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Suit Against CIGNA Can Be Class Action

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From Staff Reports

A lawsuit that accuses CIGNA Corp. of discriminating against older employees in the way it converted a pension plan has been approved to become a class action.

The certification by Judge Dominic J. Squatrito in U.S. District Court in Hartford could make more than 10,000 present and former CIGNA employees part of the class, said Thomas G. Moukawsher, co-counsel for the plaintiffs and a partner in the Hartford law firm Moukawsher & Walsh.

The lawsuit that was filed in December 2001 stems from CIGNA's Jan. 1, 1998 conversion from a traditional pension plan to a "cash balance" plan.

In a traditional plan, benefits are based on formulas that multiply the number of years worked by a percentage of a worker's highest average salary - typically paid during the final years of employment. In cash balance plans, which have raised protests at many companies, the employer contributes a fixed percentage of a worker's annual pay to a cash-balance account.

CIGNA spokesman Wendell Potter said Thursday, "We believe we acted properly and in the best interest of our employees, and we expect we will prevail."

But plaintiffs' attorneys say CIGNA's conversion discriminated against older employees in the rate at which future benefits are earned. The company, they say, placed illegal conditions on workers' rights to earn future benefits.

Also, the cash balance plan forced employees to give up previously earned early retirement benefits in order to receive future contributions, the lawyers say.

In addition, the lawsuit says CIGNA did not inform employees, as required by law, about the disadvantages posed by the pension plan.

Potter noted that "the fact that the case was certified has nothing to do with the merits of the case."

The lead plaintiff is Janice C. Amara, who works in CIGNA's Retirement & Investment Services division in Hartford.