Best's Credit Rating Effective Date
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Financial Data Presented

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: Best's Financial Report.

CIGNA Global Insurance Company Limited

AMB #: 076979
Ultimate Parent: AMB # 044026 - Cigna Corporation

Best's Credit Ratings

Financial Strength Rating (FSR)	Issuer Credit Rating (ICR)
A Excellent	**a** Excellent
Outlook: **Stable**	Outlook: **Stable**
Action: **Affirmed**	Action: **Affirmed**

Assessment Descriptors

Balance Sheet Strength	**Very Strong**
Operating Performance	**Adequate**
Business Profile	**Limited**
Enterprise Risk Management	**Appropriate**

Rating Rationale

Balance Sheet Strength: Very Strong

- The risk-adjusted capitalisation of CIGNA Global Insurance Company Limited (CGIC), as measured by Best's Capital Adequacy Ratio (BCAR), is categorised as being at the strongest level and is expected to remain at this level in the medium term.
- Conservative investment strategy, with a portfolio consisting of highly liquid assets.
- Reserving approach is prudent, with applied prudence margin and track record of historical releases.
- Reliance on reinsurance with quota share arrangements maintained with an unrated group reinsurer remains an offsetting factor for balance sheet strength. However, the associated credit risk is largely offset by funds withheld.

Operating Performance: Adequate

- CGIC has reported a weighted average combined ratio of 83.9% for the period of 2016-2020, supported by the moderate product risk of the health segment.
- The underwriting results have been subject to some volatility as the company has been scaling up its operations.
- Investment results have contributed modestly to overall results in recent years due to the highly conservative investment allocation strategy.

Business Profile: Limited

- Good geographical diversification and access to various distribution channels although the company faces strong competition from other large players.
- Modest premium base but it is expected to grow in the medium term.
- The company has a high level of product concentration writing only health insurance business.

Enterprise Risk Management: Appropriate

- Appropriate enterprise risk management (ERM) with a developed risk management framework that is suitable for CGIC's operations.
- Overall risk profile is moderate although heightened by CGIC's wide geographic spread of operations.
- Risk management capabilities are largely aligned with its risk profile.
- Benefits from support of its US parent in terms of setting strategic goals and maintaining strict risk management and governance processes.

Rating Lift/Drag

- CGIC has received capital support from Cigna Corporation (Cigna) in recent years to support business growth.
- CGIC plays an important role for the strategy of Cigna as CGIC complements the services that Cigna provides to its US customers.
- Cigna contributes to the development of the risk management and governance framework of the entity.

Outlook

- The stable outlooks reflect AM Best's expectation that balance sheet strength will remain very strong, supported by the strongest level of risk-adjusted capitalisation, as measured by BCAR. The operating performance of CGIC is expected to remain adequate in the medium term with positive technical results. The business profile is expected to remain limited with the entity building up its scale of operations. In addition, it is expected that Cigna will continue to provide financial and operational support if and when required.

Rating Drivers

- Negative rating actions could follow a weakening of the balance sheet strength of CIGNA Global Insurance Company Limited (CGIC), for example, due to a significant increase in its reinsurance credit risk or net underwriting risk.

- A change in the ratings of the lead rating unit of Cigna Corporation (Cigna) could lead to negative or positive rating actions.
- A change in AM Best's view with regard to the strategic importance of CGIC's operations to Cigna or the level of support it receives from Cigna could translate into negative pressure on the ratings.

Key Financial Indicators

AM Best may recategorize company-reported data to reflect broader international reporting standards and increase global comparability.

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	**95.0**	**99.0**	**99.5**	**99.6**
BCAR Score	68.8	53.5	47.8	46.0

Source: Best's Capital Adequacy Ratio Model - Universal

Key Financial Indicators	**2020 USD (000)**	**2019 USD (000)**	**2018 USD (000)**	**2017 USD (000)**	**2016 USD (000)**
Net Premiums Written:					
Non-Life	84,788	55,148	40,283	37,067	50,841
Composite	84,788	55,148	40,283	37,067	50,841
Net Income	13,026	5,871	485	8,021	3,611
Total Assets	140,504	135,969	108,012	89,634	95,371
Total Capital and Surplus	58,348	55,298	34,427	33,942	25,920

Source: BestLink® - Best's Financial Suite

Key Financial Indicators & Ratios	**2020 USD (000)**	**2019 USD (000)**	**2018 USD (000)**	**2017 USD (000)**	**2016 USD (000)**	**Weighted 5-Year Average**
Profitability:						
Balance on Non-Life Technical Account	17,072	7,245	1,778	11,834	5,122	...
Net Income Return on Revenue (%)	15.8	11.1	1.2	18.4	7.4	11.6
Net Income Return on Capital and Surplus (%)	22.9	13.1	1.4	26.8	15.0	16.3
Non-Life Combined Ratio (%)	79.5	87.6	94.4	72.5	89.4	83.9
Net Investment Yield (%)	0.5	0.5	0.4	0.1	...	0.3
Leverage:						
Net Premiums Written to Capital and Surplus (%)	145.3	99.7	117.0	109.2	196.1	...

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

The BCAR scores presented under the "Best's Capital Adequacy Ratio Summary" section of this report are based on the year-end 2020 audited financial statements for CGIC.

CGIC's balance sheet is supported by its strongest risk-adjusted capitalisation, as measured by BCAR, which is expected to remain supportive of this level in the medium term.

The very strong balance sheet strength assessment reflects the excellent quality of the investment portfolio of CGIC and its prudent reserving approach with explicit margins over best estimates. The company's high reliance on reinsurance, with significant quota share treaty maintained with an unrated group reinsurer, is an offsetting factor in the balance sheet strength assessment. However, the associated credit risk is largely offset by funds withheld provided by the reinsurer.

CGIC is domiciled in Guernsey which is classified by AM Best as Country Risk Tier (CRT) 1 and maintains asset exposure in CRT-1 countries. Thus the company is exposed to low levels of economic and political risk and low level of financial system risk. Whilst CGIC may cover insured members in higher-risk countries with various CRTs, the assets and liabilities are mostly denominated in hard currencies, therefore do not place significant negative pressure on the company’s balance sheet.

Balance Sheet Strength (Continued...)

Capitalisation

Reported capital and surplus has grown by CAGR of 21.2% over the period 2016 - 2020. This increase has been predominantly fueled by internal capital generation following profitable operations. However, in 2019 the parent injected USD 15 million of additional capital to support the growth strategy of CGIC and meet the minimum capital level required from National Association of Insurance Commissioners in the US (NAIC). In 2020, capital and surplus grew 5.5%, supported by a positive net result of USD 13.0 million, offset by a dividend payment of USD 10 million.

CGIC follows three capital management targets:

- Prescribed Capital Requirement (PCR) by the Guernsey Financial Services Commission (GFSC), with a minimum internal threshold of 115%;

- Own Solvency Capital Assessment (OSCA), which is CGIC's own view of solvency requirement. The OSCA captures the risk of a loss in the Basic Own Funds which could threaten the viability of CGIC over a one-year period to a confidence level of 99.5% based on the approved European model. The OSCA Ratio is targeted at 130% with a minimal floor of 115% to drive CGIC strategic decisions;

- NAIC requires that all alien insurers need to maintain a minimum shareholders' equity of USD 45 million on a continuous basis. In order to ensure that this minimum equity is not breached at any time, a buffer equivalent to 30% of the OSCA is held on top of the USD 45 million.

CGIC has strong levels of regulatory capital adequacy with the 2020 PCR at USD 29.1 million with CGIC position at 204% coverage, significantly above the 115% target. The 2020 OSCA was USD 24.4 million with CGIC position at 239% coverage, significantly above the 130% target. The company's future dividend payouts will depend on its operating results, however, are not expected to negatively affect its strongest level of BCAR.

Capital Generation Analysis	2020 USD (000)	2019 USD (000)	2018 USD (000)	2017 USD (000)	2016 USD (000)
Beginning Capital and Surplus	55,298	34,427	33,941	25,920	22,310
Net Income	13,050	5,871	486	8,021	3,610
Net Change in Paid-In Capital and Surplus	...	15,000	...	...	...
Stockholder Dividends	-10,000	...	...	...	...
Net Change in Capital and Surplus	3,050	20,871	486	8,021	3,610
Ending Capital and Surplus	58,348	55,298	34,427	33,941	25,920
Net Change in Capital and Surplus (%)	5.5	60.6	1.4	30.9	16.2

Source: BestLink® - Best's Financial Suite

Liquidity Analysis (%)	2020	2019	2018	2017	2016
Liquid Assets to Total Liabilities	88.8	95.9	71.6	69.2	73.4
Total Investments to Total Liabilities	88.8	95.9	71.6	69.2	73.4

Source: BestLink® - Best's Financial Suite

Asset Liability Management - Investments

CGIC's investment portfolio is highly conservative, consisting of 67% cash and deposits and 33% bonds and other fixed interest securities. In 2020, the management started to diversify the portfolio by moving a portion of the deposits in fixed income securities (as at year-end 2020, the company reported USD 24.4 million primarily held in public corporate bonds and government securities). The target allocation to public bonds is to be 98% of investment assets. The current duration target specified by CGIC actuarial team for non-cash investments is 2 years with a range of +/- 1 year. The target average credit quality is A- with a range of A+ to BBB. The new allocation has not materially change the risk of the investments portfolio, or the BCAR scores. Investments strategy remains a positive rating factor.

Balance Sheet Strength (Continued...)

Composition of Cash and Invested Assets	2020 USD (000)	2019 USD (000)	2018 USD (000)	2017 USD (000)	2016 USD (000)
Total Cash and Invested Assets	72,971	77,395	52,714	38,525	50,973
Cash (%)	67.0	100.0	100.0	77.4	63.1
Bonds (%)	33.0	...	...	22.6	36.9
Total Cash and Unaffiliated Invested Assets (%)	100.0	100.0	100.0	100.0	100.0
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Reserve Adequacy

CGIC uses traditional reserving methods. IBNR is calculated using lag triangle methodology. Claims payment expenses are reported separately to claims reserves based on statistical information. Claims reserves are reviewed for adequacy at business unit level. The strategy is to include on average of 20% margin over best estimate. In the last 10 years CGIC has experienced approximately 20% reserve releases on average. Reserving strategy is viewed as a positive rating factor.

Operating Performance

In 2020, CGIC reported a net profit after tax of USD 13.0 million translating into a return on equity (RoE) of 22.9% with average RoE across the last five years of 16.3%. It had a robust technical profit of USD 17.0 million in 2020, supported by a non-life combined ratio of 79.5%. The average combined ratio over the last five-year period (2016-2020) has been 83.9%, with average loss ratio of 56.7% which reflects the low to medium product risk for the company. The underwriting results have been subject to some volatility, however, as the company has been scaling up its operations.

In 2020, CGIC's net profit significantly improved due to a higher net retention, following the cancellation of a large account fully ceded, and a drop in claims, driven by COVID-19 outbreak (lack of access to care).

Investment performance was positive although minimal at 0.5%. It is expected to contribute more in coming years as the investment portfolio is diversified to include fixed income securities.

Financial Performance Summary	2020 USD (000)	2019 USD (000)	2018 USD (000)	2017 USD (000)	2016 USD (000)
Pre-Tax Income	16,189	6,465	790	11,663	4,888
Net Income after Non-Controlling Interests	13,026	5,871	485	8,021	3,611

Source: BestLink® - Best's Financial Suite

Operating and Performance Ratios (%)	2020	2019	2018	2017	2016
Overall Performance:					
Return on Assets	9.4	4.8	0.5	8.7	3.9
Return on Capital and Surplus	22.9	13.1	1.4	26.8	15.0
Non-Life Performance:					
Loss and LAE Ratio	50.0	59.8	62.4	53.2	63.2
Expense Ratio	29.5	27.8	32.0	19.3	26.2
Non-Life Combined Ratio	79.5	87.6	94.4	72.5	89.4

Source: BestLink® - Best's Financial Suite

Business Profile

CGIC's primary objective is to write business for globally mobile populations when contracting is required by the client in locations where Cigna Corporation does not have a local insurance license (i.e. on a non-admitted basis). This allows the group to service non-US companies which have employees in multiple locations, to insure globally mobile individuals and to offer plans which include populations of non-US residents on assignment in the US (through plans not governed by the US Employee Retirement and Income

Business Profile (Continued...)

Security Act (ERISA)). The company operates two main segments: group and individual health benefits. The group health plan is called Group Employer Health (GEH) and individual - Global Individual Health (GIH). CGIC operates in 4 sub-segments:

- GEH, North America - Serving groups of US expat employees on overseas assignments. This sub-segment is primarily serviced from Delaware, USA.

- GIH - Serving globally mobile individuals. This is primarily serviced from the UAE and Scotland.

- GEH, AUS - Serving groups of expat employees on assignment in or from Australia. Primarily serviced from Delaware, USA.

- Other - Africa, IGO/NGO Health and GEH, EU - Includes expat group business serving Intergovernmental and Non-governmental Organizations, and Africa or EU Corporate clients. This segment is primarily serviced from Belgium, Scotland and Kenya.

CGIC has no employees - all functions and processes are outsourced, either to other Cigna entities or Marsh Management Services. The company is subject to regulation by GFSC.

CGIC has a considerable geographic spread of its members, which allows the company to diversify the risk of its portfolio. As an illustration, as of August 2021, the GEH North America business has 18,785 total members in 139 countries, of which 20 countries have 200 or more members, for a total of 13,943 members (74.2% of total membership). The remaining 4,842 members are located in 119 countries, less than 1% in each country (25.8% of total membership).

There has been a fall in GWP for the GEH segment in 2020, compared to 2019, due to a large insured contract being transferred to a self-insured setup. The GWP development excluding this contract shows steady increase over the past two years and it is AM Best's expectation that the portfolio will grow in the medium term.

In AM Best's opinion, CGIC's relatively small size and high product concentration are limiting factors to its business profile. Whilst AM Best expects the company to continue growing its premium base, the successful expansion subject to competitive pressures from other large market players.

Enterprise Risk Management

CGIC's enterprise risk management (ERM) is considered appropriate for the company's operations. CGIC also receives support and guidance from its US parent in refining its ERM.

In line with other companies in the Cigna group, CGIC group utilises a "three lines of defence" model consisting of: Management Oversight; Risk Management, Compliance and Actuarial Function; and Independent Assurance. The company follows the ORSA process established in Guernsey, which closely resembles the Solvency II approach applied throughout the EU and the UK.

Within its Risk Universe, the group has identified seven groups of risks: Operational, Financial, Strategic, Legal, Human Resource, Insurance, Environment. The Risk Universe discloses methods adopted to internally identify, assess and measure each material risk. Most of its risks are considered to be managed well, apart from the reinsurance risk, where the entity is significantly exposed to a group reinsurer which is not rated. This is offset by the regular financial analysis of the reinsurer performed by Cigna, as well as funds withheld provided on behalf of the reinsurer.

The group's overall risk profile is considered low to moderate, given the nature of the products it underwrites. The company performs both quantitative and qualitative stress test scenarios. Quantitative scenarios include scenarios for pandemic, affiliate reinsurer bankruptcy, financial crisis and high loss ratio. Qualitative scenarios include sustained operational pressure, hacking/cyber security breach, outsourcing failure and disaster recovery capabilities breakdown.

CGIC has an effective governance framework in place, throughout its operations. CGIC's governance follows Cigna Corporation's principles. The governance structure adopted by CGIC is headed by its Board and includes various Committees and Boards. The Board of Directors is composed of five members, two of which are independent.

Enterprise Risk Management (Continued...)

Reinsurance Summary

CGIC maintains both internal and external reinsurance. Internal reinsurance is provided by a group reinsurer, Cigna Global Reinsurance Company (CGRC) (non-rated), based in Bermuda. CGRC provides a 50% quota share (QS) for the majority of the business lines. CGIC maintains its reliance on reinsurance, with net premium retention ratio of 53.4% in 2020 (albeit up from 21.1% in 2019) and 29.5% on average in the last five years.

The company has strict requirements in place for its external reinsurers, including rating and solvency thresholds. There are also maximum exposures defined per reinsurer for both proportional and excess of loss treaties.

Rating Lift/Drag

AM Best's rating assessment of CGIC factors in rating enhancement from Cigna Corporation. CGIC has received capital injections and operational support from its US parent in recent years. This reflects the importance of CGIC to the US group as the international arm of its health operations for territories where the company operates on non-admitted basis.

The company plays an important role for the strategy of the wider group as it complements the services that the group provides to its US customers. AM Best expects that the group will continue to provide support to the subsidiary as and when needed.

Financial Statements

Balance Sheet	12/31/2020 USD (000)	%	12/31/2019 USD (000)
Cash and Short Term Investments	48,905	34.8	77,395
Bonds	24,066	17.1	...
Total Cash and Invested Assets	72,971	51.9	77,395
Reinsurers' Share of Reserves	26,508	18.9	31,089
Debtors / Amounts Receivable	34,951	24.9	22,903
Other Assets	6,074	4.3	4,582
Total Assets	140,504	100.0	135,969
Unearned Premiums	21,856	15.6	16,013
Non-Life - Outstanding Claims	30,824	21.9	32,497
Total Gross Technical Reserves	52,680	37.5	48,510
Other Liabilities	29,476	21.0	32,161
Total Liabilities	82,156	58.5	80,671
Capital Stock	38,500	27.4	38,500
Retained Earnings	19,848	14.1	16,798
Total Capital and Surplus	58,348	41.5	55,298
Total Liabilities and Surplus	140,504	100.0	135,969

Source: BestLink® - Best's Financial Suite

Income Statement	Non-Life USD (000)	Life USD (000)	Other USD (000)	12/31/2020 Total USD (000)	12/31/2019 Total USD (000)
Gross Premiums Written	158,825	...	...	158,825	211,908
Net Premiums Earned	81,841	...	...	81,841	51,439
Net Investment Income	...	...	390	390	348
Other Income	365	...	...	365	1,227
Total Revenue	82,206	...	390	82,596	53,014
Benefits and Claims	40,926	...	...	40,926	30,756
Net Operating and Other Expense	24,208	...	1,273	25,481	15,793
Total Benefits, Claims and Expenses	65,134	...	1,273	66,407	46,549
Pre-Tax Income	17,072	...	-883	16,189	6,465
Income Taxes Incurred	...	...	...	3,163	594
Net Income before Non-Controlling Interests	...	...	...	13,026	5,871
Net Income/(loss)	...	...	...	13,026	5,871

Source: BestLink® - Best's Financial Suite

Related Methodology and Criteria

Best's Credit Rating Methodology, 11/13/2020

Available Capital & Holding Company Analysis, 10/13/2017

Scoring and Assessing Innovation, 03/05/2020

Understanding Global BCAR, 07/22/2021

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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