

# TARGETED MARKET CONDUCT EXAMINATION REPORT

Genworth Life and Annuity Insurance Company  
NAIC # 65536  
6610 West Broad Street  
Richmond, VA 23230

As of October 2, 2017

**Iowa Insurance Division**

**Virginia Bureau of Insurance**

## Table of Contents

Salutation .....	1
Purpose and Scope of Review.....	2
Executive Summary .....	2
Desk Examination.....	2
Conclusion .....	3

The Honorable Douglas Ommen  
Insurance Commissioner  
Iowa Insurance Division  
601 Locust St., 4<sup>th</sup> Floor  
Des Moines, IA 50309

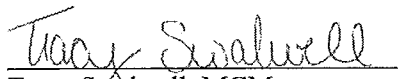
The Honorable Jacqueline K. Cunningham  
Bureau of Insurance  
Tyler Building, 1300 E. Main St.  
Richmond, Virginia 23219

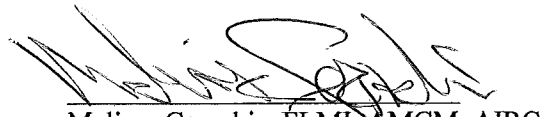
Dear Commissioners Ommen and Cunningham:

In accordance with your respective authorization, and pursuant to Iowa Code chapter 507 and Code of Virginia chapter 1320, a market conduct examination has been conducted on the business affairs of

Genworth Life and Annuity Insurance Company  
NAIC # 65536  
6610 West Broad Street  
Richmond, VA 23230

hereafter referred to as "Genworth Life and Annuity Insurance Company" or the "Company", the following report of such examination is respectfully submitted,

  
Tracy Swalwell, MCM  
Iowa Insurance Division  
Examiner-in-Charge

  
Melissa Gerachis, FLMI, AMCM, AIRC  
Virginia Bureau of Insurance  
Senior Insurance Market Examiner

## **PURPOSE AND SCOPE OF REVIEW**

A targeted market conduct examination of Genworth Life and Annuity Insurance Company was conducted pursuant to Iowa and Virginia statutory provisions.

The Iowa Insurance Division (“Division”) conducted targeted desk examinations on many companies to review the policies and procedures that comprise the Company’s annuity suitability supervision system and compare these policies and procedures against the model annuity suitability regulation requirements. The relevant time period was January 1, 2014 through September 30, 2015. The review was performed at the Division and at the Virginia Bureau of Insurance of electronic files provided by the Company and conducted according to the guidelines and procedures recommended in the NAIC Market Regulation Handbook.

Interrogatories were submitted to the Company as part of the MAWG Fixed Index Annuity Collaborative Action and written responses were provided.

## **EXECUTIVE SUMMARY**

The Company appears to have adequate policies and procedures in place to review annuity suitability recommendations.

## **DESK EXAMINATION**

The examination included a review of the contracts, policies, written procedures, and other documents of the Company. A confidential comprehensive evaluation was provided to the Company focusing on the following areas: (1) how the Company informs producers of their obligations through training and other materials; (2) controls to review the suitability determination and product recommendation; and (3) methods of recording suitability decisions.

As a result of the evaluation, it is evident that the Company has procedures in place to supervise suitability recommendations. The Company employs an automated system to initially screen applications for red flag triggers. The Company requires and verifies training of producers but does not test the quality of training. Heightened review is performed of applications in which red flags are triggered. Additional monitoring of replacements is conducted. The Company requires producers to maintain records but does not audit them.

**CONCLUSION**

I would like to acknowledge the cooperation and courtesy extended by Genworth Life and Annuity Insurance Company staff. In addition to the undersigned, Johanna Nagel of the Iowa Insurance Division participated in this examination.

Respectfully submitted,



Tracy Swalwell, MCM  
Iowa Insurance Division  
Examiner-in-Charge



Melissa Gerachis, FLMI, AMCM, AIRC  
Virginia Bureau of Insurance  
Senior Insurance Market Examiner