August 17, 2009

VIA E-MAIL

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Facilitating Shareholder Director Nominations (Release Nos. 33-9064; 34-60089; IC-28765; File No. 57-10-09)

Dear Ms. Murphy:

On behalf of CIGNA Corporation ("CIGNA"), I am writing regarding the rules recently proposed by the Securities and Exchange Commission (the "Commission") intended to facilitate shareholder director nominations. CIGNA appreciates this opportunity to comment on these proposed rules.

CIGNA (NYSE:CI) is a global health services company that is dedicated to helping people improve their health, well-being and sense of security. CIGNA’s operating subsidiaries provide an integrated suite of medical, dental, behavioral health, pharmacy and vision care benefits, as well as group life, accident and disability insurance, to more than 46 million people throughout the United States and around the world. At the end of its last fiscal year, CIGNA had 30,300 employees and annual revenues of $19.1 billion.

CIGNA strongly supports good corporate governance practices. CIGNA has a majority voting standard in uncontested director elections, and our Board of Directors may only nominate for election to the Board and appoint to vacant or new Board seats individuals who agree to tender their resignation if they do not receive a majority of votes cast. In addition, with the exception of our Chief Executive Officer, our Board is currently comprised of independent directors. On January 1, 2010, we will separate our Board Chairman and Chief Executive Officer roles, and an independent director will become the new Board Chairman. We also limit the number of boards on which CIGNA directors may serve. Additionally, in recent years we replaced certain supermajority voting provisions in our Certificate of Incorporation and Bylaws with simple majority voting provisions and allowed our shareholder rights plan (also known as a “poison pill”) to expire. Further, we disclose corporate social responsibility information and political contribution information on our corporate website.
CIGNA recognizes the important state law right of shareholders to nominate members to company boards of directors, but does not believe that a federal right of shareholders to include director nominees in company proxy materials (also known as “proxy access”), as proposed by the Commission, is necessary or appropriate. Such a rule would have severe consequences if adopted. If the Commission nevertheless were to adopt proposed Rule 14a-11, we believe the rule would need to be extensively revised. Similarly, we believe the Commission’s proposed amendment to Rule 14a-8(i)(8) also requires certain revisions if the Commission determines to adopt it.

I. Proposed Rule 14a-11 Is Unnecessary

We believe that proposed Rule 14a-11 is unnecessary for several reasons. The dramatic corporate governance reforms—adopted both as a result of regulation and through voluntary company policies—since the adoption of the Sarbanes-Oxley Act in 2002 have increased shareholder influence and board accountability. In particular, the adoption of majority voting in uncontested director elections by nearly 70% of S&P 500 companies, including CIGNA, has provided shareholders with greater influence over the makeup of boards and, consequently, has increased director accountability to shareholders. In addition, public companies constantly strive to enhance board independence. The 2009 RiskMetrics Group Board Practices survey reports that average board independence at S&P 500 companies increased from 72% in 2003 to 81% in 2008 and according to the 2008 Spencer Stuart Board Index, 95% of surveyed S&P 500 companies had a lead or presiding director by mid-2008, up from 36% in 2003. All but one of the directors on CIGNA’s Board of Directors are independent. Moreover, as noted above, CIGNA’s Board has announced that it plans to separate the positions of Board Chairman and Chief Executive Officer at the beginning of next year and appoint an independent Board Chairman.

In addition, state legislatures are currently acting in this area. Most notably, earlier this year, Delaware (where CIGNA is incorporated) enacted amendments to its General Corporation Law that facilitate the adoption of proxy access bylaws, as well as the adoption of bylaws providing for the reimbursement of expenses incurred by shareholders in proxy contests. The American Bar Association’s Committee on Corporate Laws is also considering similar amendments to the Model Business Corporation Act. Such reforms will allow companies and their shareholders to weigh the costs and benefits of proxy access and proxy reimbursement for each particular company and consider the most appropriate eligibility and other conditions. In view of these state law developments, we believe that the adoption of a federal “one size fits all” proxy access right in proposed Rule 14a-11 is inappropriate.

Moreover, shareholders currently have many avenues to increase director accountability where needed. For example, shareholders can nominate director candidates using the traditional proxy contest, the cost of which has been reduced by the Commission’s “notice and access” rules. In addition, shareholders already can submit shareholder proposals under Commission Rule 14a-8 and use “vote no” campaigns to successfully effect change in board composition and improve director accountability. Companies also often have corporate governance policies that address these and related concerns. For example, in response to
specific shareholder concerns, CIGNA's Board of Directors recently amended its practices to prospectively limit the number of boards of directors on which a CIGNA director may serve and adopted a policy regarding compensation consultant independence. Moreover, in addition to having a majority voting standard in uncontested director elections, CIGNA's Board welcomes shareholder suggestions for board nominees and evaluates any director candidates suggested by shareholders using the same criteria that are applied to other director candidates.

II. Proposed Rule 14a-11 Would Have Serious Harmful Consequences

We are concerned that proposed Rule 14a-11 also would result in serious adverse consequences. Significantly, the proposed rule could result in lower quality boards, promote short-termism at the expense of long-term value creation and increase the influence of proxy advisory firms.

Proposed Rule 14a-11 is likely to decrease board quality in a number of ways. We believe qualified directors may be deterred from serving on CIGNA's Board if the Commission adopts proposed Rule 14a-11 because of the prospect of more frequent, divisive director election contests. In addition, we note that proposed Rule 14a-11 would not require shareholder-nominated director candidates to satisfy the criteria established by a company's governance committee. CIGNA's Corporate Governance Committee, for example, has developed specific qualification criteria for directors: financial acumen; insight into the process of developing employees, as well as developing and delivering high-quality products and services that respond directly to customer needs and expectations; familiarity with channels of distribution; awareness of consumer market trends; insight into government relationships and processes; familiarity with processes for developing and implementing effective human resources policies and practices; and familiarity with the challenges of operating businesses in the international marketplace. When considering candidates for nomination to the Board of Directors, CIGNA's Corporate Governance Committee and Board of Directors carefully review the established eligibility criteria as well as the functional and industry experience of the Board as then-composed in order to determine the characteristics, skills and experience that it will seek out in a director nominee. A shareholder-nominated director may not satisfy the eligibility criteria or possess the unique skills and experience that are needed at that time and that we believe are critical to maintaining a high-quality Board.

Moreover, proposed Rule 14a-11 may hinder the ability of a company to satisfy other board composition requirements, such as the New York Stock Exchange requirement that audit committee members be financially literate. The election of a shareholder-nominated director who is not financially literate instead of a financially literate incumbent director may mean that a company no longer complies with the New York Stock Exchange requirement.

We are also concerned that proposed Rule 14a-11 will promote short-termism at the expense of long-term value creation. Repeated election contests under proposed Rule 14a-11 would further increase the pressure that companies face to boost short-term financial metrics. In addition, certain institutional investors that are not necessarily concerned with the long-term success of companies in which they invest, such as hedge funds, may use a director
nomination under proposed Rule 14a-11 as a means to achieve short-term stock prices gains. For example, the threat of a director nomination under proposed Rule 14a-11 could be used as leverage by such investors to bargain for policies or actions that would increase short-term gains or, if a candidate nominated by such investors were elected, he or she might attempt to promote short-term gains over long-term growth.

Finally, proposed Rule 14a-11 will likely increase the influence of proxy advisory firms. It is widely known that many institutional investors follow the proxy voting recommendations of such firms, sometimes without deviation or consideration of a particular company's individual circumstances. With the increased frequency of election contests under proposed Rule 14a-11, the influence of proxy advisory firms on the outcome of director elections will only grow. Consequently, director election contest results may ultimately reflect the voting decisions of proxy advisory firms—which have no economic interest in the companies for which they issue voting recommendations—rather than the will of shareholders. CIGNA's shareholders are predominantly institutional investors, and nearly half of CIGNA's top 50 shareholders strictly adhere to the voting recommendations of a proxy advisory firm.

III. If Proposed Rule 14a-11 Is Adopted, Extensive Revisions Are Necessary

If the Commission nevertheless determines to adopt Rule 14a-11, we believe that extensive revisions are necessary.

• We do not believe that proposed Rule 14a-11 should preempt state law by imposing a federal “one size fits all” approach to proxy access on nearly all public companies. Preemption is inconsistent with the Commission's aim of removing impediments from shareholders' exercise of their state law rights. Moreover, proposed Rule 14a-11 substitutes the Commission's judgment for that of shareholders, boards of directors and state legislatures.

• Any federal proxy access right should only apply to companies where certain “triggering events” signal a need for greater director accountability. For example, proposed Rule 14a-11 could apply only where (1) a director candidate nominated by the board fails to receive a majority of votes cast or receives a majority of “withhold” or “against” votes, and that director continues to serve on the company’s board, and/or (2) a shareholder proposal receives a majority of votes cast, and the board fails to respond to the proposal.

• We believe that proposed Rule 14a-11's eligibility criteria must be revised. Both the ownership thresholds and the holding period (1% of a company's shares for at least one year for a company of CIGNA's size) are far too low. For example, CIGNA currently has approximately 20 shareholders who could individually satisfy the 1% threshold. Moreover, CIGNA's five largest shareholders own approximately 20% of CIGNA's outstanding voting securities. Short-term holders of only 1% of a company's shares may not have a “significant, long-term interest” in a company, contrary to the Commission's assertion. As such, we believe that only individual shareholders who have held at least 5% (10% for groups) for at least two years should be eligible to use proposed Rule 14a-11.
• A shareholder's right to nominate a director candidate under proposed Rule 14a-11 should depend on the success of a shareholder's prior nominations. If a company's shareholders have already indicated that they do not support a shareholder's nominee, the company's shareholders should not be required to bear the cost of additional nominations by that shareholder. Accordingly, a shareholder whose nominee failed to receive at least 25% of votes cast should not be permitted to use proposed Rule 14a-11 for two years.

• As the Commission acknowledges, shareholder-nominated directors, if elected, could potentially disrupt the functioning of a company's board. Thus, in order to limit such disruption, the number of proxy access nominees required to be included in a company's proxy materials should be limited to one nominee.

• The Commission should revise proposed Rule 14a-11's approach to a company's receipt of too many proxy access nominees. The first-in-time approach is inconsistent with the Commission's aim of providing proxy access to shareholders with a "significant, long-term interest" in a company, as it does not take into account the length of time a shareholder has held a company's shares. Thus, we believe that in the event a company receives multiple proxy access nominations, the nominee submitted by the shareholder(s) or group(s) that has held shares in the company for the longest period of time or owns the largest percentage of shares (and has also complied with all of the relevant requirements under proposed Rule 14a-11) should be included in the company's proxy materials.

• Proposed Rule 14a-11 fails to prohibit certain relationships between a nominating shareholder or group and a nominee, which could further encourage the election of "special interest" directors who might pursue their own narrow interests at the expense of other shareholders and the company. Moreover, regardless of whether such a shareholder nominee is ultimately elected, there will be significant costs associated with proxy contests being initiated by shareholders nominating special interest candidates with no fiduciary duties to other shareholders. Accordingly, we believe that proposed Rule 14a-11 should prohibit shareholders from nominating a director candidate who is affiliated with the nominating shareholder, including if the nominee is employed by the nominating shareholder or accepts consulting, advisory or other compensatory fees from the nominating shareholder.

• A nominee under proposed Rule 14a-11 should be required to satisfy a company's independence standards and other criteria for director candidates. As described above, CIGNA has set forth particular criteria that the Board believes are essential for a director candidate in order to not impair the Board's functioning.

• The deadline for proxy access nominees in proposed Rule 14a-11 is the date specified in a company's advance notice bylaws provision, where a company has such a provision, which is inconsistent with the deadline for such nominations in CIGNA's Bylaws. CIGNA, like many companies, has an advance notice bylaw requiring notice no later than 90 days prior to our annual meeting. Yet, proposed Rule 14a-11 would require a company to provide the Commission with notice of its intent to exclude a nominee at least 80 days
before the company files its proxy statement—which is usually 30 to 45 days before the meeting. Thus, the deadline for challenging a nominee for CIGNA and other companies may pass before the company even receives a nomination.

- Finally, we note that the proposing release does not mention an anticipated effective date for proposed Rule 14a-11. CIGNA strongly believes that the effective date of any final rules should be delayed one year in order to allow companies, boards and the Commission time to prepare for the new rules.

IV. If the Amendment to Proposed Rule 14a-8(i)(8) Is Adopted, Certain Modifications Are Necessary

Further, if the Commission determines to adopt the proposed amendment to Rule 14a-8(i)(8), we believe that certain modifications are necessary. First, the Commission should raise the ownership threshold for the submission of proxy access shareholder proposals under amended Rule 14a-8(i)(8). Under the Commission’s current proposal, proxy access shareholder proposals would be subject to the same ownership thresholds as other shareholder proposals submitted under Rule 14a-8 ($2,000 in market value, or 1%, of the Company’s shares). However, proxy access shareholder proposals are fundamentally different from other types of shareholder proposals, in that they would alter the governing documents of a company with respect to director elections. Further, such proposals will impose significant costs on both companies and the Commission. Accordingly, we believe that a 5% ownership threshold is more appropriate for eligibility to submit proxy access shareholder proposals.

Moreover, if the Commission proceeds with the adoption of proposed Rule 14a-11, we believe that shareholders should be allowed to submit proposals under amended Rule 14a-8(i)(8) that would impose more restrictive eligibility requirements than under proposed Rule 14a-11. Currently, proposed Rule 14a-11 sets a “floor” for eligibility criteria. Permitting shareholders to submit shareholder proposals with more restrictive eligibility criteria would allow shareholders to better tailor a company’s proxy access procedures to suit the individual needs and characteristics of the particular company.

Thank you for the opportunity to comment on these important proposals.

Sincerely,

Carol Ann Petren
Executive Vice President and General Counsel
Legal & Public Affairs
CIGNA Corporation