

# CIGNA Investment Management

Richard H. Forde, Chief Investment Officer

Frank Sataline, Portfolio Management



# CIGNA Investment Management

## Agenda

- Strategy
- Portfolio as of 9/30/2008
- Fixed maturities (bonds)
- Private placements
- Commercial mortgages
- Performance and outlook



# CIGNA Investment Management

## Strategy

- Maximize after tax returns, while producing high/ stable investment income
- Manage risk through exposure limits, diversification, and analytic processes
- Maintain appropriate asset liability management
- Add value through asset allocation and credit underwriting
- Pursue primarily through “buy and hold”

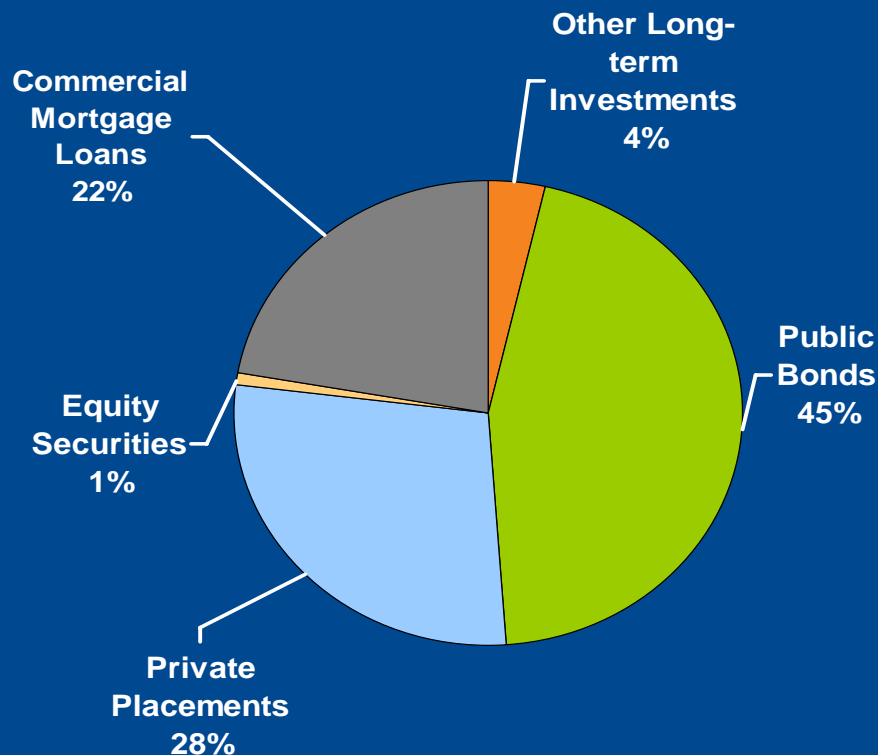




# CIGNA Investment Management

Portfolio as of 9/30/2008: \$ 16.2 Billion

## CIGNA's Investment Portfolio by Asset Class

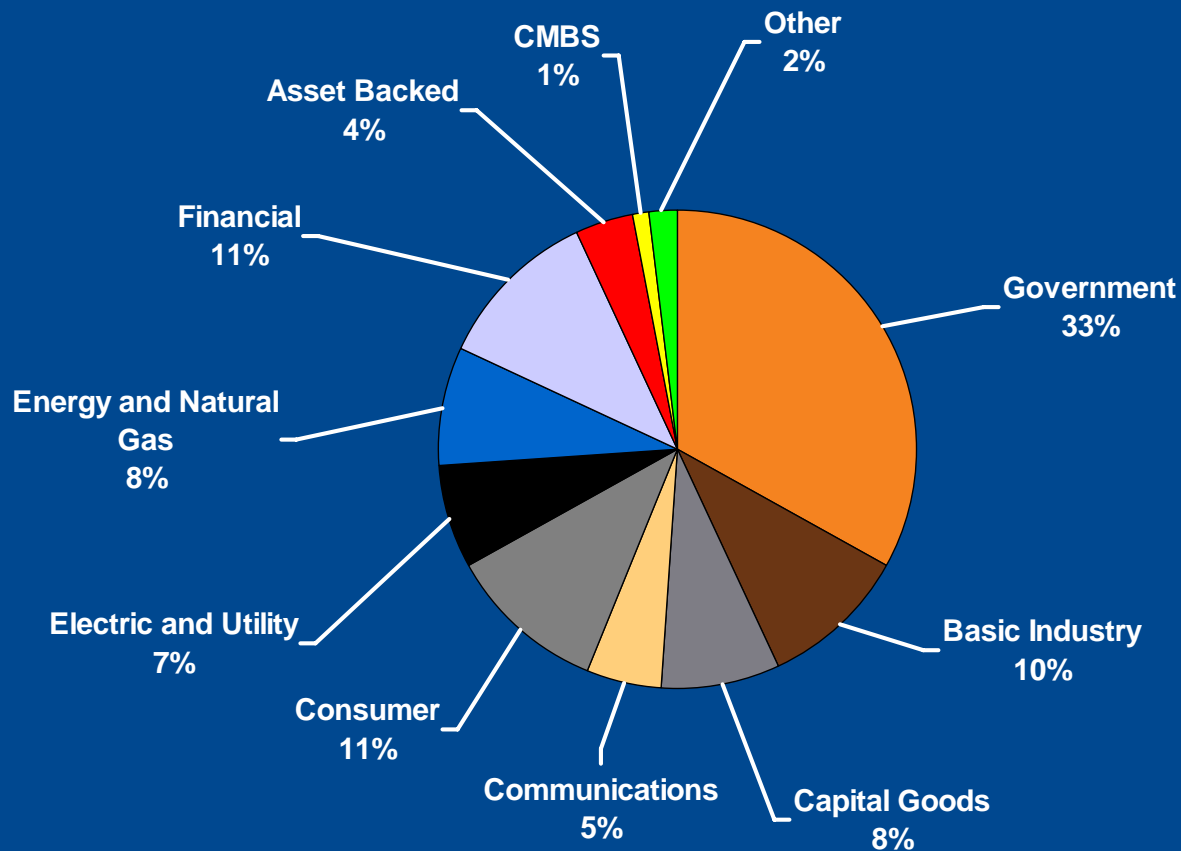


We continue to have no direct exposure to sub-prime loans and de-minimis direct exposure to residential mortgages (less than 1%)

# CIGNA Investment Management

Fixed Maturities: Fair Value \$ 11.9 Billion

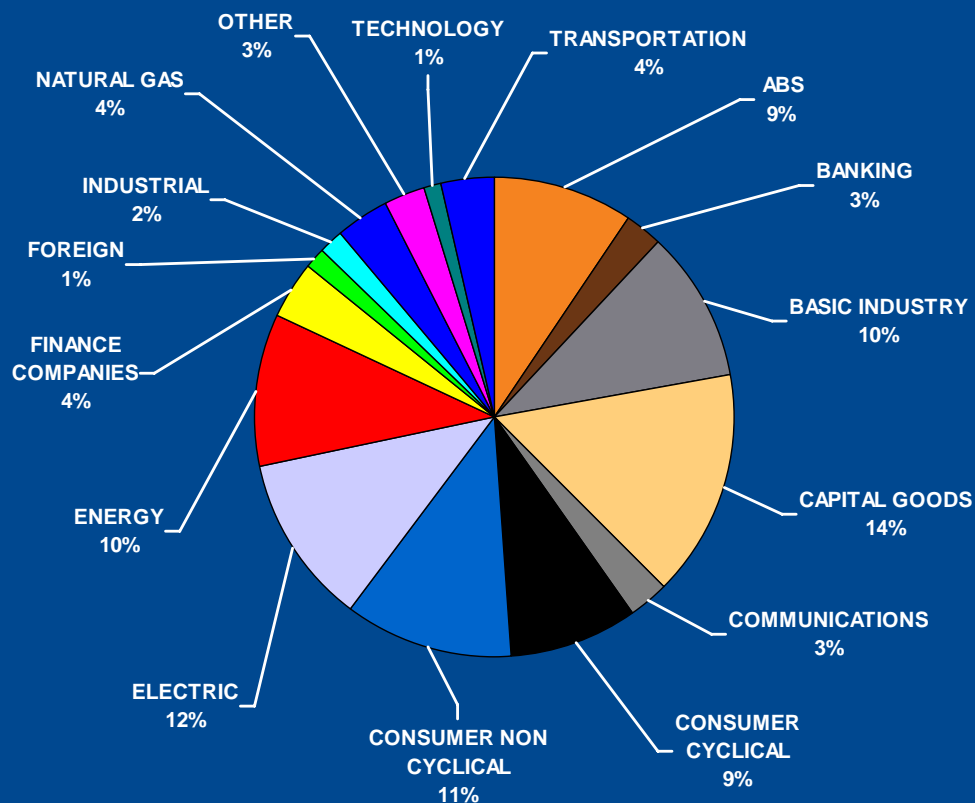
## Fixed Maturities by Sector



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Private Placements: Fair Value \$ 4.5 Billion

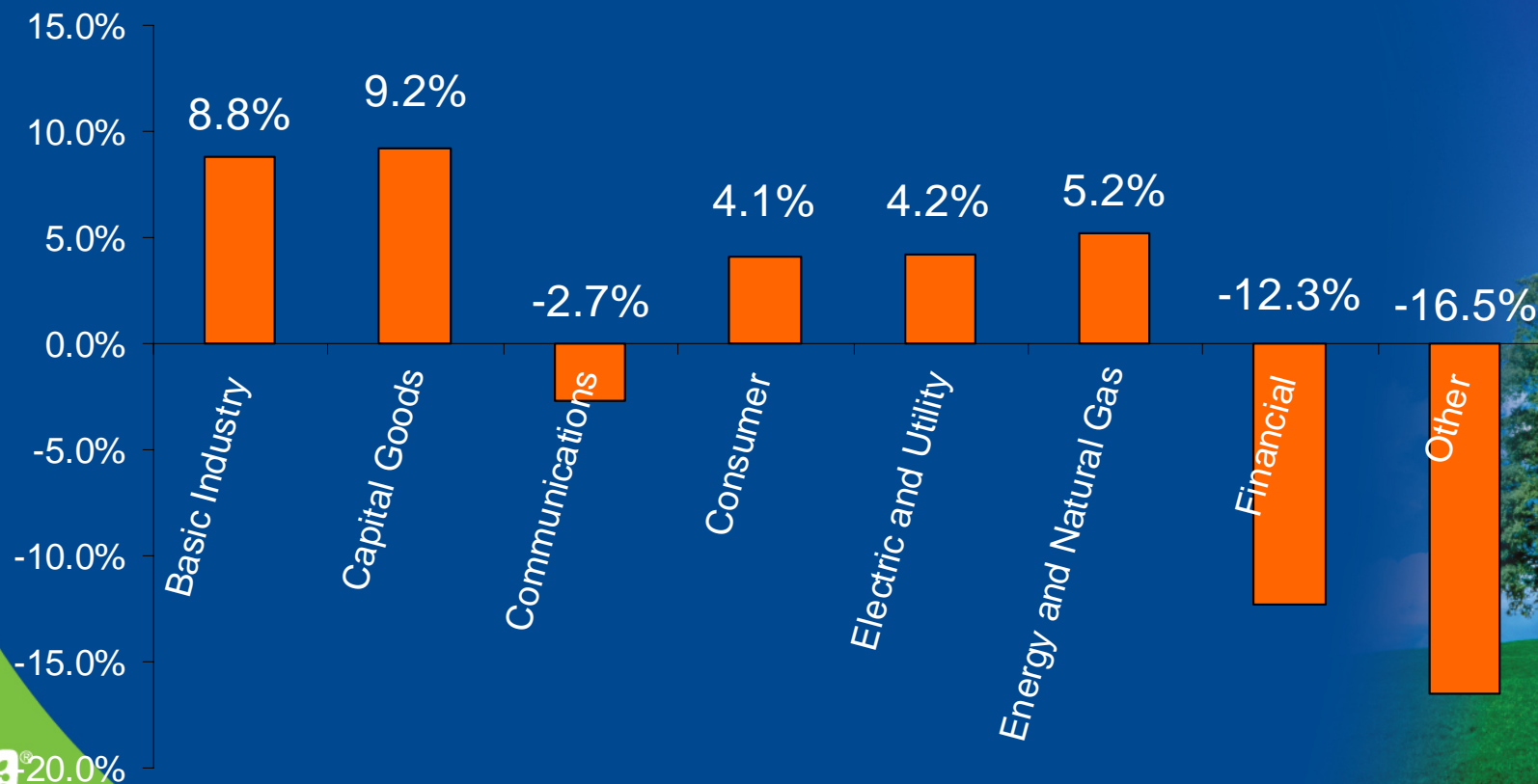
## Private Placements by Sector



# CIGNA Investment Management

Corporate Bond Portfolio: Fair Value \$ 7.3 Billion

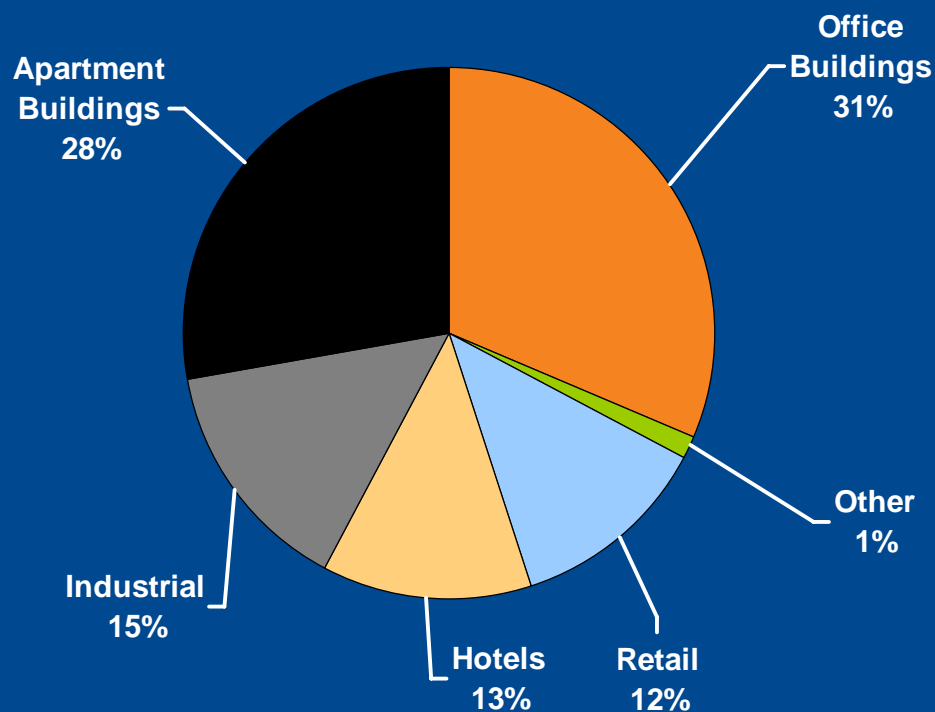
Corporate Bond Portfolio: Over (Under) weight vs. Lehman



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## Commercial Mortgages: \$ 3.6 Billion

### Diversification by Property Type





# CIGNA Investment Management

## Commercial Mortgages: \$ 3.6 Billion

### Mortgage Portfolio: Key Metrics by Year

| Year | Debt Service Coverage | Loan to Value |
|------|-----------------------|---------------|
| 2008 | 1.50x                 | 64%           |
| 2007 | 1.53x                 | 62%           |
| 2006 | 1.69x                 | 58%           |
| 2005 | 1.58x                 | 57%           |
| 2004 | 1.57x                 | 61%           |

### Mortgage Portfolio by Origination Year

| Origination Years | Reported Value | % of Mortgage Loans |
|-------------------|----------------|---------------------|
| 2008*             | 338            | 9%                  |
| 2007              | 370            | 10%                 |
| 2006              | 1,089          | 31%                 |
| 2005              | 738            | 21%                 |
| Pre-2005          | <u>1,023</u>   | <u>29%</u>          |
| Total             | 3,558          | 100%                |

\*Thru 9/30/08

Valuations are internal estimates based on the most recent full year audited financial statements and budgets/projections for the next year, considering occupancy, rental rates, operating costs, and other relevant information. The values are determined as part of the annual review process, with the most recent review completed during the third quarter.

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## Performance and Outlook

- Only 25% of CIGNA's Investment Management assets relate to CIGNA's healthcare business
- We expect NII will be modestly higher in '09, resulting from higher assets and secondarily due to higher yields

