EXAMINATION REPORT
of
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
Richmond, Virginia
as of
December 31, 2008

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
COMMISSIONER OF INSURANCE

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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

I, Alfred W. Gross, 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, 2008, 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 18th day of June, 2010

Alfred W. Gross
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
March 19, 2010

Honorable James J. Donelon
Secretary – Southeastern Zone
Louisiana Department of Insurance
Baton Rouge, Louisiana

Honorable Alfred W. Gross
Commissioner of Insurance and
Chair of the NAIC Financial Condition (E) Committee
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, 2005. This examination covers the period from January 1, 2006 through December 31, 2008, 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, 2008, the Company is owned by 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, 2008, the Board of Directors and Officers of the Company were as follows:

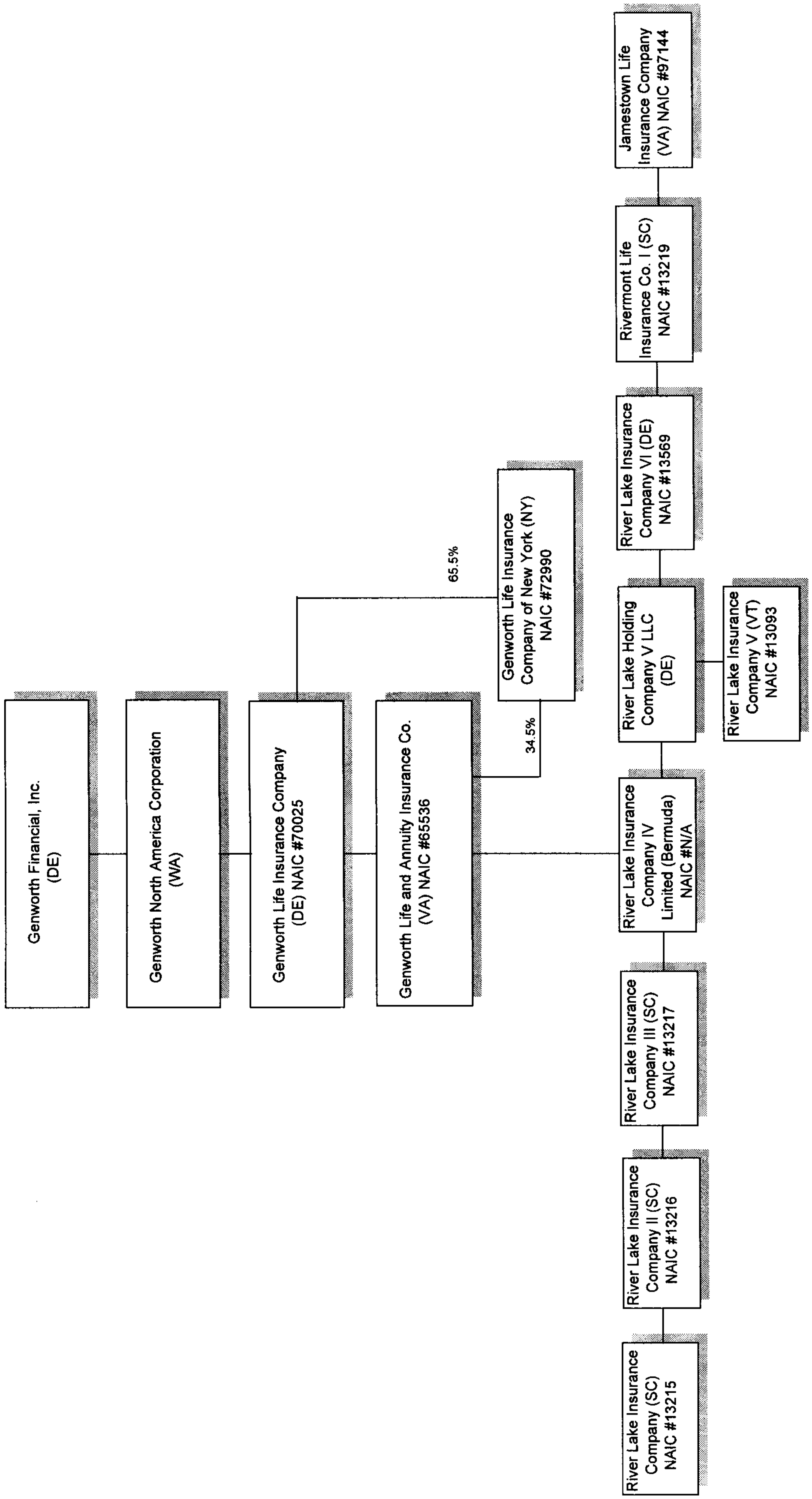
Directors	Principal Business Affiliation
William C. Goings, II	Vice President Genworth Financial, Inc.
Paul A. Haley	Vice President Genworth Financial, Inc.

Directors	Principal Business Affiliation
Leon E. Roday	Senior Vice President, General Counsel and Secretary Genworth Financial, Inc.
Pamela S. Schutz	Executive Vice President Genworth Financial, Inc.
Geoffrey S. Stiff	Vice President Genworth Financial, Inc.

Officers	Title
Pamela S. Schutz	Chairperson, President and Chief Executive Officer
Gary T. Prizzia	Treasurer
Thomas E. Duffy	Senior Vice President, General Counsel and Secretary
Paul A. Haley	Senior Vice President and Chief Actuary
William C. Goings, II	Senior Vice President
Christopher J. Grady	Senior Vice President
Kelly L. Groh	Senior Vice President and Chief Financial Officer
Ronald P. Joelson	Senior Vice President and Chief Investment Officer
Patrick B. Kelleher	Senior Vice President
Brian J. Mason	Senior Vice President and Chief Compliance Officer
James H. Reinhart	Senior Vice President
Leon E. Roday	Senior Vice President
Geoffrey S. Stiff	Senior Vice President
Thomas M. Stinson	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, 2008, 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, 2008.

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 entities within the holding company system:


Genworth Financial, Inc. (DE)
Genworth North America Corporation (WA)
Genworth Life Insurance Company (DE) NAIC #70025
Genworth Life and Annuity Insurance Co. (VA) NAIC #65536
65.5%
Genworth Life Insurance Company of New York (NY) NAIC #72990
34.5%
River Lake Insurance Company IV Limited (Bermuda) NAIC #N/A
River Lake Holding Company V LLC (DE)
River Lake Insurance Company V (VT) NAIC #13093
River Lake Insurance Company VI (DE) NAIC #13569
Rivermont Life Insurance Co. I (SC) NAIC #13219
Jamestown Life Insurance Company (VA) NAIC #97144
River Lake Insurance Company III (SC) NAIC #13217
River Lake Insurance Company II (SC) NAIC #13216
River Lake Insurance Company (SC) NAIC #13215

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 2008, the Company was allocated expenses totaling $267,789,201 and received payments totaling $118,100,490 pursuant to this agreement. The net balance of these expenses was settled on a quarterly basis.

Tax Allocation Agreement

At December 31, 2008, 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 affilates took place:

- On December 29, 2006, the Company paid its preferred stockholder a dividend of $9,663,562 and redeemed 10,000 shares of the preferred stock of the Company for $10,000,000. On March 12, 2007, the Company redeemed all of its remaining preferred stock by repurchasing 110,000 shares for $110,000,000 plus interest and accrued but unpaid dividends of $2,459,178. The redemption of the Company's preferred stock during 2007 was approved by the Commission.

- On October 3, 2007, the Company received an extraordinary dividend of $100,000,000 from Jamestown Life Insurance Company ("Jamestown"), a subsidiary. On December 10, 2007, the Company approved a capital contribution of $59,750,000 to River Lake Insurance Company V ("River Lake V"), a subsidiary. This amount was paid on December 18, 2007. These transactions received the necessary regulatory approval.

- On August 28, 2008, the Company formed River Lake Holding Company V, LLC ("River Lake V IHC"), which is domiciled in Delaware. The Company, the former direct parent of River Lake V, transferred its ownership of River Lake V to River Lake V IHC on September 11, 2008. On September 5, 2008 and September 11, 2008, the Company made capital contributions totaling approximately $144,650,473 in cash and securities to River Lake V IHC. These transactions received the necessary regulatory approval.

- On October 6, 2008, the Company received a $4,600,000 ordinary dividend from Jamestown. On November 5, 2008, the Company received a $600,000,000 capital contribution from its sole shareholder, Genworth Life Insurance Company ("GLIC"), a Delaware domiciled life insurance company.

- On December 9, 2008, the Company made capital contributions totaling approximately $100,000,000 to River Lake V IHC. On December 29, 2008, the Company made a capital contribution of $70,000,000 to River Lake Insurance Company VI, a subsidiary. These transactions received the necessary regulatory approval.

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, 2008, the Company maintained fidelity coverage of $15,000,000, subject to a $1,500,000 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 participated in the GE Pension Plan through September 27, 2005. Costs were allocated to the Company as a percentage of the employee's base salary. Beginning on September 27, 2005, Genworth employees participate in the Genworth Pension Plan, which is a defined contribution plan. Pension costs allocated to the Company were $7,242,515 for 2008.

Genworth employees participated in the GE Savings Plan through September 27, 2005. Participation was entirely voluntary. Beginning September 27, 2005, Genworth employees participate in the Genworth 401K. Participation 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 $3,310,864 for 2008.

Genworth employees who retired by September 27, 2005 were eligible for GE 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. Genworth employees became eligible for Genworth medical and life insurance coverage during retirement, subject to age and service requirements commencing September 27, 2005. 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 $2,690,077 for 2008.

Genworth employees were eligible for GE severance payments upon termination of service through September 27, 2005. Genworth employees became eligible for Genworth severance payments upon termination of service commencing September 27, 2005. 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 2008. 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, 2008, 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
Accident and Sickness
Credit Accident and Sickness

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

The Company distributes products through two primary channels; intermediaries (such as brokerage general agencies, banks, securities brokerage firms, financial planning firms, accountants, affluent market producers, and specialized brokers) and career or dedicated sales forces, who distribute certain products on an exclusive basis, some of whom are not Genworth employees. While the Company does have an extensive distribution network for its products, approximately 22% of its sales of variable products in 2008 were derived from two national stock brokerage firms. The Company is of the opinion that the availability of additional sales from other potential distributors would mitigate any loss of business from these two firms.

The Company primarily offers the following products: term, whole, and universal and variable life insurance, variable annuities, guaranteed investment contracts ("GICs") and funding agreements. The Company also offers or has offered deferred and immediate annuities, structured settlements, 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, 2008. 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	Unassigned Funds
1999	$19,115,180	$18,572,688	$145,651	$145,009	$251,832
2000	21,275,334	20,682,457	145,651	189,555	257,671
2001	21,159,202	20,574,775	145,651	189,555	249,221
2002	18,888,318	18,344,033	145,651	189,555	209,079
2003	19,580,644	19,018,231	145,651	189,555	227,207
2004	17,256,636	16,439,433	145,651	189,555	481,997
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

Life Insurance In Force

Year	Industrial	Ordinary	Credit Life	Group
1999	$87,261	$37,351,937	$139,313	$2,276,666
2000	81,976	34,901,521	57,554	272,135
2001	107,423	33,164,932	21,382	153,189
2002	101,137	30,912,807	6,604	36,856
2003	94,998	28,726,870	1,998	35,575
2004	89,116	26,463,227	704	32,859
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

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, 2008, the Company reported $8,837,550,662 in separate account balances compared with $12,372,570,525 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 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 wholly-owned subsidiaries, isolating blocks by subsidiary, and subsequently financing the excess reserves by securitizing or via letters of credit. These subsidiaries are River Lake Insurance Company, River Lake Insurance Company II - VI, and Rivermont Life Insurance Company I, 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. With the exception of River Lake Insurance Company and River Lake Insurance Company II, all of these reinsurance treaties became effective during the examination period. This reinsurance accounted for approximately 26%, or $4 billion, of the Company's total reinsurance ceded reserves at December 31, 2008.

Nearly half 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. GE 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 accounts for approximately 50%, or $7.6 billion, of the Company's total reinsurance ceded reserves at December 31, 2008.

The Company cedes business to several other affiliates: Jamestown, GLIC, and Brookfield Life Assurance Company Limited of Bermuda. This reinsurance became effective between 2000 and 2002 and is for various Universal Life and Term plans ceded on a Coinsurance basis. It accounts for approximately 14%, or $2.1 billion, of the Company's total reinsurance ceded reserves.

The Company cedes most of its A&H business to its affiliate, GLIC. The Company has a small block of A&H business that consists of mostly Long-Term Care business from the 1980's, and was acquired from prior company mergers. A&H business accounts for less than 1% of the Company's total reserves, and the reinsurance ceded accounts for less than 1% of the Company's total reinsurance ceded reserves at December 31, 2008.

In order to cede amounts in excess of its retention limits, the Company established a pool of reinsurers, comprised of Hannover Life Reassurance Company of America, Munich American Reassurance Company, SCOR Global Life U.S. Re Insurance Company, and Swiss Re Life & Health America Inc. Approximatly $1 billion of the in-force business was ceded, with a $2 million reserve credit, which is less than 1% of the Company's total reinsurance reserve credit at December 31, 2008. 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 cedes traditional reinsurance to approximately forty other non-affiliate reinsurers and catastrophe reinsurance to approximately ten other non-affiliate reinsurers. The table below lists the other reinsurers to which the Company cedes at least $50 million in reserves at December 31, 2008.

Reinsurer	Reserve Credit
Hannover Life Reassurance Company of America	$471,211,584
Union Hamilton Reinsurance Ltd.	$142,959,268
Swiss Re Life & Health America Inc.	$125,088,403
Munich American Reassurance Company	$120,007,253
Security Life of Denver Insurance Company	$72,492,653
Employers Reassurance Corporation	$66,186,127

The total reserve credit taken by the Company for ceded business at December 31, 2008 is approximately $15.1 billion, or 39% of the total aggregate reserves.

Assumed

The majority of the reinsurance that the Company assumes (approximately 82%, or $1.1 billion) is from two affiliates, GLIC (formerly General Electric Capital Assurance Company) and Genworth Life Insurance Company of New York (as successor through merger with American Mayflower Life Insurance Company). This business is then retroceded to one of the River Lake or Rivermont companies. This reinsurance became effective between 2001 and 2006 and is on a coinsurance basis. In 2006, the Company assumed various Universal Life plans from GLIC under a 100% quota-share coinsurance treaty. At December 31, 2008, there is approximately $211 million in reserves assumed under this treaty.

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 13%, or $165 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 approximately 5%, or $61 million, of the Company's total assumed reserves at December 31, 2008.

The total reserve associated with the Company's assumed business at December 31, 2008 is approximately $1.3 billion, or 3% 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, 2006 through December 31, 2008. Assets were verified and liabilities were established at December 31, 2008. A review of income and disbursements for the period was made to the extent deemed necessary. Additionally, the examination included an evaluation of the Company's risk management program to gain a general understanding of how risk is managed from an enterprise-wide perspective.

The items comprising the Balance Sheet for which Specific Risk Analyses (SRA) were required had medium or low risk assessments as determined from the NAIC Examiners Handbook. Analytical review procedures were applied for non-SRA items.

In addition, the following matters were reviewed, several of which are discussed separately under their respective captions in this report.

History
Management and Control
Corporate Records
Fidelity Bond and Other Insurance
Territory and Plan of Operation
Growth of the Company
Reinsurance
Accounts and Records
Financial Statements

FINANCIAL STATEMENTS

There follows a statement of financial condition of the Company at December 31, 2008; a summary of operations for the year ended December 31, 2008; a reconciliation of capital and surplus for the period under review; a statement of cash flows for the year ending December 31, 2008; and a statement of Examiners' changes in capital and surplus at December 31, 2008. The financial statements are presented in accordance with Statutory Accounting Principles.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$9,354,903,021		$9,354,903,021
Stocks:			
Preferred stocks	498,671,715	500,000	498,171,715
Common stocks	605,059,649	5,000	605,054,649
Mortgage loans on real estate:			
First liens	2,666,447,985		2,666,447,985
Real Estate:			
Properties occupied by the company	40,545,213		40,545,213
Properties held for the production of income	275,546	275,546	0
Cash and short-term investments	1,178,015,731		1,178,015,731
Contract loans	505,772,301	4,352,814	501,419,487
Other invested assets	352,580,335	3,773,838	348,806,497
Receivables for securities	151,612,404	2,270,689	149,341,715
Aggregate write-ins for invested assets	435,854,400		435,854,400
Subtotals, cash and invested assets	$15,789,738,300	$11,177,887	$15,778,560,413
Investment income due and accrued	139,476,308		139,476,308
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	59,810,157	2,576	59,807,581
Deferred premiums, agents' balances and installments booked but deferred and not yet due	669,724,060	1,137,523	668,586,537
Reinsurance:			
Amounts recoverable from reinsurers	42,860,497	3,913,495	38,947,002
Funds held by or deposited with reinsured companies	161,952,183		161,952,183
Other amounts receivable under reinsurance contracts	92,064,274	68,315,365	23,748,909
Current federal income tax recoverable and interest thereon	62,793,253		62,793,253
Net deferred tax asset	622,989,098	534,977,334	88,011,764
Guaranty funds receivable or on deposit	8,582,856		8,582,856
Electronic data processing equipment and software	50,591,633	48,685,743	1,905,890
Furniture and equipment	5,932,073	5,932,073	0
Receivables from parent, subsidiaries and affiliates	4,776,672	180,728	4,595,944
Aggregate write-ins for other than invested assets	26,690,452	10,075,777	16,614,675
Total assets excluding Separate Accounts	$17,737,981,816	$684,398,501	$17,053,583,315
From Separate Accounts Statement	8,837,550,662		8,837,550,662
Total assets	$26,575,532,478	$684,398,501	$25,891,133,977

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$10,239,984,426
Aggregate reserve for accident and health contracts	33,364,283
Liability for deposit-type contracts	4,523,055,652
Contract claims:	
Life	106,718,962
Accident and health	8,927,512
Policyholders' dividends due and unpaid	439,340
Dividends apportioned for payment	29
Premiums and annuity considerations for life and accident and health contracts received in advance	8,962,984
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	168,458
Other amounts payable on reinsurance	80,135,304
Interest Maintenance Reserve	104,213,638
Commissions to agents due or accrued	12,717,269
Commission and expense allowances payable on reinsurance assumed	318,154
General expenses due or accrued	25,049,685
Transfers to Separate Accounts due or accrued	(299,420,653)
Taxes, licenses and fees due or accrued, excluding federal income taxes	10,857,645
Unearned investment income	10,977,344
Amounts withheld or retained by company as agent or trustee	10,920,127
Amounts held for agents' account	1,552,972
Remittances and items not allocated	78,837,601
Miscellaneous liabilities:	
Asset valuation reserve	127,028,081
Reinsurance in unauthorized companies	25,411,431
Funds held under reinsurance treaties with unauthorized reinsurers	53,352,435
Payable to parent, subsidiaries and affiliates	17,805,553
Payable for securities	1,555,729
Aggregate write-ins for liabilities	102,225,209
Total liabilities excluding Separate Accounts business	$15,285,159,170
From Separate Accounts statement	8,814,634,132
Total liabilities	$24,099,793,302
Common capital stock	$25,651,000
Gross paid in and contributed surplus	1,377,358,799
Unassigned funds (surplus)	388,330,876
Total capital and surplus	$1,791,340,675
Total liabilities, capital and surplus	$25,891,133,977

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$2,192,895,452
Considerations for supplementary contracts with life contingencies	6,176,777
Net investment income	816,178,137
Amortization of Interest Maintenance Reserve	15,911,213
Separate Accounts net gain from operations excluding unrealized gains or losses	(144,361)
Commissions and expense allowances on reinsurance ceded	603,895,449
Reserve adjustments on reinsurance ceded	448,059,027
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	138,652,679
Charges and fees for deposit-type contract	255,529
Aggregate write-ins for miscellaneous income	121,625,762
Total	$4,343,505,664
Death benefits	415,922,325
Matured endowments	1,875,111
Annuity benefits	464,427,597
Disability benefits and benefits under accident and health contracts	59,251,021
Surrender benefits and withdrawals for life contracts	1,196,302,676
Interest and adjustments on contract or deposit-type contract funds	164,372,796
Payments on supplementary contracts with life contingencies	7,864,641
Increase in aggregate reserves for life and accident and health contracts	(13,412,249)
Total	$2,296,603,918
Commissions on premiums, annuity considerations and deposit-type contract funds	332,605,681
Commissions and expense allowances on reinsurance assumed	73,244,268
General insurance expenses	330,255,295
Insurance taxes, licenses and fees, excluding federal income taxes	47,722,794
Increase in loading on deferred and uncollected premiums	(32,756,347)
Net transfers to Separate Accounts net of reinsurance	1,577,697,639
Total	$4,625,373,248
Net gain from operations before dividends to policyholders and federal income taxes	($281,867,584)
Dividends to policyholders	(28)
Net gain from operations after dividends to policyholders and before federal income taxes	($281,867,556)
Federal income taxes incurred	(55,692,156)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	($226,175,400)
Net realized capital (losses)	(125,052,207)
Net income	($351,227,607)

RECONCILIATION OF CAPITAL AND SURPLUS

	2006	2007	2008
Capital and surplus, December 31, prior year	$476,017,292	$1,332,649,898	$1,414,244,423
Change in capital and surplus as a result of affiliated entities merger	1,366,636,924		
Net income	512,224,295	420,706,878	(351,227,607)
Change in net unrealized capital gains (losses)	(524,340,028)	(50,291,747)	90,515,309
Change in net unrealized foreign exchange capital gain (loss)	(397,994)		
Change in net deferred income tax	(85,628,683)	(56,315,959)	342,514,419
Change in nonadmitted assets	102,839,011	30,552,860	(320,570,764)
Change in liability for reinsurance in unauthorized companies	18,436,794	699,642	(25,171,554)
Change in reserve on account of change in valuation basis			(2,846,994)
Change in asset valuation reserve	1,742,619	(19,562,156)	37,814,548
Surplus (contributed to) withdrawn from Separate Accounts		6,700,000	(11,365,728)
Other changes in surplus in Separate Accounts Statement	(4,654,348)	(5,835,140)	(3,711)
Capital changes:			
Transferred from surplus (Stock Dividend)	(10,000,000)	(110,000,000)	
Surplus adjustment:			
Paid in	28,422,483	(9,763,347)	615,084,039
Change in surplus as a result of reinsurance	(56,573,551)	(40,524,515)	8,061,175
Dividends to stockholders	(459,663,562)	(2,459,178)	
Aggregate write-ins for gains and losses in surplus	(32,411,354)	(82,312,813)	(5,706,880)
Net change in capital and surplus	$856,632,606	$81,594,525	$377,096,252
Capital and surplus, December 31, current year	$1,332,649,898	$1,414,244,423	$1,791,340,675

CASH FLOW

CASH FROM OPERATIONS

Premiums collected net of reinsurance	$2,197,114,530
Net investment income	826,993,734
Miscellaneous income	1,312,488,446
Total	$4,336,596,710
Benefit and loss related payments	2,247,204,840
Net transfers to Separate Accounts	1,615,210,162
Commissions, expenses paid and aggregate write-ins for deductions	717,459,701
Federal income taxes (recovered)	(53,080,978)
Total	$4,526,793,725
Net cash from operations	($190,197,015)

CASH FROM INVESTMENTS

Proceeds from investments sold, matured or repaid:	
Bonds	$1,966,150,846
Stocks	20,121,200
Mortgage loans	298,439,970
Other invested assets	18,741,894
Miscellaneous proceeds	384,590,813
Total investment proceeds	$2,688,044,723
Costs of investments acquired (long-term only):	
Bonds	$968,439,911
Stocks	412,200,507
Mortgage loans	31,432,104
Real estate	54,841
Other invested assets	103,054,728
Miscellaneous applications	226,280,823
Total investments acquired	$1,741,462,914
Net increase in contract loans and premium notes	$38,981,692
Net cash from investments	$907,600,117

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided (applied):	
Capital and paid in surplus	$600,000,000
Net deposits on deposit-type contracts and other insurance liabilities	(210,195,408)
Other cash provided	4,471,470
Net cash from financing and miscellaneous sources	$394,276,062

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments	$1,111,679,164
Cash and short-term investments:	
Beginning of year	66,336,567
End of year	$1,178,015,731

EXAMINERS' CHANGES IN CAPITAL AND SURPLUS

	Company	Examiners	Increase (Decrease)
Assets:			
Current federal income tax recoverable	$105,134,783	$62,793,253	($42,341,530)
Net deferred tax asset	118,411,764	88,011,764	(30,400,000)
Liabilities:			
Aggregate reserve for life contracts	$10,173,146,653	$10,239,984,426	($66,837,773)
Examiners' decrease in capital and surplus			($139,579,303)
Capital and surplus per the Company			$1,930,919,978
Capital and surplus per the Examiners			1,791,340,675
Examiners' decrease in capital and surplus			($139,579,303)

RECOMMENDATIONS FOR CORRECTIVE ACTION

Accounts and Records

1. During the Examiners' review of the Company's bank reconciliations, a number of issues were noted. These issues included, but were not limited to, the Company reporting balances for several bank accounts at December 31, 2008 that had been closed prior to the end of the year; the Company reporting the balances of some of its bank accounts at the unreconciled general ledger balance; and the Company failing to research a number of reconciling items in a timely manner. It is imperative that the Company strengthen its controls over the cash reconciliation process to ensure that the process is more efficient and that adequate documentation is maintained to enhance the clarity of the reconciliation process. This includes ensuring that reconciling items are researched in a timely manner and that necessary adjustments are posted to the general ledger so that balances of the cash accounts are reported at their proper year-end reconciled balances.

   While the aforementioned problems did not result in a material misstatement of the cash account at December 31, 2008, given the significant number of the Company's bank accounts, if the necessary reconciling items are not adjusted in a timely manner, material adjustments could result in the future.

2. Current federal income tax recoverable and interest thereon $62,793,253

   The above asset is $42,341,530 less than the amount reported by the Company in its 2008 Annual Statement. The decrease is due to the Examiner's review of inter-company tax settlements in 2009 for the 2008 tax year between the Company and GLIC, the Company's parent with whom it was a party with in the filing of the 2008 consolidated federal income tax return. This review determined that the Company, at December 31, 2008, over-estimated the amount it was to recover from GLIC for the 2008 tax year. It is recommended that the Company review its methodologies for estimating and reporting amounts recoverable for federal income taxes.

3. Net deferred tax asset $88,011,764

The above asset is $30,400,000 less than the amount reported by the Company in its 2008 Annual Statement. The decrease is a result of the Examiners non-admitting a portion of the Net deferred tax asset arising from reinsurance recoverables, amortization of deferred acquisition costs, and capital gains and losses arising from impaired assets that the Company had admitted pursuant to SSAP No. 10 – Income Taxes, paragraph 10.b.i. SSAP No. 10, paragraph 10.b.i, states, that deferred tax assets shall be admitted in the amount "...expected to be realized within one year of the balance sheet date." A review by the Company in the second quarter 2009 determined that a portion of the reinsurance recoverable, amortization of deferred acquisition costs, and capital gains and losses had either been incorrectly calculated or erroneously reported as being realized within one year of the December 31, 2008 balance sheet. It is recommended that the Company review its methodologies for calculating deferred income tax assets to ensure that they are calculated correctly and that only those assets that can be realized within one year of the balance sheet date (or applicable SAP guidance at the time of reporting) be admitted as assets pursuant to SSAP No. 10, paragraph 10.b.i.

4. Aggregate reserves for life insurance contracts $10,239,984,426

The Examiners' amount is $66,837,773 more than the amount reported by the Company in its 2008 Annual Statement. The increase is a result of two separate issues which are discussed below.

The Company used the incorrect premium due date in its unearned premium calculation for reinsurance reserves ceded to Hannover Life Reassurance Company of America. The use of the incorrect premium due date caused the reinsurance reserve credit to be overstated by $48,949,255, which in turn caused the Aggregate reserves for life insurance contracts liability to be understated by the same amount. The Company discovered the incorrect premium due date prior to valuation, however, the Company's actuarial department responsible for calculating the reinsurance reserve credit was not informed in a timely manner. The Examiners recommend that the Company enact better communication between the respective departments to ensure that reserves are calculated using the correct underlying data.

In addition, the Company miscalculated the reinsurance reserve credit for coinsurance ceded. Specifically, the Company erroneously included supplemental and substandard benefits that were not reinsured in the reinsured portion of the risk for the calculation of the maximum reserve credit allowed under Section 38.2-1316.6 of the Code of Virginia. Thus, the Company's maximum reserve credit allowance was overstated, causing the reinsurance reserve credit to be overstated. This, in turn caused the liability to be understated by $17,888,518. The Examiners recommend that the Company calculate the maximum reserve credit allowance by using only benefits that are reinsured in the reinsured portion of the risk.

SUBSEQUENT EVENTS

1. On February 24, 2009, the Company made a capital contribution, in the form of securities, in the amount of $51,750,000 to Genworth Life Insurance Company of New York ("GLICNY"), an affiliate. The Company recorded this capital contribution payable in its December 31, 2008 financial statements.

2. On April 7, 2009, the Company made a capital contribution to River Lake Insurance Company VII, a subsidiary, in the amount of $227,750,000.

3. On December 11, 2009, River Lake V IHC contributed $40,038,941 to River Lake V. On December 14, 2009, River Lake V IHC dissolved, transferring its 250,000 shares of River Lake V to the Company. As a result of these transactions, the Company is now the 100% owner of River Lake V and River Lake V IHC no longer exists.

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, Bryan Almond, Darrin Bailey, CFE, Ken Campbell, CFE, Chris Collins, AFE, Jack Drean, CFE, David Fiden, Ern Johnson, FSA, MAAA, Kevin Knight, AFE, Cliff Lewis, 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
Financial

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genworth.com

June 15, 2010

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

RE: Response to Report of Examination of the Genworth Life and Annuity Insurance Company as of December 31, 2008

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, 2008, prepared by the Virginia Bureau of Insurance ("Bureau") and submitted to the Company for review and comment by cover letter dated May 25, 2010.

The Company acknowledges receipt of the Report and has thoroughly reviewed its contents. The Company's response to the Report is attached. This response, where applicable, identifies the corrective actions that have been implemented or are in the process of being implemented in accordance with the recommendations included in the Report.

If there are any questions which arise during your review of these comments, please do not hesitate to contact me at 804-662-2458 or at Michele.Trampe@genworth.com.

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.

Very truly yours,

Michele Trampe

Michele Trampe
Assistant Treasurer, Genworth Life and Annuity Insurance Company

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Genworth Life & Annuity Company
12/31/2008 Examination
Recommendations for Corrective Action

1. During the Examiners' review of the Company's bank reconciliations a number of issues were noted. These issues included, but were not limited to, the Company reporting balances for several bank accounts at December 31, 2008 that had been closed prior to the end of the year; the Company reporting the balances of some of its bank accounts at the unreconciled general ledger balance; and the Company failing to research a number of reconciling items in a timely manner. It is imperative that the Company strengthen its controls over the cash reconciliation process to ensure that the process is more efficient and that adequate documentation is maintained to enhance the clarity of the reconciliation process. This includes ensuring that reconciling items are researched in a timely manner and that necessary adjustments are posted to the general ledger so that balances of the cash accounts are reported at their proper year-end reconciled balances.

   While the aforementioned problems did not result in a material misstatement of the cash account at December 31, 2008, given the significant number of the Company's bank accounts, if the necessary reconciling items are not adjusted in a timely manner, material adjustments could result in the future.

Company Response-Action Plan
During 2008, the Company converted its accounting records to a new general ledger system. While the Company spent a great deal of time and resources planning and executing the conversion to the new general ledger system, the Company experienced a significant number of reconciling items in its cash accounts after the conversion, which could not be completely researched and resolved by December 31, 2008. The reason for the reconciling items was due to errors in the way the cash accounts were mapped between the old and new general ledger systems. The errors from the mapping and all aged reconciling items were corrected during 2009. Cash reconciliations are now current and a process has been established to ensure that all reconciling items are resolved timely.

2. <u>Current federal income tax recoverable and interest thereon</u> <u>$62,793,253</u>

   The above asset is $42,341,530 less than the amount reported by the Company in its 2008 Annual Statement. The decrease is due to the Examiner's review of intercompany tax settlements in 2009 for the 2008 tax year between the Company and GLIC, the Company's parent with whom it was a party with in the filing of the 2008 consolidated federal income tax return. This review determined that the Company, at December 31, 2008, over-estimated the amount it was to recover from GLIC for the 2008 tax year. It is recommended that the Company review its methodologies for estimating and reporting amounts recoverable for federal income taxes.

Company Response-Action Plan
The current federal income tax recoverable difference of $42,341,530 described in the recommendation for corrective action was the Company's 2008 provision to return adjustment, which was identified by the Company and recorded during 2009. Each year the Company records differences between the tax provision estimated early in the year for the preceding year end to meet annual statement filing deadlines and the tax return filed later in the year. Normally differences are small and result from better estimates. However, in addition to normal refinements of the previous estimate, the Company found that its 2008 provision contained some errors, which resulted in a larger provision to return adjustment than usual. The 2008 provision to return adjustment consisted of the following:

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Change in estimate (A)	$ 38,799,224
Correction of error (B)	13,804,052
Tax associated with reinsurance transaction (C)	(17,463,502)
Amounts not settled within 90 days (D)	7,201,756
Total	$ 42,341,530

(A) The change in estimate related primarily to the tax effects of partial worthlessness deduction and derivative transactions, which resulted from extraordinary financial market conditions. The Company has refined its methods of estimating such items for tax provision purposes and does not expect adjustments of this magnitude to recur.

(B) The correction of error concerned gains and losses from separate accounts, deferred acquisition costs (DAC) and fixed assets/software. The DAC adjustment was a system conversion error driven by the Company's conversion to a new general ledger system during 2008, which has been subsequently resolved. For separate accounts and fixed assets/software, historically the differences between statutory and tax amounts had not been material, so no estimate was prepared. However, the Company could have recorded an estimate and should have recorded an estimate. The Company's tax provision processes have since been revised to include estimates of these amounts, so the Company does not expect such adjustments to recur.

(C) The adjustment associated with the reinsurance transaction represents the tax effect of the item described in 4, aggregate reserves for life insurance contracts.

(D) The Company continues to review and improve its settlement processes, and intends to settle tax receivables within 90 days or nonadmit them for statutory accounting purposes. The $7,201,756 in receivables was not 90 days past due as of December 31, 2008 and it was the Company's expectation at the time that the balances would be collected.

All corrections were recorded and reflected in the 2009 financial statements.

3. Net deferred tax asset $88,011,764

The above asset is $30,400,000 less than the amount reported by the Company in its 2008 Annual Statement. The decrease is a result of the Examiners non-admitting a portion of the Net deferred tax asset arising from reinsurance recoverables, amortization of deferred acquisition costs, and capital gains and losses arising from impaired assets that the Company had admitted pursuant to SSAP No. 10 – Income Taxes, paragraph 10 b i. SSAP No. 10, paragraph b i, states, that deferred tax assets shall be admitted in the amount "...expected to be realized within one year of the balance sheet date." A review by the Company in the second quarter 2009 determined that a portion of the reinsurance recoverable, amortization of deferred acquisition costs, and capital gains and losses had either been incorrectly calculated or erroneously reported as being realized within one year of the December 31, 2008 balance sheet. It is recommended that the Company review its methodologies for calculating deferred income tax assets to ensure that they are calculated correctly and that only those assets that can be realized within one year of the balance sheet date (or applicable SAP guidance at the time of reporting) be admitted as assets pursuant to SSAP No. 10, paragraph 10 b i.

Company Response-Action Plan

The net deferred tax asset difference of $30,400,000 described in the recommendation for corrective action related to the Company's determination of the admissible deferred tax asset, which was identified by the Company and recorded during 2009. The changes to the admitted deferred tax assets consisted of the following:

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DAC (A)	$ 3,500,000
Investments (B)	17,500,000
Experience Rating Refund (ERR) /Reinsurance adjustments (C)	9,400,000
Total	$30,400,000

(A) The Company made a mistake in computing the scheduled reversal of DAC previously capitalized for tax purposes. The Company's procedures have been revised to include more substantive review of such reversals. The Company does not expect such error to recur.

(B) The investment adjustments to the admitted deferred tax asset included a worksheet error in reclassifying between partial worthlessness deductions and statutory losses, and an incorrect determination that there were sufficient capital gains to enable the admission of deferred tax assets expected to reverse within the following year. The Company's workbooks, used to calculate the admissible deferred tax assets, have been modified to correct the mentioned error, and the Company has revised its procedures to perform a more systematic review of the capital and ordinary investment items. The Company does not expect such errors to recur.

(C) An error was made in determining the timing of the reversal of a reinsurance balance. This resulted in admitting the related deferred tax asset, when in fact it should not have been admitted. The Company's procedures now include a more systematic evaluation of all such balances. The Company does not expect this error to recur.

All corrections were recorded and reflected in the 2009 financial statements.

4. Aggregate reserves for life insurance contracts $10,239,984,426

The Examiners' amount is $66,837,773 more than the amount reported by the Company in its 2008 Annual Statement. The increase is a result of two separate issues which are discussed below.

The Company used the incorrect premium due date in its unearned premium calculation for reinsurance reserves ceded to Hannover Life Reassurance Company of America. The use of the incorrect premium due date caused the reinsurance reserve credit to be overstated by $48,949,225, which in turn caused the Aggregate reserves for life insurance contracts liability to be understated by the same amount. The Company discovered the incorrect premium due date prior to valuation, however, the Company's actuarial department responsible for calculating the reinsurance reserve credit was not informed in a timely manner. The Examiners recommend that the Company enact better communication between the respective departments to ensure that reserves are calculated using the correct underlying data.

In addition, the Company miscalculated the reinsurance reserve credit for coinsurance ceded. Specifically, the Company erroneously included supplemental and substandard benefits that were not reinsured in the reinsured portion of the risk for the calculation of the maximum reserve credit allowed under Section 38.2-1316.6 of the Code of Virginia. Thus, the Company's maximum reserve credit allowance was overstated causing the reinsurance reserve credit to be overstated. This, in turn caused the liability to be understated by $17,888,518. The Examiners recommend that the Company calculate the maximum reserve credit allowance by using only benefits that are reinsured in the reinsured portion of the risk.

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Company Response-Action Plan

The Company identified an error in its calculation of unearned premium as a result of an incorrect premium due date for reinsurance reserves related to a reinsurance treaty executed late in 2008. Although, the Company identified the premium due date error and corrected the premiums during 2008, it did not communicate the error to the actuaries performing the valuation of the reserves. Accordingly, the reinsurance reserve credit was overstated by $48,949,255. The Company recorded the correction to the error in its statements filed for the period ended March 31, 2009 and implemented procedures to correct the calculation going forward. In addition, it has implemented daily teleconference calls during the monthly and quarterly process to close its books, which include finance and actuarial teams. The teleconference calls include review and discussion of any changes identified late in the process to assess impacts and ensure changes are handled properly.

In addition, the Company agrees with the Examiners finding that it miscalculated the reinsurance reserve credit for certain coinsurance ceded, which resulted in the understatement of net reserves by $17,888,518. The Company plans to change its calculation to reflect the corrected net reserves in its second quarter 2010 statutory financial statements.