



Genworth Life
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Genworth Responses to Policyholder Questions Raised During the Public Forum Hosted by the Maine Bureau of Insurance

Genworth appreciated the opportunity to hear from many of our policyholders in Maine during the Public Forum hosted by the Maine Bureau of Insurance on December 2, 2021. Due to time constraints, we were unable to respond to many of the questions and comments raised during the Public Forum. We are pleased to provide the following information in response to some of the more prevalent questions. We also invite our policyholders in Maine to contact us at 877-710-0818 or LTCcustomerservice@genworth.com, and we will schedule a time to call you to discuss any questions you have about your specific policy benefits.

The Maine Bureau of Insurance asked Genworth to respond to the following specific questions:

Is the proposed increase due to the cost of care increasing?

While an increase in the cost of care can contribute to greater utilization of policy benefits, several other actuarial factors influence the need for a premium rate increase. The long term care insurance rate increases we have proposed are primarily driven by the need to ensure that the projected lifetime expected premiums on policies issued on your same policy form are sufficient to cover the projected lifetime expected claims costs for your policy form. The actuarial justification for a rate increase on long term care insurance is based on the actual and anticipated experience of each policy form over its lifetime. Based on actual and anticipated experience of your policy form, assumptions about how each actuarial factor will emerge over the lifetime of the policy form are developed in assessing whether or not a premium rate increase is justified. Some of the actuarial factors considered in this analysis include the anticipated number of claims; expected duration of benefit payments; mortality (how long policyholders are expected to live); voluntary termination of coverage (lapse), and other factors.

Is the proposed increase based on the initial (original) premium or my current premium?

Should the Maine Bureau of Insurance approve a premium rate increase applicable to your Policy, your current premium will increase by the amount of the approved premium rate increase. We have employed sound actuarial practices and professional actuarial judgment to consider the performance of the respective policy forms, along with future expected experience, and determined that the rate increase we have requested for your policy form is justified. Before a premium rate increase is applied to your policy, we will send you a premium increase notice to communicate your new premium amount and provide information about some of the options available to you to mitigate the effects of the premium rate increase.

How is the Genworth company structured and can the company move earnings from the mortgage entity to the LTC entity?

Maine long term care policies were issued by the insurance company now known as Genworth Life Insurance Company (“GLIC” or “Company”). GLIC is domiciled in Delaware and as of September 30, 2021 had consolidated statutory capital totaling approximately \$2.8 billion.

GLIC is a part of a larger group of companies, the ultimate parent of which is Genworth Financial, Inc. One of Genworth Financial, Inc.’s other subsidiaries is the majority owner of Enact Holdings, Inc. (formerly Genworth Mortgage Holdings, Inc.), but Enact is a separate public company with additional minority shareholders. Neither Enact, nor Genworth Financial, Inc., nor any of Genworth Financial, Inc.’s subsidiaries can be required to transfer capital from Enact to GLIC. Further, Genworth Financial, Inc. has communicated that it does not intend to make any further capital contributions to GLIC or its subsidiaries.

GLIC will, therefore, rely on its consolidated statutory capital, prudent management of in-force blocks, and actuarially justified rate actions to satisfy future policyholder obligations.

Has Genworth received federal COVID-19 relief money?

None of the Genworth companies received any federal relief funds during the pandemic.

Can I receive back all the premiums I paid?

No, your premium payments will not be returned to you. The policy under which you have coverage is a contract, which would have required GLIC to pay policy benefits if a covered event had occurred and you had received covered services. Even if you have not yet received benefit payments under your policy, you have had valuable long term care insurance coverage in place for the entire period that your policy has been in force, and you continue to do so. Had your circumstances made you eligible for benefits, you would have received them, up to your policy’s maximums, in accordance with its terms. As the premiums you have paid for your Policy already have been earned for the coverage provided, no refund of earned premium is due or payable. We also note that long term care insurance policies do not accumulate cash value.

You may, however, opt for a reduced paid-up policy, which would enable you to pay no additional premium, and you would receive a paid-up benefit equal to all premiums you have paid, though this amount may be reduced by past claims. This paid-up benefit would be available to you to cover eligible long term care expenses you may incur.

What are the benefit reduction or paid-up options?

We are mindful of the difficulty that some of our policyholders might face in paying a higher premium. As such, we offer policyholders several available options to adjust their coverage to meet their needs. Should the Maine Bureau of Insurance approve a rate increase, many of the choices available will be explained in the premium increase notice that is mailed to each impacted policyholder prior to the implementation of the premium rate increase. Generally, policyholders may be able to adjust their premium by choosing one of several options to change their benefits, including, for example, reducing the policy’s Daily/Monthly and/or Maximum Benefits Amounts, increasing the Elimination Period, or changing the policy’s Benefit Inflation Option. In addition, policyholders may be able to elect a paid-up option, which would provide them with a paid-up policy with reduced benefits and no further premiums will be due.

How does the class action lawsuit affect the proposed increase requests?

GLIC has settled the matter of *Skochin, et. al v. Genworth Life Insurance Company, et al.*, and is in the process of settling the matter of *Halcom, et. al v. Genworth Life Insurance Company, et al.* The *Skochin* settlement applies to certain Choice I long term care insurance policies and the *Halcom* settlement applies to certain PCS I and PCS II long term care insurance policies. All policyholders that have or that may have rights under the settlements have been notified. These settlements provide or will provide qualifying class members with certain options to reduce their policy benefits, and most of the options also include the opportunity for a cash damages payment. These policyholders may choose an available settlement option or may instead choose to do nothing and keep their coverage unchanged. The settlement is not part of any approved rate increase and is completely separate from the pending rate increase requests for these policy forms.

The Company has not and will not use these cash damages payments or other settlement costs (e.g., settlement fees and litigation expenses) as a reason to seek premium rate increases. Future rate increases may take into account, among other factors, the level of coverage policyholders have at the time the Company decides to seek a rate increase.

Does Genworth use reinsurance?

We reinsure a portion of our long-term care insurance business with unaffiliated reinsurers. The existence of reinsurance does not affect the consideration of the need for or amount of a rate increase.

How do I find out what form number and what filing applies to my policy?

Your policy form number is located on the first page of your policy in the lower left corner. Instructions for accessing the individual filings are provided in the [Bureau's FAQs](#). Each filing is listed according to Product Name and SERFF Number. The table below lists the form numbers associated with each Product Name and SERFF Number:

Form Number	Insurance Product Name	SERFF Number
50000, 50003, 50020, 50023, 7003	Pre-PCS	GEFA-133016130
7000, 7020	PCS I	GEFA-133016138
7030, 7031, 7032	PCS II	GEFA-133016165
7035	Choice I	GEFA-133023114
7044 Rev (issued on or after 10/1/2004)	Choice 2 & 2.1 – AARP – RS	GEFA-133016255
7042, 7044 (issued before 10/1/2004)	Choice 2 & 2.1 – NAARP - LR	GEFA-133016187
7042, 7044, 7042 Rev, 7044 Rev (issued on or after 10/1/2004)	Choice 2 & 2.1 – NAARP – RS	GEFA-133016186
7052	Flex 1	GEFA-132466827
7046ME	Employer Group	GEFA-132417373
7046, 7050, 7053	AARP Association Group	GEFA-133016284

The remaining topics address additional comments that emerged during the December Forum that we believe merit a fuller response than we could provide during the Forum:

Executive Compensation

Several policyholders cited the compensation of Genworth's CEO and other executives in commenting on GLIC's long term care insurance rate action filings.

Our business faces many challenges—and our goal is to attract and retain the best leaders to help us address those challenges. The compensation of our leadership, including our CEO, is performance-based and competitive with the marketplace/peer companies. Performance goals are aligned with the long-term objectives of the overall company, which includes preserving our claims-paying ability for LTC policyholders. Beyond their work to enable the payment of more than \$23 billion in benefits to our LTC policyholders over time, the Executive team is also measured against progress toward other strategic priorities including reducing holding company debt, and maximizing the value of our mortgage insurance subsidiary, Enact.

Statements Related to Investor Materials

Some policyholders quoted statements made during recent Genworth investor calls that characterized as positive the financial performance of the LTC business. We've consistently acknowledged to investors the long-term challenges facing our LTC business and the need for rate increases on our in-force blocks. In our quarterly financial accounting for LTC, we report the short-term results achieved in executing our plans to seek justified rate increases. Positive financial performance in our LTC business as a result of rate actions inures solely to the benefit of our policyholders, helping to advance our long-term goal of maintaining our claims-paying ability.

Genworth has lost billions of dollars on our LTC business. Losses will continue to grow without actuarially justified rate increases to account for the claims we expect to pay. This is why we are so focused on obtaining actuarially-justified rate increases, which will support Genworth's ability to pay future claims.

As we have publicly informed shareholders and investors, we do not anticipate GLIC will pay future dividends to its parent company. Therefore, our rate actions go directly to support the claims-paying ability and prudent management of the company.

Right to Increase Premiums

Some policyholders said that at the time they initially bought their policies they were told premiums would never increase. However, GLIC's long term care policies are guaranteed renewable, which generally means that policyholders can continue their policies for as long as there are benefits remaining and required premiums are paid on time, but that the Company has the right to change premiums. This right to change premiums is expressly set forth in the policies. Unfortunately, as actual and anticipated experience has emerged on GLIC's LTC policies, rate increases have become necessary and are important to supporting the claims paying ability of the company. Rate increases are not specific to any policyholder or any change to their health, age or claims history.

Reserves & Claims-Paying Ability

Some policyholders expressed concern that the Company won't be around to pay their future claims, particularly after they have paid thousands of dollars in premiums over the years.

To-date, Genworth has paid out nearly \$23 billion to LTC policyholders on more than 300,000 claims. We are committed to keeping our promises to our policyholders and paying all eligible claims.

Our premium rate increases are an important component in our ability to do so over the life of these policies. Genworth continues to work closely with regulators, including the Maine Bureau of Insurance, to ensure that the Company is adequately positioned to pay all future claims.

Assumptions for Alzheimer's

In the hearing, the Bureau made a statement that long term care insurers "did not anticipate exposure to Alzheimer's and other long-duration diseases." Our original assumptions on these products did include an expectation that a portion of our claims would arise from various cognitive impairments. However, carriers did generally underestimate the number and the severity of cognitive claims. This original assumption was a best estimate based on the data available at the time of pricing. Since that time, additional experience has emerged to inform a revised expectation of policyholder claims due to cognitive impairment. Of the nearly \$23 billion that Genworth's paid out on claims, approximately half is related to cognitive impairments like dementia and Alzheimer's.

Implementation Timing

Several questions were raised during the Forum about implementation timing. Premium increases related to our current filings discussed during the Public Forum have not yet gone into effect. The Policy Form numbers are identified in italics below. No changes will be made to your current premium until the Maine Bureau of Insurance (1) completes its review, (2) approves a rate increase, and (3) closes the applicable rate filing.

If the Bureau grants a rate increase, your premium rates will not change until your next billing anniversary. This date varies by individual policyholder. You will receive a notification letter from Genworth, ahead of your billing anniversary date, to communicate the amount of any increase approved and to explain the options available to you. If your billing anniversary occurs before a premium rate increase is granted, your premium will not reflect the increased premium rate until the following year's billing anniversary, at the earliest.

Please note: The Maine Bureau of Insurance previously approved rate increases on Policy/Certificate Forms 7052ME and 7046ME in early 2021. These Policy Forms were not included in the current rate filings discussed at the December 2nd Public Forum. The rate increases on these Policy Forms are currently being implemented. If you have one of these policies, you will receive, or may have already received, a notice about your premium change.

We are available to speak with any policyholder who has questions and encourage you to contact us directly at 877-710-0818 or LTCCustomerservice@genworth.com, and we will schedule a time to call you to discuss any questions you have about your policy. We also invite you to review additional information available at genworth.com/lcpremiums.

**Policy/Certificate Form numbers with pending rate filings begin with one of the following prefixes: 50000, 50003, 50020, 50023, 7003, 7000, 7020, 7030, 7031, 7032, 7035, 7042, 7044, 7042 Rev, 7044 Rev, 7046, 7050, 7053 – please note that the 7046, 7050, and 7053 policy forms pertain to AARP Association Group products. Your Policy/Certificate Form number can be found on the first page of your policy or certificate in the lower left corner.*