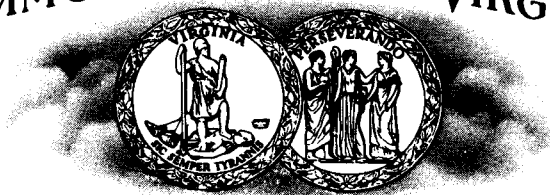


**EXAMINATION REPORT**  
**of**  
**JAMESTOWN LIFE INSURANCE**  
**COMPANY**  
**Lynchburg, Virginia**  
**as of**  
**December 31, 2008**

# COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS  
COMMISSIONER OF INSURANCE



P.O. BOX 1157  
RICHMOND, VIRGINIA 23218  
TELEPHONE: (804) 371-9741  
TDD/VOICE: (804) 371-9206  
<http://www.state.va.us/scc>

## 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 Jamestown Life 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 4<sup>th</sup> day of June, 2010

---

Alfred W. Gross  
Commissioner of Insurance

(SEAL)

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Description .....	1
History .....	1
Management and Control.....	2
Transactions with Affiliates.....	5
Conflict of Interest .....	6
Fidelity Bond and Other Insurance .....	6
Territory and Plan of Operation .....	6
Growth of the Company.....	7
Reinsurance .....	8
Scope.....	9
Financial Statements .....	9
Conclusion .....	15

Richmond, Virginia  
March 19, 2010

Honorable Alfred W. Gross  
Commissioner of Insurance  
Richmond, Virginia

Dear Sir:

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

**JAMESTOWN LIFE INSURANCE COMPANY**  
Lynchburg, Virginia

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

**DESCRIPTION**

The Company is a stock life insurance company and is licensed under and subject to the general insurance laws contained in Title 38.2 of the Code of Virginia. The Company was last examined as of December 31, 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").

**HISTORY**

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

On December 1, 1996, First Colony and its subsidiaries were acquired by General Electric Capital Corporation ("GECC"), whose ultimate parent is General Electric Company ("GE"). In May 2004, in connection with the initial public offering ("IPO") of the common stock of Genworth Financial, Inc. ("Genworth"), GE Financial Assurance Holdings, Inc. ("GEFAHI"), a wholly owned indirect subsidiary of GE,

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

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

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

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

The Company's maximum authorized capital is 100,000 shares of common stock with a par value of \$10 per share. At December 31, 2008, there were 100,000 shares of common stock issued and outstanding, with gross paid in and contributed surplus of \$23,000,000 and unassigned funds of \$16,064,685.

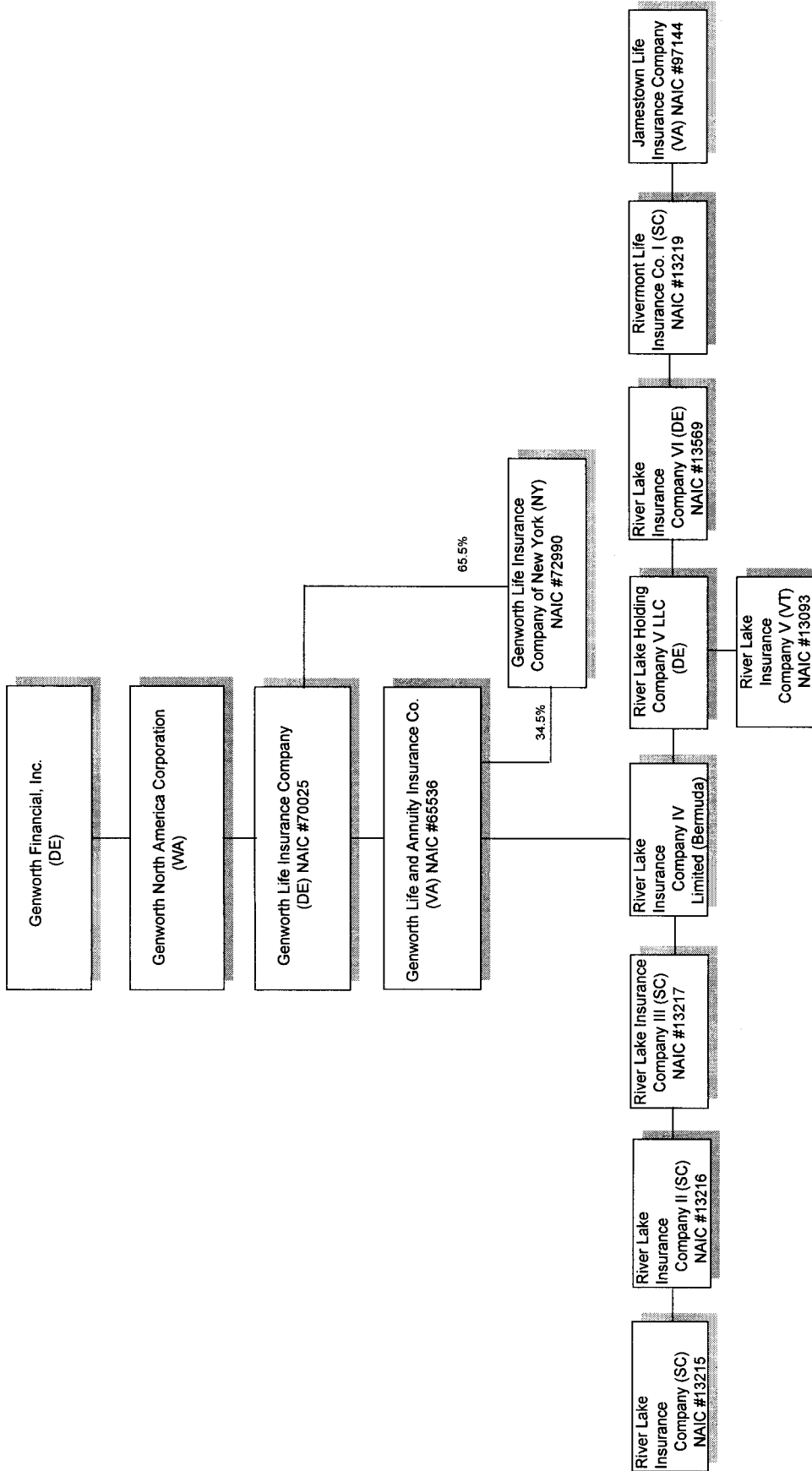
### **MANAGEMENT AND CONTROL**

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

At December 31, 2008, the Board of Directors and selected Officers of the Company were as follows:

<u>Directors</u>	<u>Principal Business Affiliation</u>
Ward E. Bobitz	Vice President Genworth Financial, Inc.
Kelly L. Groh	Vice President Genworth Financial, Inc.
Leon E. Roday	Senior Vice President, General Counsel and Secretary Genworth Financial, Inc.
<u>Officers</u>	<u>Title</u>
Leon E. Roday	Chairman of the Board, President and Chief Executive Officer
Gary T. Prizzia	Treasurer
Ward E. Bobitz	Senior Vice President, General Counsel and Secretary
Michael A. Cioffi	Appointed Actuary
Kelly L. Groh	Senior Vice President and Chief Financial Officer
Ronald P. Joelson	Chief Investment Officer
Patrick B. Kelleher	Senior Vice President

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



## TRANSACTIONS WITH AFFILIATES

### Services and Shared Expenses Agreement

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

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

During 2008, the Company was allocated and paid expenses totaling \$1,054,488 pursuant to this agreement.

### 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 to Stockholders

On October 3, 2007 and October 6, 2008, the Company paid a dividend on its common stock of \$100,000,000 and \$4,600,000. The 2007 common stock dividend was considered extraordinary and was pre-approved by the Commission. The 2008 common stock dividend was considered an ordinary dividend and did not require prior approval of the Commission.



### **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 \$5,000,000 deductible, to insure against losses arising from dishonest acts of its officers and employees. Additionally, the Company maintained general liability, professional liability, directors and officer's liability, workers compensation and other coverages usual and customary to the nature of its business. Insurance coverages for the Company are provided by endorsements to Genworth's policies.

### **TERRITORY AND PLAN OF OPERATION**

At December 31, 2008, the Company was only licensed in Virginia and was authorized to write the following lines of insurance:

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

No direct business was written during the period covered by this examination. All life insurance in force at December 31, 2008, represents reinsurance assumed from Genworth Life and Annuity.

## GROWTH OF THE COMPANY

The following data represents the growth of the Company for the ten-year period ending December 31, 2008. The data is compiled from the Company's filed Annual Statements, previous examination reports, and the current examination report.

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Common Capital Stock</u>	<u>Surplus</u>
1999	\$ 25,991,696	\$ 19,764,421	\$1,000,000	\$ 5,227,275
2000	165,155,400	58,048,299	1,000,000	106,107,101
2001	323,089,458	153,374,713	1,000,000	168,714,745
2002	426,512,859	309,072,899	1,000,000	116,439,960
2003	500,568,055	253,189,996	1,000,000	246,378,059
2004	343,669,640	230,071,561	1,000,000	112,598,079
2005	268,367,397	159,961,078	1,000,000	107,406,319
2006	244,458,599	102,511,317	1,000,000	140,947,282
2007	149,996,716	102,983,106	1,000,000	46,013,610
2008	148,099,080	108,034,395	1,000,000	39,064,685

### Gross Life Insurance In Force

<u>Year</u>	<u>Ordinary</u>
1999	\$ 20,700,000
2000	22,825,000
2001	40,916,835,000
2002	49,948,900,000
2003	6,126,913,000
2004	5,756,477,000
2005	5,494,360,000
2006	4,428,164,000
2007	4,270,339,000
2008	4,118,473,000

**REINSURANCE****Assumed**

The Company assumes Term and Universal Life business under two coinsurance treaties with its affiliate Genworth Life and Annuity. The Company assumed approximately \$90 million, or 100%, of its total reserves at December 31, 2008; all of the Company's business is assumed from Genworth Life and Annuity.

**Ceded**

At December 31, 2008, the Company had reinsurance agreements in effect in which it retrocedes Term and Universal Life business to several reinsurers on a yearly-renewable term basis. The Company retrocedes approximately \$1 million, or 1%, of its total reserves 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. All of the Company's reinsurance treaties contain an acceptable insolvency clause.

## **SCOPE**

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period from 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; and a statement of cash flows for the year ending December 31, 2008. The financial statements are presented in accordance with Statutory Accounting Principles.

**ASSETS**

	<u>Assets</u>	Nonadmitted <u>Assets</u>	Net Admitted <u>Assets</u>
Bonds	\$112,055,110		\$112,055,110
Preferred stocks	4,473,046		4,473,046
Cash and short-term investments	28,202,878		28,202,878
Receivables for securities	<u>4,915</u>		<u>4,915</u>
Subtotals, cash and invested assets	\$144,735,949		\$144,735,949
Investment income due and accrued	1,454,441		1,454,441
Amounts recoverable from reinsurers	69,313		69,313
Other amounts receivable under reinsurance contracts	590,745		590,745
Current federal income tax recoverable and interest thereon	710,719		710,719
Net deferred tax asset	<u>4,691,885</u>	<u>4,153,972</u>	<u>537,913</u>
Total assets	<u><u>\$152,253,052</u></u>	<u><u>\$4,153,972</u></u>	<u><u>\$148,099,080</u></u>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

Aggregate reserve for life contracts	\$89,019,352
Contract claims:	
Life	1,556,567
Other amounts payable on reinsurance	38,084
Interest Maintenance Reserve	14,986,197
General expenses due or accrued	21,821
Taxes, licenses and fees due or accrued, excluding federal income tax	204,683
Remittances and items not allocated	60,821
Payable to parent, subsidiaries, and affiliates	<u>2,146,870</u>
 Total liabilities	 <u>\$108,034,395</u>
 Common capital stock	 \$1,000,000
Gross paid in and contributed surplus	23,000,000
Unassigned funds (surplus)	<u>16,064,685</u>
 Total capital and surplus	 <u>\$40,064,685</u>
 Total liabilities, capital and surplus	 <u><u>\$148,099,080</u></u>

**SUMMARY OF OPERATIONS**

Premiums and annuity considerations for life and accident and health contracts	\$7,833,699
Net investment income	7,806,670
Amortization of Interest Maintenance Reserve	1,717,461
Total	<u>\$17,357,830</u>
Death benefits	\$5,064,383
Disability benefits and benefits under accident and health contracts	770
Interest and adjustments on contract or deposit-type contract funds	14,490
Increase in aggregate reserves for life and accident and health contracts	5,240,666
Total	<u>\$10,320,309</u>
Commissions and expense allowances on reinsurance assumed	1,312,282
General insurance expenses	1,562,399
Insurance taxes, licenses, and fees	80,667
Total	<u>\$13,275,657</u>
Net gain from operations before federal income taxes	\$4,082,173
Federal income taxes incurred	596,343
Net gain from operations after federal income taxes and before realized capital gains	\$3,485,830
Net realized capital (losses)	<u>(7,124,013)</u>
Net (loss)	<u><u>(\$3,638,183)</u></u>

**RECONCILIATION OF CAPITAL AND SURPLUS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Capital and surplus, December 31, prior year	<u>\$108,406,319</u>	<u>\$141,947,282</u>	<u>\$47,013,610</u>
Net income (loss)	33,301,048	4,371,015	(3,638,183)
Change in net deferred income tax	(2,417,739)	655,057	2,088,377
Change in nonadmitted assets	2,497,595	(667,421)	(1,625,379)
Change in asset valuation reserve	160,059	707,677	826,260
Dividends to stockholders		<u>(100,000,000)</u>	<u>(4,600,000)</u>
Net change in capital and surplus	<u>\$33,540,963</u>	<u>(\$94,933,672)</u>	<u>(\$6,948,925)</u>
Capital and surplus, December 31, current year	<u><u>\$141,947,282</u></u>	<u><u>\$47,013,610</u></u>	<u><u>\$40,064,685</u></u>



**CASH FLOW****CASH FROM OPERATIONS**

Premiums collected net of reinsurance	\$7,833,703
Net investment income	8,435,021
Total	<u>\$16,268,724</u>
Benefit and loss related payments	\$4,255,985
Commissions, expenses paid, and aggregate write-ins for deductions	2,964,002
Federal income taxes paid	815,855
Total	<u>\$8,035,842</u>
Net cash from operations	<u>\$8,232,882</u>

**CASH FROM INVESTMENTS**

Proceeds from investments sold, matured, or repaid:	
Bonds	\$6,425,334
Stocks	549,997
Total investment proceeds	<u>\$6,975,331</u>
Cost of investments acquired (long-term only):	
Miscellaneous applications	\$4,915
Total investments acquired	<u>\$4,915</u>
Net cash from investments	<u>\$6,970,416</u>

**CASH FROM FINANCING AND MISCELLANEOUS SOURCES**

Cash provided (applied):	
Dividends to stockholders	(\$4,600,000)
Other cash provided	2,004,375
Net cash from financing and miscellaneous sources	<u>(\$2,595,625)</u>

**RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS**


Net change in cash and short-term investments	\$12,607,672
Cash and short-term investments:	
Beginning of year	<u>15,595,206</u>
End of year	<u>\$28,202,878</u>

**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,

A handwritten signature in black ink, appearing to read 'John E. Bunce', followed by a horizontal line extending to the right.

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



STATE CORP. COMMISSION  
BUREAU OF INSURANCE  
10 JUN - 1 11 07 AM '10  
662 W. Broad Street  
Richmond, VA 23260  
genworth.com

May 17, 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 Jamestown Life Insurance Company as of December 31, 2008

Dear Mr. Smith:

I am writing on behalf of the Jamestown Life Insurance Company (the "Company") in connection with the Report of Examination ("Report") of the Company as of December 31, 2008, prepared by the Virginia Bureau of Insurance ("Bureau") and submitted to the Company for review and comment by cover letter dated May 14, 2010 addressed to Leon E. Roday.

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.

Very truly yours,

A handwritten signature in cursive script that reads "Michele Trampe".

Michele Trampe  
Assistant Treasurer, Jamestown Life Insurance Company