



I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina, do hereby certify that: I have caused to Genworth Insurance Company, as of December 31, 2020, with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 23rd day of February 2022.



Mike Causey
Commissioner of Insurance

Ke Xu, CPA, CFE
Chief Financial Examiner
Financial Examination Division

Genworth Insurance Company

Raleigh, North Carolina

Report on Examination

As of December 31, 2020

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February 21, 2022

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Genworth Insurance Company

(hereinafter referred to as the “Company”), at its main administrative office located at 6620 West Broad Street, Richmond, Virginia 23230. The Company’s statutory home office is located at 2626 Glenwood Avenue, Raleigh, North Carolina. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2016, to December 31, 2020, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company, formerly known as Securitas Financial Life Insurance Company (“SFLIC”), was as of December 31, 2015.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). 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 and the following key functional activities were identified:

Investments
Related Parties
Capital and Surplus

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with Statutory Accounting Principles. This 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 from the Company's financial statements.

This examination report includes significant findings of fact and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to the Company.

The Company's Annual Statements and work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The Company was granted an exemption from the requirements of annual audit performed by independent certified public accountants in accordance with GS § 58-10-185(b) for the years 2019 and 2020, respectively.

REPORT ACRONYMS

The following acronyms will be used throughout the report of examination:

Board of Directors	“Board”
Columbian Mutual Life Insurance Company	“CML”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Genworth Financial, Inc.	“GFI”
Genworth Insurance Company	“Company”
Genworth North America Corporation	“GNA”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
Master Promissory Note	“Note”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
Securitas Financial Group, LLC	“SFG”
Securitas Financial Life Insurance Company	“SFLIC”
Unity Mutual Life Insurance Company	“Unity”

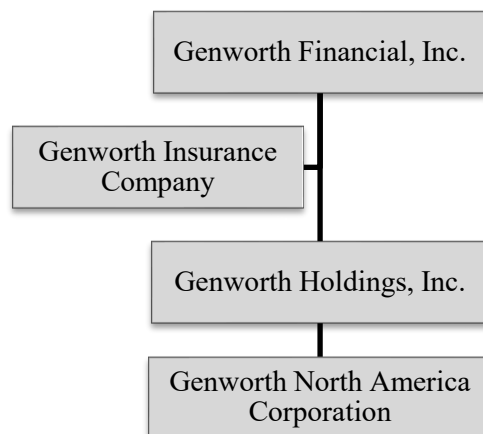
ORGANIZATIONAL STRUCTURE

HOLDING COMPANY

The Company is part of an insurance holding company system as defined in GS § 58-19 and is a wholly owned subsidiary of Genworth Financial, Inc. (“GFI”), a Delaware corporation. GFI also wholly owns Genworth Holdings, Inc. and Genworth North America Corporation (“GNA”).

ORGANIZATIONAL CHART

The Company’s 2020 Annual Statement Schedule Y contains a complete organizational chart. The following is a summarized organizational chart of the holding company group as of December 31, 2020:



COMPANY HISTORY

The Company was incorporated on September 14, 1981, under the laws of the State of North Carolina as Jefferson Pilot, a stock life insurance company authorized to write life, annuities and accident and health insurance policies in North Carolina. On December 31, 1986, the Articles of Incorporation were amended to change the name of the Company to Jefferson Standard. Effective May 31, 2009, Jefferson Standard was acquired by Securitas Financial Group, LLC (“SFG”), which was wholly owned by Unity Mutual Life Insurance Company (“Unity”). Effective June 25, 2009, the Company’s name was changed from Jefferson Standard to Securitas Financial Life Insurance Company. Effective July 1, 2011, Unity merged with Columbian Mutual Life Insurance Company (“CML”) with CML being the surviving entity. As part of the merger the Company and its parent, SFG, became wholly owned subsidiaries of CML. On March 15, 2017, SFLIC was acquired by GFI. Following the completion of this acquisition, SFLIC’s name was changed to Genworth Insurance Company.

CAPITAL STOCK

As of December 31, 2020, the Company’s capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	937,500
Total common capital stock	\$3,000,000
Par value per share	\$3.20

On August 11, 2017, the Company issued an additional 156,250 shares to increase the outstanding shares to 781,250. On October 18, 2017, the Company issued an additional 156,250 shares to increase the outstanding shares to 937,500. On October 26, 2017, the Company received \$1,000,000 in total for the purchase of the addition shares of common stock by GFI. As of December 31, 2020, all outstanding shares are wholly owned by GFI.

The Company received additional paid in surplus from GFI of \$1,900,000, \$4,800,000, \$6,300,000, and \$10,500,000 in 2020, 2019, 2018, and 2017 respectively. On December 31, 2020, the Company reported \$27,240,337 in gross paid-in and contributed surplus and \$(22,178,516) in unassigned funds.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of Directors (“Board”) of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess of this are considered extraordinary. The Company paid no dividends during the examination period.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Stockholders

The bylaws of the Company provide that an annual meeting of the stockholders be held at such time and place as the Board may appoint. Special meetings of the stockholders may be called at any time by the chairman of the Board, the President, or his designee, or on the call of stockholders holding together at least 10% of the capital stock.

Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be not less than one and no more than five. Directors are elected annually, at the annual meeting of stockholders or by the written consent of the stockholders, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2020:

Name	Location	Principal Occupation
Thomas McInerney	Richmond, Virginia	President and Chief Executive Officer of Genworth Financial, Inc.
David O’Leary	Richmond, Virginia	President and Chief Executive Officer of Genworth Life Insurance Company
Daniel Sheehan IV	Richmond, Virginia	Executive Vice President, Chief Financial Officer and Chief Investment Officer of Genworth Financial, Inc.

The Board established an Investment Committee to act on behalf of the Company.

The following individuals served on the Investment Committee as of December 31, 2020:

Daniel Sheehan IV, Chairperson
Thomas McInerney
Ward Bobitz
Kelly L. Groh
Kevin D. Schneider
David O’Leary

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company may consist of a Chairperson of the Board, a President, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer and any other officers and assistant officers deemed necessary by the Board. All officers shall hold office, subject to removal at any time by the Board, until their successors

are elected and qualified. Any two or more offices may be held by the same person, except the offices of President and Secretary.

The following individuals served as officers of the Company as of December 31, 2020:

Name	Title
David O’Leary	President and Chief Executive Officer
Angela Simmons	Senior Vice President and Chief Financial Officer
Lisa Baldyga	Treasurer
Vidal Torres Jr.	Secretary
Keith Willingham	Vice President and Controller

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company acted in accordance with its policies and procedures for disclosure of conflicts of interest.

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company’s significant transactions and events, and that the directors approved these transactions and events.

The Company’s Articles of Incorporation and Bylaws were reviewed for any changes during the period under examination. On April 6, 2017, the Company amended its Articles of Incorporation to change the corporation’s name to Genworth Insurance Company. On June 29, 2017, the Company amended its Articles of Incorporation to have the authority to issue one million authorized shares of common stock with a par value of \$3.20. Based on the review, it appears that the amended articles of incorporation were approved by the Department on July 7, 2017.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company’s 2020 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company’s statutory deposits by state. The Company maintains statutory deposits in nine states.

INFORMATION TECHNOLOGY CONTROLS

The Department performed a risk-based assessment and review of the Company’s IT General Controls (“ITGCs”) in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Company’s ITGCs were derived from Exhibit C Part 1 -

Information Technology Planning Questionnaire (“ITPQ”) and Exhibit C Part 2 - Information Technology Work Program (collectively, “Exhibit C”). The Company’s responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The Department’s objectives were to obtain reasonable assurance about whether:

- a. the Company had a process in place to effectively identify, mitigate and manage its IT risks;
- b. the Company’s control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. the Company was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Company’s policies and procedures, testing in key areas related to Exhibit C, interviewing the Company’s IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by the GFI Corporate Audit Department.

Based upon the risk-based assessment and review, the Company’s ITGCs were determined to be effective.

FIDELITY BONDS AND OTHER INSURANCE

GFI has a fidelity bond which covers its subsidiaries and affiliates totaling \$10,000,000 in aggregate. The coverage exceeds the minimum amount of fidelity bond coverage recommended by the Handbook.

In addition, the Company is a named insured on various corporate property and liability policies issued to GFI, which appeared to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company did not have a retirement plan, deferred compensation plan, or other postretirement benefit plans as of December 31, 2020, or 2019. The Company has no employees. All Company activities are handled by employees of GFI.

RELATED PARTY AGREEMENTS

The Company has a Services and Shared Expenses Agreement with GNA, effective April 1, 2017, whereby GNA agrees to provide the Company with certain general services including, but not limited to, data processing, communications, marketing, accounting, underwriting, claims and facilities occupied or to be occupied jointly by GNA and the Company. Under this agreement, the Company incurred fees totaling \$39,058 and \$103,768 in 2020 and 2019, respectively.

The Company has a Master Promissory Note (“Note”) with GNA, effective July 10, 2017, whereby each party may act as a borrower or a lender under the Note. No transactions incurred related to this Note in 2019 or 2020.

The Company is included in a consolidated income tax return in accordance with a tax allocation agreement between GFI and its subsidiaries, effective April 1, 2017. The agreement sets forth the parties' obligations in connection with their filing as a consolidated tax filing group. Each entity shall remit to GFI any amount determined to be due in accordance with the agreement no more than 90 days after the payment of the applicable estimated or actual consolidated federal income tax. Refunds received by GFI resulting from tax savings shall be remitted to the applicable entity within 90 days of receipt of such refund.

TERRITORY AND PLAN OF OPERATION

At December 31, 2020, the Company was licensed in the following states:

Alabama	Arizona	Arkansas	Colorado	Connecticut
Delaware	District of Columbia	Georgia	Idaho	Indiana
Iowa	Kansas	Kentucky	Louisiana	Michigan
Mississippi	Missouri	Montana	Nevada	New Mexico
North Carolina	North Dakota	Oklahoma	Oregon	Rhode Island
South Carolina	South Dakota	Tennessee	Texas	Utah
Vermont	Virginia	Washington	West Virginia	

The Company has not finalized its business strategy, and no business has been written in any of these states. The Company plans to sell individual and group long-term care insurance, immediate need annuities, and single premium deferred annuities in the future.

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended 2020:

Year	Net Admitted Assets	Capital and Surplus	Net Income(loss)
2020	\$8,287,995	\$8,061,821	\$(2,520,028)
2019	\$8,974,122	\$8,497,164	\$(5,303,062)
2018	\$11,021,953	\$9,441,921	\$(9,518,058)
2017	\$14,598,859	\$13,091,529	\$(4,053,992)
2016	\$5,847,633	\$5,746,458	\$32,937

ACTUARIAL OPINION

Every life insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary in accordance with GS § 58-58-50.

The statutory reserves and related items for 2020 were reviewed and certified by the Company's Appointed Actuary, Elizabeth Foreman, FSA, MAAA, of GFI. Actuarial opinions regarding the Company's reserves for losses and loss adjustment expenses were issued by an appointed actuary for all years in the examination period. In the Annual Statement, reserves and related items are zero. The Company has no policies in

force, no reserves, and no premiums. According to the actuarial opinions, the Company's reserve on the losses and loss adjustment expenses met the requirements of the insurance laws of North Carolina; and were consistent with reserves computed in accordance with accepted actuarial standards and principles.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2020. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2019, are unexamined and are presented for comparative purposes only.

Genworth Insurance Company
Statutory Statement of Admitted Assets
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Bonds	\$5,137,702	\$5,141,215
Cash and short-term investments	2,849,850	2,246,043
Receivable for securities	15	-
Total cash and invested assets	7,987,567	7,387,258
Investment income due and accrued	36,854	40,352
Federal income tax recoverable	260,672	1,542,918
Guaranty funds received or on deposit	2,860	1,790
Premium tax refund receivable	38	1,800
State income tax receivable	4	4
Total admitted assets	\$8,287,995	\$8,974,122

Genworth Insurance Company
Statutory Statement of Liabilities, Capital, and Surplus
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Interest maintenance reserve	\$593	\$1,968
General expenses, due or accrued	17,151	98,572
Asset valuation reserve	7,428	7,212
Payable to parent, subsidiaries, and affiliates	201,002	369,206
Total Liabilities	226,174	476,958
Common capital stock	3,000,000	3,000,000
Gross paid in and contributed surplus	27,240,337	25,340,337
Unassigned funds	(22,178,516)	(19,843,173)
Total capital and surplus	8,061,821	8,497,164
Total Liabilities, Capital, and Surplus	\$8,287,995	\$8,974,122

Genworth Insurance Company
Statutory Statement of Operations
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Investment Income		
Net investment income earned	\$156,102	\$208,717
Amortization of interest maintenance reserve	1,375	2,103
Net investment gain	157,477	210,820
Expenses and Other Deductions		
General insurance expenses and fraternal expenses	3,216,293	6,844,521
Insurance taxes, licenses, and fees, excluding federal income tax	99,166	214,567
Total expenses and other deductions	3,315,459	7,059,088
Net loss from operations before federal income taxes	(3,157,982)	(6,848,268)
Federal and foreign income taxes refunds	(637,987)	(1,545,695)
Net loss from operations after federal income taxes and before realized capital losses	(2,519,995)	(5,302,573)
Net realized capital losses	(33)	(489)
Net Loss	\$(2,520,028)	\$(5,303,062)

Genworth Insurance Company
Statutory Statement of Capital and Surplus
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Capital and surplus, beginning of year	\$8,497,164	\$9,441,921
Capital and surplus increases(decreases):		
Net Loss	(2,520,028)	(5,303,062)
Change in non-admitted assets	184,901	(441,421)
Change in asset valuation reserve	(216)	(274)
Surplus adjustments to paid-in capital	1,900,000	4,800,000
Change in capital and surplus as regards policyholders for the year	(435,343)	(944,757)
Capital and surplus, end of year	\$8,061,821	\$8,497,164

Genworth Insurance Company
Statutory Statement of Cash Flow
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Cash From (Used By) Operations		
Net investment income	\$163,992	\$205,458
Total	163,992	205,458
Commissions, expenses paid and aggregate write-ins	3,200,333	7,326,224
Federal income taxes paid(recovered)	(1,920,200)	(24,507)
Total	1,280,133	7,301,717
Net cash from (used by) operations	(1,116,141)	(7,096,259)
Cash From (Used By) Investments		
Proceeds from bonds sold, matured, or repaid	220,000	2,045,000
Cost of investments acquired	220,879	2,693,047
Cost of miscellaneous applications	12,615	-
Net cash (used by) investments	(13,494)	(648,047)
Cash From (Used By) Financing and Miscellaneous Sources		
Cash from capital and paid-in surplus	1,900,000	4,800,000
Other cash (applied)provided	(166,558)	(1,278,074)
Net cash from (used by) financing and miscellaneous sources	1,733,442	3,521,926
Reconciliation of Cash and Short-Term Investment		
Net change in cash and short-term investments	603,807	(4,222,380)
Cash and short-term investments, beginning of year	2,246,043	6,468,423
Cash and short-term investments, end of year	\$2,849,850	\$2,246,043

COMMENTS ON FINANCIAL STATEMENTS

There were no changes to the Company's financial statements and there were no proposed adjustments to surplus as a result of this examination.

Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

Bonds: Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method except where the NAIC designation has fallen to 6 and fair value has fallen below amortized cost, in which case they are carried at fair value.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Analysis of Assets:

The following represents an analysis of the Company's net admitted assets:

	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$5,137,702	\$ -	\$5,137,702
Cash and short-term investments	2,849,850	-	2,849,850
Receivables for securities	12,615	12,600	15
Total cash and invested assets	8,000,167	12,600	7,987,567
Investment income due and accrued	36,854	-	36,854
Federal income tax recoverable	260,672	-	260,672
Guaranty funds receivable	2,860	-	2,860
Electronic data processing equipment and software	675,484	675,484	-
Premium tax refund receivable	38	-	38
State income tax receivable	4	-	4
Total admitted assets	\$8,976,079	\$688,084	\$8,287,995

Summary of Reserves:

The Company has no policies in force, no reserves, and no premiums.

Capital and Surplus:

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes in the Company's capital and surplus since the Department's last examination as of December 31, 2015:

	2018	2017	2016
Capital and surplus, beginning of year	\$13,091,529	\$5,746,458	\$5,713,916
Capital and surplus increases (decreases):			
Net income (loss)	(9,518,058)	(4,053,992)	32,937
Change in net deferred income tax	-	(136,918)	(8,189)
Change in non-admitted assets	(431,564)	39,287	8,189
Change in asset valuation reserve	14	2,815	43
Changes in paid-in capital	-	1,000,000	-
Changes in paid-in surplus	6,300,000	5,457,100	-
Change in prior year surplus	-	-	(438)
SSAP 72 unassigned surplus reset	-	5,036,779	-
Change in surplus as regards policyholders for the year	(3,649,608)	7,345,071	32,542
Capital and surplus, end of year	\$9,441,921	\$13,091,529	\$5,746,458

During the acquisition of the Company by GFI on April 1, 2017, a surplus reset resulted in a reclassification between unassigned surplus and gross paid-in and contributed surplus of \$5,036,779.

SUBSEQUENT EVENTS

Effective March 2, 2021, Brian Haendiges was appointed as Director, President and Chief Executive Officer of the Company succeeding David O'Leary who retired from the Company effective on March 1, 2021.

Genworth Insurance Company
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2020

Kathryn Howard, Senior Financial Reporting Manager
6620 West Broad Street
Building 2, 7th Floor
Richmond, Virginia 23230

Brian Haendiges, President and Chief Executive Officer
6610 West Broad Street
Richmond, Virginia 23230

CONCLUSION

The examination procedures, described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1,500,000.

The courteous cooperation and assistance extended by the officers and employees of the Company during the examination is hereby acknowledged.

Respectfully submitted,




Ke Xu, CPA, CFE
Chief Financial Examiner
North Carolina Department of Insurance

February 21, 2022

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Robert Armbruster, Examination Supervisor, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:  Date: 2-21-22

Sworn and subscribed before me this 21st day of February, 2022.

Notary Public Signature:  Notary Public Seal:

