

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, TRUST POWERS, PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES AND HOLDING COMPANY ACQUISITION

Order No.: 2001-20
Date: March 30, 2001
Docket No.: 16728

CIGNA Corporation (CIGNA), Philadelphia, Pennsylvania, CIGNA Holdings, Inc. (CIGNA Holdings), Wilmington, Delaware, and Connecticut General Corporation (CGC), Hartford, Connecticut (collectively, the Applicants), have applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire CIGNA Bank and Trust Company, FSB, Hartford, Connecticut (the Savings Bank). In addition, the Savings Bank has applied, pursuant to 12 C.F.R. §§ 552.13 and 563.22(c), to acquire CG Trust Company (the Trust Company), Chicago, Illinois, by merging the Trust Company into the Savings Bank. The Savings Bank has also applied, pursuant to 12 U.S.C. § 1464(n) and 12 C.F.R. Part 550, to exercise trust powers as described in the application. The Savings Bank will be a member of the Savings Association Insurance Fund. (The foregoing are collectively referred to herein, as the Applications.)

OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e), 1464(n) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), 552.13, 563.22, and 574.7 and Part 550, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered the digest by the OTS Northeast Regional Office (Regional Office), a legal opinion by the Business Transactions Division and an analysis by the Office of Examination Policy (collectively the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Holding Company and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Holding Company and the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company as disclosed in the Applications, including but

not limited to directors, shareholders, or the business plan. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the Holding Company, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;

4. The Holding Company and the Savings Bank must advise the Regional Office in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;
5. The Savings Bank must submit independent audit reports to the Regional Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan. The Holding Company and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company), and in particular, those pertaining to cross-marketing by the Savings Bank and its affiliates, any changes in the products, including lending products, the Savings Bank will offer, and any changes in the proposed delivery system of the Savings Bank's products, for the prior written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented with a copy sent to the FDIC Regional Office;
7. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Holding Company or affiliates thereof and have not otherwise been determined by the Regional Director to lack sufficient independence. At least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Holding Company or any affiliate and who is not an officer or employee of the Savings Bank, and has not otherwise been determined by the Regional Director to lack sufficient independence. At least 50 percent of the Savings Bank's audit, investment and trust committees must be directors who are not officers or employees of the Savings Bank, the Holding Company or any affiliates and have not otherwise been determined by the Regional Director to lack sufficient independence. If compliance with this condition involves the selection of additional director(s), each director must receive the prior written approval of the Regional Director;
8. Prior to engaging in any fiduciary activity, the Savings Bank must develop and submit to the Regional Office for review a functioning oversight program, consisting of a comprehensive audit program, a compliance management program, and a risk management program. The audit program must be fully implemented prior to the commencement of operations. The

compliance management program must be fully implemented within 90 days of commencement of operations. The risk management program must be fully implemented within 180 days of commencement of operations.

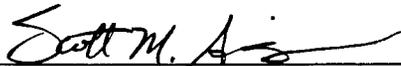
- a. The audit program should address auditor qualifications, audit scope and method, committee involvement, reporting, and the process for effectuating corrective action.
 - b. The compliance management program should ensure compliance with applicable laws, regulations, and sound fiduciary principles. It should include, at a minimum: (a) the assignment of specific compliance responsibilities to experienced staff; (b) training for affected staff; (c) routine self-evaluations; (d) periodic compliance audits; and (e) appropriate written policies and procedures.
 - c. The risk management program should establish criteria to identify, measure, monitor, and control risks within the fiduciary activities;
9. Within 30 calendar days after each calendar quarter, the Savings Bank must submit to the Regional Office quarterly activity reports on the number and type of trust accounts serviced, the total asset values of these accounts, and the minutes of the meetings of the Savings Bank's Trust Committee;
 10. Prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection a copy of the disclosure form to be given to customers that will advise them of the differences between FDIC-insured deposit products and uninsured non-deposit investment products. Such disclosure must be in accordance with Interagency Guidelines;
 11. Prior to opening for business, the Savings Bank must submit to the Regional Director for his review and non-objection adequate policies and procedures, marketing, training and monitoring programs to address compliance assurance issues for call center activities;
 12. Within 90 days of approval, the Savings Bank must submit to the Regional Director written policies and procedures for complying with the OTS Policy Statement on Privacy and Accuracy of Personal Customer Information;
 13. The Holding Company, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must be submitted for the review and non-objection of the Regional Director at least 30 calendar days prior to the commencement of the cross-marketing activity;

14. For the first eighteen months after the consummation of the proposed transaction, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 days prior to execution and must receive his written non-objection prior to implementation;
15. A majority of the Savings Bank's board of directors must not be individuals who are directors or employees of any affiliate of the Savings Bank that engages in securities brokerage, securities dealing, investment company, or investment advisor activities (Securities Affiliate(s));
16. The Savings Bank is prohibited from sharing common officers with any Securities Affiliate unless prior written approval is obtained from the Regional Director, which shall be based on criteria such as the nature of the interlock, regulatory compliance, experience, character, integrity, the ability to perform both duties and the availability of necessary expertise through other sources;
17. For one year following the date of consummation of the proposed transaction, the Savings Bank must receive the prior, written non-objection of the Regional Director for any proposed appointment of any executive officers or directors; and
18. Prior to the commencement of new loan activities, the Savings Bank must submit to the Regional Director for his review and non-objection written loan underwriting standards and a whole loan purchase policy.

Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

March 30, 2001.



Scott M. Albinson
Managing Director
Office of Supervision