



BULLETIN:

Temporary Suspension of Individual Long Term Care Insurance Products in Certain States

genworth.com

November 10, 2014

Effective – November 6, 2014

States – MA, NH

Genworth announced the suspension of sales of individual long term care insurance products in Massachusetts and New Hampshire effective November 6, 2014, with a last home office receipt date of December 6, 2014. Full transition rules are listed below.

As discussed during our second quarter 2014 Earnings Call, Genworth has been evaluating options in certain states where we have nearly exhausted all reasonable avenues that would allow us to effectively manage our business in those states. In September, we notified these states of our intent to suspend sales if we were unable to make meaningful progress on our pending requests for premium rate increases. To date, we have not reached agreement with Massachusetts or New Hampshire, and have therefore made the difficult decision to suspend sales in those states. We will continue to work with regulators in the affected states in an attempt to secure a regulatory environment that would allow us to resume sales as soon as possible.

Please refer to the following Questions and Answers for additional information.

In order to effect a smooth transition, please note the detailed transition rules below and remind producers that all licensing and continuing education requirements must be met prior to submitting business. It is critical to follow the transition rules, as we will not be able to make any exceptions.

continued

Genworth companies include:

Genworth Life and Annuity Insurance Company, Richmond, VA

Genworth Life Insurance Company, Richmond, VA

Genworth Life Insurance Company of New York, New York, NY

Only Genworth Life Insurance Company of New York is admitted in and conducts business in New York.

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Transition Rules:

Quote It!

System Availability:

Online – unavailable 12AM ET Sunday, **12/07**, until 6AM ET Monday, **12/08** – IMPACTS all states

Offline – available, provided it was downloaded before 9AM ET Saturday, **12/06**

Quote It! Changes Effective 12/08/14:

Offline Quote It! requires update – Connect to internet and open Quote It!

Sales support will not be available on 12/6

Paper Applications:

12/06/14 - Last valid Home Office Receipt Date – applications must be received by 8:00PM ET

12/06/14 - Last valid Application Signed Date

Faxed applications must be sent to either: 434 948.5566 or 800 456.8329.

Applications may be emailed to EMM-GNWLTCApps@genworth.com.

Note: Applications faxed or emailed to any fax number or email address other than those listed above may not make the 8:00 PM cutoff.

LTC Quick Request (QR):

12/06/14 - Last day to submit QR ticket, must be received by 11:59 PM ET

12/06/14 - Last day to quote QR applications

12/29/14 - QR application interviews must be complete

1/12/15 - Last valid Home Office Receipt Date for QR applications

Questions and Answers:

Q: Does the suspension of sales mean Genworth is exiting the long term care insurance business?

A: No. Genworth is not exiting the long term care insurance business. In fact, we have publicly reaffirmed our commitment to the industry and our distribution partners.

Q: Why is Genworth taking these actions if it seeks to grow the long term care insurance market?

A: In 2012, Genworth filed rate increases on several blocks of business in all states as part of our strategy to stabilize these blocks of business. We have worked closely with policymakers and regulators and made significant progress in 47 jurisdictions. In certain states, however, actuarially justifiable rate increases are not approved as a matter of course, effectively transforming re-ratable insurance contracts to non-cancellable. We are not comfortable accepting the risk of a non-cancellable contract in any state. We believe we have exhausted all other reasonable avenues to resolve the outstanding issues with these states, and therefore made the difficult decision to suspend sales in them.

Genworth is committed to fostering responsible growth and will continue to partner actively with regulators to ensure we can continue to serve Americans with a comprehensive suite of insurance, financial products and services. This requires a reasonable, balanced and predictable regulatory environment.

Q: Will Genworth use this approach in the states that did not approve the full amount of the 2012 rate increase?

A: We recognize long term care insurance rate increases can be a challenge for everyone involved, and we appreciate regulators balancing the sometimes competing interests of policyholders and carriers.

In states that approved less than the full amount requested, we believe we have struck a balance allowing us to continue our business and make progress towards our strategic goals. We will continue to work with regulators in these states on subsequent rate requests.

Q: Will Genworth use this approach with the premium rate actions on Privileged Choice[®], Classic SelectSM policies or future rate increases?

A: Overall, we are encouraged that regulators and policymakers in most states have to date been willing to work with us on premium rate increases. Should we find ourselves to be in a regulatory environment preventing our ability to continue to operate and make progress toward our strategic goals, we would evaluate our options at that time.

Q: Will Genworth suspend sales in other states?

A: Although rate filings remain pending in some states, these states have demonstrated their support of our three-part strategy by approving certain filings and continuing to work with us on other pending filings. We remain confident in their continued support of our strategy and on the currently pending filings.

Q: When will Genworth suspend sales?

A: The suspension of individual long term care insurance products in Massachusetts and New Hampshire is effective November 10, 2014, with a last home office receipt date of December 6, 2014.

Q: Are these sales suspensions permanent?

A: Genworth will continue to actively communicate with these states' regulators in an attempt to secure a regulatory environment that would allow us to resume sales in these markets.

Q: How much new business comes from these two states?

A: These states represented approximately \$6.4MM of paid individual long term care sales in 2013.

Q: How will these actions affect current policyholders?

A: These actions will not affect our existing policyholders. Their policies will remain in force under the terms of the contracts, and we will continue to honor our commitments under those contracts.

As the industry leader, Genworth has reaffirmed its commitment to providing long term care insurance to American baby boomers and seniors. It is unfortunate that consumers in Massachusetts and New Hampshire may not have access to our individual long term care insurance products for some period of time. We will continue to work with the regulators in these states to develop a path that will allow us to resume sales.

Q: How does Genworth define a reasonable, predictable and balanced regulatory environment?

A: Most states follow a fully developed regulatory program that enables us to predictably set our business plan. Regulators in some states are reacting to the industry's challenges by changing their rules, sometimes without regulation, retroactively and without notice to carriers. This creates uncertainty that can impair Genworth's ability to meet its strategic objectives.

A reasonable, predictable and balanced regulatory environment promotes industry stability and resolutions acceptable to both regulators and carriers.

After careful consideration and thorough examination of our long term care insurance portfolio, Genworth reaffirmed our commitment to the product, industry and our distribution partners, supported by a reasonable, balanced and predictable regulatory environment. To successfully deliver on this commitment, Genworth established a three-part strategy, designed to enable us to remain engaged in the long term care insurance industry.

Through our three part strategy, we will:

- Continue to work with regulators in each state to obtain premium increases on the older generation of long term care insurance blocks to bring the older blocks closer to break even going forward
- Pursue smaller premium rate increases on newer generation products, as necessary to help mitigate the need for larger rate increases in the future
- Focus on initiatives to help promote faster product approvals so the new products offered reflect the most current assumptions and underwriting discipline.

Overall, we are encouraged that regulators and policymakers in most states have been willing to work with us as we execute this strategy. As an industry steward, we believe this is not only important to Genworth, but will help promote the viability and stability of the overall market by encouraging more companies to participate.