EXAMINATION REPORT
of
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
Richmond, Virginia
as of
December 31, 2014

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

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

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RICHMOND, VIRGINIA 23218
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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 Genworth Life and Annuity 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

Jacqueline K. Cunningham
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
April 29, 2016

Honorable Julie Mix McPeak
Secretary – Southeastern Zone
Tennessee Department of Commerce & Insurance
Nashville, Tennessee

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

Dear Commissioners:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, a National Association of Insurance Commissioners ("NAIC") Association Examination of the records and affairs of the

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
Richmond, Virginia

hereinafter referred to as the Company, has been completed. The report thereon is hereby 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") representing the Southeastern Zone of the NAIC. Notice was provided to all zones of the current examination.

HISTORY

The Company was chartered as a stock life insurance company by a Special Act of the General Assembly of Virginia on March 31, 1871, and commenced business in April 1871 as The Life Insurance Company of Virginia.

In 1996, the Company came under the control of the General Electric Company ("GE"), a New York corporation, when GE acquired, through its down-stream affiliates, The Life Insurance Company of Virginia.

Effective January 1, 1999, The Harvest Life Insurance Company, an affiliate and Ohio-domiciled life insurance company, merged with and into the Company. Concurrent with this event, the name of the merged company was changed from The Life Insurance Company of Virginia to GE Life and Annuity Assurance Company.

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 GNA Corporation, now known as 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.

On January 1, 2006, the Company was renamed Genworth Life and Annuity Insurance Company. 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, Federal Home Life Insurance Company ("Federal Home") and First Colony Life Insurance Company ("First Colony") were merged with and into the Company. The Company was the surviving entity. Federal Home and First Colony were both stock life insurance companies operating under charters granted by the

Commonwealth of Virginia and both were affiliates of the Company. These mergers were approved by the Bureau. As a result of the mergers, all agreements between either Federal Home or First Colony and the Company were terminated on January 1, 2007.

At December 31, 2014, the Company is owned by Genworth Life Insurance Company ("GLIC"), which is owned by GNA, which in turn is owned by Genworth.

MANAGEMENT AND CONTROL

The bylaws of the Company provide that the business and property of the Company shall be managed by a board of no less than one director. A majority of the directors shall constitute a quorum for the transaction of business. Directors need not be residents of Virginia or stockholders of the Company.

The bylaws also provide that the board may designate three or more directors to constitute an Executive Committee. The Executive Committee shall have and may exercise all the authority of the board of directors except to declare dividends upon the capital stock of the Company. Additionally, the board of directors may designate any other committees as may be deemed desirable.

The officers of the Company shall consist of a Chairperson of the Board, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may from time to time deem necessary. The Chairperson of the Board shall preside at all meetings of the shareholder and of the Board of Directors in place of the President. The President shall be the Chief Executive Officer and shall have general supervision and control of the business and affairs of the Company.

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

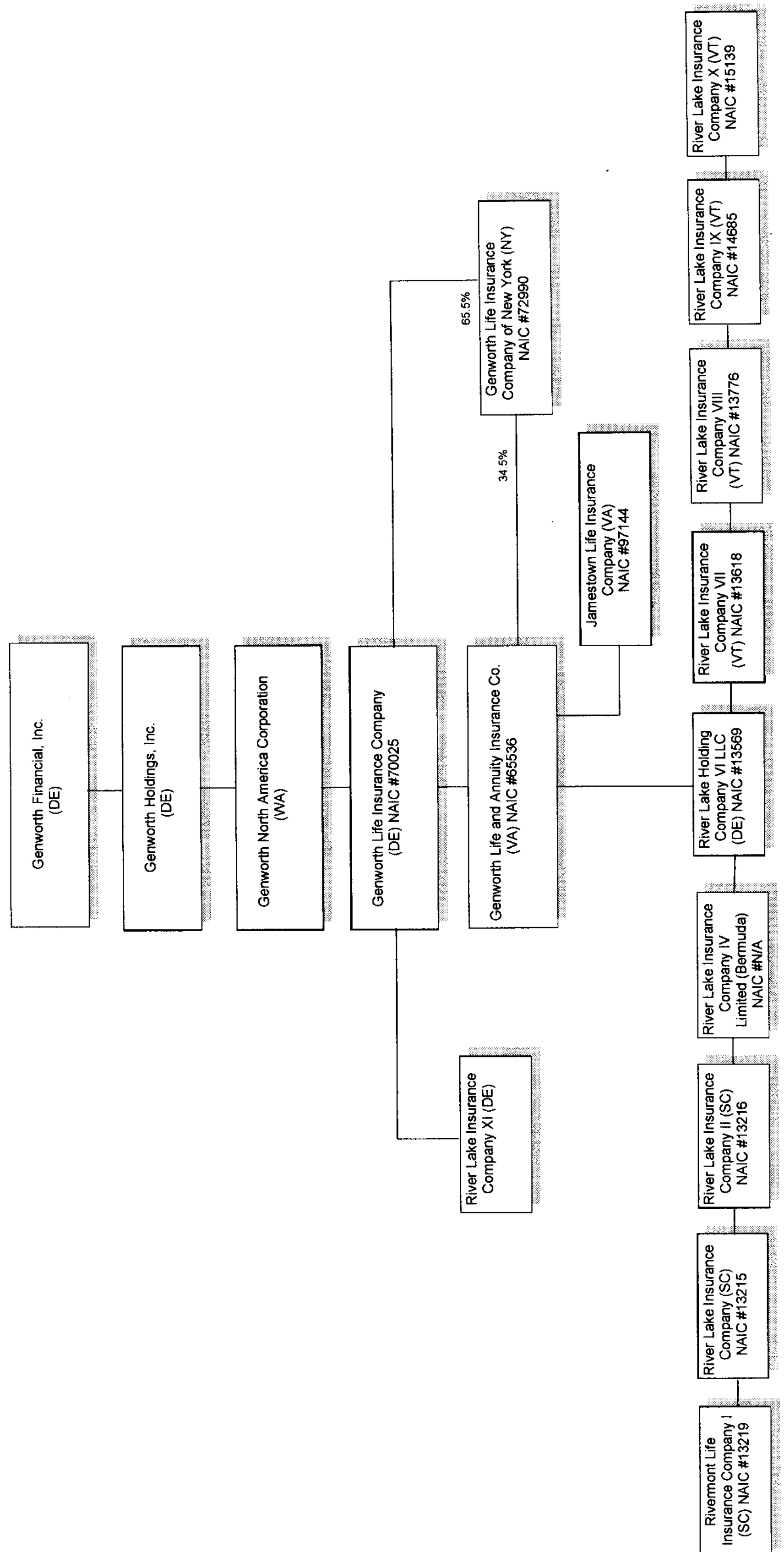
Directors	Principal Business Affiliation
Elena K. Edwards	Vice President Genworth Financial, Inc.
Paul A. Haley	Vice President Genworth Financial, Inc.
Lou E. Hensley	Senior Vice President Genworth Life and Annuity Insurance Company

Directors	Principal Business Affiliation
Gregory S. Karawan	Vice President Genworth Financial, Inc.
Thomas J. McInerney	Vice President and Chief Executive Officer Genworth Financial, Inc.
Daniel J. Sheehan, IV	Executive Vice President and Chief Investment Officer Genworth Financial, Inc.

Officers	Title
Elena K. Edwards	President and Chief Executive Officer
Jeffrey S. Wright	Treasurer
Thomas E. Duffy	Senior Vice President, General Counsel and Secretary
John O. Nigh	Senior Vice President and Chief Actuary
Milum D. Livesay	Senior Vice President and Chief Financial Officer
Paul A. Haley	Senior Vice President
Daniel J. Sheehan, IV	Senior Vice President and Chief Investment Officer
Martin P. Klein	Senior Vice President
Leon E. Roday	Senior Vice President

The Company has the authority to issue two classes of capital stock: 50,000 shares of common stock with a par value of $1,000 each and 200,000 shares of non-voting preferred stock with a par value of $1,000 each. At December 31, 2014, 25,651 shares of common stock were issued and outstanding and held by GLIC, which is ultimately owned by Genworth. There were no shares of preferred stock outstanding at December 31, 2014.

By virtue of its ownership, the Company is a member of an insurance holding company system pursuant to Section 38.2-1322 of the Code of Virginia. The following chart summarizes the Company's relationship with selected life segment entities within the holding company system:


Genworth Financial, Inc.
(DE)
Genworth Holdings, Inc.
(DE)
Genworth North America Corporation
(WA)
Genworth Life Insurance Company
(DE) NAIC #70025
Genworth Life and Annuity Insurance Co.
(VA) NAIC #65536
River Lake Insurance
Company XI (DE)
Genworth Life Insurance
Company of New York (NY)
NAIC #72990
65.5%
34.5%
Jamestown Life Insurance
Company (VA)
NAIC #97144
River Lake Holding
Company VI LLC
(DE) NAIC #13569
River Lake Insurance
Company VII
(VT) NAIC #13618
River Lake Insurance
Company VIII
(VT) NAIC #13776
River Lake Insurance
Company IX (VT)
NAIC #14685
River Lake Insurance
Company X (VT)
NAIC #15139
River Lake Insurance
Company IV
Limited (Bermuda)
NAIC #N/A
River Lake Insurance
Company II (SC)
NAIC #13216
River Lake Insurance
Company (SC)
NAIC #13215
Rivermont Life
Insurance Company I
(SC) NAIC #13219

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 allocated expenses totaling $139,539,743 and received payments totaling $35,329,834 pursuant to this agreement. The net balance of these expenses are settled on a quarterly basis.

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 and Capital Contributions

During the period under review, the following transactions involving dividend payments and capital contributions among affiliates took place:

- On March 28, 2012, the Company received a capital contribution from GLIC, its parent, of $64,770,225. On June 25, 2012, the Company received a return of capital from GNWLAAC Real Estate Holdings, LLC ("GNWLAAC") in the amount of $4,243,251. On July 2, 2012, the Company paid a dividend to GLIC in the amount of $100,000,000. On August 8, 2012, the Company made a capital contribution of $11,500,000 to River Lake Insurance Company VII ("River Lake VII"), a subsidiary. On September 27, 2012, the Company made capital contributions of $250,000 each to River Lake Insurance Company IX ("River Lake IX") and River Lake Insurance Company X ("River Lake X"), its subsidiaries. On September 27, 2012, the Company received a dividend from River Lake Insurance Company VI ("River Lake VI") and River Lake VII, its subsidiaries, of $9,889,000 and $8,700,000, respectively. On November 14, 2012, the Company received a dividend from Jamestown Life Insurance Company ("Jamestown"), its subsidiary, in the amount of $4,992,212. On November 15, 2012, the Company made a capital contribution to River Lake IX, its subsidiary, of $10,750,000. On December 12, 2012, the Company received a return of capital from GNWLAAC in the amount of $4,355,875. On December 27, 2012, the Company received a capital contribution from GLIC, its parent, of $25,009,332. On December 28, 2012, the Company received a dividend from River Lake Insurance Company VIII ("River Lake VIII"), a subsidiary, in the amount of $75,000,000. These transactions received regulatory approval, when necessary.

- On April 26, 2013, the Company made a capital contribution of $5,120,000 to River Lake VI, a subsidiary. On May 10, June 13, July 11, August 12, September 10, October 11, November 12 and December 10, 2013 the Company made capital contributions of $11,327,500, $985,105, $106,077, $1,092,730, $866,148, $1,079,171, $1,784,404 and $1,699,374, respectively to River Lake X. On June 24, 2013, the Company paid a dividend to GLIC in the amount of $100,000,000. On June 26, 2013, the Company received a return of capital of $903,602 from GNWLAAC. On July 29, 2013, the Company received a return of capital from River Lake Insurance Company IV ("RLIC IV") in the amount of $57,860,412 in cash, $34,219,943 in securities and $419,645 in accrued interest. On October 28, 2013, the Company received a dividend from River Lake VII of $7,000,000. On November 25, 2013, the Company received a dividend from River Lake VIII of $75,000,000. On December 6, 2013, the Company received a dividend from Jamestown of $3,200,000. On December 6, 2013, the Company paid a dividend to GLIC in the amount of $100,000,000. These transactions received regulatory approval, when necessary.

- On June 24, 2014, the Company paid a dividend of $100,000,000 to GLIC. On September 26, 2014, the Company received a dividend from River Lake VII of $8,300,000. During the year ended December 31, 2014, the Company made several capital contributions to River Lake X totaling $21,974,087. These transactions received regulatory approval, when necessary.

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.

OFFICERS AND EMPLOYEES WELFARE AND PENSION PLANS

The Company has no employees; however, it is allocated costs for services provided by employees of affiliated companies ("Genworth employees"). Genworth employees participate in the Genworth Pension Plan, which is a defined contribution plan. Pension costs allocated to the Company were $3,181,242 for 2014.

Genworth employees may participate in the Genworth 401K which is entirely voluntary. Substantially all full time employees are eligible following the employees first day of work with Genworth and part time employees who meet certain minimum hourly service requirements are eligible to participate. The Company's share of this savings plan expense was $2,584,759 for 2014.

Genworth employees are eligible for Genworth medical and life insurance coverage during retirement, subject to age and service requirements. Expenses of the plan are charged to the Company on a per person basis. The Company's share of expenses for retirees under these plans was $530,207 for 2014.

Genworth employees are eligible for Genworth severance payments upon termination of service. Costs are allocated to the Company as a percentage of the employee's base salary. There were no post employment costs allocated to the Company during 2014. The Company has no legal obligation for benefits under any of the aforementioned plans because the employees are not direct employees of the Company.

In addition to the plans cited above, Genworth makes available to its employees other traditional benefits such as health, life and disability income insurance.

TERRITORY AND PLAN OF OPERATION

At December 31, 2014, the Company was licensed to transact the business of insurance in the District of Columbia and all states except New York. The Company is authorized to write the following lines in the Commonwealth of Virginia:

Life
Industrial Life
Credit Life
Variable Life
Annuities
Variable Annuities
Fixed Indexed Annuities
Accident and Sickness
Credit Accident and Sickness

The Company has authority to write one or more of these aforementioned lines in other jurisdictions.

The Company distributes products through two primary channels; financial intermediaries (banks, securities brokerage firms and independent broker/dealers) and independent producers (brokerage general agencies, affluent market producer groups and specialized brokers). The Company also distributes a limited number of products through a direct sales force and defined contribution plan record keepers.

The Company primarily offers or has offered the following products: variable annuities, guaranteed investment contracts ("GICs"), funding agreements, immediate (fixed), fixed indexed annuities and deferred annuities, structured settlements, term life insurance, whole life insurance, universal life insurance, term universal life insurance, variable life insurance, and Medicare supplemental insurance.

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 (amounts shown are in thousands).

Year	Admitted Assets	Liabilities	Capital Stock	Paid-in & Contributed Surplus	Special Surplus & Unassigned Funds
2005	$15,893,602	$15,417,585	$145,651	$189,555	$140,811
2006	26,672,066	25,339,416	135,651	772,038	424,961
2007	29,146,511	27,732,267	25,651	762,275	626,318
2008	25,891,134	24,099,793	25,651	1,377,359	388,331
2009	25,113,007	23,177,288	25,651	1,390,217	519,851
2010	25,149,350	23,372,755	25,651	1,385,719	365,225
2011	23,484,472	21,641,541	25,651	1,380,624	436,656
2012	24,030,733	21,775,401	25,651	1,488,155	741,526
2013	24,161,744	21,926,761	25,651	1,483,809	725,523
2014	24,241,989	22,093,819	25,651	1,485,173	637,346

Life Insurance In Force

Year	Industrial	Ordinary	Credit Life	Group
2005	$83,858	$ 23,742,576	$ 314	$30,674
2006	78,899	618,999,011	527	92,645
2007	74,376	643,174,041	230	87,870
2008	70,311	651,909,651	20	87,690
2009	66,321	650,160,493	20	84,325
2010	62,787	667,229,967	0	74,438
2011	59,545	693,103,029	0	69,188
2012	56,323	704,049,647	0	68,525
2013	53,225	683,552,501	0	64,853
2014	50,346	678,093,020	0	57,816

SEPARATE ACCOUNT BUSINESS

The Company, by resolutions adopted by its board of directors, has established separate accounts pursuant to Section 38.2-3113 of the Code of Virginia. This was part of a plan to support the issuance of variable life products and variable annuity products which are registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The investment policy of these accounts is to invest or reinvest assets in the shares of mutual funds. At December 31, 2014, the Company reported $8,513,808,095 in separate account balances compared with $9,372,592,311 for the prior year.

REINSURANCE

Ceded

The Company uses reinsurance to transfer mortality/morbidity risk and limit catastrophic claims. It cedes business on various plans of reinsurance, including Coinsurance, Yearly-Renewable Term (YRT), Modified Coinsurance (MODCO), and different combinations of these plans. Reinsurance is ceded on quota-share, excess, automatic, and facultative bases. All of the Company's reinsurance treaties contain an acceptable insolvency clause.

One of the Company's major strategies for its Term and Universal Life business is to finance the excess of the statutory reserves required under Regulation XXX (14 VAC 5-319) over the reserves calculated on a basis with more appropriate margins ("excess reserves"). This financing is accomplished by ceding this business to various affiliated entities, isolating blocks by affiliate, and subsequently financing the excess reserves by securitizations, via letters of credit, or through the use of excess of loss treaties. The affiliates are River Lake Insurance Company, River Lake Insurance Company II – X (excluding III and V), Rivermont Life Insurance Company I and Brookfield Life and Annuity Insurance Company Limited and are domiciled in South Carolina, Bermuda, Vermont, and Delaware. Several of these companies are not authorized reinsurers in Virginia, and thus reinsurance reserve credit is only permitted by maintaining sufficient collateral. Substantially all policies ceded to River Lake IV were recaptured during the examination period and were ceded to River Lake IX. Effective April 1, 2013, the Company entered into a coinsurance with funds withheld reinsurance agreement with River Lake X to cede certain level term life policies issued on or after October 1, 2012. Effective June 20, 2014, the reinsurance treaty with River Lake X was amended and restated to assume certain term life insurance business issued by the Company in 2009 and 2010.

The Company also cedes business to two other affiliates: Jamestown and GLIC. The majority of this business became effective in the early-to-mid 2000's and is for various Universal Life and Term plans ceded on a Coinsurance and MODCO basis. The following chart summarizes the reserves ceded to affiliates for which the Company is taking reserve credits:

	Ceded Reserves as of:			
Legal Entity:	**12/31/2014**	**12/31/2013**	**12/31/2012**	**12/31/2011**
Brookfield	$191,463,491	$358,658,920	$337,857,613	$338,587,859
GLIC	1,655,451,403	1,728,746,334	1,756,657,836	1,756,060,013
Jamestown	100,579,885	99,782,151	97,289,817	95,914,143
RL I	1,210,090,895	1,249,252,157	1,261,810,163	1,267,536,374
RL II	984,062,059	965,909,346	939,848,671	898,243,365
RL III	-	-	-	829,679,508
RL IV	4,134,913	3,916,015	3,668,963	628,063,827
RL VI	502,143,128	457,032,062	395,244,950	331,013,596
RL VII	775,865,964	787,171,421	785,070,975	776,980,286
RL VIII	885,810,678	815,613,909	730,254,812	634,219,184
RL IX	786,633,292	751,759,742	698,821,835	-
RL X	300,921,241	20,787,826	-	-
Rivermont	376,977,757	344,023,538	308,309,320	269,476,040
Total Ceded to Affiliates:	$7,774,134,706	$7,582,653,421	$7,314,834,955	$7,825,774,195

The total reinsurance ceded to affiliates accounts for approximately 44%, or $7.8 billion of the Company's total reinsurance ceded reserves at December 31, 2014.

Over one third of the Company's reinsurance is ceded to Union Fidelity Life Insurance Company of Illinois ("UFLIC"). This company was formerly an affiliate of the Company when they were both owned by GE. The reinsurance agreement with UFLIC was entered into during 2004, and was associated with the Company's divestiture from GE. UFLIC agreed to maintain trust accounts for the Company's benefit in the amount of the reinsurance reserves ceded to UFLIC. Under the treaty, the Company cedes structured settlement annuities and the general account portion of variable annuities to UFLIC. Additionally, the separate account portion of variable annuities is ceded on a MODCO basis to UFLIC; however, no reserve credit is associated with MODCO reinsurance. The reinsurance ceded to UFLIC accounted for approximately 37%, or $6.6 billion, of the Company's total reinsurance ceded reserves at December 31, 2014.

The Company cedes life and A&H business to approximately fifty-two other non-affiliate reinsurers, excluding UFLIC. The table below lists the other non-affiliate reinsurers to which the Company cedes at least $50 million in reserves:

Reinsurer	Reserve Credit
Hannover Life Reassurance Company of America	$1,165,861,908
RGA Reinsurance Company	$1,116,681,229
Munich American Reassurance Company	$411,239,610
US Business of the Canada Life Assurance Company	$190,939,425
Security Life of Denver Insurance Company	$95,040,943
Swiss Re Life & Health America Inc.	$65,547,841
Employers Reassurance Corporation	$54,793,876

Effective January 1, 2012 the Company recaptured all of the term life insurance policies previously ceded to River Lake Insurance Company III ("River Lake III") and entered into a new reinsurance agreement with RGA Reinsurance Company ("RGA") to cede substantially all of the policies recaptured from River Lake III. Reserves ceded under this agreement were $993,935,379, or 5.6%, of the Company's total reinsurance ceded reserves at December 31, 2014.

Effective December 31, 2013, immediately after recapturing a substantially similar block of business from Hannover Life Reassurance Company of America ("Hannover"), the Company entered into a new reinsurance agreement with Hannover to cede certain universal life and term life business on a coinsurance, MODCO with funds withheld and YRT basis. As of December 31, 2014, total ceded reserves under this agreement were $940 million, or 5.3%, of the Company's total reinsurance ceded reserves at December 31, 2014.

The financing of the excess reserves for term and universal life business subject to Triple-X which was sold in 2009 was accomplished by ceding the business to Munich American Reassurance Company ("Munich") in lieu of using an affiliate River Lake structure. Munich is an authorized reinsurer which is domiciled in the state of Georgia. Thus, the Company was able to take full reserve credit for the excess reserve without the need to establish additional collateral. This reinsurance is on a first dollar quota share coinsurance basis where the reinsurer's share is 60% and the Company's share is 40% up to the Company's retention level. This reinsurance agreement accounted for approximately $268 million, or 1.5%, of the Company's total reinsurance ceded reserves at December 31, 2014.

Effective October 1, 2014 the Company recaptured YRT business previously ceded to Brookfield and ceded it to Canada Life Assurance Company ("Canada Life").

At December 31, 2014, reserves ceded under this agreement were $167,986,217, or 0.9%, of the Company's total reinsurance ceded reserves at December 31, 2014.

Effective December 31, 2014 the Company entered into a new reinsurance agreement with Hannover to cede certain Colony Term UL business on a YRT basis. At December 31, 2014, reserves ceded under this agreement were $103,206,140, or 0.6%, of the Company's total reinsurance ceded reserves at December 31, 2014.

The Company entered into a combination coinsurance/YRT agreement with RGA effective June 30, 2012. The coinsurance portion of this treaty covers Total Living Coverage (TLC) policies assumed from GLIC. The TLC policies are primarily life policies with optional LTC benefits attached as riders. Only the non-LTC portion of the risk is retro-ceded to RGA. The YRT portion of the treaty covers Colony Term UL policies issued after March 31, 2012 on a 50% quota share basis. Effective December 31, 2012 the agreement was terminated for new Colony Term UL business and new TLC policies having certain plan codes. The total reserve ceded under this agreement was approximately $79 million at December 31, 2014.

In order to cede amounts in excess of its retention limits, the Company established a pool of reinsurers, comprised of Hannover, Munich American Reassurance Company, SCOR Global Life U.S. Re Insurance Company, and Swiss Re Life & Health America Inc. Approximately $2.2 billion of the in-force business was ceded, with a $5.6 million reinsurance credit, which is less than 1% of the Company's total reinsurance ceded reserves at 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.

The Company has a YRT catastrophic coverage agreement with approximately 11 non-affiliate reinsurers. The current catastrophic agreement is effective July 1, 2014 for a one-year period. The catastrophic agreement covers losses resulting from acts of terrorism including nuclear, biological, chemical and radioactive risks and covers losses in excess of $25 million from one event subject to a combined maximum liability of $50 million to all pool participants.

The Company cedes the majority of it's A&H business to its affiliate GLIC. A&H business accounts for less than 1% of the Company's total reserves, and the A&H reinsurance ceded accounts for less than 1% of the Company's total reinsurance ceded reserves at December 31, 2014.

The total reserve credit taken by the Company for ceded business at December 31, 2014 is approximately $17.9 billion, or 60% of the total aggregate reserves.

Assumed

The majority of the reinsurance that the Company assumes (approximately 95%, or $2.8 billion) is from two affiliates, GLIC and Genworth Life Insurance Company of New York ("GLICNY"). Almost all of this assumed business is then retro-ceded to one of the River Lake, Rivermont or Brookfield companies mentioned above as part of the excess reserve financing. None of these treaties had effective dates during the examination period.

Effective April 1, 2011, the Company amended and restated its existing universal life treaty with GLIC to assume certain additional universal life policies, including TLC policies, from GLIC. Reserves assumed under this agreement were $1.1 billion, or 38%, of the Company's total assumed reserves at December 31, 2014.

Since 1996, the Company has assumed a significant amount of business from Combined Insurance Corporation of America ("CICA"), a former affiliate within the GE corporate structure. Under this reinsurance, the Company assumes various business on a coinsurance basis from CICA, including Traditional Life, Nonforfeiture Life, Universal Life, Excess-Interest Whole Life, Single-Premium Whole Life, and Deferred Annuities. The reinsurance assumed from CICA accounted for approximately 4%, or $119 million, of the Company's total assumed reserves.

On April 12, 2007, the Company entered into a reinsurance agreement with Fidelity Investments Life Insurance Company ("Fidelity"). Under this agreement, the Company assumes the Guaranteed Minimum Withdrawal Benefit of one of Fidelity's Variable Annuity plans on a YRT basis. The reinsurance assumed from Fidelity accounts for less than 1% of the Company's total assumed reserves at December 31, 2014.

The remaining life reinsurance assumed business comes from six non-affiliate companies and is considered insignificant. The total reserve associated with the Company's assumed business at December 31, 2014 is approximately $2.98 billion, or 10% of the total reported aggregate reserves.

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

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$10,382,263,748		$10,382,263,748
Stocks:			
Preferred stocks	37,075,705	500,000	36,575,705
Common stocks	918,319,780	5,000	918,314,780
Mortgage loans on real estate:			
First liens	1,638,527,046		1,638,527,046
Real Estate:			
Properties occupied by the company	29,873,125		29,873,125
Cash and short-term investments	586,075,131		586,075,131
Contract loans	501,121,303	8,297,115	492,824,188
Derivatives	31,211,811		31,211,811
Other invested assets	126,264,450		126,264,450
Receivables for securities	960,746	559	960,187
Securities lending reinvested collateral assets	61,769,469		61,769,469
Aggregate write ins for invested assets	57,703		57,703
Subtotals, cash and invested assets	$14,313,520,017	$8,802,674	$14,304,717,343
Investment income due and accrued	120,362,101		120,362,101
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	47,626,684		47,626,684
Deferred premiums, agents' balances and installments booked but deferred and not yet due	606,830,459	19,562	606,810,897
Reinsurance:			
Amounts recoverable from reinsurers	33,840,717	294,398	33,546,319
Funds held by or deposited with reinsured companies	346,162,626		346,162,626
Other amounts receivable under reinsurance contracts	29,220,147		29,220,147
Net deferred tax asset	570,727,383	363,235,785	207,491,598
Guaranty funds receivable or on deposit	6,226,284		6,226,284
Electronic data processing equipment and software	27,000,111	26,994,250	5,861
Furniture and equipment	1,283,161	1,283,161	0
Receivables from parent, subsidiaries and affiliates	250,828		250,828
Aggregate write-ins for other than invested assets	39,298,938	13,538,934	25,760,004
Total assets excluding Separate Accounts	$16,142,349,456	$414,168,764	$15,728,180,692
From Separate Accounts Statement	8,513,808,095		8,513,808,095
Total assets	$24,656,157,551	$414,168,764	$24,241,988,787

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$11,228,256,822
Aggregate reserve for accident and health contracts	6,872,096
Liability for deposit-type contracts	746,897,352
Contract claims:	
Life	109,257,882
Accident and health	837,954
Policyholders' dividends due and unpaid	378,500
Premiums and annuity considerations for life and accident and health contracts received in advance	9,262,028
Other amounts payable on reinsurance	101,490,520
Commissions to agents due or accrued	3,659,695
Commission and expense allowances payable on reinsurance assumed	167,212
General expenses due or accrued	8,294,439
Transfers to Separate Accounts due or accrued	(90,959,020)
Taxes, licenses and fees due or accrued, excluding federal income taxes	4,286,397
Current federal income taxes	56,646,508
Unearned investment income	8,904,815
Amounts withheld or retained by company as agent or trustee	19,984,669
Remittances and items not allocated	28,689,128
Miscellaneous liabilities:	
Asset valuation reserve	74,687,442
Reinsurance in unauthorized companies	288,740,771
Funds held under reinsurance treaties with unauthorized reinsurers	842,522,661
Payable to parent, subsidiaries and affiliates	4,963,078
Funds held under coinsurance	39,493,245
Derivatives	908,446
Payable for securities	7,065,100
Payable for securities lending	61,769,469
Aggregate write ins for liabilities	16,933,766
Total liabilities excluding Separate Accounts business	$13,580,010,975
From Separate Accounts statement	8,513,808,095
Total liabilities	$22,093,819,070
Common capital stock	$25,651,000
Gross paid in and contributed surplus	1,485,172,431
Unassigned funds (surplus)	637,346,286
Total capital and surplus	$2,148,169,717
Total liabilities, capital and surplus	$24,241,988,787

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$1,638,556,250
Considerations for supplementary contracts with life contingencies	16,719,743
Net investment income	645,266,947
Amortization of Interest Maintenance Reserve	(3,022,422)
Commissions and expense allowances on reinsurance ceded	306,827,083
Reserve adjustments on reinsurance ceded	(118,991,813)
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	161,249,077
Charges and fees for deposit-type contract	17,041
Aggregate write-ins for miscellaneous income	32,493,007
Total	$2,679,114,913
Death benefits	$464,296,007
Matured endowments	1,958,707
Annuity benefits	459,705,782
Disability benefits and benefits under accident and health contracts	6,634,342
Surrender benefits and withdrawals for life contracts	911,419,573
Interest and adjustments on contract or deposit-type contract funds	28,305,344
Payments on supplementary contracts with life contingencies	9,890,126
Increase in aggregate reserves for life and accident and health contracts	850,917,996
Total	$2,733,127,877
Commissions on premiums, annuity considerations and deposit-type contract funds	213,838,340
Commissions and expense allowances on reinsurance assumed	120,087,507
General insurance expenses	219,336,729
Insurance taxes, licenses and fees, excluding federal income taxes	34,376,658
Increase in loading on deferred and uncollected premiums	(6,474,824)
Net transfers to or (from) Separate Accounts net of reinsurance	(835,354,655)
Aggregate write-ins for deductions	(37,466,047)
Total	$2,441,471,585
Net gain from operations before dividends to policyholders and federal income taxes	$237,643,328
Net gain from operations after dividends to policyholders and before federal income taxes	$237,643,328
Federal income taxes incurred	46,334,299
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	$191,309,029
Net realized capital gains	8,511,963
Net income	$199,820,992

RECONCILIATION OF CAPITAL AND SURPLUS

	2012	2013	2014
Capital and surplus, December 31, prior year	$1,842,930,844	$2,255,332,002	$2,234,983,207
Net income	353,750,509	343,904,326	199,820,992
Change in net unrealized capital gains (losses)	110,889,532	(9,737,256)	(48,280,137)
Change in net deferred income tax	(80,350,334)	(664,605)	62,273,987
Change in nonadmitted assets	124,312,996	77,239,709	(113,880,559)
Change in liability for reinsurance in unauthorized companies	22,862,085	(81,470,564)	(38,080,069)
Change in asset valuation reserve	(32,986,163)	(8,069,203)	(20,592,070)
Surplus withdrawn from Separate Accounts	2,385,282		
Other changes in surplus in Separate Accounts Statement	209,413		
Cumulative effect of changes in accounting principles	27,151,527		
Surplus adjustment:			
Paid in	107,531,245	(4,345,926)	1,363,487
Change in surplus as a result of reinsurance	(53,221,496)	(33,482,382)	(40,266,190)
Dividends to stockholders	(100,000,000)	(200,000,000)	(100,000,000)
Aggregate write-ins for gains and losses in surplus	(70,133,438)	(103,722,894)	10,827,069
Net change in capital and surplus	$412,401,158	($20,348,795)	($86,813,490)
Capital and surplus, December 31, current year	$2,255,332,002	$2,234,983,207	$2,148,169,717

CASH FLOW

CASH FROM OPERATIONS

Premiums collected net of reinsurance	$1,780,443,584
Net investment income	614,370,579
Miscellaneous income	319,971,276
Total	$2,714,785,439
Benefit and loss related payments	$1,691,808,839
Net transfers to Separate Accounts	(851,987,443)
Commissions, expenses paid and aggregate write-ins for deductions	596,456,467
Dividends paid to policyholders	11,830
Federal income taxes paid (recovered)	(11,855,887)
Total	$1,424,433,806
Net cash from operations	$1,290,351,633

CASH FROM INVESTMENTS

Proceeds from investments sold, matured or repaid:	
Bonds	$997,484,647
Stocks	38,700,901
Mortgage loans	205,124,288
Real estate	698,631
Other invested assets	38,179,222
Miscellaneous proceeds	72,506,500
Total investment proceeds	$1,352,694,189
Costs of investments acquired (long-term only):	
Bonds	$1,351,431,753
Stocks	98,066,351
Mortgage loans	336,203,507
Real estate	479,710
Other invested assets	366,552
Miscellaneous applications	54,977,010
Total investments acquired	$1,841,524,883
Net increase in contract loans and premium notes	$1,791,462
Net cash from investments	($490,622,156)

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided (applied):	
Capital and paid in surplus, less treasury stock	$1,363,488
Net deposits on deposit-type contracts and other insurance liabilities	(248,275,615)
Dividends to stockholders	(100,000,000)
Other cash provided	75,583,700
Net cash from financing and miscellaneous sources	($271,328,427)

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments	$528,401,050
Cash and short-term investments:	
Beginning of year	57,674,081
End of year	$586,075,131

SUBSEQUENT EVENTS

1. Effective January 1, 2015, the Company recaptured previously ceded term life business from River Lake VIII. In connection with the recapture, River Lake VIII paid the Company the terminal payment of $56,775.264. The terminal payment consisted of $191,270,202 terminal reserve adjustment which decreased funds held by or deposited with reinsured companies, partially offset by a final monthly account balance payment of $2,200,476, which increased net reinsurance receivable and a $245,844,990 recapture payment which was recorded as ceding commission income on reinsurance ceded.

2. Effective January 1, 2015, the Company entered into a new coinsurance agreement with River Lake VIII to cede effectively the same term life business previously recaptured from River Lake VIII. As a result of this agreement, $885,852,273 of initial premium was ceded and $630,069,883 of initial allowance was paid to the Company. The net consideration of $255,782,390 was withheld by the Company and deposited into a funds withheld account.

3. On January 16, 2015, the Company received a return of capital from River Lake VIII in the amount of $152,865,981.

4. On February 19, 2015, the Company made a capital contribution to GLICNY in the amount of $13,167,939.

5. On April 8, 2015, the Company paid a dividend to GLIC, its parent, in the amount of $40,500,000 and made a capital contribution to GLICNY in the amount of $21,332,061.

6. During 2015, the Company made capital contributions to River Lake X totaling $8,285,136.

7. On September 30, 2015, the Company entered into an agreement with Protective Life Insurance Company ("Protective Life"). Pursuant to the agreement, the Company and Protective Life agreed to enter into a reinsurance agreement, under the terms of which Protective Life will coinsure certain term life insurance business written or assumed by the Company, net of third-party reinsurance, which included term life business previously ceded to River Lake and River Lake II. This transaction received regulatory approval and closed on January 15, 2016, with an effective date of January 1, 2016. As part of the transaction, the Company recaptured all of the term business ceded to River Lake and River Lake II and a 10% quota share for certain term life policies, issued between January 1, 2001 and January 31, 2001, from Jamestown of

$1,155,560,563, $985,357,428 and $57,255,164 in statutory reserves, respectively. As consideration, the Company received recapture payments of $175,883,456, $188,341,453 and $9,500,000, respectively from River Lake, River Lake II and Jamestown.

Under the terms of the reinsurance agreement with Protective Life, the Company ceded most of the recaptured policies on a coinsurance basis, including an additional 10% quota share for certain term life policies assumed from GLIC. The Company ceded $2,269,225,472 of estimated initial reserves to Protective Life and received an estimated initial allowance of $1,880,725,472. In addition, Protective Life paid $62,700,000 as estimated initial ceding commission to the Company. The estimated initial ceded reserves, estimated initial allowance and estimated initial ceding commission were net settled with the Company making a payment of $325,800,000 to Protective Life.

8. Genworth's management conducted an evaluation of the effectiveness of its internal control over financial reporting and concluded that it was not effective as of December 31, 2014. This assessment was due to a material weakness in its internal control over financial reporting. Genworth did not have adequate controls designed and in place to ensure that it correctly implemented changes made to one of the methodologies as part of its long-term care insurance claim reserves review completed in the third quarter of 2014. As a result Genworth failed to identify a $44 million after-tax calculation error. The control deficiency related to the claim reserve changes did not result in a material misstatement in the consolidated financial statements; however, Genworth concluded a material weakness existed in the controls over the implementation of its long-term care insurance claim reserves assumption and methodology changes because a misstatement could have occurred.

Genworth reviewed the design of its current processes over implementation of assumption and methodology changes to its long-term care insurance claim reserves to determine appropriate improvements and implement enhanced procedures. As part of these enhanced procedures, Genworth's actuarial team responsibilities were separated to provide that one team will develop and implement all significant assumption and methodology changes to the long-term care insurance claim reserves while another team will determine the nature and scope of the review required as a result of the changes, and then execute the review process. Genworth implemented these control enhancements during 2015. As of December 31, 2015, following the testing of the ongoing operating effectiveness of the new controls, Genworth reported that it had remediated the control deficiency and its internal control over financial reporting was effective.

9. 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 Drean, CFE, Ern Johnson, FSA, MAAA, Kevin Knight, CFE, Hai Nguyen and Michael Peterson participated in the work of the examination.

Respectfully submitted,

John E. Bunce, CFE
Assistant Chief Examiner
Commonwealth of Virginia
Representing the Southeastern Zone, NAIC

Genworth

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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 Genworth Life and Annuity Insurance Company as of December 31, 2014

Dear Mr. Smith:

I am writing on behalf of the Genworth Life and Annuity 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,

Michele Trampe

Michele Trampe
Assistant Treasurer, Genworth Life and Annuity Insurance Company

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