends and vote restricted stock during the vesting period, termination of employment prior to vesting results in forfeiture of the stock. Grants of restricted shares of CIGNA common stock during 1998, 1997 and 1996 totaled 456,635 shares, 427,884 shares and 429,834 shares, respectively, at a weighted average fair value per share of $62.91, $52.34 and $39.47, respectively. Restricted stock grants of 1,923,278 shares for 2,343 employees were outstanding at December 31, 1998. Compensation cost related to restricted stock grants was not material to CIGNA's results of operations, liquidity or financial condition.

Options to purchase CIGNA common stock are awarded at market price on the date of grant, vest over periods ranging from one to five years and expire no later than 10 years after the date of grant. Certain outstanding options have a replacement option feature providing that when the underlying option is exercised by tendering stock a new option is granted covering shares equal to the number tendered. These options are exercisable at the market price on the date of the new grant and expire on the expiration date of the original option.

The following table summarizes the status of, and changes in, common stock options outstanding for the year ended December 31 and includes approximately three million options granted in connection with the 1997 Healthsource acquisition:

<TABLE>
<CAPTION>

(Shares in thousands)	1998		1997		1996	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Outstanding -- January 1	10,035	$50.70	4,884	$32.42	4,826	$23.72
Granted	4,213	64.01	8,410	54.83	2,614	40.38
Exercised	(2,939)	46.12	(3,204)	33.87	(2,409)	23.78
Expired or canceled	(330)	61.80	(55)	39.14	(147)	29.91
Outstanding -- December 31	10,979	56.70	10,035	50.70	4,884	32.42
Options exercisable at year-end	4,397	$53.35	4,370	$46.41	1,994	$25.21

</TABLE>

The following table summarizes the range of exercise prices for outstanding common stock options at December 31, 1998:

	Range of Exercise Prices	
(Shares in thousands)	$5.57 to $69.94	$70.00 to $106.11
Options outstanding	9,981	998
Weighted average remaining contractual life	7.6 years	7.2 years
Weighted average exercise price	$53.80	$85.75
Options exercisable	3,933	464
Weighted average exercise price	$48.22	$96.83

The weighted average fair value of options granted under employee incentive plans during 1998, 1997 and 1996 was $13.87, $12.94 and $9.99, respectively. Fair value of each option grant in 1998, 1997 and 1996 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1998	1997	1996
Dividend yield	1.7%	2.4%	3.5%
Expected volatility	25.9%	23.7%	26.2%
Risk-free interest rate	5.5%	6.1%	5.9%
Expected option life	3 years	4 years	6 years

CIGNA awards stock options under employee incentive plans with exercise prices equal to the market price at the date of grant and, therefore, does not record compensation expense related to stock options. Had CIGNA recorded compensation expense for stock options based on their fair value at the grant date using the Black- Scholes option-pricing model, CIGNA's net income would have been reduced by $30 million, $22 million and $10 million in 1998, 1997 and 1996, respectively. Also, basic and diluted earnings per share would have been reduced by $0.14, $0.10 and $0.04 in 1998, 1997 and 1996, respectively.

NOTE 12 -- EARNINGS PER SHARE

Basic and Diluted earnings per share (EPS) are computed as follows for the year ended December 31 (see Note 2 regarding stock split):

(Dollars in millions, except per share amounts)	Basic	Effect of Dilution	Diluted
1998			
Net income	$1,292	--	$1,292
Shares (in thousands):			
Weighted average	210,948	--	210,948
Options and restricted stock grants		2,499	2,499
Total shares	210,948	2,499	213,447
EPS	$6.12	$(0.07)	$6.05
1997			
Net income	$1,086	--	$1,086
Shares (in thousands):			
Weighted average	220,263	--	220,263
Options and restricted stock grants		2,250	2,250

Total shares	220,263	2,250	222,513
EPS	$4.93	$(0.05)	$4.88
1996			
Net income	$1,056	--	$1,056
Shares (in thousands):			
Weighted average	225,495	--	225,495
Options and restricted stock grants		2,259	2,259
Total shares	225,495	2,259	227,754
EPS	$4.68	$(0.04)	$4.64

NOTE 13 -- REINSURANCE

In the normal course of business, CIGNA's insurance subsidiaries enter into agreements, primarily short-duration contracts, to assume and cede reinsurance with other insurance companies. Reinsurance is ceded primarily to limit losses from large exposures and to permit recovery of a portion of direct losses, although ceded reinsurance does not relieve the originating insurer of primary liability. CIGNA evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of its reinsurers. In connection with the sale of CIGNA's individual life insurance and annuity business (as discussed in Note 3), the reinsurance recoverable from Lincoln National Corporation at December 31, 1998 was $6.0 billion. As of December 31, 1998 and 1997, approximately 3% and 7% respectively, of reinsurance recoverables were due from certain syndicates affiliated with Lloyd's of London.

Failure of reinsurers to indemnify CIGNA, as a result of reinsurer insolvencies and disputes, could result in losses. Allowances for uncollectible amounts were $705 million and $720 million as of December 31, 1998 and 1997, respectively.

Future charges for unrecoverable reinsurance may materially affect results of operations in future periods, however, such amounts are not expected to have a material adverse effect on CIGNA's liquidity or financial condition.

The effects of reinsurance on net earned premiums and fees for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Short-duration contracts			
Premiums and fees:			
Direct	$14,700	$12,585	$11,577
Assumed	909	1,143	1,099
Ceded	(1,803)	(1,790)	(1,904)
Net earned premiums and fees	$13,806	$11,938	$10,772
Long-duration contracts			
Premiums and fees:			
Direct	$2,736	$2,707	$2,728
Assumed	594	544	634
Ceded	(723)	(254)	(218)
Net earned premiums and fees	$2,607	$2,997	$3,144

The effects of reinsurance on written premiums and fees for short-duration contracts were not materially different from the amounts shown in the above table.

Benefits, losses and settlement expenses for 1998, 1997 and 1996 were net of reinsurance recoveries of $2.2 billion, $1.3 billion and $1.6 billion, respectively. For the year ended December 31, 1998, ceded premiums and reinsurance recoveries associated with the individual life insurance and annuity business sold were $557 million and $424 million, respectively.

NOTE 14 -- PROPERTY AND CASUALTY UNPAID CLAIMS AND CLAIM EXPENSE RESERVES AND REINSURANCE RECOVERABLES

As described in Note 2(M), CIGNA establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred.

Activity in the reserve for unpaid claims and claim adjustment expenses for the year ended December 31 was as follows:

(In millions)	1998	1997	1996
Gross reserve -- January 1	$14,930	$16,324	$16,877
Less reinsurance recoverable	5,168	5,835	5,864
Net reserve -- January 1	9,762	10,489	11,013
Plus incurred claims and claim adjustment expenses:			
Provision for insured events of the current year	2,049	1,990	2,257
Increase in provision for insured events of prior years	177	218	177
Total incurred claims and claim adjustment expenses	2,226	2,208	2,434
Less payments for claims and claim adjustment expenses attributable to:			
Insured events of the current year	910	871	793
Insured events of prior years	1,745	2,064	2,165
Total payments for claims and claim adjustment expenses	2,655	2,935	2,958
Net reserve -- December 31	9,333	9,762	10,489
Plus reinsurance recoverable	5,293	5,168	5,835
Gross reserve -- December 31	$14,626	$14,930	$16,324

The basic assumption underlying the many traditional actuarial and other methods used in the estimation of property and casualty loss reserves is that past experience is an appropriate basis for predicting future events. However, current trends and other factors that would modify past experience are also considered. The process of establishing loss reserves is subject to uncertainties that are normal, recurring and inherent in the property and casualty business.

Reserving for property and casualty claims continues to be a complex and uncertain process, requiring the use of informed estimates and judgments. CIGNA's estimates and judgments may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed or as current law changes. Any such revisions could result in future changes in estimates of losses or reinsurance recoverables, and would be reflected in CIGNA's results of operations for the period in which the estimates are changed. While the effect of any such changes in estimates of losses or reinsurance recoverables could be material to future results of operations, CIGNA does not expect such changes to have a material effect on its liquidity or financial condition.

In management's judgment, information currently available has been appropriately considered in estimating CIGNA's loss reserves and reinsurance recoverables.

CIGNA's reserves for asbestos-related and environmental pollution (A&E) exposures as of December 31 were as follows:

	1998		1997	
(In millions)	Gross	Net	Gross	Net
Asbestos	$841	$523	$846	$509
Environmental	$1,212	$941	$1,404	$1,059

CIGNA's reserves for A&E claims are a reasonable estimate of its liability for these claims, based on currently known facts, reasonable assumptions where the facts are not known, current law and methodologies currently available.

Charges to income for increases in the Property and Casualty segment's liability for insured events of prior years (prior year development) for A&E losses and charges for unrecoverable reinsurance in the aggregate were $160 million, $148 million and $117 million for 1998, 1997 and 1996, respectively.

Prior year development, other than for A&E claims and charges for unrecoverable reinsurance, was $17 million, $70 million and $60 million for 1998, 1997 and 1996, respectively.

CIGNA's property and casualty operations routinely insure various forms of property, including large property risks. A major catastrophe could have a material adverse effect on CIGNA's results of operations. However, because CIGNA monitors writings to avoid significant concentrations, it is not likely that such adverse effect would be material to CIGNA's liquidity or financial condition.

NOTE 15 -- LEASES AND RENTALS

Rental expenses for operating leases, principally with respect to buildings, amounted to $192 million, $234 million and $214 million in 1998, 1997 and 1996, respectively.

As of December 31, 1998, future net minimum rental payments under non-cancelable operating leases were approximately $704 million, payable as follows: 1999 -- $143 million; 2000 -- $116 million; 2001 -- $101 million; 2002 -- $82 million; 2003 -- $70 million; and $192 million thereafter.

NOTE 16 -- SEGMENT INFORMATION

Operating segments are based on CIGNA's internal reporting structure and generally reflect differences in products except that the International Life, Health and Employee Benefits segment is based on geography. CIGNA presents segment information as follows:

- Employee Health Care, Life and Disability Benefits which combines CIGNA's Health Care and Group Insurance segments, offers traditional indemnity, managed care and cost containment products and services as well as alternative funding arrangements, such as administrative services only and minimum premium plans.
- Employee Retirement Benefits and Investment Services provides investment products and professional services primarily to sponsors of qualified pension, profit-sharing and retirement saving plans. This segment also provides certain corporate and variable life insurance products.
- International Life, Health and Employee Benefits provides life, accident and health and employee benefits (group life, health and pensions) coverages and services primarily outside the United States.
- Property and Casualty is comprised of two operations, ongoing and run-off. Ongoing operations provide global commercial insurance and risk management services. The run-off operations, which do not actively sell insurance products, manage run-off policies and related claims, including those for A&E exposures. As discussed in Note 3, CIGNA has entered into an agreement to sell the businesses which comprise this segment.

Other Operations consist of gain recognition related to the sale of the individual life insurance and annuity business, corporate life insurance on which policy loans are outstanding (also called leveraged corporate life insurance), reinsurance operations, settlement annuity business and certain new business initiatives. The Corporate caption is used to report other amounts not allocated to segments, such as interest expense, certain goodwill amortization and intercompany eliminations.

CIGNA uses operating income (net income excluding after-tax realized investment results) to measure the financial results of its segments. Operating income is determined on a basis consistent with the accounting policies for the consolidated financial statements, except that interest expense on corporate debt is not allocated to segments. CIGNA allocates substantially all other corporate general, administrative and systems expenses to segments on systematic bases. Income taxes are generally computed as if each segment were filing separate income tax returns.

CIGNA's operations are not materially dependent on one or a few customers, brokers or agents. Summarized segment financial information for the year ended and as of December 31 was as follows:

(In millions)	1998	1997	1996
Employee Health Care, Life and Disability Benefits			
Premiums and fees and other revenues	$11,963	$10,000	$8,779
Net investment income	589	563	567
Segment revenues	$12,552	$10,563	$9,346
Income tax expense	$361	$232	$261
Operating income	$617	$425	$497
Assets under management:			
Invested assets	$8,388	$8,060	$6,929
Separate account assets	1,702	1,440	1,175
Total	$10,090	$9,500	$8,104
Employee Retirement Benefits and Investment Services			
Premiums and fees and other revenues	$257	$221	$272
Net investment income	1,613	1,655	1,716
Segment revenues	$1,870	$1,876	$1,988
Income tax expense	$117	$101	$98
Operating income	$248	$230	$210

Assets under management:			
Invested assets	$20,543	$21,426	$20,970
Separate account assets	30,718	25,934	19,846
Total	$51,261	$47,360	$40,816
International Life, Health and Employee Benefits			
Premiums and fees and other revenues	$1,231	$1,078	$981
Net investment income	115	122	125
Segment revenues	$1,346	$1,200	$1,106
Income tax expense	$20	$12	$3
Equity in net loss of investee	$(18)	$--	$--
Operating income	$17	$21	$5
Assets under management:			
Invested assets	$2,774	$2,279	$2,455
Separate account assets	93	67	--
Total	$2,867	$2,346	$2,455

(In millions)	1998	1997	1996
Property and Casualty			
Premiums and fees and other revenues			
International	$1,461	$1,552	$1,602
Domestic	1,774	1,862	1,880
Ongoing operations	3,235	3,414	3,482
Run-off operations	19	42	179
Total	$3,254	$3,456	$3,661
Net investment income:			
International	$102	$118	$118
Domestic	231	239	259
Ongoing operations	333	357	377
Run-off operations	250	282	302
Total	$583	$639	$679
Segment revenues	$3,837	$4,095	$4,340
Income tax expense	$19	$102	$87
Operating income:			
International	$(13)	$106	$130
Domestic	85	98	76
Ongoing operations	72	204	206
Run-off operations	(2)	1	2
Total	$70	$205	$208
Assets under management:			
Invested assets:			
International	$1,938	$1,938	$2,067
Domestic	3,542	3,436	3,779
Ongoing operations	5,480	5,374	5,846
Run-off operations	3,552	3,896	4,102
Total	$9,032	$9,270	$9,948
Other Operations			
Premiums and fees and other revenues	$1,065	$1,089	$1,027
Net investment income	771	1,235	1,217
Segment revenues	$1,836	$2,324	$2,244
Income tax expense	$167	$88	$82
Operating income	$313	$180	$155
Assets under management:			
Invested assets	$9,968	$15,541	$15,757
Separate account assets	2,295	1,907	1,593
Total	$12,263	$17,448	$17,350
Corporate			
Premiums and fees, other			

	1998	1997	1996
revenues, and eliminations	$(194)	$(218)	$(194)
Net investment income	34	31	29
Segment revenues	$(160)	$(187)	$(165)
Income tax benefit	$(20)	$(23)	$(23)
Operating loss	$(75)	$(90)	$(73)
Invested assets	$2	$2	$2
Realized Investment Gains			
Realized investment gains	$156	$167	$91
Income tax expense	54	52	37
Realized investment gains, net of taxes	$102	$115	$54

(In millions)	1998	1997	1996
Total			
Premiums and fees and other revenues	$17,576	$15,626	$14,526
Net investment income	3,705	4,245	4,333
Realized investment gains	156	167	91
Total revenues	$21,437	$20,038	$18,950
Income tax expense	$718	$564	$545
Operating income	$1,190	$971	$1,002
Realized investment gains, net of taxes	102	115	54
Net income	$1,292	$1,086	$1,056
Assets under management:			
Invested assets	$50,707	$56,578	$56,061
Separate account assets	34,808	29,348	22,614
Total	$85,515	$85,926	$78,675

Premiums and fees and other revenues by product type were as follows for the year ended December 31:

(In millions)	1998	1997	1996
Health Maintenance Organizations	$5,971	$4,451	$3,466
Medical and Dental Indemnity	3,195	2,729	2,513
Property and Casualty	2,957	3,154	3,417
Group Life	1,813	1,797	1,845
Other	3,640	3,495	3,285
Total	$17,576	$15,626	$14,526

NOTE 17 -- COST REDUCTION INITIATIVES AND OTHER RESTRUCTURING

A) Employee Health Care, Life and Disability Benefits Restructuring: In the fourth quarter of 1997, CIGNA adopted a cost reduction plan to restructure its health care operations which resulted in a pre-tax charge of $32 million ($22 million after-tax) included primarily in Other Operating Expenses in the Employee Health Care, Life and Disability Benefits segment. The after-tax components of the charge were as follows: severance, $11 million, for costs associated with nonvoluntary terminations of approximately 1,300 employees in various functions and locations; real estate, $4 million, primarily related to vacated lease space; and other costs, $7 million, primarily related to the exit of certain operations. As of December 31, 1998, approximately $8 million had been paid to approximately 1,150 employees, and approximately $4 million had been paid for real estate and other costs for office closings. CIGNA expects that this initiative will be substantially completed in 1999 with no material differences from original estimates.

B) Property and Casualty Restructuring: In the fourth quarter of 1998, CIGNA adopted a cost reduction plan to restructure certain of its domestic and international property and casualty operations, which resulted in a pre-tax charge of $28 million ($18 million after-tax) included primarily in Other Operating Expenses in the Property and Casualty segment. The after-tax components of the charge were as follows: severance, $12 million, for costs associated with nonvoluntary terminations of approximately 400 employees in various functions and locations; and $6 million, primarily related to vacated lease space. The cash outlays associated with these initiatives will be substantially completed by the end of 2000 with most occurring in 1999.

Effective December 31, 1995, CIGNA restructured its domestic property and casualty businesses into two separate operations, ongoing and run-off. As part of its overall restructuring plan, CIGNA contributed $375 million of additional capital to the run-off operations which was funded in 1996 through internal sources. Also, the ongoing operations assumed $125 million of liabilities, primarily related to employee benefits of the run-off operations and committed to contribute an additional $50 million to the run-off operations by December 31, 2001. In addition, the ongoing operations reinsured up to $800 million of claims of the run-off operations in the unlikely event that the statutory capital and surplus of the run-off operations falls below $25 million. The property and casualty restructuring is being contested in court by certain competitors and policyholders. Although CIGNA expects the matter to be in litigation for some time, it expects to ultimately prevail.

NOTE 18 -- FOREIGN OPERATIONS

CIGNA provides international property and casualty and life and health insurance coverages on a direct and reinsured basis, primarily in Europe, the Pacific region, Canada and Latin America.

For the year ended December 31, 1998, 1997 and 1996, the change in Net Translation of Foreign Currencies reflects increases (decreases) of $12 million (including taxes of $7 million), $(81) million (including a tax benefit of $43 million), and $(18) million (including a tax benefit of $11 million), respectively.

Premiums and fees and other revenues by geographic region for the year ended December 31 were as follows:

(In millions)	1998	1997	1996
Domestic	$14,800	$12,914	$11,754
Foreign	2,776	2,712	2,772
Total	$17,576	$15,626	$14,526

CIGNA's aggregate foreign exchange transaction losses and foreign long-lived assets for the year ended and as of December 31, 1998, 1997 and 1996 were not material.

NOTE 19 -- CONTINGENCIES

Financial Guarantees

CIGNA, through its subsidiaries, is contingently liable for various financial guarantees provided in the ordinary course of business. These include guarantees for the repayment of industrial revenue bonds as well as other debt instruments. The contractual amounts of financial guarantees reflect CIGNA's maximum exposure to credit loss in the event of nonperformance. To limit CIGNA's exposure in the event of default of any guaranteed obligation, various programs are in place to ascertain the creditworthiness of guaranteed parties and to monitor this status on a periodic basis. Risk is further reduced primarily through reinsurance.

The industrial revenue bonds guaranteed directly by CIGNA have remaining maturities of up to 17 years. The guarantees provide for payment of debt service only as it becomes due; consequently, an event of default would not cause an acceleration of scheduled principal and interest payments. The principal amount of the bonds guaranteed by CIGNA at December 31, 1998 and 1997 was $85 million and $202 million, respectively. Revenues in connection with industrial revenue bond guarantees are derived principally from equity participations in the related projects and are included in net investment income as earned. During 1998, 1997 and 1996, this income was not material.

In addition, CIGNA is liable for municipal guarantee business of $720 million and $816 million at December 31, 1998 and 1997, respectively, which have maturities of up to 32 years. Such amounts are fully reinsured through a subsidiary of MBIA Inc., a corporation that guarantees the scheduled payment of principal and interest for many types of municipal obligations, including general obligation and special revenue bonds. The nature of this guarantee business is similar to the reinsurance transactions described in Note 13. Municipal guarantees provide for

payment of debt service only as it becomes due; consequently, an event of default would not cause an acceleration of scheduled principal and interest payments. As of December 31, 1998 and 1997, loss reserves and unearned premiums under these programs were not material.

CIGNA has entered into specialty life reinsurance contracts that guarantee payments for specified unfavorable changes in variable annuity account values based on underlying mutual fund investments if account holders expire or elect to receive periodic income payments. For those accounts with mortality risk, reserves are established in amounts adequate to meet the estimated future obligations using various assumptions as to equity market conditions, premiums, mortality and lapse rates, including provision for adverse deviation. As of December 31, 1998 and 1997, the amount of recorded liabilities was $52 million and $29 million, respectively. Although these guarantees may adversely affect CIGNA's results of operations in future periods, they are not expected to have a material adverse effect on CIGNA's liquidity or financial condition.

CIGNA also guarantees a minimum level of benefits for certain separate account contracts and, in the event that separate account assets are insufficient to fund minimum policy benefits, CIGNA is obligated to fund the difference. As of December 31, 1998 and 1997, the amount of minimum benefit guarantees for separate account contracts was $5.4 billion and $4.8 billion, respectively. Reserves in addition to the separate account liabilities are established when CIGNA believes a payment will be required under one of these guarantees. No such reserves were required as of December 31, 1998 and 1997. Guarantee fees are part of the overall management fee charged to separate accounts and are recognized in income as earned.

Although the ultimate outcome of any loss contingencies arising from CIGNA's financial guarantees may adversely affect results of operations in future periods, they are not expected to have a material adverse effect on CIGNA's liquidity or financial condition.

Regulatory and Industry Developments

CIGNA's businesses are subject to a changing social, economic, legal, legislative and regulatory environment that could affect them. Some of the changes include initiatives to:

- increase health care regulation;
- revise the system of funding cleanup of environmental damages;
- reinterpret insurance contracts long after the policies were written to provide coverage unanticipated by CIGNA;
- restrict insurance pricing and the application of underwriting standards; and
- revise federal tax laws.

Some of the more significant issues are discussed below.

Efforts at the federal and state level to increase regulation of the health care industry could have an adverse effect on CIGNA's health care operations if they reduce marketplace competition and innovation or result in increased medical or administrative costs. Matters under consideration that could have an adverse effect include mandated benefits or services that increase costs without improving the quality of care, loss of the ERISA preemption of state law through legislative actions and court decisions, changes in the ERISA regulations governing claim appeal procedures imposing increased administrative burdens and costs and restrictions on the use of prescription drug formularies. Due to the uncertainty associated with the timing and content of any proposals ultimately adopted, the effect on CIGNA's results of operations, liquidity or financial condition cannot be reasonably estimated at this time.

Proposals for Superfund reform remain under consideration by Congress. Any changes in Superfund relating to 1) assigning responsibility, 2) funding cleanup costs or 3) establishing cleanup standards could affect the liabilities of policyholders and insurers. Due to uncertainties associated with the timing and content of any future Superfund legislation, the effect on CIGNA's consolidated results of operations, liquidity or financial condition cannot be reasonably estimated at this time.

In early 1999, the Administration proposed a federal budget that would eliminate the deferral of taxation of certain statutory income of life insurance companies. As discussed in Note 9, CIGNA has not provided taxes on $450 million of such income. If the budget provision is enacted, CIGNA will record additional income tax expense of $158 million to reflect this liability. The proposed federal budget also would limit the deduction of interest expense on the general indebtedness of corporations owning non-leveraged corporate life insurance policies covering the lives of officers, employees or directors. If this latter provision is enacted as proposed, CIGNA does not anticipate that it will have a material effect on its

consolidated results of operations, liquidity, or financial condition, although it could have a material adverse effect on the results of operations of the Employee Retirement Benefits and Investment Services segment.

In 1996, Congress passed legislation that phases out over a three-year period the tax deductibility of policy loan interest for most leveraged corporate life insurance products. For 1998 and 1997, revenues of $556 million and $591 million, respectively, and net income of $42 million and $44 million, respectively, were from leveraged corporate life insurance products that are affected by this legislation. CIGNA does not expect this legislation to have a material adverse effect on its consolidated results of operations, liquidity or financial condition.

In 1998, the National Association of Insurance Commissioners (NAIC) adopted risk-based capital guidelines for health maintenance organizations (HMOs). CIGNA expects its HMO subsidiaries to be adequately capitalized under these guidelines as they become effective in various jurisdictions in 1999.

In 1998, the NAIC adopted standardized statutory accounting principles. Since these principles have not been adopted by most of the insurance departments of various jurisdictions in which CIGNA's insurance subsidiaries are domiciled, the timing and effects of implementation have not yet been determined.

CIGNA is contingently liable for possible assessments under regulatory requirements pertaining to potential insolvencies of unaffiliated insurance companies and other insurance-related assessments. Mandatory assessments, which are subject to statutory limits, can be partially recovered through a reduction in future premium taxes in some states. CIGNA's insurance subsidiaries recorded pre-tax charges of $46 million, $66 million and $63 million for 1998, 1997 and 1996, respectively, for estimated guaranty fund and other insurance-related assessments before giving effect to future premium tax recoveries. In addition, as discussed in Note 2, CIGNA expects to record a $95 million reduction of net income in the first quarter of 1999 to reflect the effect of implementing SOP 97-3 for insurance-related assessments. Although future assessments and payments may adversely affect results of operations in future periods, such amounts are not expected to have a material adverse effect on CIGNA's liquidity or financial condition.

The eventual effect on CIGNA of the changing environment in which it operates remains uncertain.

Litigation

CIGNA is continuously involved in numerous lawsuits arising, for the most part, in the ordinary course of business, either as a liability insurer defending third-party claims brought against its insureds or as an insurer defending coverage claims brought against it by its policyholders or other insurers. One such area of litigation involves policy coverage and judicial interpretation of legal liability for A&E claims.

While the outcome of all litigation involving CIGNA, including insurance-related litigation, cannot be determined, litigation (including that related to A&E claims) is not expected to result in losses that differ from recorded reserves by amounts that would be material to results of operations, liquidity or financial condition. Also, reinsurance recoveries related to claims in litigation, net of the allowance for uncollectible reinsurance, are not expected to result in recoveries that differ from recorded recoverables by amounts that would be material to results of operations, liquidity or financial condition.

REPORT OF MANAGEMENT

The management of CIGNA is responsible for the consolidated financial statements and all other information presented in this Annual Report. The financial statements have been prepared in conformity with generally accepted accounting principles, determined by management to be appropriate, and include amounts based on management's informed estimates and judgments. Financial information presented elsewhere in this Annual Report is consistent with the financial statements. The appropriateness of data underlying such financial information is monitored through internal accounting controls, internal auditors, independent accountants and the Board of Directors acting through an Audit Committee.

CIGNA maintains a system of internal accounting controls designed to reasonably assure the integrity and reliability of financial reporting and to provide reasonable assurance to management and the Board of Directors that assets are safeguarded and that transactions are executed in accordance with management's authorization and recorded properly. The system of internal accounting controls is supported by the selection and training of qualified personnel, by the appropriate division of responsibilities and by the company-wide communication of written policies and procedures.

In its corporate policy addressing business ethics, CIGNA has stated its intent to achieve the highest level of legal and ethical standards in the conduct of its business activities. Management provides all employees with a copy of this policy. Signed statements are obtained annually from all officers, certain other employees and directors attesting to their review of, and compliance with, CIGNA's business ethics policy.

The Audit Committee of the Board of Directors reviews and reports to the full Board on the appropriateness of CIGNA's accounting policies, the adequacy of its financial controls and the reliability of financial information reported to the public. The Committee is composed solely of outside directors. Ongoing Committee activities include reviewing reports of management, internal auditors and the independent accountants regarding accounting policies and practices, audit results and internal accounting controls and assessing CIGNA's relationship with its independent accountants. The Committee has direct access to the internal auditors and independent accountants and meets with them without management present.

The consolidated financial statements have been audited by CIGNA's independent accountants, PricewaterhouseCoopers LLP, in accordance with generally accepted auditing standards and have been reviewed by the Audit Committee of the Board of Directors. This audit by PricewaterhouseCoopers LLP included an evaluation of the internal accounting control structure to the extent necessary to determine the audit procedures required to express their opinion on the consolidated financial statements.

Management reviews recommendations of the internal auditors and independent accountants concerning the system of internal accounting controls and responds to such recommendations with corrective actions, as appropriate. Management believes that, as of December 31, 1998, the system of internal accounting controls is adequate to provide the reasonable assurances discussed herein and that there are no material deficiencies in the design or operation of the system of internal accounting controls.

REPORT OF INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers [GRAPHIC OMITTED]

TO THE BOARD OF DIRECTORS
AND SHAREHOLDERS OF CIGNA CORPORATION

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income and changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of CIGNA Corporation and its subsidiaries (the Company) at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP
Philadelphia, Pennsylvania
February 9, 1999

QUARTERLY FINANCIAL DATA (Unaudited)

The following unaudited quarterly financial data are presented on a consolidated basis for each of the years ended December 31, 1998 and 1997.
Quarterly financial results necessarily rely heavily on estimates. This and certain other factors, such as the seasonal nature of portions of the insurance business, require caution in drawing specific conclusions from quarterly consolidated results.

<TABLE>
<CAPTION>

(In millions, except per share amounts)	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
<S>	<C>	<C>	<C>	<C>
CONSOLIDATED RESULTS				
1998*				
Total revenues	$5,411	$5,321	$5,226	$5,479
Income before income taxes	768	471	392	379
Net income	495	308	251	238
Earnings per share:				
Basic	2.30	1.44	1.20	1.16
Diluted	2.27	1.42	1.19	1.14
1997 **				
Total revenues	$4,645	$4,719	$5,182	$5,492
Income before income taxes	437	411	427	375
Net income	288	279	279	240
Earnings per share:				
Basic	1.31	1.26	1.26	1.10
Diluted	1.30	1.25	1.25	1.09
STOCK AND DIVIDEND DATA				
1998				
Price range of common stock - high	$69.33	$71.75	$74.50	$82.38
- low	$56.00	$67.25	$57.19	$62.00
Dividends declared per common share	$.29	$.29	$.29	$.29
1997				
Price range of common stock - high	$53.79	$62.42	$66.92	$62.08
- low	$45.08	$46.33	$58.44	$50.50
Dividends declared per common share	$.28	$.28	$.28	$.28

</TABLE>

*The fourth quarter of 1998 includes after-tax charges of $19 million for restructuring activities (principally associated with the property and casualty operations); the first quarter of 1998 includes an after-tax gain of $202 million recognized as of January 1, 1998 in connection with the sale of the individual life insurance and annuity business.

** The fourth quarter of 1997 includes after-tax charges associated with the integration of Healthsource and the restructuring of CIGNA's health care operations of $80 million.

Per share data reflect the three-for-one stock split approved by shareholders on April 22, 1998.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Listed below are subsidiaries of CIGNA Corporation as of December 31, 1998 with their jurisdictions of organization shown in parentheses. Those subsidiaries not listed would not, in the aggregate, constitute a "significant subsidiary" of CIGNA Corporation, as that term is defined in Rule 1-02(w) of Regulation S-X.

CIGNA Holdings, Inc. (Delaware)

I. Connecticut General Corporation (Connecticut)
  A. CG Trust Company (Illinois)
  B. CIGNA Dental Health, Inc. (Florida)
    (1) CIGNA Dental Health of California, Inc. (California)
    (2) CIGNA Dental Health of Colorado, Inc. (Colorado)
    (3) CIGNA Dental Health of Delaware, Inc. (Delaware)
    (4) CIGNA Dental Health of Florida, Inc. (Florida)
    (5) CIGNA Dental Health of Illinois, Inc. (Illinois)
    (6) CIGNA Dental Health of Kansas, Inc. (Kansas)
    (7) CIGNA Dental Health of Kentucky, Inc. (Kentucky)
    (8) CIGNA Dental Health of Maryland, Inc. (Delaware)
    (9) CIGNA Dental Health of New Jersey, Inc. (New Jersey)
    (10) CIGNA Dental Health of New Mexico, Inc. (New Mexico)
    (11) CIGNA Dental Health of North Carolina, Inc. (North Carolina)
    (12) CIGNA Dental Health of Ohio, Inc. (Ohio)
    (13) CIGNA Dental Health of Pennsylvania, Inc. (Pennsylvania)
    (14) CIGNA Dental Health of Texas, Inc. (Texas)
    (15) CIGNA Dental Health Plan of Arizona, Inc. (Arizona)
  C. CIGNA Financial Services, Inc. (Delaware)
  D. CIGNA Health Corporation (Delaware)
    (1) Healthsource, Inc. (New Hampshire)
      (a) Arizona Health Plan, Inc. (Arizona)
      (b) CIGNA HealthCare of Arizona, Inc. (Arizona)
        (i) CIGNA Community Choice, Inc. (Arizona)
      (c) CIGNA HealthCare of California, Inc. (California)
      (d) CIGNA HealthCare of Colorado, Inc. (Colorado)
      (e) CIGNA HealthCare of Connecticut, Inc. (Connecticut)
      (f) CIGNA HealthCare of Delaware, Inc. (Delaware)
      (g) CIGNA HealthCare of Florida, Inc. (Florida)
      (h) CIGNA HealthCare of Illinois, Inc. (Delaware) (99.60% with balance owned by non-affiliate)
      (i) CIGNA Healthplan of Louisiana, Inc. (Louisiana)
      (j) CIGNA HealthCare of Massachusetts, Inc. (Massachusetts)
      (k) CIGNA HealthCare Mid-Atlantic, Inc. (Maryland)
      (l) CIGNA HealthCare of New Jersey, Inc. (New Jersey)
      (m) CIGNA HealthCare of New York, Inc. (New York)
      (n) CIGNA HealthCare of Northern New Jersey, Inc. (New Jersey)
      (o) CIGNA HealthCare of Ohio, Inc. (Ohio)

(p) CIGNA HealthCare of Oklahoma, Inc. (Oklahoma)
(q) CIGNA HealthCare of Pennsylvania, Inc. (Pennsylvania)
(r) CIGNA HealthCare of St. Louis, Inc. (Missouri)
(s) CIGNA HealthCare of Utah, Inc. (Utah)
(t) CIGNA HealthCare of Virginia, Inc. (Virginia)
(u) Employee Benefit Plan Administration, Inc. (New Hampshire)
(v) Healthsource Connecticut, Inc. (Connecticut)
(w) Healthsource Corporate Services, Inc. (New Hampshire)
  (i) Healthsource Innovative Medical Management, Inc. (New Hampshire)
(x) Healthsource Health Plans, Inc. (North Carolina)

  (i) CIGNA HealthCare of North Carolina, Inc. (North Carolina)
  (ii) Healthsource North Carolina, Inc. (North Carolina)
  (iii) Healthsource North Carolina Administrators, Inc. (North Carolina)
(y) Healthsource Indiana, Inc. (New Hampshire)
  (i) Healthsource Indiana Insurance Company (Indiana)
  (ii) Healthsource Indiana Managed Care Plan, Inc. (Indiana)
(z) Healthsource Insurance Group, Inc. (New Hampshire)
(aa) Healthsource Kentucky, Inc. (Kentucky)
(bb) Healthsource Maine, Inc. (Maine)
(cc) Healthsource Maine Preferred, Inc. (New Hampshire)
(dd) Healthsource Management, Inc. (New Hampshire)
  (i) Healthsource Syracuse, Inc. (New York)
    (a) Healthsource New York, Inc. (New York)
      (i) Healthsource HMO of New York, Inc. (New York)
      (ii) Healthsource Preferred of New York, Inc. (New York)
  (ii) CIGNA HealthCare of Tennessee, Inc. (Tennessee)
  (iii) Healthsource Tennessee Preferred, Inc. (Tennessee)
(ee) Healthsource Massachusetts, Inc. (Massachusetts)
(ff) Healthsource Metropolitan New York Holding Company, Inc. (New Hampshire)
  (i) Healthsource New York/New Jersey, Inc. (New York)
(gg) Healthsource New Hampshire, Inc. (New Hampshire)
(hh) Healthsource Ohio, Inc. (Ohio)
(ii) Healthsource Ohio Preferred, Inc. (Ohio)
(jj) Healthsource Preferred, Inc. (New Hampshire)
(kk) Healthsource Rhode Island, Inc. (Rhode Island)
(ll) Healthsource RX, Inc. (New Hampshire)
(mm) Healthsource South, Inc. (New Hampshire)
  (i) Healthsource Arkansas Ventures, Inc. (Arkansas)
    (a) Healthsource Arkansas, Inc. (Arkansas)
    (b) Healthsource Arkansas Preferred, Inc. (Arkansas)
  (ii) Healthsource Insurance Company (Tennessee)
  (iii) Healthsource Physicians Group of South Carolina,

Inc. (South Carolina)
(iv) CIGNA HealthCare of Texas , Inc. (Texas)
(v) HS North Texas Ventures, Inc. (Texas)
(vi) Provident Health Care Plans, Inc. (Tennessee)
(a) CIGNA HealthCare of Georgia, Inc. (Georgia)
(nn) Lovelace Health Systems, Inc. (New Mexico)
(oo) Physicians' Health Systems, Inc. (South Carolina)
(i) Healthsource Insurance Services, Inc. (South Carolina) (72% with balance owned by another CIGNA subsidiary)
(ii) Healthsource South Carolina, Inc. (South Carolina)
(pp) Ross Loos Hospital, Inc. (California)
(i) CIGNA Hospital of Los Angeles, Inc. (California)
(qq) Temple Insurance Company Limited (Bermuda)
E. CIGNA RE Corporation (Delaware)
F. Connecticut General Life Insurance Company (Connecticut)
(1) All-Net Preferred Providers, Inc. (Delaware)
(2) CIGNA Life Insurance Company (Connecticut)
G. Disability Claim Services, Inc. (Delaware)
H. Global Portfolio Strategies, Inc. (Connecticut)
I. INA Life Insurance Company of New York (New York)
J. International Rehabilitation Associates, Inc. d/b/a Intracorp (Delaware)
K. Life Insurance Company of North America (Pennsylvania)
(1) CIGNA Direct Marketing Company, Inc. (Delaware)
(2) CIGNA Life Insurance Company of Canada (Canada)
(3) INA Himawari Life Insurance Co., Ltd. (Japan) (90% with balance owned by non-affiliate)

L. MCC Behavioral Care, Inc. (Minnesota)
(1) MCC Behavioral Care of California, Inc. (California)
M. TEL-DRUG, INC. (South Dakota)
II. INA Corporation (Pennsylvania)
A. CIGNA International Holdings, Ltd. (Delaware)
(1) Afia Finance Corporation (Delaware)
(2) Amico Assistencia Medica A Industria E Comercio Ltda (Brazil) (69% with balance owned by affiliate)
(a) CIGNA Brasil Participacoes Ltda. (Brazil)
(i) CIGNA Servicos Ltda. (Brazil) (99.9% with balance owned by affiliate)
(ii) Excel CIGNA Seguardora S.A. (Brazil) (50% with balance owned by non-affiliate)
(b) P. T. Asuransi CIGNA Indonesia (Indonesia) (53.51% with balance owned by non-affiliates)
(3) CIGNA Argentina Compania de Seguros S.A. (Argentina)
(4) CIGNA Compania de Seguros (Chile) S.A. (Chile) (99.13% with balance owned by non-affiliates)
(5) CIGNA G.B. Holdings, Ltd. (Delaware)
(a) Insurance Company of North America (U.K.) Limited

(United Kingdom)

(6) CIGNA HealthCare Management Company (India) Private Limited (India)

(7) CIGNA Insurance Asia Pacific Limited (Australia)
  (a) CIGNA Insurance Singapore Limited (Singapore)

(8) CIGNA Insurance Company Limited (Rep. of South Africa)

(9) CIGNA Insurance Company of Puerto Rico (Puerto Rico)

(10) CIGNA Insurance New Zealand Limited (New Zealand)
  (a) CIGNA Life Insurance New Zealand Limited (New Zealand)

(11) CIGNA International Corporation (Delaware)
  (a) CIGNA Eastern Sp. z.o.o. (Poland)

(12) CIGNA International Insurance Company of Hong Kong Limited (Hong Kong)

(13) CIGNA Overseas Insurance Company Ltd. (Bermuda)
  (a) CIGNA Accident and Fire Insurance Company, Ltd. (Japan)
  (b) CIGNA Marketing Group, C.A. (Venezuela)
  (c) CIGNA Overseas Holdings, Inc. (Delaware)
    (i) CIGNA Insurance Company of Europe S.A.-N.V. (Belgium)
      (a) CIGNA Life Insurance Company of Europe S.A.-N.V. (Belgium)
      (b) CIGNA STU, S.A. (Poland) (49% with balance owned by non-affiliate)
      (c) CIGNA STU Zycie, S.A. (Poland) (51% with balance owned by non-affiliate)

(14) CIGNA Seguros de Colombia S.A. (Colombia)

(15) CIGNA Worldwide Insurance Company (Delaware)
  (a) P.T. Asuransi Niaga CIGNA Life (Indonesia) (60% with balance owned by non-affiliate)
  (b) PCIB CIGNA Life Insurance Corporation (Philippines) (50% with balance owned by non-affiliate)

(16) Cover Direct, Inc. (Delaware)

(17) Empresa Guatemalteca CIGNA de Seguros, Sociedad Anonima (Guatemala)

(18) ESIS International, Inc. (Delaware)

(19) INACAN Holdings, Ltd. (Canada)
  (a) CIGNA Insurance Company of Canada (Canada)

(20) INA Seguradora S.A. (Brazil) (99.7% with balance owned by non-affiliates)

(21) Inversiones INA Limitada (Chile) (98.6% with balance owned by another CIGNA subsidiary)
  (a) CIGNA Compania de Seguros de Vida (Chile) S.A. (Chile) (96.6% with balance owned by non-affiliate)
  (b) Unimed A.A. Isapre Medica (Chile) (98% with balance owned by non-affiliate)

(22) Perdana CIGNA Insurance Berhard (Malaysia) (51% with balance owned by non-affiliate)

(23) Philippine HealthCare Providers, Inc. (Philippines) (30% with balance owned by non-affiliate)

(24) Planes de Salud Integral S.A. de C.V. (45 % with balance owned by non-affiliates)

(25) Seguros CIGNA, S.A. (Mexico) (99.99% with balance owned by non-affiliates)

B. INA Financial Corporation (Delaware)

(1) Brandywine Holdings Corporation (Delaware)

(a) CIGNA International Reinsurance Company, Ltd. (Bermuda)

(i) CIGNA International Brokers , Ltd. (Ohio)

(b) Century Indemnity Company (Pennsylvania)

(i) Century Reinsurance Company (Pennsylvania)

(ii) CIGNA Reinsurance Company (Pennsylvania)

(a) CIGNA Reinsurance Company S.A.-N.V. (Belgium)

(2) INA Holdings Corporation (Delaware)

(a) Bankers Standard Insurance Company (Pennsylvania)

(i) Bankers Standard Fire & Marine Company (Pennsylvania)

(b) CIGNA Property and Casualty Insurance Company (Connecticut)

(i) ALIC, Incorporated (Texas)

(a) CIGNA Lloyds Insurance Company (Texas)

(ii) CIGNA Fire Underwriters Insurance Company (Pennsylvania)

(iii) CIGNA Insurance Company (Pennsylvania)

(a) Pacific Employers Insurance Company (Pennsylvania)

(i) CIGNA Insurance Company of Texas (Texas)

(ii) Illinois Union Insurance Company (Illinois)

(iv) CIGNA Insurance Company of the Midwest (Indiana)

(c) INAMAR Insurance Underwriting Agency, Inc. (New Jersey)

(i) INAMAR Insurance Underwriting Agency, Inc. of Massachusetts (Massachusetts)

(ii) INAMAR Insurance Underwriting Agency, Inc. of Ohio (Ohio)

(iii) INAMAR Insurance Underwriting Agency of Texas (Texas)

(d) Insurance Company of North America (Pennsylvania)

(i) Atlantic Employers Insurance Company (New Jersey)

(ii) CIGNA Employers Insurance Company (Pennsylvania)

(iii) CIGNA Insurance Company of Ohio (Ohio)

(iv) Indemnity Insurance Company of North America (Pennsylvania)

(a) Allied Insurance Company (California)

(b) CIGNA Indemnity Insurance Company (Pennsylvania)

(c) CIGNA Insurance Company of Illinois (Illinois)

(v) INA Surplus Insurance Company (Pennsylvania)

III. CIGNA Investment Group, Inc. (Delaware)

A. CIGNA International Finance, Inc. (Delaware)

(1) CIGNA International Investment Advisors, Ltd. (Delaware)

(a) CIGNA International Investment Advisors Australia Limited (Australia)

(b) CIGNA International Investment Advisors K.K. (Japan)

B. CIGNA Investment Advisory Company, Inc. (Delaware)

C. CIGNA Investments, Inc. (Delaware)

(1) CIGNA Advisory Partners, Inc. (Delaware)

(2) CIGNA Financial Futures, Inc. (Delaware)

(3) CIGNA Leveraged Capital Fund, Inc. (Delaware)

(a) CIGNA Funding Limited Partnership (Delaware)

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 33-65396 and No. 333-41011) and Form S-8 (No. 2-76444, No. 33-44371, No. 33-51791, No. 33-60053, No. 333-22391, No. 333-31903 and No. 333-64207) of CIGNA Corporation, of our report dated February 9, 1999 appearing on Page 50 of the 1998 Annual Report to Shareholders of CIGNA Corporation, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference in such Registration Statements of our report on the Financial Statement Schedules, which appears on page FS-2 of this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP
Philadelphia, Pennsylvania
March 26, 1999

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on

May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 24th of February, 1999.

/s/ Robert P. Bauman

Robert P. Bauman

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 17th of February, 1999.

/s/ Robert H. Campbell

Robert H. Campbell

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 18th of February, 1999.

/s/ Alfred C. DeCrane, Jr.

Alfred C. DeCrane, Jr.

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 22nd of February, 1999.

/s/ H. Edward Hanway

H. Edward Hanway

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 24th of February, 1999.

/s/ Peter N. Larson

Peter N. Larson

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 17th of February, 1999.

/s/ Joseph Neubauer

Joseph Neubauer

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 23rd of February, 1999.

/s/ Charles R. Shoemate

Charles R. Shoemate

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

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(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 19th of February, 1999.

/s/ Louis W. Sullivan, M.D.

Louis W. Sullivan, M.D.

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 24th of February, 1999.

/s/ Wilson H. Taylor

Wilson H. Taylor

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

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(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

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IN WITNESS WHEREOF, the undersigned has executed this document as of the 24th of February, 1999.

/s/ Harold A. Wagner

Harold A. Wagner

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

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(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 16th of February, 1999.

/s/ Carol Cox Wait

Carol Cox Wait

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, a director of CIGNA Corporation, a Delaware corporation ("CIGNA"), hereby makes, designates, constitutes and appoints THOMAS J. WAGNER, CAROL J. WARD and ROBERT A. LUKENS, and each of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned (A) in connection with the filing with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, of:

(i) CIGNA's Annual Report on Form 10-K and all amendments thereto (collectively, "CIGNA's Form 10-K");

(ii) any and all registration statements pertaining to employee benefit or director compensation plans of CIGNA or its subsidiaries, and all amendments thereto, including, without limitation, amendments to CIGNA's registration statements on Form S-8 (Registration Numbers 2-76444, 33-44371, 33-51791, 33-60053, 333-31903, 333-22391 and 333-64207);

(iii) all amendments to CIGNA's registration statements on Form S-3 (Registration Numbers 33-65396 and 333-41011 relating to $1 billion of debt securities, Preferred Stock and Common Stock; and

(B) in connection with the preparation, delivery and filing of any and all registrations, amendments, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions with respect to securities of CIGNA, of whatever class or series, offered, sold, issued, distributed, placed or resold by CIGNA, any of its subsidiaries, or any other person or entity.

Such attorneys-in-fact and agents, or any of them, are also hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such registration statements, registrations, amendments, qualifications and notifications, and CIGNA's Form 10-K, to execute and deliver any and all such other documents, and to take further action as they, or any of them, deem appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and each of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken by such attorneys-in-fact and agents, or any of them, or by their respective substitutes, pursuant to the powers and authorities herein granted. This Power of Attorney expires by its terms and shall be of no further force and effect on May 15, 2000.

IN WITNESS WHEREOF, the undersigned has executed this document as of the 24th of February, 1999.

/s/ Marilyn Ware

Marilyn Ware

Exhibit 24.2

Certified to be a true and correct copy of the resolutions adopted by the Board of Directors of CIGNA Corporation at a meeting held on February 24, 1999, a quorum being present, and such resolutions are still in full force and effect as of this date of certification, not having been amended, modified or rescinded since the date of their adoption.

RESOLVED, That the Officers of the Corporation, and each of them, are hereby authorized to sign CIGNA Corporation's Annual Report on Form 10-K for the year ended December 31, 1998, and any amendments thereto, (the "Form 10-K") in the name and on behalf of and as attorneys for the Corporation and each of its Directors and Officers.

RESOLVED, That each Officer and Director of the Corporation who may be required to execute (whether on behalf of the Corporation or as an Officer or Director thereof) the Form 10-K, is hereby authorized to execute and deliver a power of attorney appointing such person or persons named therein as true and lawful attorneys and agents to execute in the name, place and stead (in any such capacity) of any such Officer or Director said Form 10-K and to file any such power of attorney together with the Form 10-K with the Securities and Exchange Commission.

Date: February 24, 1999

/s/ CAROL J. WARD

Carol J. Ward

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS INCORPORATED BY REFERENCE IN ITEM 8 OF PART II TO CIGNA'S REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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