



Genworth®
Financial

Universal Life Update Southeastern Actuaries Conference

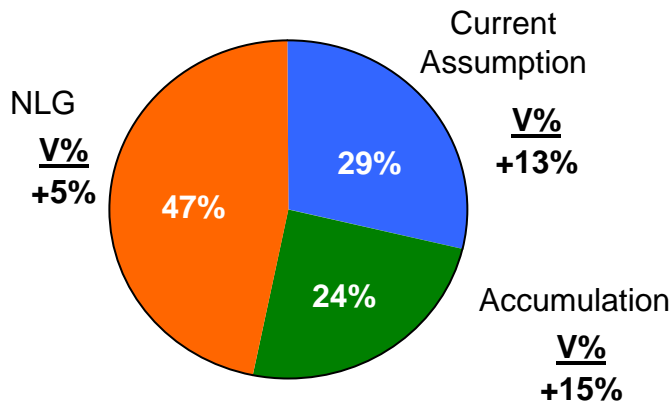
Nancy Winings, FSA
June 15, 2006

Agenda

- **Market Update**
- **AXXX**
- **Older Issue Ages**
- **Current Assumption Products**
- **Riders**

UL Market Update

2005 Market: \$5.9B



LIMRA Survey (42 Companies Participated),
All Fixed Life UL Sales

Q1, 2006 Activity

- **+26% over Q1, '05**
 - Q1, '05 Sales were Low
 - Increase in VUL
 - Increase in Premium Financing/IOLI Activity
- **Q1, '06**
 - Annualized Premium, Face Amount and Number of Policies Grew (vs. Q1, '05)

LIMRA:
U.S. Individual Life Insurance Sales Summary Report (Q1, 2006)

Takeaway...if needed

AXXX

Timeline

● XXX: 1/1/2000

● AXXX: 1/1/2003

● AXXX “CEO Compromise”:
7/1/2005

● AXXX “Interim Solution”:
1/1/2007 (?)

● Principles Based Reserve:
2010?

Purpose/Impact

- ✓ Reserves Based on Segments
- ✓ Minimal. . .Steep ART Tail

- ✓ Recognition of Prefunding of Secondary Guarantee
- ✓ Uneven. . .Some Aggressive Interpretations

- ✓ Close Loophole on Aggressive Interpretation
- ✓ Voluntary Reserve Strengthening
- ✓ Redesign Shadow Account Products

- ✓ Reduce Redundant Reserves

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Predominant UL Product Designs

- ART specified premiums/Shadow Accounts with ART Minimum Premiums

- Shadow Accounts with Relatively High Percent of Premium Loads

- Shadow Accounts with Lower Percent of Premium Loads

- Uncertain at This Time

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AG38 – Current Status

- **Interim Solution**

- Mortality Table
- Lapse Rates
 - NAIC Legal Opinion

- **Tax Issues**

UL NLG – Product Activity

- **Pace. . . 1-2 Product Announcements per Month**
 - Redesign/Reposition for AG 38
 - Eliminate/Restrict at Older Issue Ages
 - Change Competitive Stance of Limited Pay Gross Premiums
 - Some Redesign for 2001 CSO
 - Many Companies Taking “Wait & See” Approach
- **3 Companies Pulled NLG Products in Q4, 2005**
- **Increase in Product Activity for VUL and Current Assumption/Cash Accumulation UL**

Older Issue Ages

Observed Product Actions

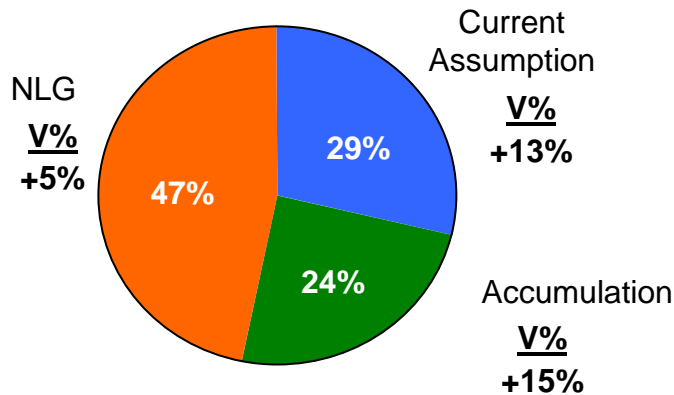
- **2005: A Few Companies Limit Products into which Policyholders May Convert. . .NLG Products No Longer Available**
- **Q1, '06: Company B Increased Rates on Ages 70+**
- **5/06: Company A Limits UL Products to under Age 75**
 - Only Two Non-NLG Products available for over 75

Possible Reasons

- **Poor Conversion Mortality Experience Not Supportable in Competitive NLG Product**
- **Positioning Away from Non-Recourse Premium Financing**
- **Reinsurance Rate Increases**
- **Concerns Related to Development of Efficient Life Settlement Market**

Current Assumption/Accumulation Products

Market Share



- LIMRA Survey (42 Companies Participated), All Fixed Life UL Sales

Reasons for Increased Interest

- Potentially Higher Interest Rate Environment
- Window of Opportunity for New Money Companies?
- Premium Financing Market
- Focus on Retirement Income

Typical Product Features

- Projected CSV More Attractive than NLG Product
- Preferred Loans

UL Riders

- **Overloan Protection Riders**

- Multiple Carriers
- Guarantees Contract Remains Inforce if Outstanding Loan Balance exceeds X% of CSV (X typically > 90%)

- **Guaranteed Survivor Income Benefit Rider (MetLife)**

- Guarantees Survivor an Income Benefit Stream
- Patent Pending on GSIB Calculator

- **Term Blend Rider**