REPORT ON EXAMINATION

OF

GENWORTH LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2014 of the

GENWORTH LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: ______________________

Date: June 16, 2016

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 16th day of June, 2016.

____

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

841 Silver Lake Blvd., Dover, DE 19904-2465 • www.delawareinsurance.gov
(302) 674-7300 Dover • (302) 739-5280 fax • (302) 577-5280 Wilmington

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

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The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 16th day of June, 2016

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SALUTATION

May 31, 2016

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner;

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 15.014, dated February 3, 2015, an examination has been made of the affairs, financial condition and management of

GENWORTH LIFE INSURANCE COMPANY

hereinafter referred to as the "Company" or "GLIC" and incorporated under the laws of the State of Delaware as a stock company. The statutory home office is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware. The examination was conducted at the main administrative office of the Company, located at 6604 W. Broad Street, Richmond, Virginia, 23230.

This examination was conducted concurrently as part of the coordinated examination of the Genworth Group, which consisted of GLIC, Genworth Life and Annuity Insurance Company ("GLAIC"), Jamestown Life Insurance Company ("Jamestown"), and Genworth Life Insurance Company of New York ("GLICNY"). The Commonwealth of Virginia was the assigned lead state by the National Association of Insurance Commissioners (NAIC). Separate reports of examination were filed for each company within the Group. The report for this examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have participated in the coordinated financial examination of Genworth Life Insurance Company, a multi-state insurer. The previous examination was performed as of December 31, 2009. This examination covered the period of January 1, 2010 through December 31, 2014. Transactions subsequent to the examination were reviewed where deemed necessary.

This examination was conducted in accordance with the *National Association of Insurance Commissioners* (NAIC) *Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Laws and Regulations of the State of Delaware.

The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively

All accounts and activities of the Company were considered in accordance with the risk focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 Del. C. §321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments in the Company's financial statements.

COMPANY HISTORY

Pursuant to a Stock Purchase Agreement effective April 3, 1993, General Electric Capital Corporation ("GECC"), a subsidiary of General Electric Company ("GE"), acquired 100% of the capital stock of United Pacific Life Insurance Company and five of its seven wholly owned subsidiaries from Reliance Insurance Company and its parent, Reliance Group Holdings, Inc. The stock of the Company was assigned to GNA Corporation, subsequently named Genworth North America Corporation ("GNA"), an insurance holding company subsidiary of GECC. Pursuant to its Amended and Restated Certificate of Incorporation effective April 1, 1994, the name of the Company was changed to General Electric Capital Assurance Company. The Company became a controlled insurer of Genworth Financial, Inc., now known as Genworth Holdings Inc. ("Genworth Holdings") in May, 2004, immediately prior to the initial public offering of Genworth Holdings' common stock, when its direct parent, GNA, was transferred to Genworth Holdings by GE Financial Assurance Holdings, Inc. ("GEFA"). Pursuant to its Amended and Restated Certificate of Incorporation effective January 1, 2006, the name of the Company was changed to Genworth Life Insurance Company. In April, 2013, Holdings changed its name to Genworth Holdings, Inc. and a newly formed Genworth Financial, Inc. (Genworth) became the ultimate parent of the Company following an internal reorganization.

Capitalization

The Company has 6,200,000 shares of common stock authorized, of which 4,561,258 shares are issued and outstanding, at $1 per share par value, for a total outstanding of $4,561,258 at December 31, 2014. The Company also has 1,000,000 shares of preferred stock authorized, of which 300,000 shares are issued and outstanding, at $1 per share par value, for a total outstanding of $300,000.

At December 31, 2014, all outstanding shares of the Company's common stock were owned by GNA, which is a wholly owned subsidiary of Genworth Financial, Inc.

As of December 31, 2014, the Company reported gross paid in and contributed surplus of $3.1 billion. During the examination period, the Company received approximately $6.1 million and $25 million in gross paid in and contributed surplus from its parent, GNA, for the years ended 2012 and 2014, respectively. The 2012 contribution was in the form of a 100% membership interest in National Eldercare Referral Systems, LLC ("CareScout").

During the period under examination, the Company received the following capital contributions from the Parent:

Year		Contribution
2010	$	-
2011	$	-
2012	$	6,130,417
2013	$	-
2014	$	25,000,000

The Company's parent, GNA, made a capital contribution on February 19, 2015 to the Company, which was prior to the filing of the Company's 2014 Statutory Annual Statement. The Delaware Department of Insurance granted approval for the cash contribution to be treated as a Type 1 Subsequent Event in accordance with NAIC *Accounting Practices and Procedures*

Manual, SSAP No. 9. As such, the Company recorded the capital contribution as an admitted asset in its 2014 Statutory Annual Statement in accordance with SSAP No. 72.

The 2014 capital contribution was less than 3% of the Company's admitted assets and therefore, did not require the prior approval of the Delaware Department of Insurance pursuant to 18 Del. C. §5005 "Standards and management of an insurer within an insurance holding company system".

Dividends

The Company paid stockholder dividends as follows:

Year	Preferred Dividends	Common Dividends
2010	15,000,000	0
2011	15,000,000	0
2012	15,000,000	175,000,000
2013	15,000,000	175,000,000
2014	15,000,000	0
	75,000,000	350,000,000

In accordance with 18 Del. C. §5005(b) "Dividends and other distributions", prior approval from the Delaware Department of Insurance was obtained before payment of each extraordinary dividend. The Company paid extraordinary dividends in 2011 to Genworth Mortgage Insurance Corporation of North Carolina ("GMIC NC") in the amounts of $0.9 million and $0.9 million, totaling $1.8 million; and to Genworth Mortgage Insurance Corporation ("GMIC") in the amounts of $6.6 million and $6.6 million, totaling $13.2 million. The Company also paid extraordinary dividends in 2012 to GNA in the amounts of $100 million, $50 million and $25 million, totaling $175 million; to GMIC NC in the amounts of $0.9 million and $0.9 million, totaling $1.8 million; and to GMIC in the amounts of $6.6 million and $6.6 million, totaling $13.2 million.

In accordance with 18 Del. C. §5004(e) “Reporting of dividends to shareholders”, prior approval from the Delaware Department of Insurance was obtained before payment of each ordinary dividend. The Company paid ordinary dividends during the examination period in the amounts of $15 million, $190 million and $15 million for the years ended 2010, 2013 and 2014, respectively. The dividends were paid in the form of cash.

MANAGEMENT AND CONTROL

Stockholder

Article I of the Company’s amended bylaws, states that annual meetings of the stockholders shall be held on such date as may from time to time be determined by the Board of Directors or at such time or place within or without the State of Delaware as shall be designated by the Board of Directors, as stated in the notice of such meeting. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other business as may be brought before the meeting. Special meetings of stockholders for any purpose may be called by the Chairman of the Board or the President or his designee, or on the call of stockholders holding together at least thirty percent of the capital stock, such call in any case is to be in writing and addressed to the Secretary. The business transacted at any special meeting shall be limited to the purpose or purposes stated in the meeting notice. The holders of a majority of all the stocks of capital stock of the Company, present in person or represented by proxy, shall constitute a quorum of the stockholders for all purposes. At each meeting of the stockholders, every holder of stock then entitled to vote may vote in person or by proxy, and shall have one vote for each share of stock registered in his name. Unless otherwise restricted by the Articles of Incorporation or by statute, any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting if all stockholders consent thereto in writing, and the writing(s) are filed with the minutes of proceedings, for the stockholders. .

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Articles of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors. The bylaws, as amended and restated January 1, 2006, provide that the Company’s business and property shall be managed by the Board of Directors. Subject to restrictions imposed by law, the Articles of Incorporation, or the bylaws, the Board can exercise all of the powers of the Company.

The Board shall consist of not less than one (1) and no more than five (5) members. The Board shall be elected at the annual meeting of stockholders and each director shall be elected to hold office until the next succeeding annual meeting or until his successor is elected and qualified or until his earlier death, resignation or removal.

The Board of Directors at any regular meeting may declare dividends payable out of the surplus of the Company. Such dividends may be paid in cash, property, or shares of the Company.

At December 31, 2014, the members of the Board of Directors together with their principal business affiliations were as follows:

Name	Principal Occupation
Thomas J. McInerney	Chairman of the Board of Directors; President and Chief Executive Officer of Genworth Financial, Inc.; President and Chief Executive Officer of the U.S. Life Insurance Division
Daniel J. Sheehan, IV	Executive Vice President and Chief Investment Officer of Genworth Financial, Inc.

Leon E. Roday	Senior Vice President of Genworth Financial, Inc.

1. Effective January 23, 2015, Leon Roday resigned as a Director of the Company.
2. Effective January 24, 2015, Matthew Keppler was elected as a Director of the Company.

The minutes of the meetings of the stockholders and Board of Directors, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted.

Committees

Article III of the amended bylaws states that the Board of Directors may, by one or more resolutions passed by a majority of the whole Board, designate from among its members one or more committees, to the extent provided in such resolutions and not prohibited by statute, shall have and may exercise between meeting of the Board of Directors, the authority of the Board designated by said resolution, provided that the Board of Directors shall not have authority to establish an Executive Committee without the written consent of all stockholders. In addition, the Board, by resolutions passed by a majority of the whole Board, may designate an Investment Committee and other standing committees. Said committees shall have and exercise such powers, not inconsistent with law or the bylaws.

Article III of the amended bylaws also states that the Board of Directors or its Executive Committee acting on its behalf, by resolution passed by a majority of the whole Board, may appoint committees of officers, agents or employees of the Company. Each such committee shall have and exercise such powers, not inconsistent with law or the bylaws.

On April 1, 2013, Genworth re-designated the Genworth Audit Committee as the Audit Committee of the Company, consisting of four (4) independent members of the Board. As of December 31, 2014, the following Genworth directors were members of the Audit Committee:

Name and Location	**Principal Occupation**
Christine B. Mead	Director of Genworth Financial, Inc.
Thomas E. Moloney	Director of Genworth Financial, Inc.
James A. Parke	Director of Genworth Financial, Inc.
James S. Riepe	Director of Genworth Financial, Inc.

A management Investment Committee, which reports to the Company's Board of Directors, was established by the Board on March 23, 2000. The Investment Committee consisted of six (6) members as of December 31, 2014. The meetings of the Investment Committee shall be held as deemed necessary, but not less than quarterly. A quorum for the transaction of business shall be a majority of the members of the Investment Committee and the agenda for each meeting shall be established in advance of the meeting. Minutes of all Investment Committee meetings shall be taken and approved at subsequent meetings and shall be submitted to the Board of Directors on a quarterly basis for ratification. As of July 24, 2014, date of the Company's last annual meeting, the following individuals were appointed to serve as the Genworth Investment Committee:

Name and Location	**Principal Occupation**
Lori M. Evangel	Executive Vice President and Chief Risk Officer of Genworth Financial, Inc.
Martin P. Klein	Executive Vice President and Chief Financial Officer of Genworth Financial, Inc.
Thomas J. McInerney	President and Chief Executive Officer of Genworth Financial, Inc.
Leon E. Roday	Senior Vice President, General Counsel and Secretary of Genworth Financial, Inc.
Kevin D. Schneider	Executive Vice President of Genworth Financial, Inc.; President and Chief Executive Officer of the Global Mortgage Insurance Division

Daniel J. Sheehan, IV	Executive Vice President and Chief Investment Officer of Genworth Financial, Inc.
James R. Boyle	Executive Vice President and Chief Executive Officer of the U.S. Life Insurance Division

1. Effective July 29, 2014, James Boyle resigned from his position with the Company.
2. Effective January 23, 2015, Leon Roday resigned from his position with the Company.
3. Effective October 15, 2015, Martin P. Klein resigned from his position with the Company. He was replaced by Kelly Groh, effective October 15, 2015.

Officers

Article IV of the amended bylaws states that the Company's officers shall be elected at its annual meeting by the Board of Directors and shall consist of a Chairperson of the Board of Directors, a President, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall hold office until the next annual meeting or until a successor has been duly qualified and elected or until death, resignation, retirement or removal by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

At December 31, 2014, the Company's principal officers and their respective titles were as follows:

Name	Principal Occupation
Thomas J. McInerney	Chairperson of the Board, President and Chief Executive Officer
Milum D. Livesay	Senior Vice President and Chief Financial Officer
Ward E. Bobitz	Senior Vice President, General Counsel and Secretary
John O. Nigh	Senior Vice President and Chief Actuary
Daniel J. Sheehan, IV	Senior Vice President and Chief Investment Officer
Jeffrey S. Wright	Treasurer
Leon E. Roday	Senior Vice President
Scott J. McKay	Senior Vice President and Chief Information Officer
Martin P. Klein	Senior Vice President
Elena K. Edwards	Senior Vice President
Paul A. Haley	Senior Vice President
Aaron C. Ball	Vice President, General Counsel and Assistant Secretary of the Long Term Care Division
Michele L. Trampe	Assistant Treasurer

1. Effective December 31, 2014, Milum Livesay resigned as Senior Vice President and CFO of the Company.
2. Effective January 23, 2015, Leon Roday resigned as Senior Vice President of the Company.

3. Effective January 1, 2015, Matthew Keppler was elected as Senior Vice President and Chief Financial Officer of the Company.
4. Effective April 14, 2015, Kelly Groh was elected as Controller of the Company.
5. Effective October 15, 2015, Martin P. Klein resigned from his position with the Company.

In addition to the above officers, additional Vice Presidents, Assistant Vice Presidents and other assistant officers were also appointed.

Numerous changes in directors and officers occurred during the period under review. As required pursuant to 18 Del. C. §4919 "Change of directors, officers; notice", proper notification was provided to the Delaware Department of Insurance.

Articles of Incorporation and bylaws

The Company did not amend its Articles of Incorporation or bylaws during the exam period.

Corporate Records

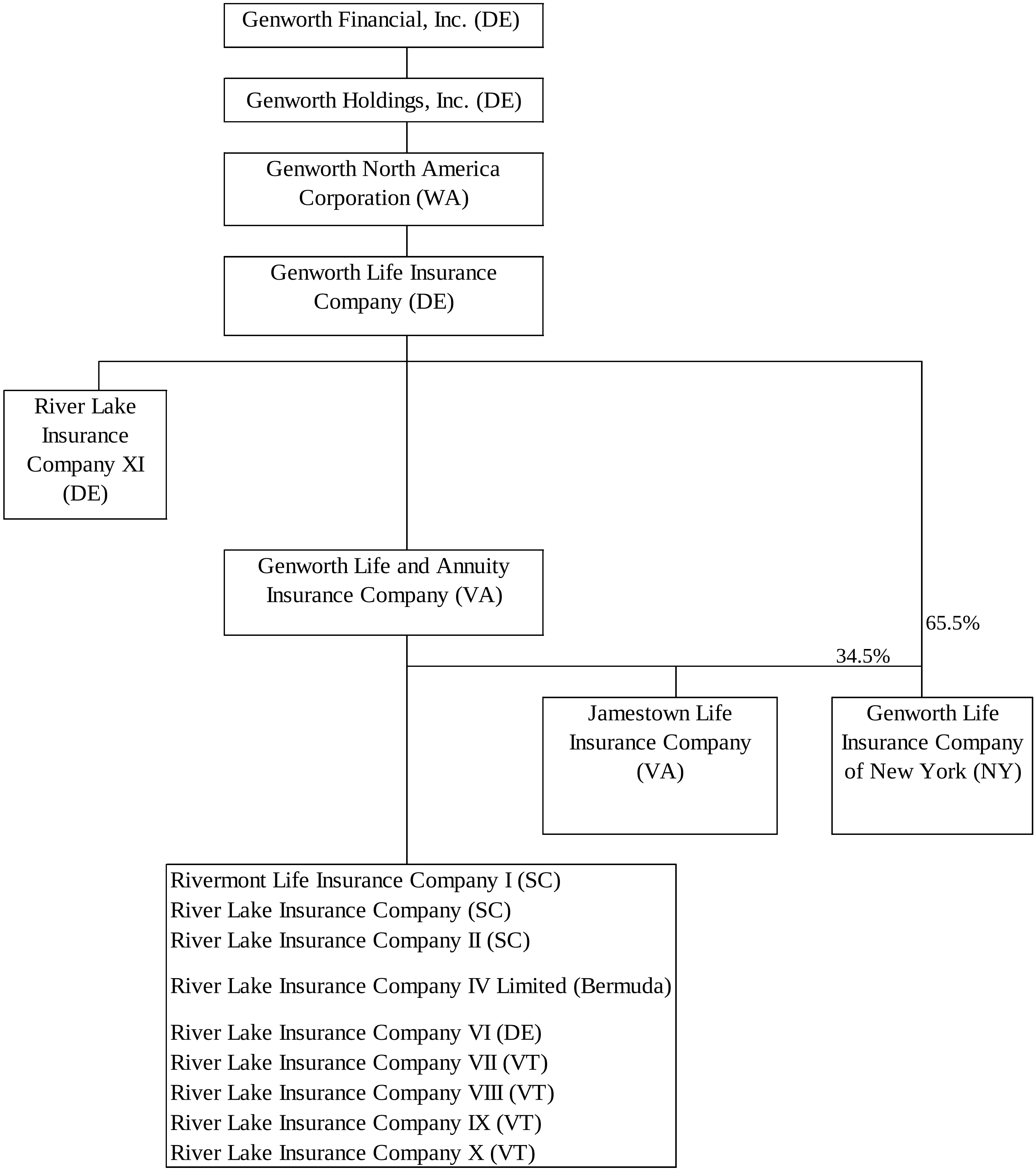
The recorded minutes of the sole stockholder and Board of Directors were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 Del. C. §1304 "Authorization; record of investments".

The Company properly reported changes in directors and officers in compliance with 18 Del. C. §4919 "Change of directors, officers; notice".

Holding Company System

The Company is a member of an insurance holding company system as defined under 18 Del. C. §5001. The former ultimate parent, which was named Genworth Financial, Inc. at the time, completed an internal reorganization pursuant to a merger and established a new holding company, which assumed the name Genworth Financial, Inc., and which became the ultimate parent of GLIC. The Company is a wholly owned subsidiary of GNA. GNA is a wholly owned subsidiary of Genworth Holdings, which was the former Genworth Financial, Inc. prior to the internal reorganization described above.

The following depicts an abbreviated organizational chart of the Company's relationship within the holding company system at December 31, 2014:


Genworth Financial, Inc. (DE)
Genworth Holdings, Inc. (DE)
Genworth North America Corporation (WA)
Genworth Life Insurance Company (DE)
River Lake Insurance Company XI (DE)
Genworth Life and Annuity Insurance Company (VA)
65.5%
34.5%
Jamestown Life Insurance Company (VA)
Genworth Life Insurance Company of New York (NY)
Rivermont Life Insurance Company I (SC)
River Lake Insurance Company (SC)
River Lake Insurance Company II (SC)
River Lake Insurance Company IV Limited (Bermuda)
River Lake Insurance Company VI (DE)
River Lake Insurance Company VII (VT)
River Lake Insurance Company VIII (VT)
River Lake Insurance Company IX (VT)
River Lake Insurance Company X (VT)

Affiliated Agreements

The following agreements were in effect between the Company and its affiliates at December 31, 2014.

Management and Services Agreement

The Company, and Genworth Financial Agency, Inc. (“GFA”), are parties to the Management and Services Agreement, as amended January 1, 1991, for allocation of common costs for home office occupancy, expenses, administrative and marketing services.

The Company and Genworth Financial Mortgage Funding Corporation (“GNWFMF”) are parties to a Loan Origination and Interim Servicing Agreement effective August 15, 1994. Pursuant to this agreement, the Company provides mortgage investment and servicing services to GNWFMF with respect to commercial mortgage loans originated by the Company.

The Company is party to a Policy Loan Servicing Agreement with special purpose affiliates whereby the Company provides servicing and administration services for certain policyholder loans acquired by the affiliate from the Company. The agreement with Genworth Special Purpose One (“GNW One”) was effective December 3, 1999; the agreement with Genworth Special Purpose Two (“GNW Two”) was effective June 22, 2001 and the agreement with Genworth Special Purpose Three (“GNW Three”) was effective November 14, 2000.

The Company and National Eldercare Referral System, Inc. (also known as CareScout) are parties to a Multipurpose Confidentiality Agreement effective August 1, 2003. This agreement establishes that in providing the Company with certain services and/or products, CareScout may receive individually identifiable information, which is subject to certain federal, state and local statutes. CareScout agrees to protect such information under the terms of the agreement.

The Company and CareScout are parties to a Master Services Agreement effective April 1, 2005. This agreement establishes that CareScout will provide certain services and/or deliverables to the Company as certain work orders describe.

The Company, GNA, its subsidiaries and various affiliates are parties to an Amended and Restated Services and Shared Expense Agreement effective January 1, 2004. This agreement provides for certain management and general services and the sharing of joint expenses by and between such companies and such other affiliated companies who execute an Adoption Agreement.

The Company and affiliates, GNA, GLAIC, GLICNY, and former affiliate Union Fidelity Life Insurance Company ("UFLIC") are parties to a Joint Management Committee Agreement effective July 1, 2005. This agreement established an Annuity Joint Management Committee and a Long Term Care Joint Management Committee to facilitate the efficient administration of business reinsured under certain reinsurance agreements between the Genworth ceding companies and UFLIC.

The Company, GLAIC, GLICNY and Genworth are parties to a Collection Agent Services Agreement effective November 15, 2006. The agreement establishes that the Company, GLAIC, GLICNY and Genworth would consolidate eight wire accounts for payments received in connection with certain of their products into a single New York based account maintained by GLICNY.

The Company entered into an Administrative Service Agreement among the Company, GLAIC, GLICNY and GNA effective June 1, 2007. This agreement establishes that the Company provides GLICNY with certain administrative and special services for day-to-day operations of certain property, equipment and facilities.

The Company and GLAIC are parties to a Novation and Contribution Agreement with affiliates Brookfield Life Assurance Company Limited ("Brookfield"), Brookfield Life and Annuity Insurance Company Limited ("BLAIC") and Genworth whereby Brookfield's obligations under its existing reinsurance agreements with GLIC and GLAIC and agreements ancillary thereto were novated to BLAIC effective August 1, 2011.

The Company and GLAIC are parties to separate Agency Contracts, dated September 11, 2011, with GFA whereby GFA distributed certain medicare supplemental insurance products offered by each GLAIC and GLIC. In return, GFA received commissions paid by each GLAIC and GLIC.

The Company and Genworth Financial India Private Limited ("GFIPL") are parties to separate Statements of Work, numbered SOW1, SOW 3 and SOW 4, effective November 1, 2013 whereby GFIPL provided technical production support, maintenance and off-shore leadership to the Company's third party suppliers.

Tax Agreements

Genworth and its insurance affiliates, including the Company, entered into a Tax Allocation Agreement effective May 24, 2004. According to this agreement, the parties agreed to a method of allocation of consolidated federal income tax liability resulting from the consolidated federal income tax reporting of the parties. There is also a former Tax Allocation Agreement in place whereby the parties agree to the method of allocation of consolidated federal income tax liability resulting from the consolidated federal income tax reporting of the registrants for tax periods ending before May 24, 2004. The Tax Allocation Agreement was also amended for the method of allocation for tax periods commencing on or after January 1, 2011.

All subsequently joining parties to this agreement have executed individual Tax Adoption Agreements.

The Company, GLAIC and GNA are parties to an Assumption Agreement effective September 28, 2000. This agreement established that GNA would assume the tax reserves on the balance sheet of the Company. The agreement was amended and restated December 22, 2009, whereby GNA agrees to establish, maintain, and pay tax reserves on the balance sheet and to pay and discharge the Company of obligations in connection with tax reserves, not to exceed the Aggregate Payment Limit of $20 million.

Genworth and the Company entered into a Tax Matters Agreement effective February 1, 2005 as a result of the Section 338 Election made by the Company following Genworth's Initial Public Offering on May 24, 2004. This agreement was amended on January 1, 2007 to amend the formula for determining the amount of payments to ensure the Company is required to make whenever it has a benefit not withstanding any consolidated loss for the Company's life insurance subsidiaries. Genworth and the Company and its subsidiaries entered into a Tax Matters Agreement on September 15, 2005 which provides for the allocation of certain additional tax benefits and burdens for periods following the initial public offering closing date on May 24, 2004.

River Lake Insurance Company ("RLIC"), River Lake Insurance Company II ("RLIC II"), Rivermont Insurance Company ("Rivermont") and River Lake Insurance Company VII ("RLIC VII") (special purpose captive subsidiaries of GLAIC) executed Special Tax Agreements upon formation with the Company and GLAIC. The Special Tax Agreements provide that any tax benefits realized by GLIC in relation to the aforementioned entities would be assigned to GLAIC. The effective dates differ by each corresponding captive formation.

RLIC, RLIC II and Rivermont entered into Amended and Restated Special Tax Agreements with the Company and GLAIC effective August 6, 2009. RLIC VII entered into Amended and Restated Special Tax Agreements with the Company and GLAIC effective December 1, 2010. These agreements established that to the extent that the entity produced a net operating loss in a period (where such losses are created solely by business ceded by GLAIC to the River Lake entity), benefits shall be paid to that specific entity subsequent to 2008. Thus, any tax benefits for 2009 forward will be paid to the special purpose captives. Tax benefits for periods prior to 2008 would continue to reside with GLAIC (through assignment by GLIC) as agreed.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2014, the Company was licensed to transact business in the District of Columbia, as well as all states except New York. The Company is also licensed to transact business in Puerto Rico and the U.S. Virgin Islands.

The Company is authorized as a stock insurer to transact the business of life and health insurance as defined in 18 Del. C. §902 "Life insurance" and 18 Del. C. §903 "Health insurance".

The principal office facilities of the Company are located in Richmond, Virginia.

Plan of Operation

The geographical breakdown of direct written premiums as of December 31, 2014 was: California, $391,382,122 (11.56%); Florida, $213,320,825 (6.30%); Texas, $209,366,674 (6.18%); New Jersey, $169,462,183 (5.01%) and other jurisdictions, $2,401,622,567 (70.95%).

The Company is one of a number of subsidiaries of Genworth, a leading financial security company that provides insurance, investment and financial solutions. In 2011, the

Company changed its operating business segments to better align its businesses. Under the new structure, the Company operates through two segments: U.S. Life Insurance and Runoff. The Company also has Corporate and Other Activities which include income and expenses not allocated to the segments.

U.S. Life Insurance

The Company's principal products in the U.S. Life Insurance segment are long-term care insurance ("LTC"), universal life insurance, term life insurance and fixed deferred and immediate annuities for the retirement market.

Long-Term Care Insurance

Individual and group long-term care insurance products provide defined levels of protection against the significant and escalating costs of long-term care services provided in the insured's home or assisted living or nursing facilities.

The Company distributes their long-term care insurance products through diversified sales channels consisting of appointed independent producers, financial intermediaries and dedicated sales specialists. They have made significant investments in their servicing and support for both independent and dedicated sales specialists.

Life Insurance

Life insurance products provide protection against financial hardship after the death of an insured. Some of these products also offer a savings element that can help accumulate funds to meet future financial needs. The Company's life insurance offerings were universal life insurance in the form of indexed universal life and linked-benefits product, combining a universal life insurance contract with a long-term care insurance rider, and term life insurance.

The Company's universal life insurance products are designed to provide permanent protection for the life of the insured. In addition, the Company also offers linked-benefit riders for all of its current indexed universal life products for customers who have traditionally self-funded long-term care risk or sought multiple benefits.

The Company's term life insurance products provide coverage with guaranteed level premiums for a specified period of time and generally have little or no buildup of cash value. The Company also has in-force blocks of term universal life and whole life insurance; however, it no longer solicits sales of these products.

The Company offered life insurance products through an extensive network of independent brokerage general agencies throughout the United States and through financial intermediaries and insurance marketing organizations.

Fixed Annuities

The Company offered fixed single premium deferred annuities which require a single premium payment at time of issue and provide an accumulation period and an annuity payout period. The annuity payout period in these products may be either a defined number of years, the annuitant's lifetime or the longer of a defined number of years or the annuitant's lifetime.

During the accumulation period, the Company credits the account value of the annuity with interest earned at a crediting rate guaranteed for no less than one year at issue, but which may be guaranteed for up to seven years, and thereafter is subject to annual crediting rate resets at its discretion. The crediting rate is based upon many factors including prevailing market rates, spreads and targeted returns, subject to statutory and contractual minimums.

The majority of the Company's fixed single premium deferred annuity contract holders retain their contracts for five to ten years. The Company also offered single premium immediate annuities which provide a fixed amount of income for either a defined number of years, the annuitant's lifetime or the longer of a defined number of years or the annuitant's lifetime in exchange for a single premium.

The Company distributed their fixed annuity products through BGAs, independent broker/dealers and select banks and national brokerage and financial firms. However, the Company no longer solicits sales of these products.

Runoff

The runoff segment includes the results of non-strategic products which are no longer actively sold. The Company's non-strategic products primarily include institutional and corporate-owned life insurance products.

The Company no longer offers retail and group variable annuities, but continues to service the existing block of business. The Company also no longer offers variable life insurance policies, but continues to service existing policies.

Institutional

Institutional products consist of funding agreement backed notes and guaranteed investment contracts, which are deposit-type products that pay a guaranteed return to the contract holder on specified dates. The Company explores periodic issuance of its institutional products for asset-liability management purposes.

Corporate-Owned Life Insurance

The Company no longer offers its corporate-owned life insurance product; however, it continues to manage its existing block of business.

Operations and Technology

In the Company's U.S. Life Insurance segment, they interact directly with their independent sales intermediaries and dedicated sales specialists through secure websites that have enabled them to transact business with them electronically.

A.M. Best Rating

A.M. Best affirmed the Company's ratings at "A" (Excellent) with stable outlook on November 6, 2014. However, on December 18, 2014, A.M. Best placed the Genworth life insurance subsidiaries under review with negative implications. On February 13, 2015, following the Company's earnings announcement for the fourth quarter of 2014, A.M. Best announced its downgrade of the Company's rating from "A" (Excellent) to "A-" (Excellent). On May 1, 2015, A.M. Best placed its ratings of the Company under review with developing implications.

A.M. Best states that the "A-" (Excellent) rating is assigned to those companies that have, in its opinion, an excellent ability to meet their ongoing insurance obligations. The "A-" (Excellent) rating is the fourth-highest of 15 ratings assigned by A.M. Best, which range from "A++" to "F."

On February 9, 2016, A.M. Best downgraded the Company's financial strength rating to "B++" (Good) from "A-" (Excellent) with a negative outlook. The rating downgrades reflect the uncertainty and material execution risk of obtaining the required regulatory approvals associated with Genworth's recent strategic announcement during its fourth quarter 2015 earnings presentation in February 2016. A.M. Best notes that, in addition to the announcement, Genworth reported a material reserve charge associated with its universal life business, which drove an operating loss in the U.S. Life Insurance segment on a GAAP basis during the quarter.

Genworth’s year-end 2015 operating results continue to reflect varying degrees of volatility and macroeconomic pressures occurring in many of its business segments, including its mortgage insurance operations.

REINSURANCE

During 2014, the Company participated in both assumed and ceded reinsurance programs with affiliates and non-affiliates. As of December 31, 2014, reinsurance assumed totaled $399,815,054 or 11.5% of the Company’s direct written premiums of $3,473,416,090. Reinsurance ceded totaled $2,168,120,235 or 62.3% of the Company’s direct premiums. In 2014, the Company reported $587,667,415 in reinsurance assets and $10,156,979,470 in reinsurance liabilities.

The following is a summary of significant reinsurance contracts in place as of December 31, 2014:

<u>Life Insurance and Annuities</u>

Assumed from Affiliates

Effective April 1, 2013, River Lake Insurance Company X (“RLIC X”) entered into a coinsurance with funds withheld reinsurance agreement with GLAIC to assume certain level term life policies issued on or after October 1, 2012. Concurrently, the Company entered into a monthly renewable term (MRT) reinsurance agreement with RLIC X ("RLX MRT Treaty") to assume 100% of the mortality risk on the policies written by GLAIC and coinsured to RLIC X. Effective June 20, 2014, the coinsurance agreement between GLAIC and RLIC X was amended and restated to add new business written in 2009 and 2010. Concurrently, the Company assumed 100% of this business on a MRT basis. The amount in-force at

December 31, 2014 associated with this treaty was $31,468,260,146. Reserves assumed as of December 31, 2014 and 2013 were $4,491,230 and $807,175, respectively.

Effective November 1, 2013, GLAIC recaptured previously ceded term life business from RLIC VI. In connection with the recapture, RLIC VI paid GLAIC the terminal payment of $68,181,725. Concurrently, GLAIC entered into a new coinsurance with funds withheld reinsurance agreement with RLIC VI to cede effectively the same term life business that had been previously recaptured from RLIC VI. RLIC VI simultaneously entered into a MRT reinsurance agreement ("RLVI MRT Treaty") with the Company to retrocede the mortality risk on the policies written by GLAIC and GLICNY which were coinsured to RLIC VI by GLAIC. The RLVI MRT Treaty excluded those policies which were written by the Company. The amount In-Force at December 31, 2014 associated with this treaty was $20,694,495,938. Reserves assumed as of December 31, 2014 and 2013 were $3,924,353 and $3,714,444 respectively.

Other significant assumed treaties to affiliates included a Co-insurance treaty effective January 1, 2000 whereby the Company assumed term life business from GLAIC. At December 31, 2014, the amount in-force associated with this treaty amounted to $47,733,988,365 and the Company reported reserves in the amount of $435,749,187. Also, the Company assumed business from GLICNY thru two Yearly Renewable Term ("YRT") treaties and a co-insurance with funds withheld treaty which amounted to $2,215,034,618 in-force and $63,221,739 in reserves.

Assumed from Non-Affiliates

The Company reported only one non-affiliated assumed treaty which was with Fidelity Investments Life Insurance Company. Effective October 1, 2001, the Company reported $0 amount in-force and $648,271,831 in reserves as of December 31, 2014.

Ceded to Affiliates

The Company is a party to a modified coinsurance (Modco) treaty with BLAIC, whereby the Company cedes 40% of certain fixed deferred annuity premiums. Modco reserves as of December 31, 2014 and 2013 totaled $1,168,511,617 and $1,345,312, 100, respectively. No other forms of collateral for this treaty are used by the Company to take reserve credit.

Effective October 1, 2013, the Company entered into a reinsurance agreement with GLAIC to cede SPDA business on a Modco basis. As a result of this transaction, the Company received $3,200,000 as initial ceding commission from GLAIC. Ceded Modco reserves as of December 31, 2014 and 2013 were $359,971,250 and $408,855,288 respectively.

Effective April 1, 2011, the Company amended and restated its existing universal life treaty with GLAIC to cede certain Total Living Coverage ("TLC") policies to GLAIC and modified certain other terms. Reserves ceded as of December 31, 2014 and 2013 were $1,132,195,904 and $919,556, 175, respectively.

Ceded to Non-Affiliates

On April 15, 2004, the Company entered into two reinsurance agreements with UFLIC pursuant to which it ceded effective as of January 1, 2004, its structured settlement block of business and a block of LTC assumed from MetLife in 2000. Ceded reinsurance reserves to UFLIC for the structured settlements block of business as of December 31, 2014 and 2013 were $4,097,428,076 and $4,176,280,570, respectively, and ceded reinsurance reserves for the LTC block of business as of December 31, 2014 and 2013 were $3,831,444,628 and $3,592,827,372, respectively. To secure the payment of its obligations to the Company under the reinsurance agreements governing the reinsurance transactions, UFLIC has established trust accounts to maintain an aggregate amount of assets with a statutory book value at least equal to the statutory general account reserves attributable to the reinsured business less an amount to be held in certain claims paying accounts. A trustee administers the trust accounts and the Company is permitted to withdraw from the trust accounts amounts due to the Company pursuant to terms of the reinsurance agreements that are not otherwise paid by UFLIC.

Effective June 30, 2009, the Company entered into a new Modco and coinsurance reinsurance agreement with Hannover Life Reassurance Company of America ("Hannover") to cede certain Single Premium Deferred Annuity ("SPDA") policies issued in 2005 and later. Effective September 30, 2013, the Company recaptured all of the SPDA contracts previously ceded to Hannover. The Company recaptured Modco reserves of $1,327,545,352 and recorded a pre-tax gain of $47,149,775.

Effective October 1, 2013, the Company recaptured term life business previously ceded to Hannover. As a result of this transaction, $199,004,648 of reserves were recaptured. Effective December 31, 2013, the Company entered into a new reinsurance agreement with SCOR Global Life Americas Reinsurance Company ("SCOR") to cede the business recaptured from Hannover to SCOR. Reserve credit taken for this cession as of December 31, 2014 and 2013 was $211,335,607 and $200,233,375, respectively.

Accident and Health Insurance

Assumed from Affiliates:

The Company assumes LTC risk from GLAIC, subject to the Coinsurance Agreement effective October 1, 1998. As of December 31, 2014, assumed reinsurance reserves from GLAIC were $ $107,701,417 and assumed premiums were $5,814,669.

Assumed from Non-Affiliates

The Company's major assumed treaty is with MetLife Insurance Company, USA. Effective July 1, 2000, it is discussed above in the Non-Affiliates section. Other significant assumed treaties are with Riversource Life Insurance Company. Under these coinsurance agreements (one group and one individual), the Company assumed $102,481,369 in premiums in 2014 and reported reserves in the amount of $1,986,969,692. In addition, the Company has other various reinsurance agreements with direct writers, under which it assumes LTC risks. All of these treaties are closed to new business.

Ceded to Affiliates

The Company is a party to a funds withheld coinsurance treaty with BLAIC, whereby the Company cedes 50% of its LTC business to BLAIC. Statutory reserves ceded to BLAIC as of December 31, 2014 and 2013 were $9,468,500,371 and $8,462,473,020, respectively. The collateral supporting the reserve credit taken by the Company as of December 31, 2014 and 2013 includes Funds Withheld of $9,602,927,400 and $8,576,575,445, respectively. In addition, BLAIC has established a trust for the benefit of the Company.

Ceded to Non-Affiliates

The Company reported various reinsurance ceded treaties to non-affiliates in 2014. The most significant reinsurer was RGA Reinsurance Company ("RGA"), which was party to seven treaties, pursuant to which RGA assumed LTCI risks from the Company. Premiums associated with these treaties amounted to $215,115,695 and $258,949,393 in reserve credits taken by the Company.

Effective December 17, 2012, the Company executed recapture agreements related to certain reinsurance treaties with RGA, whereby certain LTC policies were ceded to RGA, then retroceded back to the Company. The recapture resulted in a statutory gain of $529,751,624, of which 50% was ceded to BLAIC under a separate reinsurance agreement. Reserves ceded under these agreements with RGA as of December 31, 2013 amounted to $182,992,314. Effective January 1, 2014, the Company entered into coinsurance agreements with RGA to cede 20% of certain LTC policies issued on or after April 1, 2013. In conjunction with this agreement, the Company and RGA amended certain prior reinsurance agreements to provide for a security trust agreement for such agreements and entered into such security trust agreement and an additional security trust agreement which related to the policies ceded under the 2014 coinsurance agreement. Reserves ceded under the agreements with RGA as of December 31, 2014 were $307,095,044.

FINANCIAL STATEMENTS

Financial statements, as reported and filed by the Company with the State Department of Insurance, are reflected in the following:

- o Statement of assets, liabilities and surplus
- o Statement of operations
- o Supporting schedules and exhibits to the extent needed
- o Reconciliation of surplus for the period since the last examination

Statement of Assets, Liabilities and Surplus
As of December 31, 2014

	Assets	Nonadmitted Assets	Admitted Assets	Notes
Bonds	$ 27,357,292,774	$ 120,160	$ 27,357,172,614	
Stocks:				
Preferred stocks	126,949,075		126,949,075	
Common stocks	2,485,482,373	19,234	2,485,463,139	
Mortgage loans on real estate				
First liens	3,600,775,965		3,600,775,965	
Cash, cash equivalents and short-term investments	1,122,190,820		1,122,190,820	
Contract loans	972,676,306	2,458,063	970,218,243	
Derivatives	452,183,899		452,183,899	
Other invested assets	411,105,087	8,142,630	402,962,457	
Receivables for securities	2,095,388	350,611	1,744,777	
Securities lending reinvested collateral assets	166,765,269		166,765,269	
Investment income due and accrued	391,473,658		391,473,658	
Premiums and considerations				
Uncollected premiums and agents' balances in course of collection	58,397,174	12,171,924	46,225,250	
Deferred premiums, agents' balances and installments booked but	125,211,777	594,337	124,617,440	
Reinsurance:				
Amounts recoverable from reinsurers	239,515,312	4,855	239,510,457	
Funds held by or deposited with reinsured companies	48,881,242		48,881,242	
Other amounts receivable under reinsurance contracts	302,219,382	2,943,666	299,275,716	
Net deferred tax asset	243,418,960		243,418,960	
Guarantee funds receivable or on deposit	14,480,839		14,480,839	
Electronic data processing equipment and software	58,644,732	53,162,741	5,481,991	
Furniture and equipment, including health care delivery assets	660,844	660,844	0	
Receivable from parent, subsidiairies and affiliates	4,608,752		4,608,752	
Aggregate write-ins for other than invested assets	56,821,137	12,860,728	43,960,409	
Total assets excluding Separate Accounts	$ 38,241,850,765	$ 93,489,793	$ 38,148,360,972	
From Separate Accounts	14,854,465		14,854,465	
Total Assets	$ 38,256,705,230	$ 93,489,793	$ 38,163,215,437	

Liabilities, Surplus and Other Funds

			Notes
Aggregate reserves for life contracts	$	11,675,642,290	1
Aggregate reserves for accident and health contracts		9,473,618,757	2, 4
Liability for deposit type contracts		860,728,336	3
Contract claims:			
Life		13,160,521	
Accident and health		58,345,500	
Premiums and annuity considerations for life and accident and health contracts received in advance		35,324,033	
Contract liabilities not included elsewhere:			
Other amounts payable on reinsurance		554,052,070	
Interest maintenance reserve		782,085,401	
Commissions to agents due or accrued		9,491,766	
Commissions and expense allowances payable on reinsurance assumed		1,081,305	
General expenses due or accrued		129,523,433	
Transfers to Separate Accounts due or accrued		(2,480,277)	
Taxes, licenses and fees		19,552,231	
Current federal and foreign income taxes		106,143,043	
Unearned investment income		762	
Amounts withheld or retained by company as agent or trustee		21,244,671	
Remittances and items not allocated		25,957,704	
Miscellaneous liabilities:			
Asset valuation reserve		174,670,561	
Funds held under reinsurance treaties and unauthorized reinsurers		9,602,927,400	
Payable to parent, subsidiaires and affiliates		13,775,582	
Derivatives		219,774,495	
Payable for securities		1,654,517	
Payable for securities lending		179,471,650	
Aggregate write-ins for liabilities		968,255,770	
Total liabilities excluding Separate Accounts	$	34,924,001,521	
From Separate Accounts Statement		14,854,465	
Total Liabilities	$	34,938,855,986	
Common capital stock		4,561,258	
Preferred capital stock		300,000	
Gross paid-in and contributed surplus		3,125,742,875	
Unassigned funds		155,038,119	
Less treasury stock, at cost: shares common		61,282,801	
Capital and Surplus	$	3,224,359,451	
Total Liabilities, Capital and Surplus	$	38,163,215,437	

Summary of Operations
As of December 31, 2014

Premiums and annuity considerations for life and accident and health contracts	$	1,713,305,278
Consideration for supplementary contracts with life contingencies		25,940,804
Net investment income		1,816,616,458
Amortization of Interest Maintenance Reserve		55,955,411
Commissions and expense allowances on reinsurance ceded		472,948,243
Reserve adjustments on reinsurance ceded		(298,207,855)
Miscellaneous income:		
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		83,118
Charges and fees for deposit-type contracts		195
Aggregate write-ins for miscellaneous income		1,779,891
Totals	$	3,788,421,543
Death benefits	$	80,905,285
Annuity benefits		429,933,209
Disability benefits and benefits under accident and health contracts		689,573,934
Surrender benefits and withdrawals for life contracts		469,146,620
Interest and adjustments on contract or deposit-type contract funds		30,792,816
Payments on supplementary contracts with life contingencies		27,157,855
Increase in aggregate reserves for life and accident and health contracts		835,338,368
Totals	$	2,562,848,087
Commissions on premiums, annuity considerations and deposit-type contracts funds		325,935,095
Commissions and expense allowances on reinsurance assumed		47,203,544
General insurance expenses		345,922,479
Insurance taxes, licenses and fees, excluding federal income taxes		69,576,261
Increase in loading on deferred and uncollected premiums		(643,120)
Net transfers to or (from) Separate Accounts net of reinsurance		(1,317,588)
Aggregate write-ins for deductions		512,290,323
Totals	$	3,861,815,081
Net gain from operations before dividends to policyholders and federal income taxes	$	(73,393,538)
Dividend to policyholders		-
Net gain from operations after dividends to policyholders and before federal income taxes		(73,393,538)
Federal and foreign income taxes incurred		89,400,396
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		(162,793,934)
Net realized capital gains (losses)		(16,932,945)
Net Income	$	(179,726,879)

Reconciliation of Capital and Surplus
From December 31, 2009 to December 31, 2014

Capital and Surplus, December 31, 2009		$ 3,164,849,535
Net income		236,582,434
Additions:		
Change in net unrealized capital gains (losses)	216,075,204	
Change in net deferred income tax	187,956,277	
Change in liability for reinsurance in unauthorized companies	29,475,920	
Change in reserve on account of change in valuation basis	14,111,696	
Surplus adjustment: Paid in	37,575,125	
		485,194,222
Deductions		
Change in net unrealized foreign exchange capital gain (loss)	(5,707,242)	
Change in non-admitted assets	(798,094)	
Change in asset valuation reserve	(145,745,445)	
Surplus adjustment: Change in surplus as a result of reinsurance	(40,283,102)	
Dividends to stockholders	(425,000,000)	
Aggregate write-ins for gains and losses in surplus	(44,732,857)	
Total Deductions		(662,266,740)
Capital and Surplus, December 31, 2014		$ 3,224,359,451

Analysis of Changes in the Financial Statements Resulting from Examination

There were no financial adjustments to the Company's financial statements as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

The Delaware Department of Insurance retained the services of the consulting actuarial firm INS Consultants, Inc. (INS) for the purposes of conducting an independent review of the Company's aggregate reserves for Life, Accident & Health, and Deposit contracts. Based on their independent analysis and their review of supporting reports, including the 2014 Actuarial Opinion Memorandum (AOM), the 2014 reserve analysis of KPMG, LLP, and Company provided valuation files, work papers, contracts, policy data and loss data, Company reserves were accepted. Pertinent supporting data contained in Company sampled policy and loss files was reviewed and substantiated during the examination without material exception.

(Note 1) Aggregate reserves for life contracts $11,675,642,290

This liability is reported on Page 3, Line 1 and in Exhibit 5 of GLIC's December 31, 2014 General Account (GA) Annual Statement. The reserve breakdown in Exhibit 5, by reserve segment is a follows (differences due to rounding)

Reserve Segment	Total Gross	Reinsurance Ceded	Total (Net)
Life Insurance	$ 5,339,429,674	$ 3,393,580,376	$ 1,945,849,298
Annuities	12,983,038,690	3,512,593,785	9,470,444,905
Supplementary Contracts	155,252,287	7,182	155,245,105
Accidental Death Benefits	13,140	1,236	11,904
Disability - Active Lives	16,045,778	2,970,255	13,075,523
Disability - Disabled Lives	5,088,305	638,816	4,449,489
Miscellaneous Reserves	135,886,380	49,320,318	86,566,062
Totals (Net)	$ 18,634,754,254	$ 6,959,111,968	$ 11,675,642,286

(Note 2) Aggregate reserve for accident and health contracts $9,473,618,757

This liability is reported on Page 3, Line 2 and in Exhibit 6 of GLIC's December 31, 2014 General Account (GA) Annual Statement. The reserve breakdown is as follows (differences due to rounding)

Active Life Reserve

Unearned Premium reserves	$ 520,739,255
Additional Contract Reserves	17,463,038,366
Additional Actuarial Reserves - Asset/Liability Analysis	570,000,000
Total (Gross)	18,553,777,621
Reinsurance ceded	11,020,699,295
Total (Net)	$ 7,533,078,326

Claim Reserve

Present value of amounts not yet due	$ 5,316,246,056
Reinsurance ceded	3,375,705,625
Total (Net)	$ 1,940,540,431
Grand Total (Net)	$ 9,473,618,757

(Note 3) Liability for deposit type contracts **$860,728,336**

This liability is reported on Page 3, Line 3 and in Exhibit 7 of GLIC's December 31, 2014 General Account (GA) Annual Statement. The reserve breakdown is as follows (differences due to rounding)

Liability Item	Total Gross	Reinsurance Ceded	Total (Net)
Guaranteed Interest Contracts	$ 183,520,279	$ -0-	$ 183,520,279
Annuities Certain	1,043,386,258	570,002,376	473,383,882
Supplemental Contracts	204,073,408	249,233	203,824,175
Totals (Net)	$ 1,430,979,945	$ 570,251,609	$ 860,728,336

(Note 4) MetLife/UFLIC Trust Issues

The Delaware Department of Insurance conducted a review of the reserves of GLIC, as of December 31, 2014. This review included an examination of the asset adequacy analysis in accordance with Delaware Administrative Code 305 (Actuarial Opinion and Memorandum

Regulation). During the review, the Department learned that GLIC was using assets held in trust for the benefit of Met Life Insurance Company USA (“MetLife") in the asset adequacy analysis covering other lines of business.

In further review of this issue, it was noted that GLIC is a party to two related coinsurance agreements which, when taken together, transfers all of the policy risk associated with certain LTC policies originally issued by Travelers Insurance Company (“Travelers”) and subsequently purchased by MetLife. In 2000, Travelers ceded the business to GLIC (then known as General Electric Capital Assurance Company) via a 90% coinsurance treaty which was subsequently amended to 100%. This reinsurance arrangement is supported by a trust held by GLIC for the benefit of MetLife (the GLIC trust). In preparation of Genworth's IPO in 2004, GLIC retroceded the MetLife LTC policies to UFLIC, a nonaffiliated insurer. This 100% indemnity retrocession agreement is supported by a second, separate trust held by UFLIC for the benefit of GLIC (the UFLIC trust). UFLIC now owns all of the assets and reserves associated with this business. Thus, there are two trusts representing two sets of assets that are earmarked for this one block of LTC business. Since the trusts each have the same requirement to hold assets at least equal to of the reserves it appears that there is a double funding of trust assets related to the MetLife LTC reinsurance transactions in the Asset Adequacy Testing (AAT). On this basis, GLIC’s appointed actuary concluded that it is appropriate to use the assets held in the GLIC trust for purposes of the AAT for GLIC’s non-MetLife’s LTC liabilities.

However, such treatment could be viewed as an improper use of certain trust assets associated with the MetLife LTC policies in the AAT performed by GLIC since the assets in the initial trust are used for non-MetLife LTC policies.

The Delaware Department of Insurance is continuing to discuss the reinsurance trust issue with GLIC as the Company continues its efforts with the associated parties to resolve this issue.

SUBSEQUENT EVENTS

On January 28, 2016, the Company entered into two funding agreements with the Federal Home Loan Bank Pittsburgh for $75,000,000 each; the first of which matures in 2018 and the other in 2019.

On February 4, 2016, the Company announced its decision to suspend sales of its traditional life insurance and fixed annuity products in the first half of 2016 given the continued impact of ratings and recent sales levels of these products.

On February 4, 2016, the Company announced a plan to restructure the U.S. life insurance business to separate and isolate its LTC business. GLIC intends, through a series of reinsurance restructuring transactions, to separate its LTC business into one subsidiary and then ultimately isolate this business from the bondholders of Genworth Holdings. These actions are expected to be part of a multi-phased process that includes, among other things, the repatriation of all business from BLAIC, one of GLIC's Bermuda domiciled reinsurance affiliates. These proposed actions will require regulatory approval from several different regulatory jurisdictions, and may require other third-party approvals. GLIC expects to complete these actions over the next 12 to 18 months.

SUMMARY OF RECOMMENDATIONS

Compliance With Prior Exam Recommendations

There were no recommendations in the prior examination report.

Current Exam Recommendations

There were no recommendations as a result of this examination.

CONCLUSION

The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

Description	December 31, 2009	December 31, 2014	(Decrease)
Assets	$ 32,974,557,530	$ 38,163,215,437	$ (5,188,657,907)
Liabilities	$ 29,809,707,995	$ 34,938,855,986	$ (5,129,147,991)
Common capital stock	4,561,258	4,561,258	-0-
Preferred capital stock	300,000	300,000	-0-
Gross paid in and contributed surplus	3,088,167,750	3,125,742,875	(37,575,125)
Unassigned funds (surplus)	133,103,328	155,038,119	(21,934,791)
Less treasury stock, at cost: shares common	(61,282,801)	(61,282,801)	-0-
Total Capital and Surplus	3,164,849,535	3,224,359,451	(59,509,916)
Total Liabilities, Capital and Surplus	$ 32,974,557,530	$ 38,163,215,437	$ (5,188,657,907)

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc., as well as the IT assistance of INS Services, Inc., is acknowledged.

Respectfully submitted,

Douglas E. Bey

Douglas Bey, CFE
Examiner-In-Charge
State of Delaware