

Change in Cost of Insurance Charges for certain universal life policies

September 3, 2019

Effective – December 1, 2019

States – All except New York

Contact: If you have any questions about these changes, please contact our dedicated customer service team at 855-706-9545.

COI Changes effective 12/1/19 for UL Gold and UL Gold II

Effective on the policy anniversary on or after December 1, 2019, Genworth is adjusting the monthly risk rate on GE Gold and First Choice Gold (Gold) as well as GE Gold II and First Choice Gold II (Gold II) Universal Life Insurance policies issued by Genworth Life Insurance Company (GLIC) and Genworth Life and Annuity Insurance Company (GLAIC). The Monthly Risk Rate is used to determine the monthly cost of insurance (COI) charges which are deducted from Policy Value.

The Basis for the Adjustment

Genworth's change in the monthly risk rate, and resulting change in cost of insurance charges, is based on its expectations as to future investment earnings, mortality, persistency, expenses, and taxes, as set forth in the Policy. In accordance with the Policy, this adjustment is being made for all policies on the same policy form with the same combination of the following characteristics: Attained Age, sex, length of time insurance has been in force, net amount at risk, and premium class.

Potential Impact to Policies

Depending upon how long a policy stays in force, almost all policyholders will experience an increase in cost of insurance charges as a result of this adjustment in at least one upcoming policy year. Year to year, the adjustments will vary however—in any upcoming policy year, the new monthly risk rate and resulting cost of insurance charges can be higher than, lower than, or identical to the current rates and charges. The revised rate will not be higher than the Maximum Guaranteed Rate stated in the policy.

The adjustments to the monthly risk rate and resulting cost of insurance charges, in policy years where they are increasing, will increase the monthly deductions. The adjustment's effect on a policyholder's future premium payments depends on the following, which are unique to each policy:

1. Its accumulated policy value, and
2. The conditional premium guarantees.

Gold and Gold II policies were issued with two conditional premium guarantees: (1) a Minimum Monthly Premium Guarantee (during the first 20 policy years), and (2) a Designated Monthly Premium Guarantee (in place until the Insured attains age 100 when cost and expense deductions stop).

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Genworth companies include:

Genworth Life and Annuity Insurance Company, Richmond, VA

Genworth Life Insurance Company, Richmond, VA

Genworth Life Insurance Company of New York, New York, NY

Only Genworth Life Insurance Company of New York is admitted in and conducts business in New York.

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Change in Cost of Insurance Charges for UL Gold and UL Gold II policies, *continued*

These Guarantees help keep coverage in-force when policy values are too small to cover the monthly deductions. This adjustment does not change the conditional premium amounts (which are shown in the policy's Schedule). Whether a policyholder will now need to increase premiums will depend on that policyholder's unique premium payment history, policy value growth, and desired length of coverage. Those policyholders who have exited (or will shortly exit) the minimum premium guarantee period will have to increase premiums and would have had to do so regardless of this adjustment. Those policyholders who are now satisfying the designated premium guarantee will not need to increase premiums as long as they continue to pay premiums on time and in the proper amount.

Policyholder Communication

Each policyholder will receive notification of the adjustment dated 90 days in advance of the anniversary on which the adjustment will take effect. This communication includes:

- a notification letter,
- a policy-unique *Comparison Table of Monthly Risk Rates* detailing the year-to-year changes until the insured reaches age 100, and
- *Frequently Asked Questions* which provides more detail about the impact of these adjustments.

Texas and California policyholders will also receive a state-mandated Notice. A copy of individual policyholder communications will be available for your review at Genworth Pro.

Assistance

Genworth has a dedicated team of customer service representatives available to assist you and your policyholders in understanding how this change may impact their policy and their options. You can reach them by calling 855-706-9545, Monday through Thursday, 8:30 AM – 6:00 PM, and Friday 9:00 AM – 6:00 PM.

This team can assist you and your clients by reviewing the policy-unique communications package, provide information on their premium payment history and their options if they are not currently meeting one of the conditional premium guarantees.

Unfortunately, we will not be able to provide an inforce illustration reflecting this adjustment. Illustration regulations and Actuarial Standards of Practice (ASOP) set out certain conditions for use of current rates. Presently, Gold and Gold II do not meet those conditions; therefore, we cannot provide policyholders with an illustration using the current cost of insurance rates. What we can provide is a projection based on the policy guarantees—the lowest contractual interest rate and highest contractual monthly risk rates—which may be substantially more conservative than an illustration using current rates. We can provide information based on current rates and charges for one policy year.