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A History of Cigna

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Introduction

In the vast and intricate tapestry of American enterprise, few companies can lay claim to a history as rich, complex, and impactful as Cigna. From its nascent origins in the burgeoning insurance landscape of the 18th century to its current standing as a global health services powerhouse and a stalwart of the S&P 500, Cigna's journey mirrors the evolution of healthcare and financial protection in the United States. This book, "A History of Cigna: The Story of an S&P 500 Company," embarks on a comprehensive exploration of this remarkable trajectory, unraveling the threads of innovation, adaptation, and strategic foresight that have woven together to create one of the most significant entities in the modern health and insurance sectors.

This isn't merely a chronicle of corporate milestones; it is a story of resilience, vision, and the enduring human need for security and well-being. We delve into the foundational narratives of Cigna's predecessors – the Insurance Company of North America (INA) and Connecticut General Life Insurance – tracing their individual paths from early fire protection and life insurance offerings to their eventual convergence. Their combined heritage provides a unique lens through which to view the socio-economic shifts that shaped America, from the industrial revolution to the digital age, and the corresponding transformations in how individuals and families sought to safeguard their futures against life's uncertainties.

The merger of INA and Connecticut General in 1982 to form Cigna marked a pivotal moment, forging a new entity poised to navigate an increasingly dynamic and complex healthcare landscape. This book examines the strategic imperatives behind this union, the challenges of integration, and the leadership that steered the nascent company through its formative years. We explore Cigna's significant role in the rise of managed care, its expansion into international markets, and its continuous adaptation to technological advancements that have revolutionized how health services are delivered and accessed. From navigating the intricacies of the Affordable Care Act to embracing new paradigms in member well-being, Cigna's story is intrinsically linked to the broader narrative of healthcare reform and innovation.

As an S&P 500 company, Cigna's financial journey is a testament to its enduring market presence and strategic acumen. This book will illuminate the financial milestones, market forces, and leadership decisions that have shaped its economic trajectory, offering insights into the dynamics of maintaining a competitive edge in a highly regulated and rapidly evolving industry. Beyond the balance sheets and market capitalization, we will explore the corporate culture and values that have defined Cigna's identity, its commitment to social responsibility, and its engagement with the communities it serves.

Ultimately, "A History of Cigna" offers more than just a corporate biography; it provides a unique perspective on the forces that have shaped modern healthcare and insurance. For industry professionals, students of business, and anyone interested in the enduring power of American enterprise, this book promises a compelling and insightful journey through the corridors of time, revealing the intricate interplay of people, policies, and progress that have forged Cigna into the global health services company it is today, and offering a glimpse into its vision for the future of health and well-being.

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CHAPTER ONE: The Roots of Cigna: Early Healthcare and Insurance in America

The story of Cigna, like many enduring American institutions, begins not with a single stroke of genius, but with a gradual evolution rooted in the fundamental needs of a developing society. To truly appreciate the journey of this S&P 500 giant, one must first cast a gaze back to the rudimentary landscape of healthcare and insurance in colonial and early post-revolutionary America. It was an era characterized by self-reliance, community support, and a nascent understanding of risk, far removed from the sophisticated systems we know today.

In the 18th century, medical care in the American colonies was a far cry from modern practices. Healthcare was largely a "do-it-yourself" endeavor, with families relying on homemade remedies, herbal knowledge, and traditional healing practices passed down through generations. Prayer and sheer good luck often played as significant a role as any medical intervention. When professional help was sought, it came from a diverse group of practitioners including lay druggists, midwives, minister-physicians, and apothecaries. These individuals, often trained through apprenticeships rather than formal schooling, employed methods that might make a modern observer wince, such as bloodletting and purging, based on the prevailing humoral theory of medicine. This theory, which dated back to ancient Greece, posited that illness resulted from an imbalance of the body's four humors: blood, phlegm, yellow bile, and black bile.

Epidemics of smallpox, yellow fever, influenza, and typhus were tragically common and often overwhelmed communities, exposing the limitations of colonial medicine. Doctors, when available, faced immense challenges, and effective treatments for many widespread diseases were scarce. Isolating the sick was one of the most effective measures, but even this was difficult due to overcrowding and inconsistent compliance. Access to reliable medical care was particularly uncertain as the colonies moved towards revolution.

Hospitals, as we understand them, were rare. Early institutions for the sick were often part of municipal almshouses, providing care for those without families or means. Philadelphia, a burgeoning hub, saw the establishment of such an almshouse in 1732, which would later evolve into the Philadelphia General Hospital. In 1751, the Pennsylvania Hospital, an early private institution, also opened its doors in Philadelphia, with Benjamin Franklin advocating for high-quality nursing care. These nascent institutions, driven in part by the need to separate contagious individuals during epidemics, laid some of the groundwork for organized healthcare.

Alongside the rudimentary state of healthcare, the concept of insurance was slowly taking root in the American colonies, primarily driven by the practical concerns of trade and property protection. The idea of pooling resources to mitigate risk wasn't entirely new; ancient civilizations had employed similar concepts, with Babylonian merchants spreading cargo across multiple ships or using surety systems to protect against losses. However, modern insurance, with its more formalized structures, began to truly take shape in 17th-century England, spurred by events like the Great Fire of London in 1666, which highlighted the desperate need for property protection.

In Colonial America, marine insurance was naturally one of the earliest forms to flourish, given the extensive transatlantic shipping that characterized the era. Merchants and shipowners faced considerable risks from the unpredictable seas, making a contingency for their valuable investments invaluable. London's Lloyd's Coffee House played a crucial role in shaping marine insurance, serving as a gathering place for those looking to underwrite or obtain policies.

The first known attempt to establish an insurance company in America occurred in Charles Town (now Charleston), South Carolina, in 1735, with The Friendly Society. This mutual fire insurance company, however, proved short-lived, going out of business just five years later after a large fire. It was Benjamin Franklin, ever the pragmatist and innovator, who truly helped popularize and standardize insurance practices in the colonies. In 1752, concerned by the frequency of fires in Philadelphia, Franklin, along with several other prominent citizens, founded The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire.

This pioneering mutual insurer, still in operation today, functioned much like modern insurance companies. It employed surveyors to inspect homes, assessing their construction (favoring brick over wood, for instance) and proximity to trees that could hinder firefighting efforts. If a home met their standards, a seven-year renewable policy was issued at an agreed-upon rate. The Contributionship even took proactive steps towards fire prevention, contributing to fire brigades and hiring chimney sweeps for insured homes. This emphasis on risk management and community benefit was characteristic of the mutual insurance model, where policyholders jointly owned the company and shared in its surpluses, often through reduced premiums or dividends.

Life insurance, though nascent, also began to emerge in the colonies. The concept was initially met with some ethical debate, particularly among religious officials, who questioned the idea of assigning a monetary value to human life. However, the pressing need to provide for widows and orphaned children often swayed opinion. In 1759, the Presbyterian Synods in Philadelphia and New York City established the Corporation for Relief of Poor and Distressed Widows and Children of Presbyterian Ministers, widely considered the first life insurance company in America. This organization, later shortened to the Presbyterian Ministers Fund, provided vital

financial security to vulnerable families. A similar relief fund was created by Episcopalian priests in 1769.

The late 18th century saw a slow but steady increase in the number of life insurance companies, though many faced significant challenges and few survived their initial decades. Between 1787 and 1837, over two dozen such companies were founded, but fewer than half a dozen endured. The distinction between life insurance and speculative gambling was still somewhat blurred in these early days, with practices like insuring the lives of unrelated third parties being common in England before being outlawed. As the industry matured, this "cloud of immorality" gradually lifted, paving the way for more standardized and ethically grounded life insurance products.

The Insurance Company of North America (INA), one of Cigna's direct predecessors, emerged from this evolving landscape. Founded in Philadelphia in 1792, INA began as a marine insurer, reflecting the economic priorities of the time. It was established by a group of prominent Philadelphians, including Samuel Blodget and Ebenezer Hazard, who had previously attempted other business ventures such as the Boston Tontine. The city of Philadelphia, then the largest in North America, provided fertile ground for such an enterprise.

In 1794, INA was formally incorporated and quickly expanded its offerings beyond marine policies to include fire and life insurance. This diversification marked an important step in the company's early development, demonstrating an understanding of the broader need for financial protection against various risks. INA's early years were characterized by navigating the uncertainties of a young nation, including economic fluctuations and the practical challenges of establishing a robust insurance operation. The company's ability to adapt and broaden its scope of services laid the foundation for its long and impactful history as a leading American insurer.

The roots of what would become Cigna were thus firmly planted in the 18th and early 19th centuries, an era of significant change and growth in America. Healthcare was decentralized and often rudimentary, while insurance was a burgeoning industry, driven by the pragmatic needs of commerce and community protection. The pioneering efforts of individuals like Benjamin Franklin and the establishment of early mutual and stock insurance companies set the stage for the more complex and comprehensive systems that would develop in the centuries to follow. These early ventures, born of necessity and ingenuity, represent the very bedrock upon which Cigna's enduring legacy would be built.

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