

EXAMINATION REPORT
of
JAMESTOWN LIFE INSURANCE
COMPANY
Lynchburg, Virginia
as of
December 31, 2014

COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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I, Jacqueline K. Cunningham, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Jamestown Life Insurance Company as of December 31, 2014, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 1st day of June, 2016

Jacqueline K. Cunningham
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
April 29, 2016

Honorable Jacqueline K. Cunningham
Commissioner of Insurance
Virginia Bureau of Insurance
Richmond, Virginia

Dear Commissioner:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, an examination of the records and affairs of

JAMESTOWN LIFE INSURANCE COMPANY
Lynchburg, Virginia

hereinafter referred to as the Company, has been completed. The report thereon is submitted for your consideration.

DESCRIPTION

The Company is a stock life insurance company and is licensed under and subject to the general insurance laws contained in Title 38.2 of the Code of Virginia. The Company was last examined as of December 31, 2011. This examination covers the period from January 1, 2012 through December 31, 2014, and was conducted by representatives from the Virginia State Corporation Commission's (the "Commission") Bureau of Insurance (the "Bureau").

HISTORY

The Company was issued a certificate of incorporation by the Commission on November 26, 1982, as a wholly owned subsidiary of First Colony Life Insurance Company ("First Colony"). The Company was licensed by the Bureau on December 22, 1982.

On December 1, 1996, First Colony and its subsidiaries were acquired by GE Capital Corporation ("GECC"), whose ultimate parent is General Electric Company ("GE"). In May 2004, in connection with the initial public offering ("IPO") of the

common stock of Genworth Financial, Inc. ("Genworth"), GE Financial Assurance Holdings, Inc. ("GEFAHI"), a wholly owned indirect subsidiary of GE, transferred substantially all of its assets to Genworth, including all of the outstanding capital stock of Genworth North America Corporation ("GNA"), the Company's indirect parent at the time. As a result, the Company became an indirect wholly owned subsidiary of Genworth. At December 31, 2004, approximately 30% of Genworth's common stock was owned by public shareholders and approximately 70% of Genworth's common stock was owned by GEFAHI.

In March, September and December 2005, GEFAHI completed secondary offerings of shares of Genworth's common stock. Concurrently with the March 2005 secondary offering, Genworth repurchased shares of its common stock from GEFAHI. As a result of these transactions, at December 31, 2005 approximately 82% of Genworth's common stock was owned by public shareholders and approximately 18% was beneficially owned by GE.

In March 2006, GE disposed of its remaining ownership interest in Genworth. GE completed the disposition through a secondary offering of 71 million shares of Genworth common stock and Genworth's concurrent repurchase of 15 million shares from GE.

On January 1, 2007, First Colony and Federal Home Life Insurance Company were merged with and into Genworth Life and Annuity Insurance Company ("Genworth Life and Annuity"). Genworth Life and Annuity was the surviving entity. These mergers were approved by the Commission's Bureau. As a result of these mergers, the Company became a wholly-owned subsidiary of Genworth Life and Annuity and First Colony's rights and obligations under the agreements to which it was a party were assumed by Genworth Life and Annuity.

The Company's maximum authorized capital is 100,000 shares of common stock with a par value of \$10 per share. At December 31, 2014, there were 100,000 shares of common stock issued and outstanding, with gross paid in and contributed surplus of \$23,000,000 and unassigned funds of \$12,658,304.

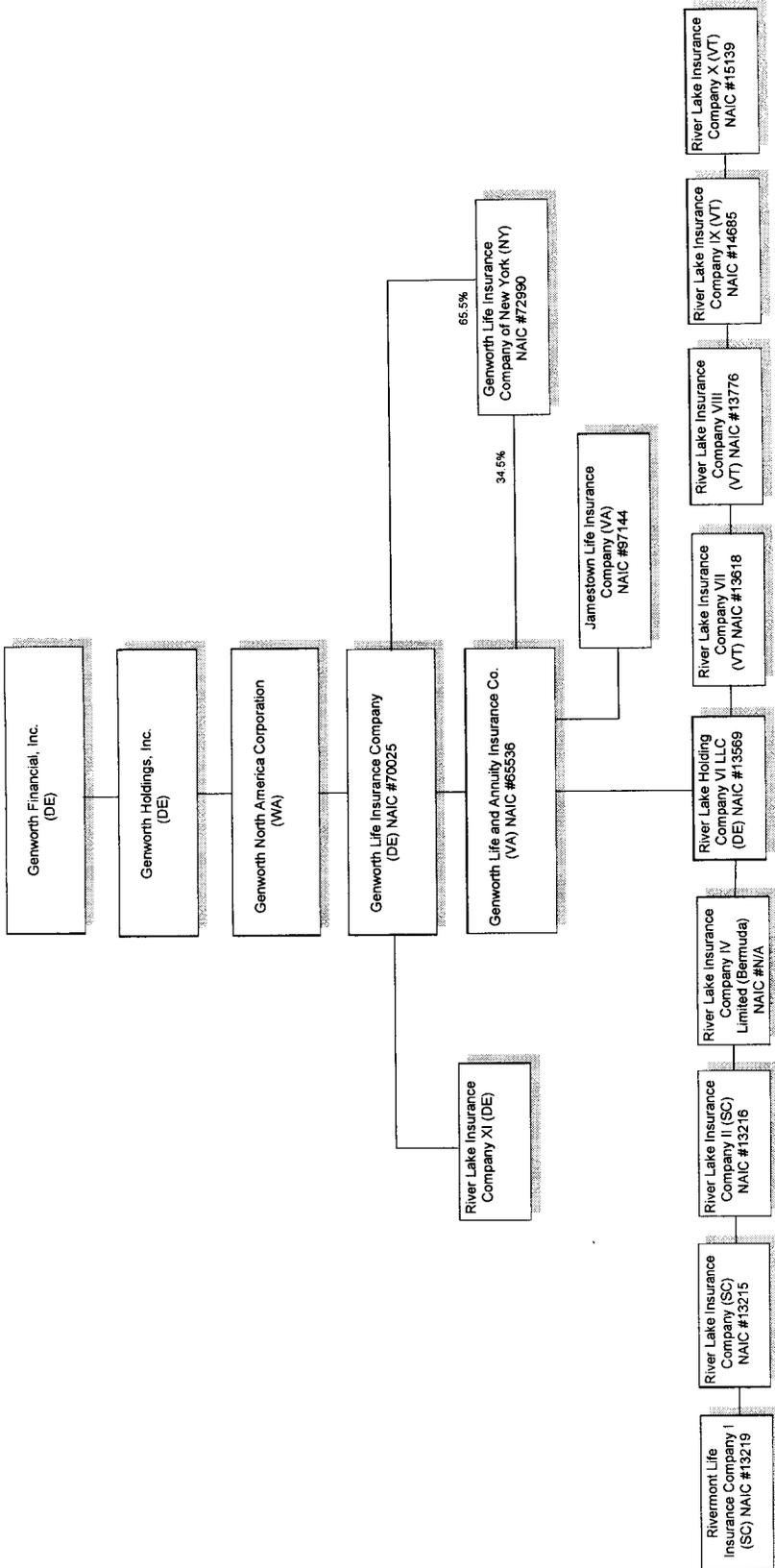
MANAGEMENT AND CONTROL

The bylaws of the Company provide that the property, affairs and business of the Company shall be managed by the board of not less than one and not more than ten directors. A majority of the directors shall constitute a quorum for the transaction of the business.

At December 31, 2014, the Board of Directors and selected Officers of the Company were as follows:

<u>Directors</u>	<u>Principal Business Affiliation</u>
Ward E. Bobitz	Vice President and Assistant Secretary Genworth Financial, Inc.
Martin P. Klein	Executive Vice President and Chief Financial Officer Genworth Financial, Inc.
Leon E. Roday	Executive Vice President, General Counsel and Secretary Genworth Financial, Inc.
<u>Officers</u>	<u>Title</u>
Martin P. Klein	President and Chief Executive Officer
Jeffrey S. Wright	Treasurer
Ward E. Bobitz	Senior Vice President, General Counsel and Secretary
Michael A. Cioffi	Appointed Actuary
Milum D. Livesay	Senior Vice President and Chief Financial Officer
Scott J. McKay	Senior Vice President
Leon E. Roday	Senior Vice President

Genworth Life and Annuity owns all the outstanding common stock of the Company. By virtue of this ownership, the Company is a member of an insurance holding company system as defined by Section 38.2-1322 of the Code of Virginia. The following chart shows the Company's relationship with selected life segment entities within the holding company system.



TRANSACTIONS WITH AFFILIATES

Services and Shared Expenses Agreement

The Company is party to and participates in an amended and restated services and shared expenses agreement with its affiliates. Under the agreement, the affiliates agree to provide and to accept certain general services and use of facilities depending on which affiliate needs a service or facility and which affiliate has excess capacity. Such services and facilities will include but are not limited to, the following:

1. Data processing and related services;
2. Communication, marketing, advertising and sales promotion services;
3. Investment and accounting services;
4. Legal, human resources and personnel services;
5. Actuarial, underwriting and claims services;
6. Furniture, fixtures, equipment and office facilities.

During 2014, the Company was not allocated any expenses pursuant to this agreement due to the fact that the expenses attributable to the Company were determined to be insignificant.

Tax Allocation Agreement

At December 31, 2014, the Company participates in a tax allocation agreement with its affiliates. Pursuant to this agreement a consolidated federal income tax return is filed. The provisions from the tax allocation agreement met the requirements from the NAIC Examiners' Handbook, including, but not limited to, a) having a written agreement approved by the board of directors, b) balances are settled within a reasonable time and c) the agreement complies with IRS regulations.

Dividends to Stockholders

On November 14, 2012, the Company paid an ordinary dividend on its common stock of \$4,992,212 to GLAIC. Additionally, on December 6, 2013, the Company paid an ordinary dividend on its common stock of \$3,200,000 to GLAIC.

CONFLICT OF INTEREST

The Company has adopted a conflict of interest policy. The objective of this policy is to ensure that each director, officer, and employee of the Company discharge their business responsibilities in a manner that furthers the interest of the Company and must not compromise the interests of the Company because of a conflict of interest with their business or personal interest. To ensure compliance with the policy, the Company has established procedures which require directors, officers and responsible employees to sign a conflict of interest disclosure form annually.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2014, the Company maintained fidelity coverage of \$10,000,000, subject to a \$25,000,000 deductible, to insure against losses arising from dishonest acts of its officers and employees. Additionally, the Company maintained general liability, professional liability, directors and officer's liability, workers compensation and other coverages usual and customary to the nature of its business. Insurance coverages for the Company are provided by endorsements to Genworth's policies.

TERRITORY AND PLAN OF OPERATION

At December 31, 2014, the Company was only licensed in Virginia and was authorized to write the following lines of insurance:

- Life
- Industrial Life
- Credit Life
- Variable Life
- Annuities
- Variable Annuities
- Accident and Sickness
- Credit Accident and Sickness

No direct business was written during the period covered by this examination. All life insurance in force at December 31, 2014, represents assumption reinsurance from Genworth Life and Annuity.

GROWTH OF THE COMPANY

The following data represents the growth of the Company for the ten-year period ending December 31, 2014. The data is compiled from the Company's filed Annual Statements, previous examination reports, and the current examination report.

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Common Capital Stock</u>	<u>Surplus</u>
2005	\$268,367,397	\$159,961,078	\$1,000,000	\$107,406,319
2006	244,458,599	102,511,317	1,000,000	140,947,282
2007	149,996,716	102,983,106	1,000,000	46,013,610
2008	148,099,080	108,034,395	1,000,000	39,064,685
2009	154,171,607	106,859,990	1,000,000	46,311,617
2010	139,478,175	108,371,623	1,000,000	30,106,552
2011	143,328,172	107,705,115	1,000,000	34,623,057
2012	141,190,613	107,223,462	1,000,000	32,967,151
2013	141,143,578	108,154,626	1,000,000	31,988,952
2014	145,008,151	108,349,847	1,000,000	35,658,304

Gross Life Insurance In Force

<u>Year</u>	<u>Ordinary</u>
2005	\$5,494,360,000
2006	4,428,164,000
2007	4,270,339,000
2008	4,118,473,000
2009	3,959,119,000
2010	3,831,258,000
2011	3,445,657,000
2012	3,193,572,000
2013	3,072,985,000
2014	3,022,543,000

REINSURANCE**Assumed**

The Company assumes Term and Universal Life business under two coinsurance treaties with its affiliate Genworth Life and Annuity Insurance Company. The Company assumed approximately \$101 million, or 100%, of its total reserves as of December 31, 2014. All of the Company's business is assumed from Genworth Life and Annuity.

Ceded

As of December 31, 2014, the Company had reinsurance agreements in effect in which it retrocedes Term and Universal Life business to several reinsurers on a yearly-renewable term basis. The Company retrocedes approximately \$1 million, or 1%, of its total reserves as of December 31, 2014. The Company's retention limits range from \$0 to \$5,000,000 depending upon the issue age and underwriting classification of the insured. All of the Company's reinsurance treaties contain an acceptable insolvency clause.

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period January 1, 2012 through December 31, 2014. Assets were verified and liabilities were established at December 31, 2014.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook. The Handbook requires that the Bureau plan and perform the examination to evaluate the financial condition and identify prospective risks of the Corporation, assess corporate governance, identify and assess inherent risks within the Corporation, and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

The coordinated examination of Genworth and its affiliates was led by the Virginia Bureau of Insurance. The States of Delaware and New York participated in the group examination.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

FINANCIAL STATEMENTS

There follows a statement of financial condition of the Company at December 31, 2014; a summary of operations for the year ended December 31, 2014; a reconciliation of capital and surplus for the period under review; and a statement of cash flows for the year ending December 31, 2014. The financial statements are presented in accordance with Statutory Accounting Principles.

ASSETS

	<u>Assets</u>	Nonadmitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$127,629,271		\$127,629,271
Cash and short-term investments	15,798,745		15,798,745
Receivables for securities	83,422		83,422
	<hr/>	<hr/>	<hr/>
Subtotals, cash and invested assets	\$143,511,438		\$143,511,438
Investment income due and accrued	704,185		704,185
Other amounts receivable under reinsurance contracts	409,738		409,738
Net deferred tax asset	1,315,699	933,026	382,673
Receivables from parent, subsidiaries and affiliates	117		117
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$145,941,177</u>	<u>\$933,026</u>	<u>\$145,008,151</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$99,487,985
Contract claims:	
Life	323,481
Other amounts payable on reinsurance	42,243
Interest maintenance reserve	7,441,627
General expenses due or accrued	2,507
Current federal income tax	173,270
Remittances and items not allocated	554
Asset valuation reserve	636,393
Payable to parent, subsidiaries, and affiliates	<u>241,787</u>
 Total liabilities	 <u>\$108,349,847</u>
 Common capital stock	 \$1,000,000
Gross paid in and contributed surplus	23,000,000
Unassigned funds (surplus)	<u>12,658,304</u>
 Total capital and surplus	 <u>\$36,658,304</u>
 Total liabilities, capital and surplus	 <u><u>\$145,008,151</u></u>

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$5,121,409
Net investment income	4,944,027
Amortization of Interest Maintenance Reserve	<u>569,680</u>
Total	<u>\$10,635,116</u>
Death benefits	\$4,147,961
Disability benefits and benefits under accident and health contracts	443
Interest and adjustments on contract or deposit-type contract funds	16,310
Increase in aggregate reserves for life and accident and health contracts	<u>705,394</u>
Total	<u>\$4,870,108</u>
Commissions and expense allowances on reinsurance assumed	956,823
General insurance expenses	95,143
Insurance taxes, licenses, and fees	<u>(25,021)</u>
Total	<u>\$5,897,053</u>
Net gain from operations before federal income taxes	\$4,738,063
Federal income taxes incurred	<u>1,091,468</u>
Net gain from operations after federal income taxes and before realized capital gains	\$3,646,595
Net realized capital (losses)	<u>(570,869)</u>
Net income	<u><u>\$3,075,726</u></u>

RECONCILIATION OF CAPITAL AND SURPLUS

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Capital and surplus, December 31, prior year	<u>\$35,623,057</u>	<u>\$33,967,150</u>	<u>\$32,988,951</u>
Net income	\$3,217,546	\$2,191,850	\$3,075,726
Change in net unrealized capital gains (losses)	(132,674)	29,458	455,504
Change in net deferred income tax	(27,010)	38,493	(106,927)
Change in nonadmitted assets	247,133	(48,207)	251,137
Change in asset valuation reserve	31,310	10,207	(6,087)
Dividends to stockholders	<u>(4,992,212)</u>	<u>(3,200,000)</u>	
Net change in capital and surplus	<u>(\$1,655,907)</u>	<u>(\$978,199)</u>	<u>\$3,669,353</u>
Capital and surplus, December 31, current year	<u><u>\$33,967,150</u></u>	<u><u>\$32,988,951</u></u>	<u><u>\$36,658,304</u></u>

CASH FLOW**CASH FROM OPERATIONS**

Premiums collected net of reinsurance	\$5,121,409
Net investment income	4,014,704
Total	<u>\$9,136,113</u>
Benefit and loss related payments	\$4,372,481
Commissions, expenses paid, and aggregate write-ins for deductions	1,056,504
Federal income taxes paid	312,122
Total	<u>\$5,741,107</u>
Net cash from operations	<u>\$3,395,006</u>

CASH FROM INVESTMENTS

Proceeds from investments sold, matured, or repaid:	
Bonds	\$12,261,786
Miscellaneous proceeds	7,135
Total investment proceeds	<u>\$12,268,921</u>
Cost of investments aquired (long-term only):	
Bonds	<u>\$23,420,761</u>
Total investments acquired	<u>\$23,420,761</u>
Net cash from investments	<u>(\$11,151,840)</u>

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided:	
Other cash provided	<u>\$152,618</u>
Net cash from financing and miscellaneous sources	<u>\$152,618</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments	(\$7,604,216)
Cash and short-term investments:	
Beginning of year	<u>23,402,961</u>
End of year	<u>\$15,798,745</u>

SUBSEQUENT EVENTS

1. Effective January 1, 2016, Genworth Life and Annuity recaptured certain term life business previously ceded to the Company with such business having \$57,255,164 in reserves at December 31, 2015. As consideration for the recapture, the Company paid Genworth Life and Annuity a recapture fee of \$9,500,000 on January 15, 2016. This recapture fee was equal to approximately 80% of the economic reserves of the recaptured business. The difference between the recaptured reserves and the recapture fee will be recorded as statutory income of \$47,755,164 for the Company.

2. On February 4, 2016, Genworth announced its decision to suspend sales of its traditional life insurance and fixed annuity products in the first half of 2016 given the continued impact of ratings and recent sales levels of these products.

CONCLUSION

The courteous cooperation extended by the Company's officers and employees during the course of the examination is gratefully acknowledged.

In addition to the undersigned, Craig Chupp, FSA, MAAA, Chris Collins, CFE, Jack Drear, CFE, Ern Johnson, FSA, MAAA, Kevin Knight, CFE, Hai Nguyen and Michael Peterson participated in the work of the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Bunce', with a long horizontal flourish extending to the right.

John E. Bunce, CFE
Assistant Chief Examiner
Commonwealth of Virginia



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May 18, 2016

David H. Smith, Chief Examiner
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218

RE: Response to Report of Examination of the Jamestown Life Insurance Company as of December 31, 2014

Dear Mr. Smith:

I am writing on behalf of the Jamestown Life Insurance Company (the "Company") in connection with the Report of Examination ("Report") of the Company as of December 31, 2014, prepared by the Virginia Bureau of Insurance ("Bureau") and submitted to the Company for review and comment today, May 18, 2016.

The Company acknowledges receipt of the Report and has thoroughly reviewed its contents.

We would like to request 20 internal copies of the report be submitted to the Company.

The Company wishes to thank you and your examination staff for the courtesy and cooperation extended to us during the exam.

If there are any questions, please do not hesitate to contact me at 804-662-2458 or at Michele.Trampe@genworth.com.

Very truly yours,

A handwritten signature in black ink that reads "Michele Trampe". The signature is written in a cursive, flowing style.

Michele Trampe
Assistant Treasurer, Jamestown Life Insurance Company

Cc: David O'Leary, President and Chief Executive Officer, Jamestown Life Insurance Company