

SERFF Tracking Number: CCGH-126360429 State: Arkansas  
Filing Company: Alta Health and Life Insurance Company State Tracking Number: 43912  
Company Tracking Number:  
TOI: H21 Health - Other Sub-TOI: H21.000 Health - Other  
Product Name: IN MCE Report  
Project Name/Number: /

## Filing at a Glance

Company: Alta Health and Life Insurance Company

Product Name: IN MCE Report

SERFF Tr Num: CCGH-126360429 State: Arkansas

TOI: H21 Health - Other

SERFF Status: Closed-Filed-Closed

State Tr Num: 43912

Sub-TOI: H21.000 Health - Other

Co Tr Num:

State Status: Filed-Closed

Filing Type: Form

Reviewer(s): Rosalind Minor

Author: Melissa Pine

Disposition Date: 10/30/2009

Date Submitted: 10/27/2009

Disposition Status: Filed-Closed

Implementation Date Requested:

Implementation Date:

State Filing Description:

## General Information

Project Name:

Status of Filing in Domicile:

Project Number:

Date Approved in Domicile:

Requested Filing Mode:

Domicile Status Comments:

Explanation for Combination/Other:

Market Type:

Submission Type: New Submission

Group Market Size:

Overall Rate Impact:

Group Market Type:

Filing Status Changed: 10/30/2009

Explanation for Other Group Market Type:

State Status Changed: 10/30/2009

Deemer Date:

Created By: Melissa Pine

Submitted By: Melissa Pine

Corresponding Filing Tracking Number:

Filing Description:

The Indiana Department of Insurance recently completed an examination of Alta Health & Life Insurance Company and issued the attached final report. The Indiana Department of Insurance requires that we submit a copy of this report to you for your records.

## Company and Contact

### Filing Contact Information

Melissa Pine, Compliance Sr. Associate

Melissa.Pine@CIGNA.com

900 Cottage Grove Road

860-226-7574 [Phone]

B6LPA

860-226-5400 [FAX]

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Hartford, CT 06152

**Filing Company Information**

Alta Health and Life Insurance Company CoCode: 67369 State of Domicile: Indiana  
PO Box 230 Group Code: 769 Company Type: LAH  
Denver, CO 80201-0230 Group Name: State ID Number:  
(800) 521-5124 ext. [Phone] FEIN Number: 59-1031071

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**Filing Fees**

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Alta Health and Life Insurance Company	\$50.00	10/27/2009	31584984

SERFF Tracking Number: CCGH-126360429

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed-Closed	Rosalind Minor	10/30/2009	10/30/2009

SERFF Tracking Number: CCGH-126360429 State: Arkansas  
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## Disposition

Disposition Date: 10/30/2009

Implementation Date:

Status: Filed-Closed

Comment:

Rate data does NOT apply to filing.

*SERFF Tracking Number:*      *CCGH-126360429*                      *State:*                      *Arkansas*  
*Filing Company:*              *Alta Health and Life Insurance Company*              *State Tracking Number:*      *43912*  
*Company Tracking Number:*  
*TOI:*                      *H21 Health - Other*                      *Sub-TOI:*                      *H21.000 Health - Other*  
*Product Name:*              *IN MCE Report*  
*Project Name/Number:*      /

<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Filed-Closed	No
<b>Supporting Document</b>	Application	Filed-Closed	No
<b>Supporting Document</b>	Health - Actuarial Justification	Filed-Closed	No
<b>Supporting Document</b>	Outline of Coverage	Filed-Closed	No
<b>Supporting Document</b>	Alta Health Life Final Orders	Filed-Closed	No

SERFF Tracking Number: CCGH-126360429 State: Arkansas  
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 Product Name: IN MCE Report  
 Project Name/Number: /

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Flesch Certification	Filed-Closed	10/30/2009
<b>Bypass Reason:</b>	n/a		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Application	Filed-Closed	10/30/2009
<b>Bypass Reason:</b>	n/a		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Health - Actuarial Justification	Filed-Closed	10/30/2009
<b>Bypass Reason:</b>	n/a		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Outline of Coverage	Filed-Closed	10/30/2009
<b>Bypass Reason:</b>	n/a		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Alta Health Life Final Orders	Filed-Closed	10/30/2009
<b>Comments:</b>			

The Indiana Department of Insurance recently completed an examination of Alta Health & Life Insurance Company and issued the attached final report. The Indiana Department of Insurance requires that we submit a copy of this report to you for your records.

**Attachment:**

SERFF Tracking Number: CCGH-126360429

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Product Name: IN MCE Report

Project Name/Number: /

Alta Health LifeFinal Orders.pdf

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
Alta Health & Life Insurance Company )  
8505 East Orchard Road )  
Greenwood Village, Colorado 80111 )

Examination of Alta Health & Life Insurance Company

**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Carol Cutter, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Alta Health & Life Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on 07/16/2009, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Alta Health & Life Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date August 13, 2009

Connie Ridinger  
Connie Ridinger, CPA, CFE  
Chief Examiner/Deputy Commissioner

**CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 1517**

STATE OF INDIANA ) BEFORE THE INDIANA  
 ) SS:  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
Alta Health & Life Insurance Company )  
8505 East Orchard Road )  
Greenwood Village, Colorado 80111 )

Examination of Alta Health & Life Insurance Company

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Alta Health & Life Insurance Company (hereinafter "Company") for the time period 01/01/2004 through 12/31/2008

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on 07/14/2009

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on 07/16/2009 and was received by the Company on 07/21/2009

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Alta Health & Life Insurance Company as of 12/31/2008
2. That the Examiners' Recommendations are reasonable and necessary in order for the Alta Health & Life Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 13<sup>th</sup> day of  
August, 2009.

  
\_\_\_\_\_  
Carol Cutter  
Insurance Commissioner



**STATE OF INDIANA**  
**DEPARTMENT OF INSURANCE**  
**REPORT OF EXAMINATION**

**OF**

**ALTA HEALTH & LIFE INSURANCE**  
**COMPANY**

NAIC Co. Code: 67369

As of

**December 31, 2008**



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# STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

# IDOI

## INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300

INDIANAPOLIS, INDIANA 46204-2787

TELEPHONE: (317) 232-2385

FAX: (317) 232-5251

CAROL CUTTER, Commissioner

July 15, 2009

Honorable Alfred W. Gross  
Chair, NAIC Financial Condition (E) Committee  
Commissioner of Insurance  
State Corporation Commission  
Bureau of Insurance  
P.O. Box 1157  
Richmond, Virginia 23218

Honorable Carol Cutter  
Commissioner of Insurance  
Indiana Department of Insurance  
311 W. Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3366, an examination has been made of the affairs and financial condition of:

**Alta Health & Life Insurance Company**  
**10401 North Meridian, Suite 350**  
**Indianapolis, IN 46290**

hereinafter referred to as the "Company," an Indiana domestic, stock, life and annuity insurance company. The examination was conducted at the Company's administrative office located in Greenwood Village, Colorado.

The following Report of Examination, showing the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE  
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES  
(317) 232-2413

COMPANY COMPLIANCE  
(317) 233-0697

CONSUMER SERVICES  
(317) 232-2395  
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES  
(317) 232-2390

MEDICAL MALPRACTICE  
(317) 232-2402

SECURITIES / COMPANY RECORDS  
(317) 232-1991

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (IDOI) as of the period ending December 31, 2003. The present examination was conducted by Huff, Thomas & Company and covered the period from January 1, 2004 through December 31, 2008, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the examination, the IDOI, by its representatives has relied upon the independent audit reports and the opinions contained therein rendered by Deloitte & Touche LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

Jeffrey A. Beckley, FSA, MAAA, of Actuarial Options, LLC (AOL), a consulting actuary appointed by the IDOI, conducted a review the Company's loss reserves and loss adjustment expense reserves as of December 31, 2008.

The examination was conducted in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Company's financial condition. Examination procedures included the verification and evaluation of assets, a determination of liabilities, and review of income and disbursement items, minutes, corporate documents, policy and claim files, and other records to the extent deemed necessary.

## HISTORY

The Company was originally incorporated as Orange State Life Insurance Company on May 2, 1963 as a Florida insurer. In 1994, the Company redomesticated to the State of Ohio. In 1995, the Company became a wholly owned subsidiary of Anthem Insurance Companies, Inc., a subsidiary of Anthem Companies, Inc. In 1996, the Company redomesticated to the State of Indiana and changed its name to Anthem Health & Life Insurance Company

Effective July 8, 1998, the Company became 100% owned by Great-West Life & Annuity Insurance Company (GWL&A), a Colorado domiciled life insurance company. Power Corporation of Canada, a publicly traded Montreal-based financial service company which is 54.7% owned by Paul Desmarais, is the Company's ultimate controlling person. On June 15, 1999, the Company's name changed from Anthem Health & Life Insurance Company to its present name.

On March 2, 2000, the IDOI approved the Company's established non-insurance subsidiary, Alta Agency, Inc., which manages the New York business of the Company's affiliate, First Great-West Life & Annuity Insurance Company (FGWLA).

Effective April 1, 2008, the Company became 100% owned by Connecticut General Life Insurance Company (CGLIC), an indirect subsidiary of CIGNA Corporation.

## CAPITAL AND SURPLUS

Authorized capital of the Company consists of 2,000,000 shares of common stock with a par value of \$2 per share, of which 1,260,000 shares were issued and outstanding. All of issued and outstanding common stock is held by CGLIC. The amount of issued and outstanding common capital stock did not change during the period under examination.

## DIVIDENDS TO STOCKHOLDERS

All dividends paid were in accordance with IC § 27-1-3-24 and 27-1-23-4. The dividends were not disapproved by the IDOI. The Company paid approximately \$103 million in cash dividends to its stockholders during the period under examination as follows:

<u>Year</u>	<u>Amount (millions)</u>
2008	\$ 58.0
2007	16.5
2006	0.0
2005	8.9
2004	<u>19.6</u>
Total	<u>\$103.0</u>

## TERRITORY AND PLAN OF OPERATION

The Company is licensed to write insurance in the District of Columbia and all states except New York. Effective August 1, 2001, the Company ceased writing new business due to continued poor underwriting results and significant integration issues (pricing, underwriting, and administration of business) with GWL&A. The Company is currently in run-off and has no plans for further expansion or marketing. Effective April 1, 2008, the Company ceded 100% of its life and long-term disability business to Life Insurance Company of North America (LINA). LINA is CIGNA's primary insurance company for writing life and disability insurance.

The Company serves as administrator for various uninsured accident and health plans. In 2008, the Company's gross reimbursement for medical costs under the Administrative Service Contracts (ASC) was \$320,698,577 with a net gain from operations of \$11,879,250. Under these ASC plans, the Company pays claims from its own bank account, and then subsequently receives reimbursement from the uninsured plan sponsor.

## GROWTH OF COMPANY

The following exhibit depicts the Company's growth throughout the examination period:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total admitted assets	\$28,301,417	\$130,838,782	\$156,549,571	\$136,308,314	\$185,106,084
Total liabilities	8,396,935	72,763,444	97,428,935	95,050,081	116,834,848
Capital	2,520,000	2,520,000	2,520,000	2,520,000	2,520,000
Capital and surplus	19,904,482	58,075,338	59,120,636	41,258,233	68,271,236
Net income	19,433,328	17,961,910	16,593,490	20,164,760	27,502,350
Gross premiums written	39,470,870	41,866,728	46,714,489	51,601,261	63,051,314
Net premiums written	(2,419,023)	41,037,983	45,791,853	40,426,446	41,757,616

The Company's assets and surplus have been decreasing throughout the examination period. The decrease in assets and surplus is primarily due to dividends paid to the Company's parent. The Company's gross premium and net premium have been steadily declining throughout the examination period due to the run-off of business. Effective April 1, 2008, the Company ceded 100% of its life and long-term disability business to LINA, an affiliate, under an indemnity reinsurance agreement. Pursuant to the agreement, the Company transferred assets to LINA with a statutory book value equal to the value of statutory liabilities of the business reinsured.

## MANAGEMENT AND CONTROL

### Directors

The Company's By-laws stipulate the Board of Directors shall consist of no less than five (5) and no more than the number of Directors specified in the Articles of Incorporation. Each Director shall be elected for a term of one year and shall hold office until a successor has been elected and qualified. Directors listed as serving at December 31, 2008 were as follows:

<u>Name &amp; Residence</u>	<u>Principal Occupation</u>
Martin Rosenbaum Lone Tree, Colorado	CIGNA Regional Vice President & Segment Lead
Kurt A. Weimer Scottsdale, Arizona	CIGNA Medical Group President
Marcia A. Dall Bloomfield, Connecticut	CIGNA Healthcare Senior Vice President
Patricia Fry Centennial, Colorado	CIGNA Corporation Operations Director
Jeffrey M. Weinman South Windsor, Connecticut	Connecticut General Life Insurance Co. Vice President & Actuary

Sharon Paulus  
Indianapolis, Indiana

Connecticut General Life Insurance Co.  
Senior Counsel

In accordance with IC § 27-1-7-11 at least one (1) of the Directors must reside in the State of Indiana. In 2006 and 2007, the Company did not have an Indiana resident Director.

Officers

The officers of the Company shall consist of the Chairman of the Board, a President, a Secretary and a Treasurer who shall be elected by the Board of Directors and who shall hold office until their successor are elected and qualified. The following is a list of senior officers and their respective titles at December 31, 2008:

<u>Name</u>	<u>Title</u>
Martin Rosenbaum	Chairman, Senior Vice President
Kurt A. Weimer	President
Barry R. McHale	Vice President & Treasurer
John P. Frey	Vice President, Assistant Treasurer
Scott R. Lambert	Vice President, Assistant Treasurer
Robert D. Picinich	Vice President
James Yablecki	Vice President, Actuary
Shermona Mapp	Corporate Secretary
Mathew M. Allyn	Assistant Secretary
Susan Celmer	Assistant Secretary
Gregaory J. LaCasse	Assistant Secretary
Kevin J. Oleksak	Assistant Secretary
Kevin J. LaCasse	Assistant Secretary
Lynn Perez	Assistant Secretary
Laurieann Tuttle	Assistant Secretary
Theresa Press	Assistant Secretary

## CONFLICT OF INTEREST

The Company has an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any Director, officer or key employee, on an annual basis that is likely to conflict with his or her official duties. The signed conflict of interest disclosure report for each Director and officer serving during the period under examination was reviewed with one exception noted. In 2004, one Director did not sign a conflict of interest statement.

## OATH OF OFFICE

IC § 27-1-7-10(i) stipulates that every Director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. All Directors have signed an oath of office statement.

## CORPORATE RECORDS

### Articles of Incorporation and By-Laws

There was one amendment made to the By-laws during the period under examination. Effective December 12, 2006, the Company's By-laws third sentence in Article 2.02 of Office and Qualification was deleted in its entirety, and replaced with the following:

- Any vacancy occurring in the Board of Directors from whatever cause arising, may be filled by a vote of the Directors remaining in office even if less than a quorum exists, with such Directors to serve until the next annual meeting of shareholders or until their Board of Directors is hereby fixed at five (5) Directors.

There were no other amendments during the examination period.

### Minutes

The Shareholder and Board of Directors meeting minutes were reviewed for the period under examination through fieldwork date and significant actions taken during each meeting were noted. It was noted that annual meetings and other regular board meetings were held in accordance with the Company's By-laws.

## AFFILIATED COMPANIES

### Organizational Structure

The Company is a member of an insurance holding company system. The "Ultimate Controlling Person" is CIGNA Corporation, a Delaware corporation. The Company is a wholly owned subsidiary of Connecticut General Life Insurance Company (CGLIC), an insurance company domiciled in Connecticut. The following organizational chart depicts the ownership relationships between the Company and its parent, and other insurance affiliates as of December 31, 2008:

#### CIGNA Corporation.

- CIGNA Holding, Inc. (100%)
  - CIGNA Investment Group, Inc. (100%)
  - Connecticut General Corporation (100%)
  - CIGNA Health Corporation (100%)
  - CIGNA Healthcare Holding, Inc. (100%)
  - CIGNA Life Insurance Company of Canada (Canada) (100%)
  - CIGNA Life Insurance Company of New York (100%)
  - Connecticut General Life Insurance Company
    - Alta Health & Life Insurance Company. (100%)

## AFFILIATED AGREEMENTS

The following affiliated agreements and transactions entered were disclosed as part of the Form B Holding Company Registration Statement and were filed as required with the IDOI, in accordance with IC § 27-1-23-4:

### Administrative Service Agreement:

Effective April 1, 2008, the Company entered into an Administrative Services Agreement with CGLIC. Under this agreement, CGLIC will provide those administrative services required by the Company. The administrative services may include; accounting/auditing services, actuarial services, banking services, claims processing services, human resources services and legal services. CGLIC will bill the Company for actual costs and expenses incurred by CGLIC in providing services under the Administrative Service Agreement. In 2008, fees paid by the Company under this agreement totaled \$396,078. This agreement was filed with IDOI in accordance with IC § 27-1-23-4(b)(4).

### Expense Sharing Agreement:

Effective April 1, 2008, the Company entered into an Expense Sharing Agreement with CGLIC. This agreement sets forth the manner which the affiliated companies will share expenses for certain shared services that may be provided by or contracted for parties to the agreement. In

2008, the amount of expenses shared by the Company under this agreement was \$2,112,474. This agreement was filed with IDOI in accordance with IC § 27-1-23-4(b)(4).

Tax Allocation Agreement:

Effective April 1, 2008, the Company entered into a Consolidated Tax Sharing Agreement with CIGNA and certain affiliates. Under the tax agreement, tax amounts will generally be calculated on a separate tax return basis, subject to certain adjustments to reflect realized amounts in consolidation. This agreement was filed with IDOI in accordance with IC § 27-1-23-4(b)(4).

Investment Advisory Agreement:

Effective April 1, 2008, the Company entered into an Investment Advisory Agreement with CIGNA Investments, Inc. Certain investments of the Company will be managed by CIGNA Investments, Inc., which will receive compensation for its services. In 2008, investment fees paid by the Company under this agreement totaled \$35,258. This agreement was filed with IDOI in accordance with IC § 27-1-23-4(b)(4).

Investment Pooling Agreement:

Effective April 1, 2008, the Company entered into a short-term Investment Pooling Agreement with CIGNA Investments, Inc. The assets in this short-term investment pool will be managed by CIGNA Investments, Inc., which is responsible for the compilation and maintenance of accounts records with respect to the short-term investment pool. This agreement was filed with IDOI in accordance with IC § 27-1-23-4(b)(4).

**FIDELITY BOND**

The Company through its parent protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by AIG Executive Liability. The bond has a single loss coverage limit of \$20,000,000 per occurrence with a \$2,500,000 deductible. This bond exceeded the suggested minimum coverage prescribed by the NAIC.

Other major insurance coverages in force at December 31, 2008 included commercial liability, umbrella liability, auto, workers' compensation and property insurance. All of these coverages were determined to be adequate as of December 31, 2008.

**STATUTORY AND SPECIAL DEPOSITS**

The Company reported statutory deposits in the form of United States Treasury obligation with a book value of \$5,129,334 with the IDOI as of December 31, 2008. According to Indiana statute IC 27-1-6-14(d) a domestic capital stock company must deposit with the Department an amount equal to ten percent (10%) of its paid-in capital stock requirement in cash or in obligations of the United States. The Company's deposit satisfies this requirement.

The following schedule shows all deposits at December 31, 2008:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$ 5,129,334	\$ 5,429,500
All Other Special Deposits:		
Florida	215,432	228,039
Georgia	51,293	54,295
Massachusetts	114,532	115,564
New Mexico	102,347	106,660
North Carolina	430,864	456,078
Total Deposits	<u>\$ 6,043,802</u>	<u>\$ 6,390,136</u>

### REINSURANCE

The Company has entered into ceded and assumed reinsurance agreements involving both life and accident and health policies. All agreements provide for effective transfer of risk and contain acceptable insolvency clauses. Those agreements are as follows:

#### Reinsurance Assumed:

The Company's reinsurance assumed consists of a single block of group long term disability business acquired from Phoenix Home Life Insurance Company, which is administered by the Company on a funds held basis. As claims are settled remaining funds held balances are reduced. As of December 31, 2008, this block of business accounted for approximately \$2.7 million in policy reserves.

#### Reinsurance Ceded:

On April 1, 2008, the Company and LINA, an affiliate reinsurer, were parties to a reinsurance agreement to which one hundred percent (100%) of liabilities under the life and long-term disability (LTD) policies reflected in the reserves were ceded to LINA. In consideration for such reinsurance, the Company transferred to LINA assets equal to the statutory liabilities associated with such policies. In addition, the Company will remit to LINA all premiums received by the Company in respect to such policies on or after the effective date. LINA will then pay the Company ten percent (10%) of such premium as a ceding commission. As of December 31, 2008, this ceded block of business accounted for approximately \$29.7 million in policy reserves.

The Company cedes all of its LTD business written through December 2000, which is administered by Unum Life Insurance Company, who reinsures fifty percent (50%) of this block of business. The remaining fifty percent (50%) is reinsured equally between Employers Reinsurance Corporation and ITT Harford Life. As of December 31, 2008, the Company reported ceded reserves totaling approximately \$8.7 million for this block of business.

### PENDING LITIGATION

The Company's management and attorneys confirmed there was no pending material non-policy related litigation or unreported commitments or contingent liabilities incurred through the examination date.

## ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, accounts records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the years under examination were agreed to each year's independent audit report with no exception noted. The Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

**ALTA HEALTH & LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

Assets

<b>Assets:</b>				
Bonds	\$ 10,082,437	\$ -	\$ 10,082,437	\$ 95,032,961
Common stocks (stocks)	8,670	-	8,670	17,341
Cash \$199,009, cash equivalents \$0 and short-term investments \$196,965	6,233,648	-	6,233,648	17,853,089
Other invested assets				-
Contract loans	111,268	-	111,268	124,383
Subtotals, cash and invested assets	\$ 16,436,023	\$ -	\$ 16,436,023	\$ 113,027,774
Investment income due and accrued	247,522	-	247,522	768,046
Uncollected premiums and agents' balances in the course of collection (premiums and considerations)	1,270,637	-	1,270,637	1,432,683
Funds held by or deposited with reinsurance companies	2,332,591		2,332,591	3,069,667
Other amounts receivable under reinsurance contracts	101,850	-	101,850	642,433
Amounts receivable from uninsured plans	5,025,076		5,025,076	4,654,877
Net deferred tax asset	2,757,012	-	2,757,012	3,895,654
Guaranty funds receivable or on deposit	110,429	-	110,429	158,738
Aggregate write-ins for other than invested assets	20,277		20,277	3,188,910
<b>Total Assets</b>	<b>\$ 28,301,417</b>	<b>\$ -</b>	<b>\$ 28,301,417</b>	<b>\$ 130,838,782</b>

**ALTA HEALTH & LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Liabilities, Surplus and Other Funds**

	<b>As of December 31, 2008</b>			
	<b><u>Per Annual</u></b>	<b><u>Exam</u></b>	<b><u>Per</u></b>	<b><u>December 31,</u></b>
	<b><u>Statement</u></b>	<b><u>Adjustments</u></b>	<b><u>Examination</u></b>	<b><u>Prior Year</u></b>
<b>Liabilities:</b>				
Aggregate reserve for life contracts	\$ -	\$ -	\$ -	\$ 31,528,612
Aggregate reserve for A&H contracts	797,297	-	797,297	4,062,539
<b>Contract Claims:</b>				
Life	1,548,130	-	1,548,130	3,024,961
Accident and health	1,633,238	-	1,633,238	2,695,274
Premiums and annuity consideration for life and A&H contracts received in advance	439,037		439,037	760,405
Provision for experience rating refunds	-	-	-	9,614,033
Other amounts payable on reinsurance	58,498	-	58,498	72,804
Interest maintenance reserve	1,244,847	-	1,244,847	1,261,758
Commission to agents due or accrued-life and annuity contracts	161,091	-	161,091	68,164
General expenses due and accrued	652,284	-	652,284	99,200
Taxes, licenses, and fees due or accrued	316,497		316,497	-
Current federal income taxes	324,464	-	324,464	9,160,829
Amounts held for agents accounts	-	-	-	49
Remittances and items not allocated	379,898	-	379,898	3,485,373
Asset valuation reserve	11,125	-	11,125	216,518
Payable to parent, subsidiaries and affiliates	397,036	-	397,036	2,291,024
Liability for amounts held under uninsured plans	433,113		433,113	821,313
Aggregate write-ins for liabilities	380	-	380	3,600,588
<b>Total Liabilities</b>	<b>\$ 8,396,935</b>	<b>\$ -</b>	<b>\$ 8,396,935</b>	<b>\$ 72,763,444</b>
Common capital stock	\$ 2,520,000	\$ -	\$ 2,520,000	\$ 2,520,000
Gross paid in & contributed surplus	33,662,644	-	33,662,644	33,662,644
Unassigned funds (surplus)	(16,278,162)	-	(16,278,162)	21,892,694
<b>Capital and surplus, December 31, current year</b>	<b>\$ 19,904,482</b>	<b>\$ -</b>	<b>\$ 19,904,482</b>	<b>\$ 58,075,338</b>
<b>Total liabilities, capital and surplus</b>	<b>\$ 28,301,417</b>	<b>\$ -</b>	<b>\$ 28,301,417</b>	<b>\$ 130,838,782</b>

**ALTA HEALTH & LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Summary of Operations**

**As of December 31, 2008**

	<b><u>Per Annual Statement</u></b>	<b><u>Exam Adjustments</u></b>	<b><u>Per Examination</u></b>	<b><u>December 31, Prior Year</u></b>
Premiums and annuity considerations for life and accident and health contracts	\$ (2,419,022)	\$ -	\$ (2,419,022)	\$ 41,037,986
Net investment income	3,119,260	-	3,119,260	5,739,307
Amortization of interest maintenance reserve	(242,773)	-	(242,773)	(205,864)
Commissions and expense allowances on reinsurance ceded	1,228,216	-	1,228,216	-
Aggregate write-ins for miscellaneous income	2,265,871	-	2,265,871	3,260,705
<b>Total</b>	<b>\$ 3,951,552</b>	<b>\$ -</b>	<b>\$ 3,951,552</b>	<b>\$ 49,832,134</b>
Death benefits	2,120,127	-	2,120,127	7,245,520
Disability benefits and benefits under accident & health contracts	21,086,535	-	21,086,535	27,138,786
Surrender benefits and withdrawals for life contracts	-	-	-	42,256
Group conversion	44,246	-	44,246	333,659
Interest and adjustment on contract or deposit-type contract funds (direct business only)	77,188	-	77,188	139,934
Increase in aggregate reserves for life and A&H contracts	(34,793,854)	-	(34,793,854)	(7,559,385)
<b>Totals</b>	<b>\$ (11,465,758)</b>	<b>\$ -</b>	<b>\$ (11,465,758)</b>	<b>\$ 27,340,770</b>
Commissions on premiums, annuity considerations, and deposit type contract funds	4,710,800	-	4,710,800	5,189,093
General insurance expenses	(15,292,384)	-	(15,292,384)	(11,812,596)
Insurance taxes, licenses and fees, excluding federal income taxes	1,214,070	-	1,214,070	1,020,893
Increase in loading on deferred and uncollected premiums	10,238	-	10,238	(5,289)
Aggregate write-ins for deductions	(460,302)	-	(460,302)	746,318
<b>Totals</b>	<b>\$ (21,283,336)</b>	<b>\$ -</b>	<b>\$ (21,283,336)</b>	<b>\$ 22,479,189</b>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 25,234,888	\$ -	\$ 25,234,888	\$ 27,352,945
Dividends to policyholders	-	-	-	-
Net gain from operations after dividends to policyholders and before federal and foreign income taxes incurred	\$ 25,234,888	\$ -	\$ 25,234,888	\$ 27,352,945
Federal and foreign income taxes incurred	6,453,646	-	6,453,646	9,391,036
Net gain from operations after dividends to policyholders and federal income taxes and before realized gains or (losses)	\$ 18,781,242	\$ -	\$ 18,781,242	\$ 17,961,909
Net realized capital gains (losses) less capital gains tax	652,086	-	652,086	1
<b>Net income</b>	<b>\$ 19,433,328</b>	<b>\$ -</b>	<b>\$ 19,433,328</b>	<b>\$ 17,961,910</b>

**ALTA HEALTH & LIFE INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Capital and Surplus Account**

	<u>As of December 31, 2008</u>			
	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
<b>Capital and Surplus Account:</b>				
Capital and surplus, December 31, prior year	\$ 58,075,338	\$ -	\$ 58,075,338	\$ 59,120,635
Net income	\$ 19,433,328	\$ -	\$ 19,433,328	\$ 17,961,910
Change in net unrealized capital gains [losses]	(5,545)	-	(5,545)	(5,892)
Change in net deferred income tax	24,089,773	-	24,089,773	(7,090,210)
Change in nonadmitted assets and related items	(23,893,805)	-	(23,893,805)	4,579,543
Change in asset valuation reserve	205,393	-	205,393	9,352
Surplus adjustment:				
Paid in	-	-	-	-
Dividends to stockholders	(58,000,000)	-	(58,000,000)	(16,500,000)
<b>Net change in capital and surplus for the year</b>	<b>\$ (38,170,856)</b>	<b>\$ -</b>	<b>\$ (38,170,856)</b>	<b>\$ (1,045,297)</b>
<b>Capital and surplus, December 31, current year</b>	<b>\$ 19,904,482</b>	<b>\$ -</b>	<b>\$ 19,904,482</b>	<b>\$ 58,075,338</b>

## COMPLIANCE WITH PRIOR EXAMINATION COMMENTS

The recommendations presented in the December 2003 Report of Examination is reproduced below and followed by the Company's resolution of this issue as of December 31, 2008;

1. The Company should ensure that all Directors and officers take and subscribe an oath of office upon election in compliance with IC § 27-1-7-10(i).

**The current examination disclosed that the Company has complied with the prior comment.**

2. At December 31, 2003 the Company reported uninsured accident and health premium balances over 90 days past due as admitted assets, which should be non-admitted in accordance with SSAP #47.

**The current examination disclosed the Company has complied with the prior recommendation and reported uninsured Accident and Health premium balances over 90 days past due as non-admitted assets.**

3. The Company understated federal tax liability by approximately \$3.8 million as a result of the termination, policy and claims reserves were transferred from Great-West Life and Annuity Insurance Company in 2003. The transfer of these amounts triggered a taxable event as the book and tax bases of these reserves were different.

**The Company's management corrected this error in the September 30, 2004 Quarterly Statement and the amount has been reported as a prior year adjustment to unassigned funds (surplus).**

4. Material discrepancies were noted between the group waiver of premium valuation records, which rely on accurate data from the administrative system, and underlining records supporting those claims. It is recommended the Company perform an audit of its group waiver of premium valuation records and provide a report to the IDOI upon completion of the audit indicating the results and financial impact on the group waiver reserves.

**The current examination disclosed the Company performed recommended review and provided IDOI with the results and financial impact on the group waiver reserves.**

## COMMENTS ON THE FINANCIAL STATEMENTS

There are no recommended adjustments to surplus as of December 31, 2008 as a result of this examination. However, accounts and records deficiencies or concerns included the following:

### Director Reside in Indiana

In accordance with IC § 27-1-7-11 at least one of the Directors must reside in the State of Indiana. In 2006 and 2007, the Company did not have an Indiana resident Director. In 2008, the Company added an Indiana Director.

### **SUBSEQUENT EVENTS**

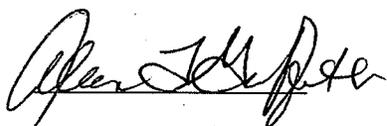
There were no events occurring subsequent to the date of this examination and prior to the last day of fieldwork which may have a material effect on the Company's financial condition.

### **MANAGEMENT REPRESENTATION**

In support of contingencies and accuracy of information provided during the course of the examination, the examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and has been made part of the examination work papers.

## CONCLUSION

The preceding Report of Examination of **Alta Health & Life Insurance Company** as of December 31, 2008 shows its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, David L Daulton, CFE, is on file with Indiana Department of Insurance and attests the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly shows the financial condition of **Alta Health & Life Insurance Company**.



Alan T. Griffith, CFE  
Examinations Manager  
Indiana Department of Insurance