



Genworth®
Financial

Our Approach to Pricing

TAKES DISCIPLINE AND EXPERIENCE

35

YEARS

Keeping Our Promises

A leader in long term care insurance since 1974

We believe that purchasing long term care insurance is an important step consumers can take to help protect their retirement income from the expense of a long term care event. Likewise, we believe it is important for producers, and financial professionals help their clients select a conservative, trusted leader in the industry who will be around when it's time to provide those benefits.

Pricing takes discipline and experience — at the Genworth Life companies, we have both. With 35 years of long term care insurance experience and over 5.7 billion in paid claims¹, we have more experience than any other long term care insurance company. Our disciplined approach has helped us achieve a leading industry position.

There are many factors used to determine rates; we employ a conservative approach to the following:

Claims Experience

Over time, insurance companies that administer and pay claims accrue knowledge about the types of people who need care – as well as how and where they receive it. This knowledge is critical in assessing potential underwriting risks and, in turn, helps deliver a sound, consistent pricing model.

Let's look at a few statistics from our 35 years of experience:

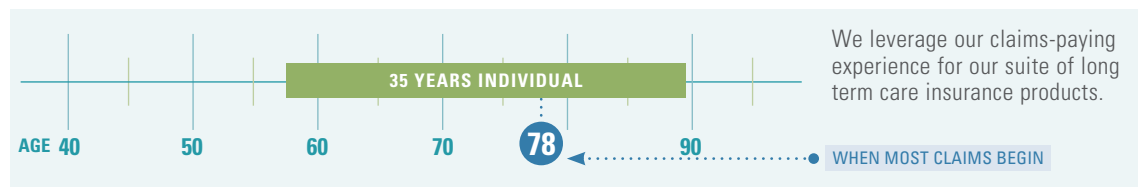
- The average age most claims begin is age 78.2.
- The average purchase age for individual policies is age 58.
- Our youngest claimant is 32 years old and our oldest is 103 years old.¹

Ask other long term care insurance carriers about their claims experience and what insights they've gained to help improve the accuracy of assumptions used in their pricing models.

Long Term Care Insurance underwritten by
Genworth Life Insurance Company
and in New York, by
Genworth Life Insurance Company of New York

Administrative Offices:
Richmond, VA

48854LIA 06/24/10



¹ As of 12/31/09

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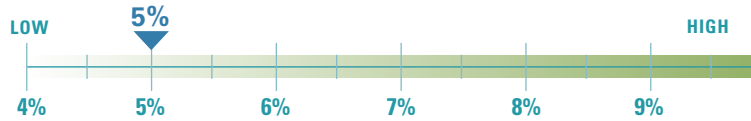
DELIVERING ON OUR COMMITMENTS

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Interest Rate Assumptions

In today's challenging financial markets, it has become increasingly difficult to consistently obtain a high return on investments. That's true for the portfolios of insurance companies, as well.

Ask other long term care insurance carriers about their interest rate assumptions used to assess long-term rate stability.



We use a conservative interest rate assumption of 5.0%.

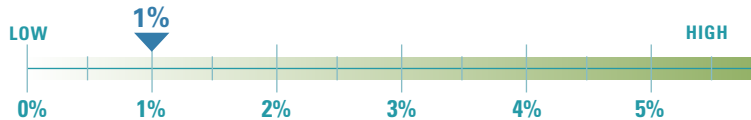
A critical factor in determining and maintaining pricing is the interest rate the insurance carrier expects to receive on its portfolio.

- If a carrier assumes interest at a modest rate it may have slightly higher prices; however, it will likely be able to sustain long-term price stability.
- If, on the other hand, a carrier is aggressive with its interest rate assumptions, it may fall short of achieving target returns and, as a result, may raise rates in order to remain profitable.

Lapse Rate Assumptions

How many insureds keep their coverage for the long-term? The larger the number of insureds who keep coverage may mean a larger sustained flow of premium – but it also means an increased likelihood of paying claims to a greater number of people.

Ask other long term care insurance carriers about the lapse rate assumptions used to establish pricing models and how those assumptions impact claims-paying ability.



We use our years of lapse rate experience to set a conservative ultimate lapse rate assumption of 1.0%.

Will other carriers be prepared? Lapse rate assumptions are another critical factor in determining and maintaining rates.

- If a carrier makes a conservative, low lapse rate assumption, it will be better positioned to pay for a larger number of claims.
- If a carrier prices its product aggressively by assuming a high lapse rate, it may actually have more policyholders than anticipated and therefore unprepared for the volume of claims payments in the future.

The Bottom Line

Our experience and leadership mean that you can recommend us to your clients with confidence. We're committed to the long term care insurance industry for the long haul and are dedicated to maintaining the integral strength of our LTCI products for the future.

We remain diligent in monitoring these factors since changes in the current environment could result in new product pricing adjustments in the future.

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