UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________
Commission file number 001-32195

GENWORTH FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	80-0873306
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6620 West Broad Street Richmond, Virginia	23230
(Address of principal executive offices)	(Zip Code)

(804) 281-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of each exchange on which registered
Class A Common Stock, par value $.001 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 10, 2016, 497,828,731 shares of Class A Common Stock, par value $0.001 per share were outstanding.

The aggregate market value of the common equity (based on the closing price of the Class A Common Stock on the New York Stock Exchange) held by non-affiliates of the registrant on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $3.8 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 in connection with the 2016 annual meeting of the registrant's stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

		Page
PART I		
Item 1.	Business	4
Item 1A.	Risk Factors	49
Item 1B.	Unresolved Staff Comments	89
Item 2.	Properties	89
Item 3.	Legal Proceedings	89
Item 4.	Mine Safety Disclosures	89
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	90
Item 6.	Selected Financial Data	92
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	95
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	191
Item 8.	Financial Statements and Supplementary Data	198
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure	354
Item 9A.	Controls and Procedures	354
Item 9B.	Other Information	357
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	358
Item 11.	Executive Compensation	362
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	363
Item 13.	Certain Relationships and Related Transactions, and Director Independence	363
Item 14.	Principal Accountant Fees and Services	363
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	364

Cautionary Note Regarding Forward-looking Statements

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for our future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially from those in the forward-looking statements due to global political, economic, business, competitive, market, regulatory and other factors and risks, including the items identified under "Part I—Item 1A—Risk Factors." We therefore caution you against relying on any forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Note Regarding This Annual Report

Beginning in the fourth quarter of 2015, we changed how we review our operating businesses and no longer have separate reporting divisions. Under our new structure, we have the following five operating business segments: U.S. Mortgage Insurance; Canada Mortgage Insurance; Australia Mortgage Insurance; U.S. Life Insurance (which includes our long-term care insurance, life insurance and fixed annuities businesses); and Runoff (which includes the results of non-strategic products which are no longer actively sold). In addition to our five operating business segments, we also have Corporate and Other activities which include debt financing expenses that are incurred at the Genworth Holdings, Inc. level, unallocated corporate income and expenses, eliminations of inter-segment transactions and the results of other businesses that are managed outside of our operating segments, including certain smaller international mortgage insurance businesses and discontinued operations. Financial information has been updated for all periods to reflect the reorganized segment reporting structure.

On December 1, 2015, we completed the sale of our lifestyle protection insurance business, which had previously been designated as a non-core business. Our lifestyle protection insurance business, previously the only business in our former International Protection segment, has been reported as discontinued operations and its financial position, results of operations and cash flows are separately reported for all periods presented. All prior periods reflected herein have been re-presented on this basis.

On October 27, 2015, we announced that Genworth Mortgage Insurance Corporation ("GMICO"), our wholly-owned indirect subsidiary, entered into an agreement to sell our European mortgage insurance business to AmTrust Financial Services, Inc. As the held-for-sale criteria were satisfied during the fourth quarter of 2015, our European mortgage insurance business has been reported as held for sale and its financial position is separately reported for all periods presented. All prior periods reflected herein have been re-presented on this basis. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals.

See note 24 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for additional information regarding the sales of these businesses.

PART I

Item 1. Business

Overview

Genworth Holdings, Inc. (“Genworth Holdings”) (formerly known as Genworth Financial, Inc.) was incorporated in Delaware in 2003 in preparation for an initial public offering (“IPO”) of Genworth common stock, which was completed on May 28, 2004. On April 1, 2013, Genworth Holdings completed a holding company reorganization pursuant to which Genworth Holdings became a direct, 100% owned subsidiary of a new public holding company that it had formed. The new public holding company was incorporated in Delaware on December 5, 2012, in connection with the reorganization, and was renamed Genworth Financial, Inc. (“Genworth Financial”) upon the completion of the reorganization.

References to “Genworth,” the “Company,” “we” or “our” have the following meanings, unless the context otherwise requires:

- For periods prior to April 1, 2013: Genworth Holdings and its subsidiaries
- For periods from and after April 1, 2013: Genworth Financial and its subsidiaries

We are dedicated to helping meet the homeownership and long-term care needs of our customers. We are headquartered in Richmond, Virginia. We facilitate homeownership in the United States and internationally by providing mortgage insurance products that allow people to purchase homes with low down payments while protecting lenders against the risk of default. Through our homeownership education and assistance programs, we also help people keep their homes when they experience financial difficulties. We offer individual and group long-term care insurance products to meet consumer needs for long-term care. On February 4, 2016, we announced our decision to suspend sales of our traditional life insurance and fixed annuity products.

We operate our business through five operating segments:

- ***U.S. Mortgage Insurance.*** In the United States, we offer mortgage insurance products predominantly insuring prime-based, individually underwritten residential mortgage loans (“flow mortgage insurance”). We selectively provide mortgage insurance on a bulk basis (“bulk mortgage insurance”) with essentially all of our bulk writings being prime-based. For the year ended December 31, 2015, our U.S. Mortgage Insurance segment’s income from continuing operations available to Genworth Financial, Inc.’s common stockholders and net operating income was $179 million for each measure.
- ***Canada Mortgage Insurance.*** We offer flow mortgage insurance and also provide bulk mortgage insurance that aids in the sale of mortgages to the capital markets and helps lenders manage capital and risk in Canada. For the year ended December 31, 2015, our Canada Mortgage Insurance segment’s income from continuing operations available to Genworth Financial, Inc.’s common stockholders and net operating income were $140 million and $152 million, respectively.
- ***Australia Mortgage Insurance.*** In Australia, we offer flow mortgage insurance and selectively provide bulk mortgage insurance that aids in the sale of mortgages to the capital markets and helps lenders manage capital and risk. For the year ended December 31, 2015, our Australia Mortgage Insurance segment’s income from continuing operations available to Genworth Financial, Inc.’s common stockholders and net operating income were $103 million and $102 million, respectively.
- ***U.S. Life Insurance.*** We offer long-term care insurance products as well as service traditional life insurance and fixed annuity products in the United States. For the year ended December 31, 2015, our U.S. Life Insurance segment had a loss from continuing operations available to Genworth Financial, Inc.’s common stockholders of $253 million and net operating income of $43 million.
- ***Runoff.*** The Runoff segment includes the results of non-strategic products which are no longer actively sold. Our non-strategic products primarily include our variable annuity, variable life insurance,

institutional, corporate-owned life insurance and other accident and health insurance products. Institutional products consist of: funding agreements, funding agreements backing notes ("FABNs") and guaranteed investment contracts ("GICs"). We no longer offer retail and group variable annuities but continue to service our existing blocks of business. For the year ended December 31, 2015, our Runoff segment had a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders of $5 million and net operating income of $27 million.

In addition to our five operating business segments, we also have Corporate and Other activities which include debt financing expenses that are incurred at the Genworth Holdings level, unallocated corporate income and expenses, eliminations of inter-segment transactions and the results of other businesses that are managed outside of our operating segments, including certain smaller international mortgage insurance businesses and discontinued operations. See note 24 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for information related to discontinued operations. For the year ended December 31, 2015, Corporate and Other activities had a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and a net operating loss of $372 million and $248 million, respectively.

We had $12.8 billion of total Genworth Financial, Inc.'s stockholders' equity and $106.4 billion of total assets as of December 31, 2015. For the year ended December 31, 2015, our revenues were $8.5 billion and we had a net loss available to Genworth Financial, Inc.'s common stockholders of $0.6 billion.

Strategic Update

Our focus remains on improving business performance and increasing financial and strategic flexibility across the organization. Our strategy includes maximizing our opportunities in our mortgage insurance businesses and restructuring our U.S. life insurance businesses.

We expect to continue to grow and strengthen our mortgage insurance businesses by taking advantage of accretive market opportunities balanced with capital optimization. This includes focusing on earnings growth and writing profitable new business while maintaining regulatory capital standards, with prudent buffers. In our U.S. mortgage insurance business, this includes maintaining compliance with the private mortgage insurer eligibility requirements ("PMIERs") that became effective on December 31, 2015.

We are also focused on restructuring our U.S. life insurance businesses. On February 4, 2016, we announced an initiative to: (i) suspend sales of our traditional life insurance and fixed annuity products after the first quarter of 2016; (ii) further reduce expense levels in 2016; (iii) repatriate existing business from Brookfield Life and Annuity Insurance Company Limited ("BLAIC"), our primary Bermuda domiciled reinsurance subsidiary, to our U.S. life insurance subsidiaries in 2016; and (iv) separate and potentially isolate our long-term care insurance business.

Our decision to suspend sales of our traditional life insurance and fixed annuity products was a result of the continued impact of adverse ratings actions and recent sales levels of these products. We will, however, continue to service our existing in-force block of business. Our decision to suspend sales of these products is expected to reduce cash expenses by approximately $50 million pre-tax annually. In addition, we previously announced a multi-step restructuring plan targeting annual cash savings in excess of $100 million. Actions taken in 2015 as part of that plan are expected to reduce cash expenses on an annualized run rate by approximately $90 million to $100 million pre-tax or more. We plan to repatriate all of the existing business, including the long-term care insurance business, held in BLAIC. In connection with these actions, BLAIC would be dissolved, which would facilitate future cash movements from our international subsidiaries to the holding company.

Once all business is repatriated from BLAIC, we intend through a series of reinsurance and restructuring transactions to separate, then potentially isolate, our long-term care insurance business from our other U.S. life

insurance businesses. These actions will be part of a multi-phased process that is intended to align substantially all of our in-force life insurance and annuity business under Genworth Life and Annuity Insurance Company ("GLAIC"), our Virginia domiciled life insurance company, and all long-term care insurance business under Genworth Life Insurance Company ("GLIC"), our Delaware domiciled life insurance company. Once these actions take place, we plan to separate GLAIC and GLIC ownership so that both subsidiaries are wholly-owned by an intermediate holding company. Genworth Life Insurance Company of New York ("GLICNY"), our New York domiciled life insurance company, which is currently partially owned by GLAIC, would become a wholly-owned subsidiary of GLIC. To further isolate our long-term care insurance business from our other businesses and cause it to be excluded from our public debt covenants, GLIC and GLICNY may ultimately be direct subsidiaries of Genworth Financial and no longer subsidiaries of Genworth Holdings. We would aim to complete these actions over the next 12 to 18 months. However, these proposed actions will require regulatory approval from several different regulatory jurisdictions, and may require other third-party approvals. We have committed to contribute $200 million of holding company cash (from the anticipated tax benefit related to a life block transaction that closed in January 2016 and is expected to be paid to the holding company in the third quarter of 2016) to GLIC as part of executing this restructuring plan.

In conjunction with our U.S. life insurance restructuring plan, we continue to remain open to alternatives and actively assess other strategic options. In assessing our strategic options, we are considering, among other factors, the level of, and restrictions contained in, our existing indebtedness, tax considerations, the views of regulators and rating agencies, and the performance and prospects of our businesses.

We are continuing to execute our long-term care insurance strategy, which includes: obtaining significant premium rate increases and benefit reductions on certain of our in-force blocks of long-term care insurance to improve profitability and reduce the strain on capital; requesting smaller rate increases more proactively on newer in-force blocks of long-term care insurance as needed; and introducing new products with appropriately priced benefits.

We also seek to maintain appropriate levels of capital in the event of unforeseen events and potential in-force block volatility. We generate statutory capital from earnings on our in-force business, as well as from ongoing capital management and efficiency strategies such as use of reinsurance, management of new business mix and levels and cost reductions. We also continue to evaluate and pursue opportunities to redeploy capital from lower returning blocks of business.

At Genworth Holdings, we have targeted maintaining cash and highly liquid securities of at least one and one-half times debt service plus a $350 million buffer in the near term and focus on reducing debt levels over time. We also seek to increase financial flexibility by improving elements of our credit profile, including by reducing our debt levels, which impact our financial strength ratings. In light of market influences and the impact of recent ratings downgrades on the valuation of our senior debt, we may evaluate the level of cash buffer we maintain at the holding company as we consider opportunities to repurchase our debt over time. In January 2016, Genworth Holdings redeemed its senior notes due in 2016 using proceeds from the sale of our lifestyle protection insurance business.

U.S. Mortgage Insurance

Through our U.S. Mortgage Insurance segment, we provide private mortgage insurance. Private mortgage insurance enables borrowers to buy homes with a down payment of less than 20% of the home's value ("low down-payment mortgages" or "high loan-to-value mortgages"). Mortgage insurance protects lenders against loss in the event of a borrower's default. It also generally aids financial institutions in managing their capital efficiently by, in some cases, reducing the capital required for low-down-payment mortgages. If a borrower defaults on mortgage payments, private mortgage insurance reduces and may eliminate losses to the insured institution. Private mortgage insurance may also facilitate the sale of mortgage loans in the secondary mortgage market because of the credit enhancement it provides.

We have been providing mortgage insurance products and services in the United States since 1981 and operate in all 50 states and the District of Columbia. Our principal mortgage insurance customers are originators of residential mortgage loans who typically determine which mortgage insurer or insurers they will use for the placement of mortgage insurance written on loans they originate. For the year ended December 31, 2015, approximately 18% of new insurance written in our U.S. mortgage insurance business was attributable to our largest five lender customers, with no customer representing more than 10% of new insurance written.

The U.S. private mortgage insurance industry is affected in part by the requirements and practices of the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Fannie Mae and Freddie Mac are government-sponsored enterprises and we refer to them collectively as the "GSEs." The GSEs purchase and provide guarantees on residential mortgages as part of their governmental mandate to provide liquidity through the secondary mortgage market. The GSEs may purchase mortgages with unpaid principal amounts up to a specified maximum, known as the "conforming loan limit," which is currently $417,000 (up to $625,000 in certain high-cost geographical areas of the country) and subject to annual adjustment.

Each GSE's Congressional charter generally prohibits it from purchasing a mortgage where the loan-to-value ratio exceeds 80% of home value unless the portion of the unpaid principal balance of the mortgage in excess of 80% of the value of the property securing the mortgage is protected against default by lender recourse, participation or by a qualified insurer. Much of the demand for private mortgage insurance is a function of the requirements of the GSEs. The GSEs purchased the majority of the flow loans we insured as of December 31, 2015. The GSEs specify mortgage insurance coverage levels and also have the authority to change the pricing arrangements for purchasing retained-participation mortgages, or mortgages with lender recourse, as compared to insured mortgages, increase or reduce required mortgage insurance coverage percentages, and alter or liberalize underwriting standards and pricing terms on low-down-payment mortgages they purchase. In furtherance of their respective charter requirements, each GSE maintains eligibility criteria to establish when a mortgage insurer is qualified to issue coverage that will be acceptable to the GSEs for high loan-to-value mortgages they acquire. For more information about the financial and other requirements of the GSEs for our U.S. mortgage insurance subsidiaries, see "—Regulation—Mortgage Insurance Regulation—Other regulation."

Selected financial information and operating performance measures regarding our U.S. Mortgage Insurance segment are included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—U.S. Mortgage Insurance segment."

Products and services

The majority of our U.S. mortgage insurance policies provide default loss protection on a portion (typically 10% to 40%) of the balance of an individual mortgage loan. Our primary mortgage insurance policies are predominantly flow mortgage insurance policies, which cover individual loans at the time the loan is originated. We also from time to time enter into bulk mortgage insurance transactions or lender-paid insurance transactions with lenders and investors in selected instances, under which we insure individual loans on a flow basis or a portfolio of loans at or after origination for a negotiated price and terms.

In addition to flow and bulk primary mortgage insurance, we have in prior years written mortgage insurance on a pool basis. Under pool insurance, the mortgage insurer provides coverage contemporaneously with loan origination on a group of specified loans, typically for 100% of all losses on every loan in the portfolio, subject to an agreed aggregate loss limit.

Flow mortgage insurance

Flow mortgage insurance is primary mortgage insurance placed on an individual loan pursuant to the terms and conditions of a master policy. Our primary mortgage insurance covers default risk on first mortgage loans generally secured by one- to four-unit residential properties and can be used to protect mortgage lenders and investors from default on any type of residential mortgage loan instrument that we have approved. Our insurance covers a specified coverage percentage of a “claim amount” consisting of unpaid loan principal, plus delinquent interest and certain other expenses associated with the default and subsequent foreclosure. As the insurer, we are generally required to pay the coverage percentage specified in the primary master policy and certificate, but we also have the option to pay the lender an amount equal to the total unpaid loan principal, delinquent interest and other expenses incurred with the default and foreclosure, and acquire title to the property. In addition, the claim amount may be reduced or eliminated if the loss on the defaulted loan is reduced as a result of the lender’s disposition of the property. The lender selects the coverage percentage at the time the loan is originated, often to comply with investor requirements to reduce the loss exposure on loans purchased by the investor. Our master policies require that loans be underwritten to approved guidelines and provide for cancellation of coverage and return of premium for material breach of obligations. Our master policies generally do not extend to or cover material breach of obligations and misrepresentations known to the insured or others involved in the origination of the loan. From time to time, based on various factors, we request loan files to verify compliance with our master policies and required procedures. Where our review and any related investigation establish material non-compliance or misrepresentation or there is a failure to deliver complete loan files as required, we may cancel or rescind coverage with a return of premiums.

We also perform fee-based contract underwriting services for mortgage lenders. The provision of underwriting services by mortgage insurers eliminates the duplicative lender and mortgage insurer underwriting activities and expedites the approval process. Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria, subject to contractual limitations on liability.

Our use of captive reinsurance with lender affiliates has been reduced substantially and amounts remaining in trust available to pay losses are now de minimis. We have agreed with the Consumer Financial Protection Bureau (“CFPB”) and, separately, with the State of Minnesota Department of Commerce not to enter into any new captive reinsurance transactions for a period of 10 years, which expires in June 2025.

Bulk mortgage insurance

Under primary bulk mortgage insurance, we insure a portfolio of loans in a single, bulk transaction. Generally, in our bulk mortgage insurance, the individual loans in the portfolio are insured to specified levels of coverage and there may be deductible provisions and aggregate loss limits applicable to all of the insured loans. In addition, loans that we insure in bulk mortgage insurance transactions with loan-to-value ratios above 80% typically are also covered by flow mortgage insurance, written either by us or another private mortgage insurer, which helps mitigate our exposure under the bulk mortgage insurance transactions. We base the premium on our bulk mortgage insurance upon our evaluation of the overall risk of the insured loans included in a transaction and we negotiate the premium directly with the securitizer or other owner of the loans. Premiums for bulk mortgage insurance transactions generally are paid monthly by lenders, investors or a securitization vehicle in connection with a securitization transaction or the sale of a loan portfolio.

Underwriting and pricing

Loan applications for all flow loans we insure are reviewed to evaluate each individual borrower’s credit strength and history, the characteristics of the loan and the value of the underlying property as well as to establish the applicable premium. We set premiums at the time a certificate of insurance is issued based on our expectations regarding likely performance of a loan over the long term. In most states, where our U.S. mortgage

insurance subsidiaries are licensed, we are required to file rates before we are authorized to charge premium. In some states, these rates must be approved before their use. Changes in rates likewise must be filed and receive approval. In general, states may require actuarial justification on the basis of the insurer's loss experience, expenses and future projections. In addition, states may consider general default experience in the mortgage insurance industry in assessing the premium rates charged by mortgage insurers. Once a certificate of coverage is issued, we may not alter the premium charged or cancel coverage without cause.

Fair Isaac Company ("FICO") developed the FICO credit scoring model to calculate a score based upon a borrower's credit history. We use the FICO credit score as one indicator of a borrower's credit quality. Typically, a borrower with a higher credit score has a lower likelihood of defaulting on a loan. FICO credit scores range up to 850, with a score of 620 or more generally viewed as a "prime" loan and a score below 620 generally viewed as a "sub-prime" loan. A minus loans generally are loans where the borrowers have FICO credit scores between 575 and 660, and where the borrower has a blemished credit history. As of December 31, 2015, on a risk in-force basis and at the time of loan closing, approximately 97% of our primary insurance loans were "prime" in credit quality with FICO credit scores of at least 620, approximately 2% had FICO credit scores between 575 and 619, and approximately 1% had FICO credit scores of 574 or less. Loan applications for flow mortgage insurance are either directly reviewed by us (or our contract underwriters), or as noted below, by lenders under delegated authority and either may utilize automated underwriting systems. A substantial number of our mortgage lender customers underwrite loan applications for mortgage insurance under a delegated underwriting program, in which we permit approved lenders to commit us to insure loans using underwriting guidelines, including credit scores, we have previously approved. When underwriting bulk mortgage insurance transactions, we evaluate characteristics of the loans in the portfolio, including credit scores, and examine all or a sample of loan files.

We previously offered mortgage insurance for Alt-A loans, which were originated under programs in which there was a reduced level of verification or disclosure of the borrower's income or assets and a higher historical and expected default rate at origination than standard documentation loans; Interest Only loans, which allowed the borrower flexibility to pay interest only, or to pay interest and as much principal as desired, during an initial period of time; and payment option adjustable rate mortgages ("ARMs"), which typically provided four payment options that a borrower could select for the first five years of a loan. We have made numerous changes to our underwriting guidelines, including exiting certain products and types of coverages and imposing geographical and third-party loan origination guidelines, and have changed pricing. One result of these changes is that any risk in-force represented by above-described loan types is confined to our 2008 and prior book years. We continue to monitor current housing conditions and the performance of our books of business to determine if we need to make further changes in our pricing or underwriting guidelines and practices.

Loss mitigation

We work closely with lenders who identify and monitor delinquent borrowers. When a delinquency cannot be cured through basic collections, we have the right to approve loan modifications and seek the cooperation of servicers in modifying the terms and conditions of delinquent mortgage loans so as to enable borrowers to stay in their home and avoid foreclosure, thereby potentially reducing our claims. We have granted loss mitigation delegation to servicers whereby they perform loss mitigation efforts on our behalf. Moreover, the CFPB has promulgated a final rule obligating servicers to engage in loss mitigation efforts with a borrower prior to foreclosure. These efforts have traditionally involved loan modifications intended to enable qualified borrowers to make restructured loan payments or efforts to sell the property thereby potentially reducing claim amounts to us.

After a delinquency is reported to us, we review, and where appropriate conduct further investigations. Under our master policies, we may request specified documentation concerning the origination, closing and servicing of an insured loan. Failure to deliver required documentation or our review of such documentation may result in rescission, cancellation or claims curtailment or denial. We will consider an insured's appeal of our decision and if we agree with the appeal we take the necessary steps to reinstate uninterrupted insurance coverage and reactivate the loan certificate or otherwise address the issues raised in the appeal. If the parties are unable to

agree on the outcome of the appeal, the insured may choose to pursue arbitration or litigation under the master policies and challenge the results. If arbitrated, ultimate resolution of the dispute would be pursuant to a panel's binding arbitration award. Subject to applicable limitations in the master policies, legal challenges to our actions may be brought several years later. For additional information regarding our master policies, see "—Regulation—U.S. Insurance Regulation—Policy forms."

From time to time, we enter into agreements with policyholders to accelerate claims and negotiate an agreed upon payment amount for claims on an identified group of delinquent loans. In exchange for our accelerated claim payment, mortgage insurance is canceled and we are discharged from any further liability on the identified loans.

Distribution

We distribute our mortgage insurance products through our dedicated sales force throughout the United States. This sales force primarily markets to financial institutions and mortgage originators which impose a requirement for mortgage insurance as part of the borrower's financing. In addition to our field sales force, we also distribute our products through a telephone sales force serving our smaller lenders, as well as through our "Action Center" which provides live phone support for all customer segments.

Competition

In recent years, our principal sources of competition comprised U.S. and state government agencies and other private mortgage insurers. Historically, we have also competed with mortgage lenders and other investors, the GSEs, structured transactions in the capital markets and with other financial instruments designed to mitigate credit risk.

U.S. and state government agencies. We and other private mortgage insurers compete for flow mortgage insurance business directly with U.S. federal and state governmental and quasi-governmental agencies, principally the Federal Housing Administration ("FHA") and the Veteran's Administration ("VA"). In addition to competition from the FHA and the VA, we and other private mortgage insurers face competition from state-supported mortgage insurance funds in several states, including California, Illinois and New York.

Private mortgage insurers. The U.S. private mortgage insurance industry remains highly competitive, particularly with the entry of several new participants in the last several years. There are currently seven active mortgage insurers, including us.

Mortgage lenders, the GSEs and other participants in the mortgage finance industry. We have experienced competition in recent years from various participants in the mortgage finance industry including loan originators, the GSEs, investment banks and other purchasers of interests in mortgages as well as reinsurers and other participants in the capital markets. Competition from lenders has been in the form of self-insurance or origination of simultaneous second mortgages used to bring the loan-to value ratio of a first mortgage below the level where mortgage insurance is required by the GSEs. The GSEs have recently entered into risk sharing transactions with financial institutions other than mortgage insurers designed to reduce the risk of their mortgage portfolios partly in response to concerns expressed by their conservator, the Federal Housing Finance Agency ("FHFA"). Third-party reinsurers have entered into recent transactions with mortgage insurers, including one of our U.S. mortgage insurance subsidiaries, pursuant to which the third-party reinsurer assumes mortgage insurance risk for a fee. We may also compete with structured transactions in the capital markets and other financial instruments designed to mitigate the risk of mortgage defaults, such as credit default swaps and credit linked notes.

Canada Mortgage Insurance

We entered the Canadian mortgage insurance market in 1995 and operate in every province and territory. We are currently the leading private mortgage insurer in the Canadian market.

In July 2009, Genworth MI Canada Inc. ("Genworth Canada"), our indirect subsidiary, completed an IPO of its common shares and we currently hold approximately 57.3% of the outstanding common shares of Genworth Canada on a consolidated basis, with Genworth Financial International Holdings, LLC ("GFIH") holding 40.6% and our U.S. mortgage insurance business holding 16.7%. See note 23 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for additional information.

Selected financial information and operating performance measures regarding our Canada Mortgage Insurance segment are included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Canada Mortgage Insurance segment."

Products

Our main products are primary flow and bulk mortgage insurance. In both primary flow and bulk mortgage insurance, our mortgage insurance in Canada provides insurance coverage for 100% of the unpaid loan balance, including interest, selling costs and expenses. Regulations in Canada require the use of mortgage insurance for all high loan-to-value mortgage loans extended by federally incorporated banks, trust companies and insurers, where the loan-to-value ratio exceeds 80%. Most mortgage lenders in Canada offer both fixed rate and variable rate mortgages. High loan-to-value mortgages insured by our mortgage insurance business in Canada tend to be predominantly fixed rate mortgages of at least a five-year term, at the end of which the mortgages can be renewed. Most mortgage lenders in Canada offer a portability feature, which allows borrowers to transfer their original mortgage loan to a new property, subject to certain criteria. Our flow mortgage insurance policies contain a portability feature which allows borrowers to also transfer the mortgage default insurance associated with the mortgage loan.

We also provide bulk mortgage insurance to lenders that have originated loans with loan-to-value ratios of less than or equal to 80%. These policies provide lenders with immediate capital relief from applicable bank regulatory capital requirements and facilitate the securitization of mortgages in the Canadian market.

Government guarantee eligibility

We are subject to regulation under the Protection of Residential Mortgage or Hypothecary Insurance Act (Canada) ("PRMHIA"). Under the terms of PRMHIA, the Canadian government guarantees the benefits payable under a mortgage insurance policy, less 10% of the original principal amount of an insured loan, in the event that we fail to make claim payments with respect to that loan because of insolvency. We pay the Canadian government a risk fee for this guarantee. Because banks are not required to maintain regulatory capital on an asset backed by a sovereign guarantee, our 90% sovereign guarantee permits lenders purchasing our mortgage insurance to reduce their regulatory capital charges for credit risks on mortgages by 90%. Our primary government-sponsored competitor receives a 100% sovereign guarantee. The maximum outstanding insured exposure for private insured mortgages is CAD$300.0 billion, and the risk fee that we and other private mortgage insurers pay to the Canadian government is equal to 2.25% of premiums.

Over the past several years, the Canadian government implemented a series of revisions to the rules for government guaranteed mortgages. We have incorporated these revisions into our underwriting guidelines. For more information about PRMHIA, see "—Regulation—Mortgage Insurance Regulation—International regulation—Canada."

Underwriting and pricing

We review loan applications for all flow mortgage insurance loans we insure in Canada to evaluate each individual borrower's credit strength and history, the characteristics of the loan and the value of the underlying property. We evaluate the credit strength of a borrower by reviewing his or her credit history and credit score. We employ internal mortgage scoring models in the underwriting processes, as well as automated valuation models to evaluate property risk and fraud application prevention and management tools. When underwriting bulk mortgage insurance transactions, we evaluate characteristics of the loans in the portfolio and examine loan files on a sample basis.

Loan applications for flow mortgage insurance in Canada are processed through a system that analyzes the data based on pre-established criteria and systematically determines the approval status. Our employees manually review loans that do not meet the criteria for automated decisioning. We have established an audit plan to review underwritten loans to ensure documentation supports the data provided by lenders. Our audit teams request and review samples (statistically valid and/or stratified) of performing loans. Once an audit review has been completed, our audit teams summarize and evaluate their findings against policy. If our audit teams detect non-compliance issues, we work with the lender to develop appropriate corrective actions.

We regularly take actions to reduce our new business risk profile, which includes: tightening underwriting guidelines, product restrictions and reducing new business in geographic areas we believe are more economically sensitive. We believe these underwriting actions have improved our performance on new books of business.

Loss mitigation

In Canada, we work closely with lenders to identify and monitor delinquent borrowers. When a delinquency cannot be cured through basic collections, we work with the lender and, if permitted, with the borrower to identify an optimal loan workout solution. If it is determined that the borrower has the capacity to make a modified mortgage payment, we work with the lender to implement the most appropriate payment plan to address the borrower's hardship situation. If the borrower does not have the capacity to make payments on a modified loan, we work with the lender and borrower to sell the property at the best price to minimize the severity of our claim and provide the borrower with a reasonable resolution. In Canada, we continue to execute a strategy to accelerate and facilitate the conveyance of real estate properties to us in selected circumstances. This strategy allows for better control of the remediation and marketing processes, reduction in carrying costs during the sale process and potential realization of a higher sales price with the cumulative impact being lower losses.

After a delinquency is reported to us, or after a claim is received, we review, and where appropriate conduct further investigations, to determine if there has been an event of underwriting non-compliance, non-disclosure of relevant information or any misrepresentation of information provided during the underwriting process. Our master policies provide that we may rescind coverage if there has been any failure to comply with agreed underwriting criteria or in the event of fraud or misrepresentation involving the lender or an agent of the lender. If such issues are identified, the claim or delinquent loan file is reviewed to determine the appropriate action, including potentially reducing the claim amount to be paid or rescinding the coverage. Generally, the issues we have initially identified are reviewed with the lender and the lender has an opportunity to provide further information or documentation to resolve the issue. Additionally, we may pursue recoveries from borrowers for paid claims within the time period permitted by law and may use third-party collection agencies to assist in these recoveries.

Distribution and customers

We maintain dedicated sales forces that market our mortgage insurance products in Canada to lenders. Our sales forces market to financial institutions and mortgage originators, who in turn offer mortgage insurance products to borrowers.

Residential mortgage financing in Canada is concentrated in the country's largest five banks and a limited number of other mortgage originators. The majority of our business in Canada comes from this group of residential mortgage originators. For example, one major lender customer (defined as a lender that individually accounts for more than 10% of gross written premiums in our mortgage insurance business in Canada) represented 16% of total gross written premiums in our mortgage insurance business in Canada for the year ended December 31, 2015.

Competition

Our primary mortgage insurance competitor in Canada is the Canada Mortgage and Housing Corporation ("CMHC") which is owned by the Canadian government, although we currently have one other private

competitor in the Canadian market. CMHC's mortgage insurance provides lenders with 100% capital relief from bank regulatory requirements. We compete with CMHC primarily based upon our reputation for high quality customer service, quick decision making on insurance applications, strong underwriting expertise and provision of support services.

Australia Mortgage Insurance

We entered the Australian mortgage insurance market in 1997. In 2015, we were the leading provider of mortgage insurance in Australia based upon flow new insurance written.

On May 15, 2014, Genworth Mortgage Insurance Australia Limited ("Genworth Australia"), a holding company for Genworth's Australian mortgage insurance business, completed an IPO of its common shares and we currently beneficially own 52.0% of the ordinary shares of Genworth Australia through subsidiaries. See note 23 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for additional information.

Selected financial information and operating performance measures regarding our Australia Mortgage Insurance segment are included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Australia Mortgage Insurance segment."

Products

In Australia, our main products are primary flow mortgage insurance, also known as lenders mortgage insurance ("LMI"), and bulk mortgage insurance. LMI is similar to the single premium primary flow mortgage insurance we offer in Canada with 100% coverage. Residential mortgage loans in Australia are predominantly variable rate loans with 25 to 30 year terms. Lenders remit the single premium to us as the mortgage insurer following settlement of the loan and, generally, either collect the equivalent amount from the borrower at the time the loan proceeds are advanced or capitalize it in the loan.

Banks, building societies and credit unions generally acquire LMI only for residential mortgage loans with loan-to-value ratios above 80%. The Australian Prudential Regulation Authority ("APRA") prudential standards for authorized deposit-taking institutions ("ADIs") using the standard Basel II approach provide reduced capital requirements for high loan-to-value residential mortgage loans if they have been insured by a mortgage insurance company regulated by APRA. The capital levels for Australian internal ratings-based ("IRB") ADIs are determined by their APRA-approved IRB models, which may or may not allocate capital credit for LMI. We believe that APRA and the IRB ADIs have not yet finalized internal models for residential mortgage risk, but we do not believe that the IRB ADIs currently benefit from an explicit reduction in their capital requirements for mortgage loans covered by mortgage insurance. APRA's insurance authorization conditions require Australian mortgage insurance companies, including ours, to be monoline insurers, which are insurance companies that offer just one type of insurance product.

We also provide bulk mortgage insurance in Australia mainly to APRA-regulated lenders that intend to securitize Australian residential loans they have originated. Bulk mortgage insurance serves as an important source of credit enhancement for the Australian securitization market, and our bulk coverage is generally purchased for low loan-to-value, seasoned loans, and accounted for approximately 7% of new insurance written in our Australian mortgage insurance business for the year ended December 31, 2015.

Underwriting and pricing

Loan applications for all flow loans we insure in Australia are reviewed either by us or approved lenders under delegated underwriting authority to evaluate each individual borrower's credit strength and history, the characteristics of the loan and the value of the underlying property. Unlike in the United States where FICO credit scores are broadly used in evaluating a borrower's credit strength, standardized credit scores are not widely

used in Australia. We employ internal scoring models in the underwriting process and use risk rules models to enhance the underwriter's ability to evaluate the loan risk and make consistent underwriting decisions. Additional tools used by our mortgage insurance business in Australia include automated valuation models to evaluate property risk and fraud application prevention and management tools. When underwriting bulk mortgage insurance transactions, we evaluate characteristics of the loans in the portfolio and examine loan files on a sample basis.

Loan applications for flow mortgage insurance are reviewed by our employees or by employees of qualified mortgage lender customers who underwrite loan applications for mortgage insurance under a delegated underwriting program. This delegated underwriting program permits approved lenders to commit us to insure loans using underwriting guidelines we have previously approved. We have established an audit plan to review delegated underwritten loans to ensure compliance with the approved underwriting guidelines, operational procedures and master policy requirements. Our audit teams request and review samples (statistically valid and/or stratified) of performing loans. Once an audit review has been completed, our audit teams summarize and evaluate their findings against policy. If our audit teams detect non-compliance issues, we work with the lender to develop appropriate corrective actions.

We regularly take actions to reduce our new business risk profile, which includes: tightening underwriting guidelines, product restrictions, reducing new business in geographic areas we believe are more economically sensitive, and terminating commercial relationships as a result of weaker business performance. We have also increased prices for certain products based on periodic reviews of performance, with a focus on higher risk segments. We believe these underwriting and pricing actions have improved our performance on new books of business.

Loss mitigation

In Australia, we work closely with lenders to identify and monitor delinquent borrowers. When a delinquency cannot be cured through basic collections, we work with the lender to identify an optimal loan workout solution. If it is determined that the borrower has the capacity to make a modified mortgage loan payment, we work with the lender to implement the most appropriate payment plan to address the borrower's hardship situation. If the borrower does not have the capacity to make payments on a modified loan, we work with the lender and borrower to sell the property at the best price to minimize the severity of our claim and provide the borrower with a reasonable resolution.

After a delinquency is reported to us, or after a claim is received, we review, and where appropriate conduct further investigations, to determine if there has been an event of underwriting non-compliance, non-disclosure of relevant information or any misrepresentation of information provided during the underwriting process. Our master policies provide that we may rescind coverage if there has been any failure to comply with agreed underwriting criteria or in the event of fraud or misrepresentation involving the lender or an agent of the lender. If such issues are identified, the claim or delinquent loan file is reviewed to determine the appropriate action, including potentially reducing the claim amount to be paid or rescinding the coverage. Generally, the issues we have initially identified are reviewed with the lender and the lender has an opportunity to provide further information or documentation to resolve the issue.

We may also review a group or portfolio of insured loans if we believe there may be systemic misrepresentations or non-compliance issues. If such issues are detected, we generally will work with the lender to develop an agreed settlement in respect of the group of loans so identified. Additionally, we may pursue recoveries from borrowers for paid claims within the time period permitted by law and may use third-party collection agencies to assist in these recoveries.

Distribution and customers

We maintain dedicated sales forces that market our mortgage insurance products in Australia to lenders. Our sales forces market to financial institutions and mortgage originators, who in turn offer mortgage insurance products to borrowers.

There is concentration among a small group of banks that write most of the residential mortgage loans in Australia. We maintain strong relationships within the major bank and regional bank channels, as well as building societies, credit unions and non-bank mortgage originators called mortgage managers. The four largest mortgage originators in Australia provide the majority of the financing for residential mortgage financing in that country. Our mortgage insurance business in Australia is concentrated in a small number of key customers. For the year ended December 31, 2015, approximately 72% and 66%, respectively, of our new insurance written and gross written premiums in our mortgage insurance business in Australia were attributable to our largest three customers, with the largest customer representing 34% and 44%, respectively, of new insurance written and gross written premiums during that year. The term of the current supply and service contract with our largest customer expires on December 31, 2016, unless it is terminated earlier in certain circumstances, including, among other things, a downgrade of the financial strength rating of our principal mortgage insurance subsidiary in Australia by Standard & Poor's Financial Services, LLC ("S&P") to below "A-" (subject to certain exceptions). The contract with our second largest customer expires in February 2017 unless it is terminated earlier in certain customary circumstances. The contract with our third largest customer is set to expire in November 2017 with a 12-month extension option at the customer's discretion but can be terminated at any time by either party with a 90-day notification period. It is our current expectation that we would negotiate with our largest customers to renew or extend the above mentioned contracts beyond their current expiration dates on terms acceptable to all parties.

These banks continue to evaluate the utilization of mortgage insurance in connection with the implementation of the bank capital standards in Australia based on the standards of the Basel Committee, and this could impact both the size of the private mortgage insurance market in Australia and our market share. The response of banks to the new capital standards will develop over time and this response could impact our Australian mortgage insurance business.

Competition

The Australian flow mortgage insurance market is primarily served by us and one other private mortgage insurance company, as well as certain lender-affiliated captive mortgage insurance companies. In addition, some lenders may self-insure certain high loan-to-value mortgage risks. We compete primarily based upon our reputation for high quality customer service, quick decision making on insurance applications, strong underwriting expertise and flexibility in terms of product development and provision of support services.

U.S. Life Insurance

Through our U.S. Life Insurance segment, we offer long-term care insurance products as well as service traditional life insurance and fixed annuity products. On February 4, 2016, we announced our decision to suspend sales of our traditional life insurance and fixed annuity products. While we will no longer sell these products, we will continue to service our existing retained and reinsured blocks of business. Future long-term care solutions may include over time new life insurance and fixed annuity products with accelerated benefit or other features that address long-term care needs and expand access to broader consumer groups.

In February 2016, we also launched IncomeAssurance^{SM}, a medically underwritten single premium immediate annuity product. IncomeAssurance^{SM} is designed for older Americans and provides a lifetime, guaranteed income solution to help fund care or other priorities. It provides access to a new consumer group who generally would not qualify for a traditional long-term care insurance products purchased in advance of needing care. We teamed with Partnership Life Assurance Company Limited ("Partnership"), a leading U.K. insurer, to develop IncomeAssurance^{SM}. The relationship combines our distribution and long-term care insurance leadership position with Partnership's intellectual property, underwriting and product expertise. IncomeAssurance^{SM} will be substantially reinsured to Partnership.

Selected financial information and operating performance measures regarding our U.S. Life Insurance segment are included under “Part II—Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—U.S. Life Insurance segment.”

Long-term care insurance

We established ourselves as a pioneer in long-term care insurance 40 years ago and remain a leading provider in the industry. Our experience helps us plan for disciplined growth built on a foundation of risk management, product innovation, a diversified distribution strategy and claims processing expertise. We believe our hedging strategies and reinsurance reduce some of the risks associated with these products.

Products

Our individual and group long-term care insurance products provide defined levels of protection against the significant and escalating costs of long-term care services provided in the insured’s home or in assisted living or nursing facilities. In contrast to health insurance, long-term care insurance provides coverage for skilled and custodial care provided outside of a hospital or health-related facility.

In the fourth quarter of 2013, we introduced a product which increased premium rates but gave consumers the flexibility to choose the right fit for their long-term care needs, combined with the simplicity of prepackaged benefits. In the fourth quarter of 2014, we began filing for regulatory approval of an enhanced product to improve competitiveness, while meeting our targeted returns, by, among other things, reducing premium rates and adjusting coverage options. As of December 31, 2015, this enhanced product had been filed in 47 states, approved in 45 states and launched in 43 states, with an additional two states targeted to be launched in the first half of 2016. In support of this product, we are investing in targeted distribution and marketing initiatives to increase long-term care insurance sales. In addition, we are evaluating market trends and sales and investing in the development of products and distribution strategies that we believe will help expand the long-term care insurance market over time and meet broader consumer needs. During the fourth quarter of 2014, we suspended sales of our individual long-term care insurance products in Massachusetts and New Hampshire because we were unable to obtain satisfactory rates and rate increases on in-force policies. We had previously suspended sales of our individual long-term care insurance products in Vermont. Effective June 1, 2013, we also no longer offer AARP-branded long-term care insurance products.

Underwriting

We employ medical underwriting procedures to assess and quantify risks before we issue our individual long-term care insurance policies. In 2013, as part of our underwriting procedures, we require blood and lab screening of all applicants. Our group long-term care insurance product utilizes various underwriting processes, including modified guaranteed underwriting for actively at work employees, simplified underwriting for spouses of actively at work employees and full medical underwriting for employees outside their enrollment window, retirees or others. We periodically review our underwriting requirements and have made, and may make changes to processes as needed, including whether we continue to require blood and lab screening of all applicants.

Pricing

We have accumulated extensive pricing and claims experience, and believe we have the largest claims database in the industry. The overall financial performance of our long-term care insurance business depends primarily on the accuracy of our pricing assumptions, including for morbidity and mortality experience, persistency and investment yields. Our claims database provides us with substantial data that has helped us develop pricing methodologies for our newer policies. We tailor pricing based on segmented risk categories, including couples, gender, medical history and other factors. Financial performance on older policies issued without the full benefit of this experience has been worse than initially assumed in pricing of those blocks. We continually monitor trends and developments and update assumptions that may affect the risk, pricing and profitability of our long-term care insurance products and adjust our new product pricing and other terms, as

appropriate. We also work with a medical advisory board comprised of independent experts from the medical field that provides insights on emerging morbidity and medical trends, enabling us to be more proactive in our risk segmentation, pricing and product development strategies.

In-force rate actions

As part of our strategy for our long-term care insurance business, we have been implementing, and expect to continue to pursue, significant premium rate increases on older generation blocks of business that were written before 2002 in order to bring those blocks closer to a break-even point over time and reduce the strain on our earnings and capital. We are also requesting premium rate increases on newer blocks of business, as needed, to help bring their loss ratios back towards their original pricing and introducing new products that are underwritten and priced to reflect our recent experience and updated assumptions.

In the third quarter of 2012, we initiated a round of long-term care insurance in-force premium rate increases on three policy series of older generation policies and on one early series of new generation policies. In the third quarter of 2013, we began filing for regulatory approval for premium rate increases on a second series of our new generation products. We will continue to pursue these rate increases in all states as required to meet our objectives. The goal of our rate actions already implemented, as well as future rate actions, is to mitigate losses on our older generation policy series and help offset higher than priced-for loss ratios and lower returns on newer generation products. In addition to premium increases received, reserve levels, and thus our profitability, have been impacted, and we expect they will continue to be impacted, by policyholder behavior in response to premium rate increases which could include taking reduced benefits or non-forfeiture options. We received 35 filing approvals from 24 states in 2015, representing a weighted-average increase of 29% on $739 million in annualized in-force premiums. We also submitted 79 new filings in 28 states in 2015, representing $546 million in in-force premiums.

The approval process for in-force rate increases and the amount and timing of the rate increases approved varies by state. In certain states, the decision to approve or disapprove a rate increase can take more than a year. Upon approval, insureds are provided with written notice of the increase and increases are generally applied on the insured's next policy anniversary date. Therefore, the benefits of any rate increase are not fully realized until the implementation cycle is complete. For certain risks related to our long-term care insurance premiums and rate increases, see "Item 1A—Risk Factors—We may not be able to increase premiums or reduce benefits on our in-force long-term care insurance policies by enough or quickly enough and the rate actions or reduced benefits currently being implemented and any future rate actions may adversely affect demand for our long-term care insurance products, our reputation in the market, our results of operations and our financial condition."

Distribution

Currently, we distribute our products primarily through appointed independent producers, financial intermediaries and employer groups. As we develop our product portfolio, we plan to expand our distribution strategy to strengthen access to customers we serve today and those we intend to serve going forward. We expect to deepen existing relationships with select distribution partners whose priorities closely align with ours. Additionally, we intend to focus on forming new partnerships that may incrementally expand our customer reach, especially to those in the middle market. Across all channels, we expect to prioritize closer relationships with consumers.

Following the adverse rating actions after the announcement of our results for the fourth quarter of 2015, distributors, representing in excess of 20% of our 2015 individual long-term care insurance sales, suspended distribution of our long-term care insurance products. We expect that our sales will continue to be adversely impacted by our current ratings.

Competition

Competition in the long-term care insurance industry is primarily from a limited number of insurance companies. Our products compete by providing consumers with an array of long-term care coverage solutions, coupled with long-term care support services. A broad set of insurers compete in the combination product market whereby they offer life insurance products with riders that accelerate benefits based upon a long-term care need, and other combination products. We expect continued changes in the competitive landscape of the long-term care insurance market as well as our financial strength ratings will continue to impact our sales levels.

Life insurance

Life insurance products provide protection against financial hardship after the death of an insured. Some of these products also offer a savings element that can help accumulate funds to meet future financial needs. Our traditional life insurance product offerings previously included universal life insurance in the form of index universal life and linked-benefit products, combining a universal life insurance contract with a long-term care insurance rider, and term life insurance. We also have in-force blocks of term universal life and whole life insurance.

Fixed annuities

Fixed annuity products help individuals create dependable income streams for life or for a specified period of time and help them save and invest to achieve financial goals. Our traditional fixed annuity product offerings previously included single premium deferred annuities, single premium immediate annuities and structured settlements.

Single premium deferred annuities

Fixed single premium deferred annuities require a single premium payment at time of issue and provide an accumulation period and an annuity payout period. The annuity payout period in these products may be either a defined number of years, the annuitant’s lifetime or the longer of a defined number of years and the annuitant’s lifetime. During the accumulation period, we credit the account value of the annuity with interest earned at a crediting rate guaranteed for no less than one year at issue, but which may be guaranteed for up to seven years, and thereafter is subject to annual crediting rate resets at our discretion. The crediting rate is based upon many factors including prevailing market rates, spreads and targeted returns, subject to statutory and contractual minimums. The majority of our fixed single premium deferred annuity contractholders retain their contracts for five to ten years.

Fixed indexed annuities have been part of our product suite of single premium deferred annuities. Fixed indexed annuities provide an annual crediting rate that is based on the performance of a defined external index rather than a rate that is declared by the insurance company. The external indices we use are the S&P 500® and the Barclay’s U.S. Low Volatility ER II Index. Our fixed indexed annuity product also may provide guaranteed minimum withdrawal benefits (“GMWBs”).

Single premium immediate annuities

Single premium immediate annuities provide a fixed amount of income for either a defined number of years, the annuitant’s lifetime or the longer of a defined number of years and the annuitant’s lifetime in exchange for a single premium.

Structured settlements

Structured settlement annuity contracts provide an alternative to a lump sum settlement, generally in a personal injury lawsuit or workers compensation claim, and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant. The structured settlements provide scheduled payments over a fixed period or, in the case of a life-contingent structured settlement, for the life of the claimant with a guaranteed minimum period of payments.

Runoff

The Runoff segment includes the results of non-strategic products which are no longer actively sold. Our non-strategic products primarily include variable annuity, variable life insurance, institutional, corporate-owned life insurance and other accident and health insurance products. Institutional products consist of funding agreements, FABNs and GICs. We no longer offer retail and group variable annuities but continue to service our existing blocks of business.

Selected financial information and operating performance measures regarding our Runoff segment are included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations— Runoff segment."

Products

Variable annuities and variable life insurance

Our variable annuities provide contractholders the ability to allocate purchase payments and contract value to underlying investment options available in a separate account format. The contractholder bears the risk associated with the performance of investments in the separate account. In addition, some of our variable annuities permit customers to allocate assets to a guaranteed interest account managed within our general account. Certain of our variable annuity products provide contractholders with lifetime guaranteed income benefits. Our variable annuity products generally provide guaranteed minimum death benefits ("GMDBs") and may provide GMWBs and certain types of guaranteed annuitization benefits.

Variable annuities generally provide us fees including mortality and expense risk charges and, in some cases, administrative charges. The fees equal a percentage of the contractholder's policy account value or related benefit base value, and as of December 31, 2015, ranged from 0.75% to 4.20% per annum depending on the features and options within a contract.

Our variable annuity contracts with a basic GMDB provide a minimum benefit to be paid upon the annuitant's death, usually equal to the larger of account value and the return of net deposits. Some contractholders also have riders that provide enhanced death benefits. Assuming every annuitant died on December 31, 2015, as of that date, contracts with death benefit features not covered by reinsurance had an account value of $5,378 million and a related death benefit exposure, or net amount at risk, of $193 million.

Some of our variable annuity products provide the contractholder with a guaranteed minimum income stream that they cannot outlive, along with an opportunity to participate in market appreciation.

We no longer offer retail and group variable annuities or variable life insurance products; however, we continue to service our existing block of business which could include additional deposits on existing annuity contracts.

Institutional

Our institutional products consist of funding agreements, FABNs and GICs, which are deposit-type products that pay a guaranteed return to the contractholder on specified dates. We explore periodic issuance of our institutional products for asset-liability management purposes.

Corporate-owned life insurance

We no longer offer our corporate-owned life insurance product; however, we continue to manage our existing block of business.

Other accident and health insurance

Our other accident and health insurance includes Medicare supplement insurance reinsured to a third party, and certain disability, accident and health insurance that we no longer sell.

Corporate and Other Activities

Our Corporate and Other activities include debt financing expenses that are incurred at the Genworth Holdings level, unallocated corporate income and expenses, eliminations of inter-segment transactions and the results of other businesses that are managed outside our operating segments, including discontinued operations. Corporate and Other activities include our mortgage insurance businesses in Europe. Additionally, we have a presence in the private mortgage insurance market in Mexico and maintain a license in Korea with a small portfolio currently in runoff. We are also a minority shareholder of a joint venture partnership in India that offers mortgage guarantees against borrower defaults on housing loans from mortgage lenders in India. The financial impact of this joint venture was minimal during 2015, 2014 and 2013. On October 27, 2015, we entered into an agreement to sell our European mortgage insurance business. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals. See note 24 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.

On December 1, 2015, we sold our lifestyle protection insurance business to AXA for approximately $493 million. This business was accounted for as discontinued operations and its financial position, results of operations and cash flows were separately reported for all periods presented. We received net proceeds of approximately $400 million from the sale, subject to the finalization of closing balance sheet purchase price adjustments. See note 24 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.

Selected financial information and operating performance measures regarding our Corporate and Other activities are included under “Part II—Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Corporate and Other activities.”

International Operations

Our total revenues attributed to international operations for the years ended December 31, 2015, 2014 and 2013 were approximately $1.1 billion, $1.2 billion and $1.4 billion, respectively. More information regarding our international operations and revenue in our largest countries is presented in note 19 to the consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Risk Management

Risk management is a critical part of our business. We have an enterprise risk management framework that includes risk management processes relating to economic capital analysis, product development, product pricing and management of in-force business, credit risk management, asset-liability management, liquidity management, investment activities, portfolio diversification, underwriting and risk and loss mitigation, financial databases and information systems, business dispositions, and operational capabilities. The risk management framework includes an assessment and implementation of company and business risk appetites, the identification and assessment of risks, a proactive decision process to determine which risks are acceptable to be retained, based on risk and reward considerations, limit setting on major risks, emerging risk identification and the ongoing monitoring, reporting and management of risks. We adhere to risk management disciplines and aim to leverage these efforts into a competitive advantage in distribution and management of our products.

As part of our evaluation of in-force product performance, new product initiatives and risk mitigation alternatives, we monitor regulatory and rating agency capital models as well as internal economic capital models to determine the appropriate level of risk-adjusted capital. We utilize our internal economic capital model to assess the risk of loss to our capital resources based upon the portfolio of risks we underwrite and retain and upon our asset and operational risk profiles. Our commitment to risk management involves the ongoing review and expansion of internal risk management capabilities with a focus on utilizing top talent, improved infrastructure and modeling.

Product development and management

Our risk management process begins with the development and introduction of new products and services. We have established a product development process that specifies a series of required analyses, reviews and approvals for any new product. For each proposed product, this process includes a review of the market opportunity and competitive landscape, major pricing assumptions and methodologies, return expectations and variability of returns, sensitivity analysis, asset-liability management, reinsurance and other risk mitigating strategies, underwriting criteria, legal, compliance and business risks and potential mitigating actions. Before we introduce a new product, we establish a monitoring program with specific performance targets and leading indicators, which we monitor frequently to identify any deviations from expected performance so that we can take corrective action when necessary. Significant product introductions, measured either by volume, level or type of risk, require approval by our senior management team at either the business or enterprise level.

We use a similar process to introduce changes to existing products and to offer existing products in new markets and through new distribution channels. Product performance reviews include an analysis of the major drivers of profitability, underwriting performance and variations from expected results including an in-depth experience analysis of the product's major risk factors. Other areas of focus include the regulatory and competitive environments and other emerging factors that may affect product performance.

In addition, we initiate special reviews when a product's performance fails to meet the indicators we established during that product's introductory review process for subsequent reviews of in-force blocks of business. If a product does not meet our performance criteria, we consider adjustments in pricing, design and marketing or ultimately discontinuing sales of that product. We review our underwriting, pricing, distribution and risk selection strategies on a regular basis in an effort to ensure that our products remain competitive and consistent with our marketing and profitability objectives. For example, in our mortgage insurance businesses, we review the profitability of lender accounts to assess whether our business with these lenders is achieving anticipated performance levels and to identify trends requiring remedial action, including changes to underwriting guidelines, product mix or other customer performance.

Asset-liability management

We maintain segmented investment portfolios for the majority of our product lines. This enables us to perform an ongoing analysis of the interest rate, credit, foreign exchange, equity, volatility and liquidity risks associated with each major product line, in addition to credit risks for our overall enterprise versus approved limits. We analyze the behavior of our liability cash flows across a wide variety of scenarios, reflecting policy features and expected policyholder behavior. We also analyze the cash flows of our asset portfolios across the same scenarios. We believe this analysis shows the sensitivity of both our assets and liabilities to changes in economic environments and enables us to manage our assets and liabilities more effectively. In addition, we deploy hedging programs to mitigate certain economic risks associated with our assets, liabilities and capital. For example, we partially hedge the equity, interest rate and market volatility risks in our variable annuity products, as well as interest rate risks in our long-term care insurance products.

Liquidity management

We monitor the cash and highly marketable investment positions in each of our operating companies against operating targets that are designed to ensure that we will have the cash necessary to meet our obligations as they come due. The targets are set based on stress scenarios that have the effect of increasing our expected cash outflows and decreasing our expected cash inflows. In addition, we monitor the ability of our operating companies to provide the dividends needed to meet the cash needs of our holding companies and analyze the impact of reduced dividend levels under stress scenarios.

Portfolio diversification and investments

We use new business and in-force product limits to manage our risk concentrations and to manage product, business level, geographic and other risk exposures. We manage unique product exposures in our business segments. For example, in managing our mortgage insurance risk exposure, we monitor geographic concentrations in our portfolio and the condition of housing markets in each major area in the countries in which we operate. We also monitor fundamental price indicators and factors that affect home prices and their affordability at the national and regional levels.

In addition, our assets are managed within limitations to control credit risk and to avoid excessive concentration in our investment portfolio using defined investment and concentration guidelines that help ensure disciplined underwriting and oversight standards. We seek diversification in our investment portfolio by investing in multiple asset classes and limiting size of exposures. The portfolios are tailored to match the cash flow characteristics of our liabilities, and actively monitoring exposures, changes in credit characteristics and shifts in markets.

We utilize surveillance and quantitative credit risk analytics to identify concentrations and drive diversification of portfolio risks with respect to issuer, sector, rating and geographic concentration. Issuer credit limits for the investment portfolios of each of our businesses (based on business capital, portfolio size and relative issuer cumulative default risk) govern and control credit concentrations in our portfolio. Derivatives counterparty risk and credit derivatives are integrated into issuer limits as well. We also limit and actively monitor country and sovereign exposures in our global portfolio and evaluate and adjust our risk profiles, where needed, in response to geopolitical and economic developments in the relevant areas.

Underwriting and risk and loss mitigation

Underwriting guidelines for all products are routinely reviewed and adjusted as necessary with the aim at providing policyholders with the appropriate premium and benefit structure. We seek external reviews from the reinsurance and consulting communities and to utilize their experience to calibrate our risk taking to expected outcomes.

Our risk and loss mitigation activities include ensuring that new policies are issued based on accurate information that we receive and that policy benefit payments are paid in accordance with the policy contract terms.

Financial databases and information systems

Our financial databases and information systems technology are important tools in our risk management. For example, we believe we have the largest database for long-term care insurance claims with 40 years of experience in offering those products. We also have substantial experience in offering individual life insurance products with a large database of claims experience, particularly in preferred risk classes, which has significant predictive value. We have extensive data on the performance of mortgage originations in the United States and other major markets we operate in which we use to assess the drivers and distributions of delinquency and claims experience.

We use technology, in some cases proprietary technology, to manage variations in our underwriting process. For example, in our mortgage insurance businesses, we use borrower credit bureau information, proprietary mortgage scoring models and/or our extensive database of mortgage insurance experience along with external data including rating agency data to evaluate new products and portfolio performance. In the United States and Canada, our proprietary mortgage scoring models use the borrower's credit score and additional data concerning the borrower, the loan and the property, including loan-to-value ratio, loan type, loan amount, property type, occupancy status and borrower employment to predict the likelihood of having to pay a claim. In addition, our models take into consideration macroeconomic variables such as unemployment, interest rate and home price changes. We believe assessing housing market and mortgage loan attributes across a range of economic outcomes enhances our ability to manage and price for risk. We perform portfolio analysis on an ongoing basis to determine if modifications are required to our product offerings, underwriting guidelines or premium rates.

We rely extensively on complex models to calculate the value of assets and liabilities (including reserves), capital levels and other financial metrics, as well as for other purposes. We have a model risk management framework in place that is designed to ensure appropriate governance of model risk. Independent model validation teams assess on a systematic basis the appropriate use of models, taking into account the risks associated with assumptions, algorithms and process controls supporting the use of the models. See "Item 1A—Risk Factors—If the models used in our businesses are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition."

Business dispositions

When we consider a disposition of a block or book of business or entity, we use various business, financial and risk management disciplines to evaluate the merits of the proposals and assess its strategic fit with our current business model. We have a review process that includes a series of required analyses, reviews and approvals similar to those employed for new product introductions.

Operational capabilities

We have risk management programs in place to review the continued operation of our businesses in the event of loss or other adverse consequences on business outcomes resulting from inadequate or failed internal processes, people and systems or from external events. We provide risk assessments, together with control reviews, to provide an indication as to how the risks need to be managed. Significant events impacting our businesses are assessed in terms of their impact on our risk profile. Controls are used to mitigate the likelihood of a risk occurring or minimizing the consequence of the risk if it did occur. Investigative teams are maintained in our various locations to address potential operational risk incidents from both internal and external sources.

Operations and Technology

Service and support

In our mortgage insurance businesses, we have introduced technology enabled services to help our customers (lenders and servicers) as well as our consumers (borrowers and homeowners). Technology advancements have allowed us to reduce application approval turn-times, error rates and enhance our customers' ease of doing business with us. Through our secure internet-enabled information systems and data warehouses, servicers can transact business with us in a timely manner. In the United States, proprietary, decision models have helped generate loss mitigation strategies for distressed borrowers. Our models use information from various third-party sources, such as consumer credit agencies, to indicate borrower willingness and capacity to fulfill debt obligations. Identification of specific borrower groups that are likely to work their loans out allows us to create custom outreach strategies to achieve a favorable loss mitigation outcome.

In our U.S. life insurance businesses, we interact directly with our independent sales intermediaries through secure websites that have enabled them to transact business with us electronically.

Table of Contents

Operating centers

We have established scalable, low-cost operating centers in Virginia and North Carolina. In addition, through an arrangement with an outsourcing provider, we have a substantial team of professionals in India who provide a variety of services to us, including data entry, transaction processing and functional support to our insurance operations.

Reserves

We calculate and maintain reserves for estimated future payments of claims to our policyholders and contractholders in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and industry accounting practices. We build these reserves as the estimated value of those obligations increases, and we release these reserves as those future obligations are paid, experience changes or policies lapse. The reserves we establish reflect estimates and actuarial assumptions and methodologies with regard to our future experience. These estimates and actuarial assumptions and methodologies involve the exercise of significant judgment and are inherently uncertain. These estimates and actuarial assumptions and methodologies are subjected to a variety of internal reviews and, in some cases, external independent reviews. Our future financial results depend significantly upon the extent to which our actual future experience is consistent with the assumptions we have used in determining our reserves as well as the assumptions originally used in pricing our products. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past had, material impacts on our reserves, results of operations and financial condition. Many factors, and changes in these factors, can affect future experience including, but not limited to: interest rates; market returns and volatility; economic and social conditions such as inflation, unemployment, home price appreciation or depreciation, and healthcare experience (including type of care and cost of care); policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next); insured life expectancy or longevity; insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates); and doctrines of legal liability and damage awards in litigation. Because these assumptions relate to factors that are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. Moreover, we may not be able to mitigate the impact of unexpected adverse experience by increasing premiums and/or other charges to policyholders (where we have the right to do so) or by offering reduced benefits as an alternative to increasing premiums.

For additional information on reserves, see "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Insurance liabilities and reserves."

Reinsurance

We reinsure a portion of our annuity, life insurance, long-term care insurance and mortgage insurance with unaffiliated reinsurers. In a reinsurance transaction, a reinsurer agrees to indemnify another insurer for part or all of its liability under a policy or policies it has issued for an agreed upon premium. We participate in reinsurance activities in order to minimize exposure to significant risks, limit losses, and provide additional capacity for future growth. We also obtain reinsurance to meet certain capital requirements, including sometimes utilizing intercompany reinsurance agreements to manage our statutory capital positions. However, these intercompany agreements do not have an effect on our consolidated U.S. GAAP financial statements.

We enter into various agreements with reinsurers that cover individual risks, group risks or defined blocks of business, primarily on a coinsurance, yearly renewable term, excess of loss or catastrophe excess basis. These reinsurance agreements spread risk and minimize the effect or losses. For example, in addition to reinsuring mortality risk on our life insurance products, we are coinsuring approximately 20% of all our long-term care insurance sales. The extent of each risk retained by us depends on our evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages.

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse us for the ceded amount in the event a claim is paid. Cessions under reinsurance agreements do not discharge our obligations as the primary insurer. In the event that reinsurers do not meet their obligations under the terms of the reinsurance agreements, reinsurance recoverable balances could become uncollectible. Our amounts recoverable from reinsurers represent receivables from and/or reserves ceded to reinsurers. The amounts recoverable from reinsurers were $17.2 billion and $17.3 billion as of December 31, 2015 and 2014, respectively.

We focus on obtaining reinsurance from a diverse group of reinsurers. We regularly evaluate the financial condition of our reinsurers and monitor concentration risk with our reinsurers at least annually. Our U.S. life insurance subsidiaries have established standards and criteria for our use and selection of reinsurers. In order for a new reinsurer to participate in our current program, without collateralization, we require the reinsurer to have an S&P rating of "A-" or better or a Moody's Investors Services Inc. ("Moody's") rating of "A3" or better and a minimum capital and surplus level of $350 million. If the reinsurer does not have these ratings, we generally require them to post collateral as described below. In addition, we may require collateral from a reinsurer to mitigate credit/collectability risk. Typically, in such cases, the reinsurer must either maintain minimum specified ratings and risk-based capital ("RBC") ratios or provide the specified quality and quantity of collateral. Similarly, we have also required collateral in connection with books of business sold pursuant to indemnity reinsurance agreements. We have been required to post collateral when purchasing books of business.

Reinsurers that are not licensed, accredited or authorized in the state of domicile of the reinsured ("ceding company") are required to post statutorily prescribed forms of collateral for the ceding company to receive reinsurance credit. The three primary forms of collateral are: (i) qualifying assets held in a reserve credit trust; (ii) irrevocable, unconditional, evergreen letters of credit issued by a qualified U.S. financial institution; and (iii) assets held by the ceding company in a segregated funds withheld account. Collateral must be maintained in accordance with the rules of the ceding company's state of domicile and must be readily accessible by the ceding company to cover claims under the reinsurance agreement. Accordingly, our U.S. life insurance subsidiaries require unauthorized reinsurers that are not so licensed, accredited or authorized to post acceptable forms of collateral to support their reinsurance obligations to us.

The following table sets forth our exposure to our principal reinsurers in our U.S. life insurance subsidiaries as of December 31, 2015:

(Amounts in millions)	**Reinsurance recoverable**
UFLIC [(1)]	$ 14,363
RGA Reinsurance Company	959
Munich American Reassurance Company	710
Riversource Life Insurance Company [(2)]	533
General Re Life Corporation	352

(1) We have several significant reinsurance transactions with Union Fidelity Life Insurance Company ("UFLIC"), an affiliate of our former parent, General Electric Company ("GE"), which results in a significant concentration of reinsurance risk. UFLIC's obligations to us are secured by trust accounts. See note 8 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data."

(2) Our reinsurance arrangement with Riversource Life Insurance Company covers a runoff block of single premium term life insurance policies.

We have also historically entered into reinsurance programs in which we share portions of our U.S. mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies affiliated with these lenders. In return, we cede to the captive reinsurers a predetermined portion of our gross premiums on flow insurance written. New insurance written through the bulk channel generally is not subject to

these arrangements. As of December 31, 2015, we recorded U.S. mortgage insurance ceded loss reserves of $6 million within reinsurance recoverable where cumulative losses have exceeded the attachment points in several captive reinsurance arrangements. In addition, our U.S. mortgage insurance business entered into three new reinsurance agreements in order to obtain PMIERs credit. For additional information regarding these new agreements, see "Part II—Item 7— Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Developments."

In our mortgage insurance business in Australia, all of the reinsurance treaties are on an excess of loss basis that are designed to attach only under stress loss events and are renewable (with the agreement of both us and the relevant reinsurers) on a periodic basis. As of December 31, 2015, our Australian mortgage insurance business had six portfolio excess of loss reinsurance treaties with an aggregate coverage limit of AUD$875 million. This coverage was provided by more than 20 reinsurance partners, each currently rated "A" or better by S&P and/or A.M. Best Company, Inc. ("A.M. Best"). All treaties qualify for full capital credit offset within APRA's regulatory capital requirements. Most of the treaties have a two-year base term with options to extend for three to four years. On January 1, 2016, our Australian mortgage insurance business restructured its reinsurance placement to have seven portfolio excess of loss treaties with an aggregate coverage limit of AUD$950 million. This coverage is provided by more than 20 reinsurance partners rated "A" by S&P and/or A.M. Best and is designed to provide reinsurance under severe stress events. These treaties qualify for full capital credit offset within APRA's regulatory capital requirements. Most of the treaties have a two-year base term with options to extend for three to six years.

For additional information related to reinsurance, see note 8 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data."

Financial Strength Ratings

Ratings with respect to financial strength are an important factor in establishing the competitive position of insurance companies. Ratings are important to maintaining public confidence in us and our ability to market our products. Rating organizations review the financial performance and condition of most insurers and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders.

As of February 25, 2016, our principal mortgage insurance subsidiaries were rated in terms of financial strength by S&P, Moody's and Dominion Bond Rating Service ("DBRS") as follows:

Company	S&P rating	Moody's rating	DBRS rating
Genworth Mortgage Insurance Corporation	BB+ (Marginal)	Ba1 (Questionable)	Not rated
Genworth Financial Mortgage Insurance Company Canada	A+ (Strong)	Not rated	AA (Superior)
Genworth Financial Mortgage Insurance Pty. Limited (Australia) (1)	A+ (Strong)	A3 (Good)	Not rated

(1) Also rated "A+" by Fitch Ratings ("Fitch").

As of February 25, 2016, our principal life insurance subsidiaries were rated in terms of financial strength by S&P, Moody's and A.M. Best as follows:

Company	S&P rating	Moody's rating	A.M. Best rating
Genworth Life Insurance Company	BB (Marginal)	Ba1 (Questionable)	B++ (Good)
Genworth Life and Annuity Insurance Company	BB (Marginal)	Baa2 (Adequate)	B++ (Good)
Genworth Life Insurance Company of New York	BB (Marginal)	Ba1 (Questionable)	B++ (Good)

The S&P, Moody's, DBRS and A.M. Best ratings included are not designed to be, and do not serve as, measures of protection or valuation offered to investors. These financial strength ratings should not be relied on with respect to making an investment in our securities.

S&P states that insurers rated “A” (Strong) or “BB” (Marginal) have strong or marginal financial security characteristics, respectively. The “A” and “BB” ranges are the third- and fifth-highest of nine financial strength rating ranges assigned by S&P, which range from “AAA” to “R.” A plus (+) or minus (-) shows relative standing within a major rating category. These suffixes are not added to ratings in the “AAA” category or to ratings below the “CCC” category. Accordingly, the “A+,” “BB+” and “BB” ratings are the fifth-, eleventh- and twelfth-highest of S&P’s 21 ratings categories.

Moody’s states that insurance companies rated “A” (Good) offer good financial security, that insurance companies rated “Baa” (Adequate) offer adequate financial security and that insurance companies rated “Ba” (Questionable) offer questionable financial security. The “A” (Good), “Baa” (Adequate) and “Ba” (Questionable) ranges are the third-, fourth- and fifth-highest, respectively, of nine financial strength rating ranges assigned by Moody’s, which range from “Aaa” to “C.” Numeric modifiers are used to refer to the ranking within the group, with 1 being the highest and 3 being the lowest. These modifiers are not added to ratings in the “Aaa” category or to ratings below the “Caa” category. Accordingly, the “A3,” “Baa2” and “Ba1” ratings are the seventh-, ninth- and eleventh-highest, respectively, of Moody’s 21 ratings categories.

DBRS states that long-term obligations rated “AA” are of superior credit quality. The capacity for the payment of financial obligations is considered high and unlikely to be significantly vulnerable to future events. Credit quality differs from “AAA” only to a small degree.

A.M. Best states that the “B++” (Good) rating is assigned to those companies that have, in its opinion, a good ability to meet their ongoing insurance obligations. The “B++” (Good) rating is the fifth-highest of 15 ratings assigned by A.M. Best, which range from “A++” to “F.”

We also solicit a rating from Fitch for our Australian mortgage insurance subsidiary. Fitch states that “A” (Strong) rated insurance companies are viewed as possessing strong capacity to meet policyholder and contract obligations. The “A” rating category is the third-highest of nine financial strength rating categories, which range from “AAA” to “C.” The symbol (+) or (-) may be appended to a rating to indicate the relative position of a credit within a rating category. These suffixes are not added to ratings in the “AAA” category or to ratings below the “B” category. Accordingly, the “A+” rating is the fifth-highest of Fitch’s 21 ratings categories.

We also solicit a rating from HR Ratings on a local scale for Genworth Seguros de Credito a la Vivienda S.A. de C.V., our Mexican mortgage insurance subsidiary, with a short-term rating of “HR1” and long-term rating of “HR AA.” For short-term ratings, HR Ratings states that “HR1” rated companies are viewed as exhibiting high capacity for timely payment of debt obligations in the short-term and maintain low credit risk. The “HR1” short-term rating category is the highest of six short-term rating categories, which range from “HR1” to “HR D.” For long-term ratings, HR Ratings states that “HR AA” rated companies are viewed as having high credit quality and offer high safety for timely payment of debt obligations and maintain low credit risk under adverse economic scenarios. The “HR AA” long-term rating is the second-highest of HR Rating’s eight long-term rating categories, which range from “HR AAA” to “HR D.”

Following our earnings announcement for the fourth quarter of 2015, which included the announcement of our decision to suspend sales of our traditional life insurance and fixed annuity products and a restructure plan to separate and potentially isolate our long-term care insurance business, rating agencies took a variety of adverse rating actions with respect to our principal life insurance subsidiaries. On February 9, 2016, S&P announced, among other things, its downgrade of our principal life insurance subsidiaries to “BB” from “BBB-.” S&P placed GMICO’s “BB+” rating on credit-watch negative. On February 9, 2016, A.M. Best also announced, among other things, its downgrade of our principal life insurance subsidiaries to “B++” from “A-.” On February 5, 2016, Moody’s announced, among other things, its downgrade of Genworth Life Insurance Company and Genworth Life Insurance Company of New York to “Ba1” from “Baa1” and Genworth Life and Annuity Insurance Company to “Baa2” from “Baa1.” Moody’s affirmed GMICO’s “Ba1” rating with a stable outlook.

S&P, Moody's, DBRS, A.M. Best, Fitch and HR Ratings review their ratings periodically and we cannot assure you that we will maintain our current ratings in the future. Other agencies may also rate our company or our insurance subsidiaries on a solicited or an unsolicited basis. We do not provide information to agencies issuing unsolicited ratings and we cannot ensure that any agencies that rate our company or our insurance subsidiaries on an unsolicited basis will continue to do so.

For information on adverse credit rating actions related to Genworth Holdings, see "Item 1A—Risk Factors—Recent adverse rating agency actions have resulted in a loss of business and adversely affected our results of operations, financial condition and business and future adverse rating actions could have a further and more significant adverse impact on us."

Investments

Organization

Our investment department includes asset management, portfolio management, derivatives, risk management, operations, accounting and other functions. Under the direction of our Chief Investment Officer, it is responsible for managing the assets in our various portfolios, including establishing investment and derivatives policies and strategies, reviewing asset-liability management, performing asset allocation for our domestic subsidiaries and coordinating investment activities with our international subsidiaries.

We use both internal and external asset managers to take advantage of expertise in particular asset classes or to leverage country-specific investing capabilities. We internally manage certain asset classes for our domestic insurance operations, including public government, municipal and corporate securities, structured securities, commercial mortgage loans, privately placed debt securities and derivatives. We utilize external asset managers for most of our international portfolios, as well as select asset classes. Management of investments for our international operations is overseen by the investment committees reporting to the boards of directors of the applicable non-U.S. legal entities in consultation with our Chief Investment Officer. The majority of the assets in our Canadian and Australian mortgage insurance businesses are managed by unaffiliated investment managers located in their respective countries. As of December 31, 2015 and 2014, approximately 9% and 15%, respectively, of our invested assets were held by our international businesses and were invested primarily in non-U.S.-denominated securities.

We manage our assets to meet diversification, credit quality, yield and liquidity requirements of our policy and contract liabilities by investing primarily in fixed maturity securities, including government, municipal and corporate bonds and mortgage-backed and other asset-backed securities. We also hold mortgage loans on commercial real estate and other invested assets, which include derivatives, trading securities, limited partnerships and short-term investments. Investments for our particular insurance company subsidiaries are required to comply with our risk management requirements, as well as applicable laws and insurance regulations.

For a discussion of our investments, see "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Balance Sheets."

Our primary investment objective is to meet our obligations to policyholders and contractholders while increasing value to our stockholders by investing in a diversified, high quality portfolio, comprised primarily of income producing securities and other assets. Our investment strategy focuses on:

- managing interest rate risk, as appropriate, through monitoring asset durations relative to policyholder and contractholder obligations;
- selecting assets based on fundamental, research-driven strategies;
- emphasizing fixed-income, low-volatility assets while pursuing active strategies to enhance yield;
- maintaining sufficient liquidity to meet unexpected financial obligations;

- regularly evaluating our asset class mix and pursuing additional investment classes when prudent; and
- continuously monitoring asset quality and market conditions that could affect our assets.

We are exposed to two primary sources of investment risk:

- credit risk relating to the uncertainty associated with the continued ability of a given issuer to make timely payments of principal and interest and
- interest rate risk relating to the market price and cash flow variability associated with changes in market interest rates.

We manage credit risk by analyzing issuers, transaction structures and any associated collateral. We continually evaluate the probability of credit default and estimated loss in the event of such a default, which provides us with early notification of worsening credits. We also manage credit risk through industry and issuer diversification and asset allocation practices. For commercial mortgage loans, we manage credit risk through property type, geographic region and product type diversification and asset allocation.

We manage interest rate risk by monitoring the relationship between the duration of our assets and the duration of our liabilities, seeking to manage interest rate risk in both rising and falling interest rate environments, and utilizing various derivative strategies, where appropriate and available. For further information on our management of interest rate risk, see "Part II—Item 7A—Quantitative and Qualitative Disclosures About Market Risk."

Fixed maturity securities

Fixed maturity securities, which were primarily classified as available-for-sale, including tax-exempt bonds, consisted principally of publicly traded and privately placed debt securities, and represented 78% and 80%, respectively, of total cash, cash equivalents and invested assets as of December 31, 2015 and 2014.

We invest in privately placed fixed maturity securities to increase diversification and obtain higher yields than can ordinarily be obtained with comparable public market securities. Generally, private placements provide us with protective covenants, call protection features and, where applicable, a higher level of collateral. However, our private placements are not as freely transferable as public securities because of restrictions imposed by federal and state securities laws, the terms of the securities and the characteristics of the private market.

Table of Contents

The following table presents our public, private and total fixed maturity securities by the Nationally Recognized Statistical Rating Organizations ("NRSRO") designations and/or equivalent ratings, as well as the percentage, based upon fair value, that each designation comprises. Certain fixed maturity securities that are not rated by an NRSRO are shown based upon internally prepared credit evaluations.

(Amounts in millions)	December 31,					
	2015			2014		
NRSRO designation	Amortized cost	Fair value	% of total	Amortized cost	Fair value	% of total
Public fixed maturity securities						
AAA	$ 13,513	$14,785	34%	$ 13,916	$15,599	34%
AA	3,904	4,121	10	4,363	4,730	10
A	11,152	12,155	28	11,917	13,572	30
BBB	10,386	10,720	25	9,485	10,490	23
BB	1,240	1,200	3	1,303	1,361	3
B	72	63	—	76	76	—
CCC and lower	82	92	—	100	112	—
Total public fixed maturity securities	$ 40,349	$43,136	100%	$ 41,160	$45,940	100%
Private fixed maturity securities						
AAA	$ 1,479	$ 1,531	10%	$ 1,501	$ 1,564	10%
AA	1,844	1,899	13	1,915	1,995	13
A	4,578	4,731	31	4,266	4,538	30
BBB	5,951	6,003	40	5,840	6,074	40
BB	828	777	5	792	792	5
B	118	104	1	103	95	1
CCC and lower	14	16	—	79	79	1
Total private fixed maturity securities	$ 14,812	$15,061	100%	$ 14,496	$15,137	100%
Total fixed maturity securities						
AAA	$ 14,992	$16,316	28%	$ 15,417	$17,163	28%
AA	5,748	6,020	11	6,278	6,725	11
A	15,730	16,886	29	16,183	18,110	30
BBB	16,337	16,723	29	15,325	16,564	27
BB	2,068	1,977	3	2,095	2,153	4
B	190	167	—	179	171	—
CCC and lower	96	108	—	179	191	—
Total fixed maturity securities	$ 55,161	$58,197	100%	$ 55,656	$61,077	100%

Based upon fair value, public fixed maturity securities represented 74% and 75%, respectively, of total fixed maturity securities as of December 31, 2015 and 2014. Private fixed maturity securities represented 26% and 25%, respectively, of total fixed maturity securities as of December 31, 2015 and 2014.

We diversify our corporate securities by industry and issuer. As of December 31, 2015, our combined holdings in the 10 corporate issuers to which we had the greatest exposure were $2.0 billion, which was approximately 3% of our total cash, cash equivalents and invested assets. The exposure to the largest single corporate issuer held as of December 31, 2015 was $283 million, which was less than 1% of our total cash, cash equivalents and invested assets. See note 4 to our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for additional information on diversification by sector.

We do not have material unhedged exposure to foreign currency risk in our invested assets of our U.S. operations. In our international insurance operations, both our assets and liabilities are generally denominated in local currencies.

Further analysis related to our investments portfolio as of December 31, 2015 and 2014 is included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Investment and Derivative Instruments."

Commercial mortgage loans and other invested assets

Our mortgage loans are collateralized by commercial properties, including multi-family residential buildings. Commercial mortgage loans are primarily stated at principal amounts outstanding, net of deferred expenses and allowance for loan loss. We diversify our commercial mortgage loans by both property type and geographic region. See note 4 to our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for additional information on distribution across property type and geographic region for commercial mortgage loans, as well as information on our interest in equity securities and other invested assets.

Selected financial information regarding our other invested assets and derivative instruments as of December 31, 2015 and 2014 is included under "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Investment and Derivative Instruments."

Regulation

Our businesses are subject to extensive regulation and supervision.

General

Our insurance operations are subject to a wide variety of laws and regulations. State insurance laws and regulations ("Insurance Laws") regulate most aspects of our U.S. insurance businesses, and our U.S. insurers are regulated by the insurance departments of the states in which they are domiciled and licensed. Our non-U.S. insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are domiciled. Our insurance products and businesses also are affected by U.S. federal, state and local tax laws, and the tax laws of non-U.S. jurisdictions. Our securities operations, including our insurance products that are regulated as securities, such as variable annuities and variable life insurance, also are subject to U.S. federal and state and non-U.S. securities laws and regulations. The U.S. Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), state securities authorities and similar non-U.S. authorities regulate and supervise these products.

The primary purpose of the Insurance Laws regulating our insurance businesses and their equivalents in the other countries in which we operate, and the securities laws affecting our variable annuity products, variable life insurance products, registered FABNs and our broker/dealer, is to protect our policyholders, contractholders and clients, not our stockholders. These laws and regulations are regularly re-examined and any changes to these laws or new laws may be more restrictive or otherwise adversely affect our operations.

Insurance and securities regulatory authorities (including state law enforcement agencies and attorneys general or their non-U.S. equivalents) periodically make inquiries regarding compliance with insurance, securities and other laws and regulations, and we cooperate with such inquiries and take corrective action when warranted.

Our distributors and institutional customers also operate in regulated environments. Changes in the regulations that affect their operations may affect our business relationships with them and their decision to distribute or purchase our subsidiaries' products.

In addition, the Insurance Laws of our U.S. insurers' domiciliary jurisdictions and the equivalent laws in Australia, Canada and certain other jurisdictions in which we operate require that a person obtain the approval of the applicable insurance regulator prior to acquiring control, and in some cases prior to divesting its control, of an

insurer. These laws may discourage potential acquisition proposals and may delay, deter or prevent an investment in or a change of control involving us, or one or more of our regulated subsidiaries, including transactions that our management and some or all of our stockholders might consider desirable.

U.S. Insurance Regulation

Our U.S. insurers are licensed and regulated in all jurisdictions in which they conduct insurance business. The extent of this regulation varies, but Insurance Laws generally govern the financial condition of insurers, including standards of solvency, types and concentrations of permissible investments, establishment and maintenance of reserves, credit for reinsurance and requirements of capital adequacy, and the business conduct of insurers, including marketing and sales practices and claims handling. In addition, Insurance Laws usually require the licensing of insurers and agents, and the approval of policy forms, related materials and the rates for certain lines of insurance.

The Insurance Laws applicable to us or our U.S. insurers are described below. Our U.S. mortgage insurers are also subject to additional Insurance Laws applicable specifically to mortgage insurers discussed below under “—Mortgage Insurance.”

Insurance holding company regulation

All U.S. jurisdictions in which our U.S. insurers conduct business have enacted legislation requiring each U.S. insurer (except captive insurers) in a holding company system to register with the insurance regulatory authority of its domiciliary jurisdiction and furnish that regulatory authority various information concerning the operations of, and the interrelationships and transactions among, companies within its holding company system that may materially affect the operations, management or financial condition of the insurers within the system. These Insurance Laws regulate transactions between insurers and their affiliates, sometimes mandating prior notice to the regulator and/or regulatory approval. Generally, these Insurance Laws require that all transactions between an insurer and an affiliate be fair and reasonable, and that the insurer’s statutory surplus following such transaction be reasonable in relation to its outstanding liabilities and adequate to its financial needs.

As a holding company with no significant business operations of our own, we depend on dividends from our respective subsidiaries, permitted payments under tax sharing and expense reimbursement arrangements with our subsidiaries and other distributions as the principal source of cash to meet our obligations, including the payment of operating expenses, amounts we owe to GE under the Tax Matters Agreement and to our subsidiaries for tax sharing agreements and interest on, and repayment of principal of, any debt obligations, among other things. Our U.S. insurers’ payment of dividends or other distributions is regulated by the Insurance Laws of their respective domiciliary states, and insurers may not pay an “extraordinary” dividend or distribution, or pay a dividend except out of earned surplus, without prior regulatory approval. In general, an “extraordinary” dividend or distribution is defined as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months, exceeds the greater (or, in some jurisdictions, the lesser) of:

- 10% of the insurer’s statutory surplus as of the immediately prior year end or
- the statutory net gain from the insurer’s operations (if a life insurer) or the statutory net income (if not a life insurer) during the prior calendar year.

In addition, insurance regulators may prohibit the payment of ordinary dividends or other payments by our insurers (such as a payment under a tax sharing agreement or for employment or other services) if they determine that such payment could be adverse to our policyholders or contractholders.

The Insurance Laws require that a person obtain the approval of the insurance commissioner of an insurer’s domiciliary jurisdiction prior to acquiring control of such insurer. Control of an insurer is generally presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies

representing, 10% or more of the voting securities of the insurer or its ultimate parent entity. In considering an application to acquire control of an insurer, the insurance commissioner generally considers factors such as the experience, competence and financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquirer's plans for the management and operation of the insurer, and any anti-competitive results that may arise from the acquisition. Most states now require a person seeking to acquire control of an insurer licensed but not domiciled in that state to make a filing prior to completing an acquisition if the acquirer and its affiliates and the target insurer and its affiliates have specified market shares in the same lines of insurance in that state. These provisions may not require acquisition approval but can lead to imposition of conditions on an acquisition that could delay or prevent its consummation.

The Insurance Laws require that an insurance holding company system's ultimate controlling person submit annually to its lead state insurance regulator an "enterprise risk report" that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. The Insurance Laws also require that a controlling person of an insurer submit prior notice to the insurer's domiciliary insurance regulator of a divestiture of control. Finally, most states have adopted insurance regulations setting forth detailed requirements for cost sharing and management agreements between an insurer and its affiliates.

The National Association of Insurance Commissioners (the "NAIC") adopted the Risk Management and Own Risk and Solvency Assessment Model Act (the "ORSA Model Act"). The ORSA Model Act requires an insurance holding company system's Chief Risk Officer to submit annually to its lead state insurance regulator an Own Risk and Solvency Assessment ("ORSA") Summary Report. The ORSA is a confidential internal assessment appropriate to the nature, scale and complexity of an insurer, conducted by that insurer of the material and relevant risks identified by the insurer associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. Most states have adopted the ORSA Model Act. Under ORSA, we are required to:

- regularly, no less than annually, conduct an ORSA to assess the adequacy of our risk management framework, and current and estimated projected future solvency position;
- internally document the process and results of the assessment; and
- provide a confidential high-level ORSA Summary Report annually to the lead state commissioner if the insurer is a member of an insurance group and, upon request, by the domiciliary state regulator.

The NAIC has adopted new model laws and regulations as part of its Solvency Modernization Initiative. In November 2014, the NAIC adopted the Corporate Governance Annual Disclosure Model Act and the Corporate Governance Annual Disclosure Model Regulation (the "Corporate Governance Model Act and Regulation"), which would require insurers to disclose detailed information regarding their governance practices. In December 2014, the NAIC adopted amendments of the insurance holding company model act and regulations (the "2014 NAIC Amendments"), which would authorize U.S. regulators to, among other items, lead or participate in the group-wide supervision of certain international insurance groups. Both the Corporate Governance Model Act and Regulation and the 2014 NAIC Amendments must be adopted by individual state legislatures and insurance regulators in order to be effective in a particular state. To date, only a few states have adopted the Corporate Governance Model Act and Regulation and the 2014 NAIC Amendments.

During 2014, the NAIC also approved a new regulatory framework applicable to the use of captive insurers in connection with Regulation XXX and Regulation AXXX transactions. Among other things, the framework calls for more disclosure of an insurer's use of captives in its statutory financial statements, and narrows the types of assets permitted to back statutory reserves that are required to support the insurer's future obligations. The NAIC has implemented the framework through a new actuarial guideline ("AG 48"), which requires the actuary of the ceding insurer that opines on the insurer's reserves to issue a qualified opinion if the framework is

not followed. The requirements of AG 48 became effective as of January 1, 2015 in all states, without any further action necessary by state legislatures or insurance regulators to implement it. The NAIC is developing a model regulation to be adopted by the states that is generally expected to contain the same substantive provisions as the provisions of the adopted AG 48.

During 2015, the NAIC adopted a roadmap for cybersecurity consumer protections that is anticipated to be the starting point for development of a new NAIC model law governing cybersecurity consumer protections.

We cannot predict the future impact, if any, that the 2014 NAIC Amendments, compliance with the ORSA Model Act, the requirements of AG 48 and the XXX/AXXX model regulation, the Corporate Governance Model Act and Regulation and the NAIC cybersecurity consumer protection initiative will have on our business, financial condition or results of operations.

Periodic reporting

Our U.S. insurers must file reports, including detailed annual financial statements, with insurance regulatory authorities in each jurisdiction in which they do business, and their operations and accounts are subject to periodic examination by such authorities.

Policy forms

Our U.S. insurers' policy forms are subject to regulation in every U.S. jurisdiction in which they transact insurance business. In most U.S. jurisdictions, policy forms must be filed prior to their use, and in some U.S. jurisdictions, forms must be approved by insurance regulatory authorities prior to use.

Our U.S. mortgage insurance business began issuing all of its coverage under a new master policy effective October 1, 2014 (the "Revised Master Policy"). For loans insured prior to October 1, 2014, coverage continues to be provided pursuant to the terms and conditions of the master policy in effect at the time of coverage inception for relevant loans (the "Existing Master Policies"). We adopted provisions under the Revised Master Policy that are substantially similar to those adopted by each private mortgage insurer in the industry as mandated by the GSEs, under the oversight of their conservator, FHFA. These mandatory provisions update and clarify the responsibilities of insurers, originators and servicers and enhance the insurance protection provided to the GSEs. Among the changes contained in the Revised Master Policy are new provisions which limit our rights to rescind coverage ("Rescission Limitations"), as compared to the Existing Master Policies. The Rescission Limitations restrict: (i) our right to rescind coverage for underwriting non-compliance or appraisal deficiencies in cases where the borrower makes a sufficient number of timely loan payments or where we perform additional verification of credit or collateral files; and (ii) our right to investigate loan files other than for servicing matters and claims administration. The Rescission Limitations do not apply to misrepresentation by the lender or others involved in the origination of an insured loan or for specified instances involving patterns of misrepresentation.

Market conduct regulation

The Insurance Laws of U.S. jurisdictions govern the marketplace activities of insurers, affecting the form and content of disclosure to consumers, product illustrations, advertising, product replacement, sales and underwriting practices, and complaint and claims handling, and these provisions are generally enforced through periodic market conduct examinations.

Statutory examinations

Insurance departments in U.S. jurisdictions conduct periodic detailed examinations of the books, records, accounts and business practices of domestic insurers. These examinations generally are conducted in cooperation with insurance departments of two or three other states or jurisdictions representing each of the NAIC zones, under guidelines promulgated by the NAIC.

Guaranty associations and similar arrangements

Most jurisdictions in which our U.S. insurers are licensed require those insurers to participate in guaranty associations which pay contractual benefits owed under the policies of impaired or insolvent insurers. These associations levy assessments, up to prescribed limits, on each member insurer in a jurisdiction on the basis of the proportionate share of the premiums written by such insurer in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some jurisdictions permit member insurers to recover assessments paid through full or partial premium tax offsets. Aggregate assessments levied against our U.S. insurers were not material to our consolidated financial statements.

Policy and contract reserve sufficiency analysis

The Insurance Laws of their domiciliary jurisdictions require our U.S. life insurers to conduct annual analyses of the sufficiency of their life and health insurance and annuity reserves. Other jurisdictions where insurers are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion stating that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the insurer's associated contractual obligations and related expenses. If such an opinion cannot be provided, the insurer must establish additional reserves by transferring funds from surplus. Our U.S. life insurers submit these opinions annually to their insurance regulatory authorities. Different reserve requirements exist for our U.S. mortgage insurance subsidiaries. See "—Mortgage Insurance Regulation—State regulation—Reserves."

Surplus and capital requirements

Insurance regulators have the discretionary authority, in connection with maintaining the licensing of our U.S. insurers, to limit or restrict insurers from issuing new policies, or policies having a dollar value over certain thresholds, if, in the regulators' judgment, the insurer is not maintaining a sufficient amount of surplus or is in a hazardous financial condition. We seek to maintain new business and capital management strategies to support meeting related regulatory requirements.

Risk-based capital

The NAIC has established RBC standards for U.S. life insurers, as well as a risk-based capital model act ("RBC Model Act"). All 50 states and the District of Columbia have adopted the RBC Model Act or a substantially similar law or regulation. The RBC Model Act requires that life insurers annually submit a report to state regulators regarding their RBC based upon four categories of risk: asset risk, insurance risk, interest rate and market risk, and business risk. The capital requirement for each is generally determined by applying factors which vary based upon the degree of risk to various asset, premium and reserve items. The formula is an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

If an insurer's RBC fell below specified levels, it would be subject to different degrees of regulatory action depending upon the level, ranging from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control. As of December 31, 2015, the RBC of each of our U.S. life insurance subsidiaries exceeded the level of RBC that would require any of them to take or become subject to any corrective action. The consolidated RBC ratio of our U.S. domiciled life insurance subsidiaries was approximately 393% and 435% of the company action level as of December 31, 2015 and 2014, respectively. The RBC ratio for the year ended December 31, 2015 was impacted by $198 million of additional statutory reserves primarily reflecting assumption updates in our universal and term universal life insurance products in the fourth quarter of 2015. In addition, based on our annual statutory cash flow testing of our long-term care insurance business, our New York insurance subsidiary recorded $89 million of additional statutory reserves in the fourth quarter of 2015.

Group capital

The NAIC and international insurance regulators, including the International Association of Insurance Supervisors ("IAIS"), are working to develop group capital standards. The NAIC is developing a group capital measure, which is expected to be based on aggregation of existing regulatory capital calculations for all entities within the insurance holding company system (such as risk-based capital for insurance companies). It is unclear how the development of group capital measures by the NAIC will interact with existing capital requirements for insurance companies in the United States and with international capital standards. It is possible that we may be required to hold additional capital as a result of these developments.

Statutory accounting principles

U.S. insurance regulators developed statutory accounting principles ("SAP") as a basis of accounting used to monitor and regulate the solvency of insurers. Since insurance regulators are primarily concerned with ensuring an insurer's ability to pay its current and future obligations to policyholders, statutory accounting conservatively values the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and are generally adopted by regulators in the various U.S. jurisdictions.

Due to differences in methodology between SAP and U.S. GAAP, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP are materially different from those reflected in financial statements prepared under SAP.

Regulation of investments

Each of our U.S. insurers is subject to Insurance Laws that require diversification of its investment portfolio and which limit the proportion of investments in different asset categories. Assets invested contrary to such regulatory limitations must be treated as non-admitted assets for purposes of measuring surplus, and, in some instances, regulations require divestiture of such non-complying investments. We believe the investments made by our U.S. insurers comply with these Insurance Laws.

Federal regulation of insurance products

Most of our variable annuity products, some of our fixed guaranteed products, and all of our variable life insurance products, as well as our FABNs issued as part of our registered notes program are "securities" within the meaning of federal and state securities laws, are registered under the Securities Act of 1933 and are subject to regulation by the SEC. See "—Other Laws and Regulations—Securities regulation." These products may also be indirectly regulated by FINRA as a result of FINRA's regulation of broker/dealers and may be regulated by state securities authorities. Federal and state securities regulation similar to that discussed below under "—Other Laws and Regulations —Securities regulation" affects investment advice and sales and related activities with respect to these products. U.S. mortgage insurance products and insurers are also subject to federal regulation discussed below under "—Mortgage Insurance." In addition, although the federal government does not comprehensively regulate the business of insurance, federal legislation and administrative policies in several areas, including taxation, financial services regulation, and pension and welfare benefits regulation, can also significantly affect the insurance industry.

Dodd-Frank Act and other federal initiatives

Although the federal government generally does not directly regulate the insurance business, federal initiatives often, and increasingly, have an impact on the business in a variety of ways, including limitations on antitrust immunity, tax incentives for lifetime annuity payouts, simplification bills affecting tax-advantaged or tax-exempt savings and retirement vehicles, and proposals to modify the estate tax. In addition, various forms of direct federal regulation of insurance have been proposed in recent years.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") made extensive changes to the laws regulating financial services firms and required various federal agencies to adopt a broad range of new implementing rules and regulations, many of which have taken effect.

Among other provisions, the Dodd-Frank Act established a new framework of regulation of the over-the-counter ("OTC") derivatives markets which requires, among other things, trade reporting of OTC derivatives transactions, formalized documentation requirements, execution of designated transactions on a swap execution facility ("SEF") or designated contracts market ("DCM"), clearing of designated transactions through designated clearing organizations ("DCOs") and exchange of initial and variation margin for non-cleared swap transactions. We currently are subject to reporting with respect to all derivatives transactions we enter into and must execute certain interest rate and other transactions on a SEF or DCM, which transactions we also must clear through a DCO. The clearing requirements, among other things, require us to post with a futures commission merchant highly liquid securities or cash as initial margin and cash to meet variation margin requirements for most interest rate derivatives we trade. Over time, we will experience additional collateral requirements for derivative transactions that are not required to be cleared. As the new marketplace continues to evolve, we may have to alter or limit the way we use derivatives in the future, which could have a material adverse effect on our results of operations and financial condition. We are subject to similar trade reporting, documentation, central trading and clearing and OTC margining requirements when we transact with foreign derivatives counterparties. Dodd-Frank and foreign derivatives requirements expose us to operational, compliance, execution and other risks, including central counterparty insolvency risk.

In the case of our U.S. mortgage insurance business, the Dodd-Frank Act requires lenders to retain some of the risk associated with mortgage loans that they sell or securitize, unless the mortgage loans are "Qualified Residential Mortgages" or unless the securitization or security is partially or fully exempted. Under regulations promulgated pursuant to the Dodd-Frank Act, loans which meet the definition of "Qualified Mortgages" are also eligible as Qualified Residential Mortgages. The legislation and regulations also prohibit a creditor from making a residential mortgage loan unless the creditor makes a reasonable and good faith determination that, at the time the loan is consummated, the consumer has a reasonable ability to repay the loan. In addition, the Dodd-Frank Act created the CFPB, which regulates certain aspects of the offering and provision of consumer financial products or services but not the business of insurance. In January 2014, CFPB rules implementing the ability-to-repay and Qualified Mortgage standards contained in the Dodd-Frank Act went into effect. The rules set requirements for how mortgage lenders can demonstrate that they have effectively considered the consumer's ability to repay a mortgage loan, establish when a mortgage may be classified as a Qualified Mortgage and determine when a lender is eligible for a safe harbor as a presumption that the lender has complied with the ability-to-repay requirements. We expect the rules to have a positive impact on the credit quality of mortgage loans which may benefit our delinquency rates but the rule may have the negative impact of reducing the number of loans originated and therefore available for the mortgage insurance market. The CFPB may issue additional rules or regulations, may adopt interpretations of existing laws which differ from past interpretations and may assert jurisdiction over regulatory or enforcement matters in lieu of or in addition to the existing jurisdiction of other federal or state agencies, all of which may affect our U.S. mortgage insurance business.

The Dodd-Frank Act also establishes a Financial Stability Oversight Council ("FSOC"), which is authorized to subject non-bank financial companies, which may include insurance companies, deemed systemically significant to stricter prudential standards and other requirements and to subject such companies to a special orderly liquidation process outside the federal Bankruptcy Code, administered by the Federal Deposit Insurance Corporation. We have not currently been designated as systemically significant by FSOC but this determination could change in the future. FSOC's potential recommendation of measures to address systemic financial risk could affect our insurance operations as could a future determination that we or our counterparties are systemically significant, which could impose significant burdens on us, impact the way we conduct our business, increase compliance costs, duplicate state regulation and could result in a competitive disadvantage.

The Dodd-Frank Act establishes a Federal Insurance Office ("FIO") within the Department of the Treasury. While not having a general supervisory or regulatory authority over the business of insurance, the director of this

office performs various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation. In December 2013, FIO issued a report on alternatives to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states, in particular recommending federal standards and oversight regulations for mortgage insurers. If adopted, we cannot predict what effect, if any, such standards and regulations may have on our U.S. mortgage insurance business. Further, in December 2014, FIO delivered its report to Congress describing the global reinsurance market and its critical role in supporting the U.S. insurance system.

A Residential Mortgage-Backed Securities Working Group was formed in 2012 under President Obama's Financial Fraud Enforcement Task Force to investigate misconduct contributing to the financial crisis through the pooling and sale of residential mortgage-backed securities. The principal focus of this Working Group has been directed at enforcement actions against issuers and servicers of mortgage-backed securities. As the activities of this Working Group are ongoing, we cannot predict what impact, if any, this Working Group may have on the mortgage insurance industry in general and our business in particular.

We cannot predict the requirements of all of the regulations adopted under the Dodd-Frank Act, the effect such legislation or regulations will have on financial markets generally, or on our businesses specifically, the additional costs associated with compliance with such regulations or legislation, or any changes to our operations that may be necessary to comply with the Dodd-Frank Act and the regulations thereunder, any of which could have a material adverse effect on our business, results of operations, cash flows or financial condition. We also cannot predict whether other federal initiatives will be adopted or what impact, if any, such initiatives, if adopted as laws, may have on our business, financial condition or results of operations.

Changes in tax laws

In December 2015, President Obama signed the Protecting Americans from Tax Hikes Act of 2015 ("2015 Path Act"). Included in the 2015 Path Act was a permanent extension of the "active financing" provision for foreign insurance subsidiaries, under which income from a foreign subsidiary's active conduct of an insurance business is eligible for deferral of tax. The 2015 Path Act provided two year retroactive extensions through December 31, 2016 of certain tax benefits to individuals and businesses. It contained a two-year extension allowing certain taxpayers whose mortgage debt that may be forgiven in 2015 and 2016 to exclude the debt forgiveness from taxable income. Also included in the 2015 Path Act was a provision to continue to allow certain mortgage insurance premiums as deductible interest for 2015 and 2016. It is unclear at this time whether these provisions will be extended past 2016 in future legislation. However, we believe that the impact on our U.S. mortgage insurance products will be immaterial regardless of whether or not the provisions are further extended.

Bermuda Insurance Regulation

The Bermuda Monetary Authority (the "BMA") regulates all financial institutions operating in or from Bermuda, including our Bermudian captive insurance companies. Specific regulation varies in Bermuda depending on whether the insurance company has been granted a long-term business license or a general business license and by the class under which each company falls within such licenses. Regardless of license or class, all companies are required to maintain minimum capital and surplus levels and minimum solvency standards and are subject to auditing and reporting requirements.

Under Bermuda's Insurance Act 1978, in addition to the ability to pay dividends from retained earnings subject to certain procedures and compliance with applicable financial margins, Bermuda insurance companies may distribute up to 15% of their total paid-in or contributed capital without the prior approval of the BMA. Insurance companies may apply to the BMA to make distributions in excess of such level.

In recent years, the BMA has adopted new solvency regulations and certain other regulations to enhance its governance and disclosure requirements for insurance companies in order for Bermuda to achieve consistency

with changes being developed by other leading insurance regulators worldwide, and in so doing achieve equivalence with the Solvency II directive. Both of our Bermudian captive insurance companies met or exceeded the minimum solvency requirements that were in effect in Bermuda as of December 31, 2015. New minimum solvency requirements, including transitional measures that will be phased in over 16 years, took effect in Bermuda on January 1, 2016 (the "Solvency II Standards"). These new requirements are intended to achieve compliance with the Solvency II directive. On November 26, 2015, via delegated act, the European Commission granted Bermuda full equivalence in all areas of Solvency II for an indefinite period of time. The European Commission's act is being reviewed by the European Parliament and Council over the 90 day period following the grant of full equivalence. Once the delegated act comes into force, the equivalence decision will be applied retroactively to January 1, 2016. Under the Solvency II Standards, the calculation of the amount of long-dated liabilities, such as long-term care insurance, produces much higher amounts than under the prior standards. BLAIC, one of our Bermuda-domiciled captive reinsurance subsidiaries, reinsures a portion of our long-term care insurance business, as well as blocks of our life insurance business. One of our strategic priorities is to repatriate all of the business in BLAIC. The timing of the repatriation is expected to occur in 2016 and is subject to various regulatory approvals.

Mortgage Insurance Regulation

State regulation

General

Mortgage insurers generally are limited by Insurance Laws to directly writing only mortgage insurance business to the exclusion of other types of insurance. Mortgage insurers are not subject to the NAIC's RBC requirements but certain states and other regulators impose another form of capital requirement on mortgage insurers requiring maintenance of a risk-to-capital ratio not to exceed 25:1. GMICO, our primary U.S. mortgage insurance subsidiary, had a risk-to-capital ratio of 16.4:1 and 14.3:1 as of December 31, 2015 and 2014, respectively. If one of our U.S. mortgage insurance subsidiaries that is writing business in a particular state fails to maintain that state's required minimum capital level, we would generally be required to stop writing new business immediately in the state until the insurer re-establishes the required regulatory level of capital or receives a waiver of such requirement from the state's insurance regulator or, alternatively, until we establish an alternative source of underwriting capacity such as an affiliated insurer which meets state regulatory capital-related requirements and has been approved as an eligible mortgage guaranty insurer by the GSEs.

The North Carolina Department of Insurance's ("NCDOI") current regulatory framework by which GMICO's risk-to-capital ratio is calculated differs from the capital requirements of the GSEs as discussed under "—Other U.S. regulation."

During 2012, the NAIC established a Mortgage Guaranty Insurance Working Group (the "MGIWG") to determine and make recommendations to the NAIC's Financial Condition Committee as to what, if any, changes to make to the solvency and other regulations relating to mortgage guaranty insurers. During 2014 and 2015, the MGIWG published revised drafts of the previously proposed amendments of the NAIC's Mortgage Guaranty Insurers Model Act (the "MGI Model") and solicited comments on these revised proposed amendments. The proposed amendments of the MGI Model relate to, among other things: (i) capital and reserve standards, including increased minimum capital and surplus requirements, mortgage guaranty-specific RBC standards, dividend restrictions and contingency and premium deficiency reserves; (ii) limitations on the geographic concentration of mortgage guaranty risk, including state-based limitations; (iii) restrictions on mortgage insurers' investments in notes secured by mortgages; (iv) prudent underwriting standards and formal underwriting guidelines to be approved by the insurer's board; (v) the establishment of formal, internal "Mortgage Guaranty Quality Control Programs" with respect to in-force business; (vi) prohibitions on reinsurance with bank captive reinsurers; and (vii) incorporation of an NAIC "Mortgage Guaranty Insurance Standards Manual." At this time, we cannot predict the outcome of this process, the effect changes, if any, will have on the mortgage guaranty insurance market generally, or on our businesses specifically, the additional costs associated with compliance with any such changes, or any changes to our operations that may be necessary to comply, any of which could have a material adverse effect on our business, results of operations, cash flows or financial condition. We also

cannot predict whether other regulatory initiatives will be adopted or what impact, if any, such initiatives, if adopted as laws, may have on our business, financial condition or results of operations.

Reserves

Insurance Laws require our U.S. mortgage insurers to establish a special statutory contingency reserve in their statutory financial statements to provide for losses in the event of significant economic declines. Annual additions to the statutory contingency reserve must equal 50% of net earned premiums as defined by Insurance Laws. These contingency reserves generally are held until the earlier of (i) the time that loss ratios exceed 35% or (ii) 10 years, although regulators have granted discretionary releases from time to time. However, approval by the NCDOI is required for contingency reserve releases when loss ratios exceed 35%. This reserve reduces the policyholder surplus of our U.S. mortgage insurers, and therefore, their ability to pay dividends to us. The statutory contingency reserve for our U.S. mortgage insurers was approximately $500 million as of December 31, 2015.

Federal regulation

In addition to federal laws directly applicable to mortgage insurers, the laws and regulations applicable to mortgage originators and lenders, purchasers of mortgage loans such as Freddie Mac and Fannie Mae, and governmental insurers such as the FHA and VA indirectly affect mortgage insurers. For example, changes in federal housing legislation and other laws and regulations that affect the demand for private mortgage insurance may have a material effect on private mortgage insurers. Legislation or regulation that increases the number of people eligible for FHA or VA mortgages could have a materially adverse effect on our ability to compete with the FHA or VA.

The Homeowners Protection Act of 1998 (the “Homeowners Protection Act”) provides for the automatic termination, or cancellation upon a borrower’s request, of the borrower’s obligation to pay for private mortgage insurance upon satisfaction of certain conditions, although mortgage servicers may continue to keep the coverage in place at their expense. The Homeowners Protection Act applies to owner-occupied residential mortgage loans regardless of lien priority and to borrower-paid mortgage insurance closed after July 29, 1999. FHA loans are not covered by the Homeowners Protection Act. Under the Homeowners Protection Act, automatic termination of the borrower’s obligation to pay for mortgage insurance would generally occur once the loan-to-value ratio reaches 78%. A borrower generally may request cancellation of mortgage insurance once the actual payments reduce the loan balance to 80% of the home’s original value. For borrower-initiated cancellation of mortgage insurance, the borrower must have a “good payment history” as defined by the Homeowners Protection Act.

The Real Estate Settlement and Procedures Act of 1974 (“RESPA”) applies to most residential mortgages insured by private mortgage insurers. Mortgage insurance has been considered in some cases to be a “settlement service” for purposes of loans subject to RESPA. Subject to limited exceptions, RESPA precludes us from providing services to mortgage lenders free of charge, charging fees for services that are lower than their reasonable or fair market value, and paying fees for services that others provide that are higher than their reasonable or fair market value. In addition, RESPA prohibits persons from giving or accepting any portion or percentage of a charge for a real estate settlement service, other than for services actually performed. Although many states prohibit mortgage insurers from giving rebates, RESPA has been interpreted to cover many non-fee services as well. Mortgage insurers and their customers are subject to the possible sanctions of this law, which may be enforced by the CFPB, state insurance departments, state attorneys general and other enforcement authorities.

The Equal Credit Opportunity Act (“ECOA”) and the Fair Credit Reporting Act (“FCRA”) also affect the business of mortgage insurance in various ways. ECOA, for example, prohibits discrimination against certain protected classes in credit transactions. FCRA governs the access and use of consumer credit information in credit transactions and requires notices to consumers in certain circumstances.

Most originators of mortgage loans are required to collect and report data relating to a mortgage loan applicant's race, nationality, gender, marital status and census tract to the U.S. Department of Housing and Urban Development Administration or the Federal Reserve under the Home Mortgage Disclosure Act of 1975 ("HMDA"). The purpose of HMDA is to detect possible impermissible discrimination in home lending and, through disclosure, to discourage such discrimination. Mortgage insurers are not required to report HMDA data although, under the laws of several states, mortgage insurers currently are prohibited from discriminating on the basis of certain classifications. In the past, mortgage insurers voluntarily submitted to the Federal Financial Institutions Examinations Council data on loans submitted for insurance as required for most mortgage lenders under HMDA. However, recently our U.S. mortgage insurance subsidiary no longer voluntarily reports HMDA data, which is consistent with industry practice.

Other U.S. regulation

Effective December 31, 2015, each GSE adopted revised PMIERs which set forth operational and financial requirements that mortgage insurers must meet in order to remain eligible. By March 1, 2016, an approved insurer must certify as to its compliance with PMIERs as of December 31, 2015. If an approved insurer meets all of PMIERs except the financial requirements, then it may submit by March 31, 2016 a transition plan that each GSE in its sole and absolute discretion may approve or disapprove. If approved, the GSEs will permit a transition period deemed by the GSEs to be reasonably sufficient for the approved insurer to meet the financial requirements, which in any case may not extend beyond June 30, 2017. If an approved insurer is unable to certify as to its compliance with the non-financial requirements of PMIERs, then by March 1, 2016, it may submit a corrective action plan detailing how it expects to achieve compliance. An approved insurer will retain its ability to write insurance on loans eligible for delivery to the GSEs from December 31, 2015 until a transition plan or corrective action plan, as the case may be, has been specifically approved or disapproved, subject to the approved insurer continuing to meet all other PMIERs requirements.

The financial requirements of PMIERs mandate that a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) must meet or exceed "Minimum Required Assets" (which are based on an insurer's risk in-force and are calculated from tables of factors with several risk dimensions and are subject to a floor amount). The operational PMIERs requirements include standards that govern the relationship between the GSEs and approved insurers and are designed to ensure that approved insurers operate under uniform guidelines, such as claim processing timelines. They include quality control requirements that are designed to ensure that approved insurers have a strong internal risk management infrastructure that emphasizes continuous process improvement and senior management oversight. Examples of the quality control requirements are robust documentation of procedures and independence of the quality control function. If an approved insurer is deemed by the GSEs to be out of compliance with PMIERs, the GSEs may take actions such as: (i) communication of a written warning to the approved insurer that expresses concern and suggests possible remediation; (ii) issuance of a written warning to an approved insurer that it has violated, is violating, or is about to violate any of the provisions of PMIERs, and that suspension or termination may result unless corrective action is taken within a specified time period; or (iii) imposition of additional terms and conditions of eligibility, including the remediation options contained in PMIERs.

As of the December 31, 2015 effective date of PMIERs, our U.S mortgage insurance business met the PMIERs operational and financial requirements, based in part on: (i) our entry during 2015 into three separate excess of loss reinsurance transactions with three panels of reinsurers covering our 2009 through 2015 book years that we believe, based on indications from the GSEs, provide up to approximately $535 million of PMIERs credit; (ii) the intercompany sale during 2015 by our U.S. mortgage insurance business of its ownership interest in affiliated preferred securities for approximately $200 million; and (iii) an internal restructuring of legal entities during 2015.

In their letters of approval for the third reinsurance transaction entered into during 2015 by our U.S. mortgage insurance subsidiary, each GSE requires our U.S. mortgage insurance subsidiary to maintain a

maximum statutory risk to capital ratio of 18:1 or they reserve the right to reevaluate the amount of PMIERs credit indicated in their approval letters and, in the case of Fannie Mae, this reevaluation expressly may include the first two of our 2015 reinsurance transactions as well. Fannie Mae also reserved these rights in the event it finds that our U.S. mortgage insurance subsidiary, for insurance written after December 31, 2015, did not retain at least 40% of the gross "Required Assets" under PMIERs. Fannie Mae's approval of the third reinsurance transaction of 2015 will be automatically withdrawn if the NCDOI fails to approve (or fails to non-disapprove) the transaction. Freddie Mac has also imposed additional requirements on our option to commute these reinsurance agreements. Both GSEs reserved the right to periodically review the reinsurance transaction for treatment under PMIERs.

Canada regulation

The Office of the Superintendent of Financial Institutions ("OSFI") provides oversight to all federally incorporated financial institutions, including our Canadian mortgage insurance companies, which are indirect wholly-owned subsidiaries of Genworth Canada. OSFI also has oversight responsibility for CMHC, our main competitor. OSFI does not have enforcement powers over market conduct issues in the insurance industry, which are a provincial responsibility. The Bank Act, Insurance Companies Act and Trust and Loan Companies Act prohibit Canadian banks, trust companies and insurers from extending mortgage loans where the loan value exceeds 80% of the property's value, unless mortgage insurance is obtained in connection with the loan. As a result, all mortgages issued by these financial institutions with a loan-to-value ratio exceeding 80% must be insured by a qualified insurer, which includes CMHC. Legislation prohibits such financial institutions from charging borrowers amounts for mortgage insurance that exceed the lender's actual costs and impose disclosure obligations in respect of mortgage insurance.

As discussed in "—Business—Canada Mortgage Insurance—Government guarantee eligibility," government guaranteed mortgage insurers, including our Canadian mortgage insurance companies, are subject to PRMHIA regulation, which restricts our direct insurance activities to insuring mortgages that meet the government's mortgage insurance eligibility. Reinsurance business is not subject to these restrictions. We are required to hold certain regulatory capital under PRMHIA and the Insurance Companies Act (Canada) to support our outstanding mortgage insurance in-force.

Under PRMHIA, the regulations establish the following criteria a high loan-to-value mortgage has to meet in order to be insured:

- a maximum mortgage amortization of 25 years
- insurance of mortgages limited to loans with a loan-to-value of 95% or less
- insurance of refinanced mortgage limited to loans with a loan-to-value of 80% or less
- insurance of mortgages for investment properties limited to 80% or less
- capping the maximum gross debt service ratios at 39% and total debt service ratios at 44%
- capping home purchase price to less than $1 million
- setting a minimum credit score of 600

On December 11, 2015, the Canadian government announced a change to the eligibility rules for new government backed insured mortgages on properties priced above CAD$500,000. Effective February 15, 2016, the minimum down payment for new insured mortgages will be increased from 5% to 10% for the portion of home prices above CAD$500,000.

Beginning in 2014, as part of requirements from our regulator in Canada, we developed and implemented our own risk and solvency assessment ("Canada ORSA"). Our Canada ORSA is a process that links our risk management framework to our business strategy and decision-making framework. Our Canada ORSA provides a

baseline assessment of identified risks and the supporting risk management activities. Additionally, our Canada ORSA documents our risk exposure relative to our risk appetite and calculates the capital required to support those risks under certain pre-defined stress events. The implementation of our Canada ORSA did not result in a significant change to our practices of evaluating and managing risks.

On November 6, 2014, OSFI published the final B-21 Residential Mortgage Insurance Underwriting Practices and Procedures Guideline (the "B-21 Guideline"). In the B-21 Guideline, OSFI sets out principles that promote and support sound residential mortgage insurance underwriting. These six principles focus on three main themes: (i) governance, development of business objectives and strategy, and oversight; (ii) interaction with lenders as part of the underwriting process; and (iii) internal underwriting operations and risk management. The B-21 Guideline also enhances disclosure requirements, which will support greater transparency, clarity and public confidence in mortgage insurers' residential mortgage insurance underwriting practices. Genworth Canada is in compliance with the B-21 Guideline which was effective June 30, 2015.

Under PRMHIA and the Insurance Companies Act (Canada), our mortgage insurance business in Canada is required to meet a minimum capital test ("MCT") to support its outstanding mortgage insurance in-force. The MCT ratio is calculated based on a methodology prescribed by OSFI. The Department of Finance in Canada has established an MCT ratio for our mortgage insurance business in Canada of 175% under PRMHIA. On June 23, 2013, OSFI communicated that it has commenced an internal process aimed at developing a new capital framework for mortgage insurers expected to be effective in 2017. We regularly review our capital levels and, after reviewing stress testing results and consulting with OSFI in 2014, we have established an operating MCT holding target of 220% pending the development of the new capital framework for mortgage insurers. The holding target of 220% MCT is designed to provide a capital buffer to allow time to take necessary actions should capital levels be pressured by deteriorating macroeconomic conditions. In the third quarter of 2014, OSFI published an interim MCT guideline for mortgage insurers effective January 1, 2015. This guideline was developed by adjusting the 2015 MCT guideline applicable to property and casualty insurers to reflect the specific characteristics of the mortgage insurance business until the new capital framework for mortgage insurers is developed. The implementation of the interim MCT in 2015 did not have a significant impact on our MCT ratio. As of December 31, 2015, our MCT ratio was 233%, which is above capital holding requirements as well as the MCT holding target.

On December 11, 2015, CMHC announced a price increase to its guarantee fees it will charge issuers as well as annual limits for new guarantees for both its National Housing Act Mortgage-Backed Securities ("NHA MBS") and Canadian Mortgage Bond ("CMB") programs effective July 1, 2016. CMHC guarantees the timely payment of principal and interest for NHA MBS and CMB, enabling approved financial institutions to pool eligible mortgages and transform them into marketable securities that can be sold to investors. The guarantee fees are paid by lenders in addition to the mortgage insurance premium. This price increase was in addition to a price increase implemented effective April 1, 2015. On June 3, 2015, the Canadian government published regulations that prohibit the substitution of mortgages in insured pools after May 15, 2015 and limit the mortgage insurer's commitment period to no more than one year.

On June 6, 2015, the Canadian government published draft regulations to implement the prohibition that was announced in its 2013 budget to limit portfolio insurance to only those mortgages that will be used in CMHC securitization programs and to prohibit the use of government guaranteed insured mortgages in private securitizations. The regulations will become effective on July 1, 2016. Although it is difficult to determine the full impact of these changes at this time, we believe the changes will decrease demand for low loan-to-value mortgage insurance.

The Insurance Companies Act (Canada) provides that dividends may only be declared by the board of directors of the Canadian insurer and paid if there are reasonable grounds to believe that the payment of the dividend would not cause the insurer to be in violation of its minimum capital and liquidity requirements. Also, we are required to notify OSFI prior to the dividend payment.

As a public company that is traded on the Toronto Stock Exchange (the "TSX"), Genworth Canada is subject to securities laws and regulation in each province in Canada, as well as the reporting requirements of the TSX.

Australia regulation

APRA regulates all ADIs in Australia and life, general and mortgage insurance companies. APRA's authorization conditions require Australian mortgage insurers to be monoline insurers, which are insurers offering just one type of insurance product. APRA's prudential standards apply to individual authorized insurers and to the relevant Australian-based holding company and group.

APRA also sets minimum capital levels and monitors corporate governance requirements, including the risk management strategy for our Australian mortgage insurance business. In this regard, APRA reviews our management, controls, processes, reporting and methods by which all risks are managed, including an annual financial condition report and an annual report on insurance liabilities by an appointed actuary. APRA also requires us to submit its risk management strategy and reinsurance management strategy, which outlines the use of reinsurance in Australia, annually and more frequently if there are material changes.

In setting minimum capital levels, APRA requires mortgage insurers to ensure they have sufficient capital to withstand a hypothetical three-year stress loss scenario defined by APRA. APRA's prudential standards provide for increased mortgage insurers' capital requirements for insured loans that are considered to be non-standard. APRA also imposes quarterly reporting obligations on mortgage insurers with respect to risk profiles, reinsurance arrangements and financial position. We evaluate the capital position of our mortgage insurance business in Australia in relation to the Prescribed Capital Amount ("PCA") as determined by APRA, utilizing the Internal Capital Adequacy Assessment Process ("ICAAP") as the framework to ensure that our Australia group of companies as a whole, and each regulated entity, are independently capitalized to meet regulatory requirements. As of December 31, 2015, our PCA ratio was 159%, which is above capital holding requirements.

In addition, APRA determines the capital requirements for ADIs and has reduced capital requirements for certain ADIs that insure residential mortgages with an "acceptable" mortgage insurer for all non-standard mortgages and for standard mortgages with loan-to-value ratios above 80%. APRA's prudential standards currently set out a number of circumstances in which a loan may be considered to be non-standard from an ADI's perspective. The capital levels for Australian IRB ADIs are determined by their APRA-approved IRB models, which may or may not allocate capital credit for LMI. We believe that APRA and the IRB ADIs have not yet finalized internal models for residential mortgage risk, so we do not believe that the IRB ADIs currently benefit from an explicit reduction in their capital requirements for mortgages covered by mortgage insurance. APRA's prudential standards also provide that LMI on a non-performing loan (90 days plus arrears) protects most ADIs from having to increase the regulatory capital on the loan to a risk-weighting of 100%. These prudential standards include a definition of an "acceptable" mortgage insurer and eliminate the reduced capital requirements for ADIs in the event that the mortgage insurer has contractual recourse to the ADI or a member of the ADI's consolidated group.

On July 20, 2015, APRA issued a press release announcing that for the IRB banks the average risk-weight on Australian residential mortgage loan exposures will increase from approximately 16% to at least 25%, which will be effective on July 1, 2016. In October 2015, the Australian government issued a response to the Financial System Inquiry ("FSI") recommendations, setting forth the Australian government's approach and intended timeline for improving Australia's financial system. While the Australian government agreed with the FSI's recommendations regarding setting strong capital ratio requirements for ADIs and narrowing mortgage risk weight differences, the Australian government's response did not specifically comment on the role and utilization of mortgage insurance. Rather, the Australian government endorsed APRA's role in regulating these areas. On December 16, 2015, APRA announced a staggered approach to IRB accreditation, providing the capacity for an ADI to use accredited IRB models for regulatory capital purposes for some credit portfolios ahead of others, and

also noting the Basel Committee's review of capital management for IRB banks. Given the recent nature of these regulatory and policy developments, we and other market participants are still assessing potential impacts and we have therefore not yet determined whether or how these regulatory and policy developments will impact our Australian mortgage insurance business.

In November 2014, APRA released Prudential Practice Guide APG 223 Residential Mortgage Lending ("APG 223"), as part of its continued focus on lending standards. The guidelines are focused on clarifying the regulators' expectations around lending standards and, amongst other items, addressed the strengthening of loan serviceability testing across all ADIs. In addition, APRA also wrote to ADIs to advise that in its view annual investor credit growth materially above a benchmark of 10% would be an important risk indicator that supervisors will take into account when reviewing ADIs' residential mortgage risk profile and considering supervisory actions. In August 2015, the Australian Securities & Investments Commission ("ASIC") released a report following its investigations into "interest-only" loans over the first half of 2015. The report introduces new responsible lending guidance for banks and non-bank lenders, brokers and servicers, focusing on home loans. The impact of APG 223 and the increased supervision by APRA and ASIC has been the tightening of lending standards which in 2015 has begun to lead to reduced volumes of new insurance written for loans with loan-to-values greater than 80% and gross written premiums in our Australian mortgage insurance business.

APRA has the power to impose restrictions on the ability of our Australian mortgage insurance business to declare and pay dividends based on a number of factors, including the impact on the minimum regulatory capital ratio of that business.

As a public company that is traded on the Australian Securities Exchange (the "ASX"), Genworth Australia is subject to Australian securities laws and regulation, as well as the reporting requirements of the ASX.

Other Non-U.S. Insurance Regulation

We operate in a number of countries around the world in addition to the United States, Canada, Australia and Bermuda. Generally, our subsidiaries (and in some cases our branches) conducting business in these countries must obtain licenses from local regulatory authorities and satisfy local regulatory requirements, including those relating to rates, forms, capital, reserves and financial reporting.

Other Laws and Regulations

Securities regulation

Certain of our U.S. subsidiaries and certain policies, contracts and services offered by them, are subject to regulation under federal and state securities laws and regulations of the SEC, state securities regulators and FINRA. Most of our insurance company separate accounts are registered under the Investment Company Act of 1940. Most of our variable annuity contracts and all of our variable life insurance policies, as well as our FABNs issued by one of our U.S. subsidiaries as part of our registered notes program are registered under the Securities Act of 1933. One of our U.S. subsidiaries is registered and regulated as a broker/dealer under the Securities Exchange Act of 1934 and is a member of, and subject to regulation by FINRA, as well as by various state and local regulators. The registered representatives of our broker/dealer are also regulated by the SEC and FINRA and are subject to applicable state and local laws.

These laws and regulations are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include suspension of individual employees, limitations on the activities in which the broker/dealer may engage, suspension or revocation of the investment adviser or broker/dealer registration, censure or fines. We may also be subject to similar laws and regulations in the states and other countries in which we offer the products described above or conduct other securities-related activities.

The SEC, FINRA, state attorneys general, other federal offices and the New York Stock Exchange may conduct periodic examinations, in addition to special or targeted examinations of us and/or specific products. These examinations or inquiries may include, but are not necessarily limited to, product disclosures and sales issues, financial and accounting disclosure and operational issues. Often examinations are "sweep exams" whereby the regulator reviews current issues facing the financial or insurance industry as a whole.

Environmental considerations

As an owner and operator of real property, we are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations. Potential environmental liabilities and costs in connection with any required remediation of such properties is also an inherent risk in property ownership and operation. In addition, we hold equity interests in companies, and have made loans secured by properties, that could potentially be subject to environmental liabilities. We routinely have environmental assessments performed with respect to real estate being acquired for investment and real property to be acquired through foreclosure. We cannot provide assurance that unexpected environmental liabilities will not arise. However, based upon information currently available to us, we believe that any costs associated with compliance with environmental laws and regulations or any remediation of such properties will not have a material adverse effect on our business, financial condition or results of operations.

ERISA considerations

We provide certain products and services to employee benefit plans that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or the Internal Revenue Code. As such, our activities are subject to the restrictions imposed by ERISA and the Internal Revenue Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries, and fiduciaries may not cause or permit a covered plan to engage in certain prohibited transactions with persons who have certain relationships with respect to such plans. The applicable provisions of ERISA and the Internal Revenue Code are subject to enforcement by the U.S. Department of Labor ("DOL"), the Internal Revenue Service ("IRS") and the Pension Benefit Guaranty Corporation.

In April 2015, the DOL re-proposed regulations that may expand the circumstances in which sales personnel, such as insurance agents, are considered fiduciaries under ERISA. The proposed regulations have not yet been finalized. We cannot predict whether these regulations will become final regulations and what impact, if any, these regulations, if they become final, may have on our business, financial condition or results of operations.

USA PATRIOT Act

The USA PATRIOT Act of 2001 (the "Patriot Act"), enacted in response to the terrorist attacks on September 11, 2001, contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations applicable to broker/dealers and other financial services companies, including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties who may be involved in terrorism or money laundering. Anti-money laundering laws outside of the United States contain similar provisions. The increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information with other financial institutions, require the implementation and maintenance of internal practices, procedures and controls. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the Patriot Act. Certain additional requirements became applicable under the Patriot Act in May 2006 through a U.S. Treasury regulation which required that certain insurers have anti-money laundering compliance plans in place. We believe our internal practices, procedures and controls comply with these requirements.

Privacy of consumer information

In the United States, federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about policies and practices relating to the collection and disclosure of consumer information and policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services, the Federal Trade Commission and various states regulate the disclosure and use of protected health information by health insurers and other covered entities, the physical and procedural safeguards employed to protect the security of that information, and the electronic transmission of such information. From time to time, Congress and state legislatures consider additional legislation relating to privacy and other aspects of consumer information. We cannot predict whether such legislation will be enacted, or what impact, if any, such legislation may have on our business, financial condition or results of operations.

In Europe, the collection and use of personal information is subject to strict regulation. The European Union's Data Protection Directive establishes a series of baseline privacy requirements that European Union member states are obliged to enact into their national legislation. In addition, certain European Union countries have additional national law requirements regarding the use of private data. Other European countries that are not European Union member states have similar privacy requirements in their national laws. These requirements generally apply to all businesses, including insurance companies, and include the provision of notice to customers and other persons concerning how their personal information is used and disclosed, limitations on the transfer of personal information to countries outside the European Union, registration with the national privacy authorities, where applicable, and the use of appropriate information security measures against the access or use of personal information by unauthorized persons. We are monitoring developments in European Union privacy law, including the agreement announced regarding the EU-U.S. Privacy Shield framework, which will govern EU-to-U.S. data transfers, and the expected adoption of the European Union General Data Protection Regulation, which will replace existing national privacy laws for European Union member countries. These developments may increase costs as we transition to ensure compliance with the new regimes, but we cannot predict the long-term impact, if any, these developments may have on our business, financial condition or results of operations.

Similar laws and regulations protecting the security and confidentiality of consumer and financial information are also in effect in Canada, Australia and other countries in which we operate.

Employees

As of December 31, 2015, we had approximately 4,100 full-time and part-time employees.

Directors and Executive Officers

See Part III, Item 10 of this Annual Report on Form 10-K for information about our directors and executive officers.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, without charge, on our website, www.genworth.com, as soon as reasonably practicable after we file or furnish such reports with the SEC. The public may read and copy any materials we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Copies of our SEC filed or furnished reports are also available, without charge, from Genworth Investor Relations, 6620 West Broad Street, Richmond, VA 23230.

Our website also includes the charters of our Audit Committee, Nominating and Corporate Governance Committee, Risk Committee, and Management Development and Compensation Committee, any key practices of these committees, our Governance Principles, and our company's code of ethics. Copies of these materials also are available, without charge, from Genworth Investor Relations, at the above address. Within the time period required by the SEC and the New York Stock Exchange, we will post on our website any amendment to our code of ethics and any waiver applicable to any of our directors, executive officers or senior financial officers.

On June 4, 2015, our President and Chief Executive Officer certified to the New York Stock Exchange that he was not aware of any violation by us of the New York Stock Exchange's corporate governance listing standards.

Transfer Agent and Registrar

Our Transfer Agent and Registrar is Computershare Shareowner Services LLC, P.O. Box 30170, College Station, TX 77842-3170. Telephone: 866-229-8413; 201-680-6578 (outside the United States and Canada may call collect); and 800-231-5469 (for hearing impaired).

Item 1A. Risk Factors

You should carefully consider the following risks. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward-looking statements made by us or on our behalf. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under "Cautionary note regarding forward-looking statements" and the risks of our businesses described elsewhere in this Annual Report on Form 10-K for the year ended December 31, 2015.

Strategic Risks

We may be unable to successfully execute strategic plans to effectively address our current business challenges.

We continue to pursue our strategic options with a focus on improving business performance and increasing financial and strategic flexibility across the organizations. Our strategy includes maximizing our opportunities in our mortgage insurance businesses and restructuring our U.S. life insurance businesses. See "Item 1—Business — Strategic Update."

We cannot be sure we will be able to successfully execute on any of our strategic plans to effectively address our current business challenges (including with respect to the restructuring of our U.S. life insurance businesses, cost savings, ratings and capital), including as a result of: (a) our inability to generate required capital; (b) our failure to obtain any required regulatory, stockholder, noteholder or other third-party approvals or consents or anticipated credit or financial strength ratings; (c) our strategic plans changing or being more costly or difficult to successfully implement than we currently anticipate or the expected benefits achieved being less than we anticipate; (d) our inability to achieve anticipated cost-savings; and (e) adverse tax or accounting charges.

We continue to remain open to alternatives and actively assess our strategic options, which could include selling additional blocks of business and/or reducing ownership of or selling businesses, including in transactions that would be material to us. We may be unable to complete any sale of additional blocks of business, or reduce ownership of or sell businesses on terms anticipated or at all.

Even if we are successful in executing our strategic plans or alternative plans, the execution of these plans may have expected or unexpected adverse consequences, including adverse rating actions and adverse tax and accounting charges (such as significant losses on sale of businesses or assets or deferred acquisition costs ("DAC") or deferred tax asset write offs). For example, in the third quarter of 2015, we announced the sale of certain blocks of our term life insurance and the sale of our European mortgage insurance business. We reported an impairment of DAC as a result of loss recognition testing of certain term life insurance policies as part of the sale of certain blocks of our term life insurance. In addition, we reported a loss on the sale of our European mortgage insurance business given its book value prior to recording the anticipated sale.

To increase our financial flexibility we may decide to issue equity at Genworth Financial, which would be dilutive to our shareholders, or debt at Genworth Financial or Genworth Holdings (including debt convertible into equity of Genworth Financial), which could increase our leverage. The availability of any additional debt or equity funding will depend on a variety of factors, including, market conditions, regulatory considerations, the general availability of credit and particularly, to the financial services industry, our credit ratings and credit capacity and the performance of and outlook for our business. Market conditions may make it difficult to obtain funding or complete asset sales to generate additional liquidity, especially on short notice and when the demand for additional funding in the market is high. Our access to funding may be further impaired by our credit or financial strength ratings and our financial condition. See "—Our internal sources of liquidity may be insufficient

to meet our needs and our access to capital may be limited or unavailable. Under such conditions, we may seek additional capital but may be unable to obtain it."

We may be unable to increase the capital needed in our businesses in a timely manner and on anticipated terms, including through improved business performance, reinsurance or similar transactions, asset sales, securities offerings or otherwise, in each case as and when required.

We have in the past provided, and currently expect to provide, additional capital to our businesses as necessary (and to the extent we determine it is appropriate to do so) to meet regulatory or GSE capital requirements, comply with rating agency criteria to maintain ratings and provide capital and liquidity buffers for our businesses to operate and meet unexpected cash flow obligations. We may not be able to fund or raise the required capital as and when required and the amount of capital required may be higher than anticipated. Our inability to fund or raise the capital required in the anticipated timeframes and on the anticipated terms, could have a material adverse impact on our business, results of operations and financial condition, including causing us to reduce our business levels or be subject to a variety of regulatory actions.

To address the capital needs of our U.S. life insurance businesses, we currently intend to continue, among other things, to not to pay dividends from our life insurance subsidiaries to the holding company.

In addition, we intend to continue to support the increased capital needs of our U.S. mortgage insurance business resulting from PMIERs. As of December 31, 2015, our U.S. mortgage insurance business met the PMIERs financial and operational requirements, and holds a reasonable amount in excess of the financial requirements, based in part on its entry into a series of reinsurance transactions and sale of affiliated preferred securities during 2015. In order to continue to provide a prudent level of financial flexibility in connection with the PMIERs capital requirements given the dynamic nature of asset and requirement valuations over time, our U.S. mortgage insurance business may execute future capital transactions, including additional reinsurance transactions and contributions of holding company cash. See "—If we are unable to meet the requirements mandated by PMIERs because the GSEs amend them or because the GSEs' interpretation of the financial requirements requires us to hold amounts of capital that are higher than we currently have planned or otherwise, we may not be eligible to write new insurance on loans acquired by the GSEs, which would have a material adverse effect on our business, results of operations and financial condition."

The implementation of any further reinsurance transactions all depend on market conditions, third-party approvals or other actions (including approval by regulators and the GSEs), and other factors which are outside of our control, and therefore we cannot be sure we will be able to successfully implement these actions on the anticipated timetable and terms or at all, or achieve the anticipated benefits. For a discussion of risks related to our strategic plans, see "—We may be unable to successfully execute strategic plans to effectively address our current business challenges."

Risks Relating to Estimates, Assumptions and Valuations

If our reserves for future policy claims are inadequate, we may be required to increase our reserves, which could have a material adverse effect on our results of operations and financial condition.

We calculate and maintain reserves for estimated future payments of claims to our policyholders and contractholders in accordance with U.S. GAAP and industry accounting practices. We release these reserves as those future obligations are paid, experience changes or policies lapse. The reserves we establish reflect estimates and actuarial assumptions with regard to our future experience. These estimates and actuarial assumptions involve the exercise of significant judgment. Our future financial results depend significantly upon the extent to which our actual future experience is consistent with the assumptions and methodologies we have used in pricing our products and calculating our reserves. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past had, material impacts on our reserves, results of operations and

financial condition. Many factors, and changes in these factors, can affect future experience, including, but not limited to: interest rates; investment returns and volatility; economic and social conditions, such as inflation, unemployment, home price appreciation or depreciation, and health care experience (including type of care and cost of care); policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next); insured life expectancy or longevity; insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates); future premium increases; expenses; and doctrines of legal liability and damage awards in litigation. Because these factors are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. For information regarding adequacy of reserves specifically related to our long-term care insurance, life insurance and annuities businesses, see "—We may be required to increase our reserves in our long-term care insurance, life insurance and/or annuity businesses as a result of deviations from our estimates and actuarial assumptions or other reasons, which could have a material adverse effect on our results of operations and financial condition."

We regularly review our reserves and associated assumptions as part of our ongoing assessment of our business performance and risks. If we conclude that our reserves are insufficient to cover actual or expected policy and contract benefits and claim payments (as we have on certain occasions in the past) as a result of changes in experience, assumptions or otherwise, we would be required to increase our reserves and incur charges in the period in which we make the determination. The amounts of such increases may be significant (as they have been on occasions in the past) and this could materially adversely affect our results of operations and financial condition and may require us to generate or fund additional capital in our businesses.

For additional information on reserves, including the significant historical financial impact of some of these risks, see "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Insurance liabilities and reserves."

If the models used in our businesses are inaccurate, it could have a material adverse impact on our business, results of operations and financial condition.

We employ models to, among other uses, price products, calculate reserves, value assets and generate projections used to estimate future pre-tax income and to evaluate loss recognition testing, as well as to evaluate risk and determine internal capital requirements. These models rely on estimates and projections that are inherently uncertain, may use data and/or assumptions that do not reflect recent experience and relevant industry data, and may not operate as intended. In addition, from time to time we seek to improve certain actuarial and financial models, and the conversion process may result in material changes to assumptions and financial results. The models we employ are complex, which increases our risk of error in their design, implementation or use. Also, the associated input data, assumptions and calculations and the controls we have in place to mitigate these risks may not be effective in all cases. The risks related to our models often increase when we change assumptions and/or methodologies, or add or change modeling platforms. We intend to continue to enhance our modeling capabilities for various of our businesses, including for our long-term care insurance projection assumptions where we are migrating to a new modeling system in 2016 or later. This new modeling system is intended to segregate and refine assumptions based upon healthy and disabled insured lives, as compared to our total insured lives estimate we use today. During or after the implementation of these enhancements, we may discover errors or other deficiencies in existing models, assumptions and/or methodologies. Moreover, we may either use additional, more granular and more detailed information we expect to receive through enhancements in our reserving and other processes or we may employ more simplified approaches in the future, either of which may cause us to refine or otherwise change existing assumptions and/or methodologies and thus associated reserve levels, which in turn could have a material adverse impact on business, results of operations and financial condition.

We may be required to increase our reserves in our long-term care insurance, life insurance and/or annuity businesses as a result of deviations from our estimates and actuarial assumptions or other reasons, which could have a material adverse effect on our results of operations and financial condition.

The expected future profitability and prices of our long-term care insurance, life insurance and some annuity products are based upon expected claims and payment patterns, using assumptions for, among other things, projected interest rates and investment returns, morbidity rates, mortality rates (i.e., likelihood of death of our policyholders and contractholders), persistency, lapses and expenses. The long-term profitability of these products depends upon how our actual experience compares with our pricing and valuation assumptions. If any of our assumptions are inaccurate, our reserves may be inadequate, which may have a material adverse effect on our results of operations, financial condition and business. For example, if morbidity rates are higher than our pricing assumptions, we could be required to make greater payments and thus establish additional reserves under our long-term care insurance policies than we had expected, and such amounts could be significant. Likewise, if mortality rates are lower than our pricing assumptions, we could be required to make greater payments and thus establish additional reserves under both our long-term care insurance policies and annuity contracts and such amounts could be significant. Conversely, if mortality rates are higher than our pricing and valuation assumptions, we could be required to make greater payments under our life insurance policies and annuity contracts with GMDBs than we had projected. Moreover, changes in the assumptions we use can have a material adverse effect on our results of operations. For example, changes to assumptions in our universal and term universal life insurance products in the fourth quarter of 2015 resulted in an increase of $175 million in our liability for policyholder account balances. In our assumption review in 2015, we looked at a number of assumptions, including older age mortality in our life insurance products, shock lapse in our term universal life insurance product and for our group long-term care insurance products, for which we did not make any changes at this time. We will review these and other assumptions again in 2016 with the benefit of updated experience and comparisons to industry experience, where appropriate, and we will likely make changes to at least one or more of these or other assumptions with a resulting negative impact. We do not know whether such impact would be material or whether it would be offset by impacts from other assumptions that may or may not occur. Even small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past have had, material impacts on our DAC amortization, reserve levels, results of operations and financial condition.

The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our long-term care insurance products. Long-term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years, or decades, after both pricing and locked-in valuation assumptions have been established. For example, among other factors, changes in economic and interest rate risk, socio-demographics, behavioral trends (e.g., location of care and level of benefit use) and medical advances, may have a material adverse impact on our future claims trends. Moreover, long-term care insurance does not have the extensive claims experience history of life insurance. As a consequence, given that recent experience will represent a larger proportion of total experience, our long-term care insurance assumptions will be more heavily influenced by recent experience than would be the case for our life insurance assumptions. It follows that our ability to forecast future claim costs for long-term care insurance is more limited than for life insurance. For additional information on our long-term care insurance reserves, including the significant historical financial impact of some of these risks, see “Part II—Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Insurance liabilities and reserves.”

Our loss recognition testing for our long-term care insurance products is reviewed in the aggregate, excluding our acquired block of long-term care insurance, which is tested separately. Our long-term care insurance business, excluding the acquired block, had positive margin which was dependent on the assumptions we made on our ability to successfully implement our in-force management strategy involving premium increases or reduced benefits. In the fourth quarter of 2014, we began including future rate actions in our loss recognition testing in addition to those rate actions that had already been filed and approved or awaiting regulatory approval. There is no guarantee that we will be able to obtain regulatory approval for the future rate

actions we have assumed in connection with our loss recognition testing. Favorable impacts on our margin from rate actions would primarily impact our long-term care insurance block, excluding the acquired block. Our acquired block would not benefit significantly from additional rate actions as it is older. For our acquired block of long-term care insurance, the impacts of any adverse changes in assumptions would likely be immediately reflected in net income (loss) as our margin for this block was zero after the reserve increase in the fourth quarter of 2014 and had a margin of approximately $10 million as of December 31, 2015. For our long-term care insurance block, excluding the acquired block, any adverse changes in assumptions would only be reflected in net income (loss) to the extent the margin was reduced below zero.

We also perform cash flow testing separately for each of our U.S. life insurance companies on a statutory accounting basis. To the extent that the cash flow testing margin is negative in any of our U.S. life insurance companies, we would need to increase statutory reserves, which would decrease our RBC ratios and we may be required to increase our capital within one or more of our U.S. life insurance companies. A need to significantly increase statutory reserves could have a material adverse effect on our business, results of operations and financial condition. For example, we established $198 million of additional statutory reserves resulting from updates to our universal life insurance products with secondary guarantees in our Virginia and Delaware licensed life insurance subsidiaries as of December 31, 2015. In addition, the New York Department of Financial Services, which regulates our New York domiciled insurance subsidiary, has historically not allowed us to combine long-term care insurance cash flow testing results with other products and has required specific adequacy testing scenarios that are generally more severe than those deemed acceptable in other states. Moreover, the required testing scenarios by the New York Department of Financial Services have a disproportionate impact on our long-term care insurance products. Based on our annual statutory cash flow testing of our long-term care insurance business, our New York insurance subsidiary recorded $89 million and $39 million of additional statutory reserves in the fourth quarters of 2015 and 2014, respectively, and expects to record an aggregate of $267 million of additional statutory reserves over the next three years. For additional information regarding impacts to statutory capital as a result of reserve increases, see "—An adverse change in our regulatory requirements, including risk-based capital, could result in a decline in our ratings and/or increased scrutiny by regulators and have a material adverse impact on our results of operations, financial condition and business."

The effect of persistency on profitability varies for different products. For most of our life insurance and deferred annuity products, actual persistency that is lower than our persistency assumptions could have an adverse impact on profitability, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract. For our deferred annuities with GMWBs and guaranteed annuitization benefits, actual persistency that is higher than our persistency assumptions could have an adverse impact on profitability because we could be required to make withdrawal or annuitization payments for a longer period of time than the account value would support. For our universal life insurance policies, increased persistency that is the result of the sale of policies by the insured to third parties that continue to make premium payments on policies that would otherwise have lapsed, also known as life settlements, could have an adverse impact on profitability because of the higher claims rate associated with settled policies.

For our long-term care insurance and some other health insurance policies, actual persistency in later policy durations that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in-force longer than we assumed, then we could be required to make greater benefit payments than we had anticipated when we priced these products. This risk is particularly significant in our long-term care insurance business because we do not have the experience history that we have in many of our other businesses. As a result, our ability to predict persistency and resulting benefit experience for long-term care insurance is more limited than for many other products. A significant number of our long-term care insurance policies have experienced higher persistency than we had originally assumed, which has resulted in higher claims and an adverse effect on the profitability of that business. In addition, the impact of inflation on claims could be more pronounced for our long-term care insurance business than our other businesses given the "long tail" nature of this business. To the extent inflation causes these health care costs to increase, we will be required to increase our claim reserves. Although we consider the potential effects of inflation when setting premium rates, our premiums may not fully offset the effects of inflation and may result in our underpricing of the risks we insure.

The risk that our lapse experience may differ significantly from our pricing assumptions is significant for our term life and term universal life insurance policies. These policies generally have a level premium period for a specified period of years (e.g., 10 years to 30 years), after which the premium may increase significantly. The level premium period for a significant portion of our term life insurance policies will end in the next few years and policyholders may lapse with greater frequency than we anticipate in our reserve assumptions. In addition, it may be that healthy policyholders are the ones who lapse (as they can more easily replace coverage at a lower cost), creating adverse selection where less healthy policyholders remain in our portfolio. If the frequency of lapses is higher than our reserve assumptions, we would experience higher DAC amortization and lower premiums and could experience higher benefit costs. We have somewhat limited experience on which to base both the lapse assumption and the mortality assumption after the end of the level premium period, which increases the uncertainty associated with our assumptions and reserve levels. However, we have experienced both a greater frequency of policyholder lapses and more severe adverse selection, after the level premium period, and this experience could continue or worsen.

Although some of our products permit us to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability or that such increases would be approved by regulators or approved in a timely manner. Moreover, many of our products either do not permit us to increase premiums or limit those increases during the life of the policy or contract. Significant deviations in experience from pricing expectations could have an adverse effect on the profitability of our products. In addition to our annual reviews, we regularly review our methodologies and assumptions in light of emerging experience and may be required to make further adjustments to reserves in our long-term care insurance, life insurance and/or annuities businesses in the future. Any changes to these reserves may have a materially negative impact on our results of operations, financial condition and business.

We may be required to accelerate the amortization of deferred acquisition costs and the present value of future profits, which would increase our expenses and reduce profitability.

DAC represents costs related to the successful acquisition of our insurance policies and investment contracts, which are deferred and amortized over the estimated life of the related insurance policies and investment contracts. These costs primarily consist of commissions in excess of ultimate renewal commissions and underwriting and contract and policy issuance expenses incurred on policies and contracts successfully acquired. Under U.S. GAAP, DAC is subsequently amortized to income, over the lives of the underlying contracts, in relation to the anticipated recognition of premiums or gross profits. In addition, when we acquire a block of insurance policies or investment contracts, we assign a portion of the purchase price to the right to receive future net cash flows from the acquired block of insurance and investment contracts and policies. This intangible asset, called present value of future profits ("PVFP"), represents the actuarially estimated present value of future cash flows from the acquired policies. We amortize the value of this intangible asset in a manner similar to the amortization of DAC.

Our amortization of DAC and PVFP generally depends upon, among other items, anticipated profits from investments, surrender and other policy and contract charges, mortality, morbidity and maintenance expense margins. Unfavorable experience with regard to expected expenses, investment returns, mortality, morbidity, withdrawals or lapses may cause us to increase the amortization of DAC or PVFP, or both, or to record a charge to increase benefit reserves, and such increases could be material.

We regularly review DAC and PVFP to determine if they are recoverable from future income. If these costs are not recoverable, they are charged as expenses in the financial period in which we make this determination. For example, if we determine that we are unable to recover DAC from profits over the life of a block of insurance policies or annuity contracts, or if withdrawals or surrender charges associated with early withdrawals do not fully offset the unamortized acquisition costs related to those policies or annuities, we would be required to recognize the additional DAC amortization as an expense in the current period. Equity market volatility could result in losses in our variable annuity products and associated hedging program which could challenge our ability to recover DAC on these products and could lead to further write-offs of DAC.

For additional information on DAC and PVFP, including the significant historical financial impact of some of these risks, see "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Deferred acquisition costs" and "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Present value of future profits."

When we have projected profits in earlier years followed by projected losses in later years (as is currently the case with our long-term care insurance business), we are required to increase our reserve liabilities over time to offset the projected future losses, which could adversely affect our results of operations and financial condition.

We calculate and maintain reserves for estimated future payments of claims to our policyholders and contractholders in accordance with U.S. GAAP and industry accounting practices. When we conclude that our reserves are insufficient by line of business to cover actual or expected policy and contract benefits and claim payments as a result of changes in experience, assumptions or otherwise, we are required to increase our reserves and incur charges in the period in which we make the determination. For certain long-duration products in our U.S. Life Insurance segment, we are also required to accrue additional reserves over time when the overall reserve is adequate by line of business, but profits are projected in earlier years followed by losses projected in later years. When this pattern of profits followed by losses exists for these products, and we determine that an additional reserve liability is required, we increase reserves in the years we expect to be profitable by the amounts necessary to offset losses projected in later years.

In our long-term care insurance products, projected profits followed by projected losses are anticipated to occur because U.S. GAAP requires that original assumptions be used in determining reserves for future policy claims unless and until a premium deficiency exists. Our existing locked-in reserve assumptions do not include assumptions for premium rate increases, which if included in reserves, could reduce or eliminate future projected losses. As a result of this pattern of projected profits followed by projected losses, we are required to accrue additional future policy benefit reserves in the profitable years, currently expected to be through approximately 2034 (before accruing for the additional liability), by the amounts necessary to offset losses in later years. During the year ended December 31, 2015, we increased our long-term care insurance future policy benefit reserves by $13 million to accrue for profits followed by losses. The amount of future increases in reserves may be significant and this could materially adversely affect our results of operations and financial condition. For additional information, including the significant historical financial impact of some of these risks, see "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Insurance liabilities and reserves."

Our valuation of fixed maturity, equity and trading securities uses methodologies, estimations and assumptions that are subject to change and differing interpretations which could result in changes to investment valuations that may materially adversely affect our results of operations and financial condition.

We report fixed maturity, equity and trading securities at fair value on our consolidated balance sheets. These securities represent the majority of our total cash, cash equivalents and invested assets. Our portfolio of fixed maturity securities consists primarily of investment grade securities. Valuations use inputs and assumptions that are less observable or require greater estimation, as well as valuation methods that are more complex or require greater estimation, thereby resulting in values that are less certain and may vary significantly from the value at which the investments may be ultimately sold. The methodologies, estimates and assumptions we use in valuing our investment securities evolve over time and are subject to different interpretation (including based on developments in relevant accounting literature), all of which can lead to changes in the value of our investment securities. Rapidly changing and unanticipated interest rate, external macroecomonic, credit and equity market conditions could materially impact the valuation of investment securities as reported within our consolidated financial statements, and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

Risks Relating to Economic, Market and Political Conditions

Downturns and volatility in global economies and equity and credit markets could materially adversely affect our business and results of operations.

Our results of operations are materially affected by the state of the global economies in which we operate and conditions in the capital markets we access. Factors such as high unemployment, low consumer spending, low business investment, high government spending, home price appreciation, the volatility and strength of the global capital markets, and inflation all affect the business and economic environment and, ultimately, the demand for and terms of our products and results of operations of our business. The recessionary state and the volatility of many economies in the past have fueled uncertainty and downturns in global mortgage markets and have contributed to increased volatility in our business and results of operations. This uncertainty and volatility has impacted, and may impact in the future, the demand for certain financial and insurance products. As a result, we may experience an elevated incidence of claims and lapses or surrenders of policies, and some of our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether.

Rising unemployment or underemployment rates can, for example, negatively impact a borrower's ability to pay his or her mortgage, thereby increasing the likelihood that we could incur additional losses in our mortgage insurance businesses. We set loss reserves for our mortgage insurance businesses based in part on expected claims and delinquency cure rate patterns. These expectations reflect our assumptions regarding unemployment and underemployment levels. If unemployment levels are higher than those within our loss reserving assumptions, the claims frequency and severity for our mortgage insurance businesses could be higher than we had projected. In addition, a return to low or negative home prices, coupled with weakened economic conditions, could cause further increases in our incurred losses and related loss ratios. Our loss experience may also increase as policies continue to age. If the claim frequency on the risk in-force significantly exceeds the claim frequency that was assumed in setting premium rates, our financial condition, results of operations and cash flows would be materially adversely affected.

Downturns and volatility in equity markets may also cause some existing customers to withdraw cash values or reduce investments in our separate account products, which include variable annuities. In addition, if the performance of the underlying mutual funds in our separate account products experience downturns and volatility for an extended period of time, the payment of any living benefit guarantee available in certain variable annuity products may have an adverse effect on us, because more payments will be required to come from general account assets than from contractholder separate account investments. Continued equity market volatility could result in additional losses in our variable annuity products and associated hedging program, which will further challenge our ability to recover DAC on these products and could lead to additional write-offs of DAC, as well as increased hedging costs.

Interest rates and changes in rates could materially adversely affect our business and profitability.

Our insurance and investment products are sensitive to interest rate fluctuations and expose us to the risk that falling interest rates or credit spreads will reduce our margin or the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must pay to policyholders and contractholders. We may reduce the interest rates we credit on most of these products only at limited, pre-established intervals, and some contracts have guaranteed minimum interest crediting rates. As a result, historically low interest rates over the last few years have adversely impacted, and may continue to materially adversely impact, our business and profitability.

During periods of increasing market interest rates, we may offer higher crediting rates on interest-sensitive products, such as universal life insurance and fixed annuities, and we may increase crediting rates on in-force products to keep these products competitive. In addition, rapidly rising interest rates may cause increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders shift assets into higher yielding investments. Therefore, increases in crediting rates, as well as surrenders and withdrawals, could have a material adverse effect on our financial condition and results of operations, including the requirement to liquidate investments in an unrealized loss position to satisfy surrenders or withdrawals.

Our life insurance, long-term care insurance and fixed annuity products, as well as our guaranteed benefits on variable annuities, also expose us to the risk of interest rate fluctuations. The pricing and expected future profitability of these products are based in part on expected investment returns. Over time, life and long-term care insurance products are expected to generally produce positive cash flows as customers pay periodic premiums, which we invest as they are received. Low interest rates increase reinvestment risk and reduce our ability to achieve our targeted investment margins and have, and may further, adversely affect the profitability of our life insurance, long-term care insurance and fixed annuity products, as well as increase hedging costs on our in-force block of variable annuity products. A low interest rate environment negatively impacts the sufficiency of our margins on both our DAC and PVFP. If interest rates remain low for a prolonged period, this could result in an impairment of these assets, and may reduce funds available to pay claims, including life and long-term care insurance claims, requiring an increase in our reserve liabilities, which could be significant (such as has been the case with our long-term care insurance business in the past). In addition, certain statutory capital requirements are based on models that consider interest rates. Prolonged periods of low interest rates may increase the statutory reserves we are required to hold as well as the amount of assets and capital we must maintain to support statutory reserves. In addition, our insurance and annuity products are sensitive to inflation rate fluctuations. For example, a sustained increase in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may result in mispricing of our products, which could materially and adversely impact our results of operations.

In certain products, in particular our long-term care insurance products, the average life of our assets is considerably shorter than the average life of the liabilities. This increases our reinvestment rate risk with respect to the assets. Should interest rates remain low or go lower, this will cause our net investment income to be lower which will negatively impact the profitability of our businesses. In addition, to the extent the assets are of a shorter average life than the liabilities (especially as is the case with our long-term care insurance products), changes in interest rates will impact assets and liabilities differently. As interest rates decline, the net present value of the liabilities will therefore increase more than the net present value of the assets and could require us to hold higher reserves.

In both the U.S. and international mortgage markets, rising interest rates generally reduce the volume of new mortgage originations. A decline in the volume of new mortgage originations would have an adverse effect on our new insurance written. Rising interest rates also can increase the monthly mortgage payments for insured homeowners with ARMs that could have the effect of increasing default rates on ARM loans, thereby increasing our exposure on our mortgage insurance policies. This is particularly relevant in our international mortgage insurance businesses where ARMs are the predominant mortgage product. Higher interest rates can lead to an increase in defaults as borrowers at risk of default will find it harder to qualify for a replacement loan.

Declining interest rates historically have increased the rate at which borrowers refinance their existing mortgages, thereby resulting in cancellations of the mortgage insurance covering the refinanced loans. Declining interest rates historically have also contributed to home price appreciation, which may provide borrowers in the United States with the option of cancelling their mortgage insurance coverage earlier than we anticipated when pricing that coverage. These cancellations could have a material adverse effect on the results of our U.S. mortgage insurance business.

Interest rate fluctuations could impact our capital or solvency ratios specifically in our international mortgage insurance businesses where the required or available capital could be adversely impacted by changes in interest rates.

Interest rate fluctuations could also have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates like over the past few years, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we have had to, and in the future may have to, reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed-income securities have also, and in the future may also decide to prepay their obligations in order to borrow at lower market rates, which exacerbates the risk that we have to invest the cash proceeds of these securities in lower-yielding or lower-

credit instruments. During periods of increasing interest rates, market values of lower-yielding assets will decline. In addition, our interest rate hedges could decline which would require us to post additional collateral with our derivative counterparties.

Posting this collateral could materially adversely affect our financial condition and results of operation by reducing our liquidity and net investment income, to the extent that the additional collateral posting requires us to invest in higher-quality, lower-yielding investments.

See “Part II—Item 7A—Quantitative and Qualitative Disclosures About Market Risk” for additional information about interest rate risk.

A deterioration in economic conditions or a decline in home prices may adversely affect our loss experience in our mortgage insurance businesses.

Losses in our mortgage insurance businesses generally result from events, such as a borrower’s reduction of income, unemployment, underemployment, divorce, illness, inability to manage credit, or a change in interest rate levels or home values, that reduce a borrower’s willingness or ability to continue to make mortgage payments. The amount of the loss we suffer, if any, depends in part on whether the home of a borrower who defaults on a mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. A deterioration in economic conditions generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect housing values, which increases our risk of loss. A decline in home prices, whether or not in conjunction with deteriorating economic conditions, may also increase our risk of loss. For example, while the level of existing housing inventory in the United States, as measured by the number of months it takes to sell a home, has stabilized at a level of less than six months, a higher-than-usual level of foreclosure-related properties within the U.S. housing market, inventory still poses a risk to overall home prices. The inventory of homes on the market may rise substantially as vacant properties migrate their way through the foreclosure process. As these homes eventually make their way through an already strained and unpredictable foreclosure cycle and potentially increase an elevated level of inventory of homes available for sale, we expect that home prices may be pressured downward in certain geographic areas depending upon the level and timing of this process. These conditions could result in a material adverse impact on our financial condition and results of operations.

In the past, the United States, in particular, experienced an economic slowdown and saw a pronounced weakness in its housing markets, as well as declines in home prices. This slowdown and the resulting impact on the housing markets have been reflected in past elevated level of delinquencies. In addition, there has been a lag in the rate at which delinquent loans are going to foreclosure due to various local and lender foreclosure moratoria as well as servicer and court-related backlog issues. As these loans eventually go to foreclosure, our paid claims will increase. Ongoing delays in foreclosure processes could cause our losses to increase as expenses accrue for longer periods or if the value of foreclosed homes further decline during such delays. If we experience an increase in the number or the cost of delinquencies that are higher than expected, our financial condition and results of operations could be adversely affected.

In Canada and the United States, declining commodity prices, particularly oil, have resulted in a rise in unemployment in certain regions. The recent worldwide decline in commodity prices and slowdown in China’s economy resulted in rising unemployment in commodity-dependent regions in Australia. The adverse economic conditions in these regions could continue to deteriorate and could impact the broader economies in those countries as well as the global economy, resulting in higher delinquencies as well as declines in home prices, which could have an unfavorable impact on the results of our operations for those businesses affected.

We have significant international operations that could be adversely affected by changes in political or economic stability or government policies where we operate.

Global economic and regulatory developments could affect our business in many ways. For example, our operations are subject to local laws and regulations, which in many ways are similar to the state laws and

regulations outlined below. Many of our international customers and independent sales intermediaries also operate in regulated environments. Changes in the regulations that affect their operations also may affect our business relationships with them and their ability to purchase or to distribute our products. These changes could have a material adverse effect on our financial condition and results of operations. In addition, compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in these laws and regulations may increase materially our direct and indirect compliance and other expenses of doing business, thus having a material adverse effect on our financial condition and results of operations.

Local, regional and global economic conditions, including changes in housing markets, employment levels, government benefit levels, credit markets, trade levels, inflation, recession and currency fluctuations, as discussed above, also could have a material adverse effect on our international businesses. Political changes, some of which may be disruptive, can also interfere with our customers and all of our activities in a particular location. Attempts to mitigate these risks can be costly and are not always successful.

Our international businesses and operations are subject to the tax laws and regulations, and value added tax and other indirect taxes, in the countries in which they are organized and in which they operate. Foreign governments from time to time consider legislation and regulations that could increase the amount of taxes that we pay or impact the sales of our products. An increase to tax rates in the countries in which we operate could have a material adverse effect on our financial condition and results of operations.

Fluctuations in foreign currency exchange rates and international securities markets could negatively affect our financial condition and results of operations.

The results of our international operations are denominated in local currencies, and because we derive a significant portion of our income from our international operations, our results of operations could be adversely affected to the extent the dollar value of foreign currencies is reduced due to a strengthening of the U.S. dollar. We generally invest cash generated by our international operations in securities denominated in local currencies. As of December 31, 2015 and 2014, approximately 9% and 15%, respectively, of our invested assets were held by our international operations and were invested primarily in non-U.S.-denominated securities. Although investing in securities denominated in local currencies limits the effect of currency exchange rate fluctuation on local operating results, we remain exposed to the impact of fluctuations in exchange rates as we translate the operating results of our international operations into our consolidated financial statements. We currently do not hedge this exposure, other than for dividend and other expected cash payments from our Canadian and Australian mortgage insurance businesses, and, as a result, period-to-period comparability of our results of operations is affected by fluctuations in exchange rates. Our investments in non-U.S.-denominated securities are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. Non-U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the United States. Fluctuations in foreign currency exchange rates could have a material adverse effect on our financial condition and results of operations.

Regulatory and Legal Risks

Our insurance businesses are extensively regulated and changes in regulation may reduce our profitability and limit our growth.

Our insurance operations are subject to a wide variety of laws and regulations and are extensively regulated. State insurance laws regulate most aspects of our U.S. insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and licensed. Our international operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are domiciled. Failure to comply with applicable regulations or to obtain or maintain appropriate authorizations or exemptions under any applicable laws could result in restrictions on our ability to do business or engage in activities regulated in one or more jurisdictions in which we operate and could subject us to fines and other

sanctions which could have a material adverse effect on our business. In addition, the nature and extent of regulation of our activities in applicable jurisdictions could materially change causing a material adverse effect on our business.

Insurance regulatory authorities in the United States and internationally have broad administrative powers including, but not limited to:

- licensing companies and agents to transact business;
- calculating the value of assets and determining the eligibility of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving policy forms;
- regulating discrimination in pricing and coverage terms and unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements;
- establishing and revising statutory capital and reserve requirements and solvency standards;
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- approving future rate increases;
- evaluating enterprise risk to an insurer;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types, amounts and valuation of investments.

State insurance regulators and the NAIC regularly re-examine existing laws and regulations, specifically focusing on modifications to SAP, interpretations of existing laws and the development of new laws and regulations applicable to insurance companies and their products. Any proposed or future legislation or NAIC initiatives, if adopted, may be more restrictive on our ability to conduct business than current regulatory requirements or may result in higher costs or increased statutory capital and reserve requirements. Further, because laws and regulations can be complex and sometimes inexact, there is also a risk that any particular regulator's or enforcement authority's interpretation of a legal, accounting or reserving issue may change over time to our detriment, or expose us to different or additional regulatory risks. The application of these regulations and guidelines by insurers involves interpretations and judgments that may differ from those of state insurance departments. We cannot provide assurance that such differences of opinion will not result in regulatory, tax or other challenges to the actions we have taken to date. The result of those potential challenges could require us to increase levels of statutory capital and reserves or incur higher operating costs and/or have implications on certain tax positions.

In addition, the FHFA, the regulatory body of the Federal Home Loan Banks ("FHLBs"), began exploring changes to federal regulations in December 2010, augmented by an additional proposed advisory bulletin in 2012 on FHLB lending to insurers. The FHFA published a proposed rule amending its regulation of FHLB membership on September 12, 2014, and issued its final rule on FHLB membership on January 12, 2016, with an effective date of February 19, 2016. FHLB membership provides a low-cost alternative funding source for our businesses. Changes in these laws and regulations, or in interpretations thereof in the United States, can be made for the benefit of the consumer, or for other reasons, at the expense of the insurer and thus could have a material adverse effect on our financial condition and results of operations. These FHFA regulations also impose general eligibility requirements for FHLB membership which, if not met, would render an institution ineligible for FHLB

membership. Under these provisions an insurance company member must, among other things, meet certain financial condition requirements under the FHFA regulations. The FHLB could determine that the financial condition of one of our insurers is such that the FHLB deems it is not safe to make advances to the insurer, which would effectively eliminate a funding source for our businesses.

Regulators in the United States and internationally have developed criteria under which they are subjecting non-bank financial companies, including insurance companies, that are deemed systemically important to higher regulatory capital requirements and stricter prudential standards. Although neither we nor any of our subsidiaries have been designated systemically important, we cannot predict whether we or any of our subsidiaries will be deemed systemically important in the future or how such a designation would impact our business, results of operations, cash flows or financial condition.

Litigation and regulatory investigations or other actions are common in the insurance business and may result in financial losses and harm our reputation.

We face the risk of litigation and regulatory investigations or other actions in the ordinary course of operating our businesses, including class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate.

In our insurance operations, we are, have been, or may become subject to class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, increases to in-force long-term care insurance premiums, payment of contingent or other sales commissions, claims payments and procedures, cancellation or rescission of coverage, product design, product disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits, charging excessive or impermissible fees on products, recommending unsuitable products to customers, our pricing structures and business practices in our mortgage insurance businesses, such as captive reinsurance arrangements with lenders and contract underwriting services, violations of RESPA or related state anti-inducement laws and breaching fiduciary or other duties to customers. In our investment-related operations, we are subject to litigation involving commercial disputes with counterparties. In addition, we are also subject to various regulatory inquiries, such as information requests, subpoenas, books and record examinations and market conduct and financial examinations, from state, federal and international regulators and other authorities. Plaintiffs in class action and other lawsuits against us, as well as regulators, may seek very large or indeterminate amounts, which may remain unknown for substantial periods of time.

We are also subject to litigation arising out of our general business activities such as our contractual and employment relationships and we are currently subject to two shareholder putative class action lawsuits alleging securities law violations.

A substantial legal liability or a significant regulatory action (including uncertainty about the outcome of pending legal and regulatory investigations and actions) against us could have a material adverse effect on our financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm and incur significant legal expenses, which could have a material adverse effect on our business, financial condition or results of operations. At this time, it is not feasible to predict, nor determine, the ultimate outcomes of any pending investigations and legal proceedings, nor to provide reasonable ranges of possible losses other than those that have been disclosed.

With respect to risks relating to the previously-disclosed litigation *In re Genworth Financial, Inc. Securities Litigations*, the court has scheduled a trial to begin on May 9, 2016, and the parties are currently engaging in a mediation process. The plaintiffs have recently taken the position that the class is entitled to recover per share and per bond amounts that, if the plaintiffs were to prevail, would, in the aggregate, be material. There can be no assurance that the mediation will result in a settlement and, if it does not, we intend to continue to vigorously defend the lawsuit. At this stage of the litigation, we are unable to determine or predict the ultimate outcome of this

litigation or provide an estimate or range of reasonably possible losses arising from this litigation. Nevertheless, we believe that it is reasonably possible we will incur additional losses in resolving this litigation beyond the amounts already accrued and, if so, that it is reasonably possible the amount of such losses would be material. Any settlement or unfavorable judgment that requires us to pay a material amount would have a material adverse effect on our results of operations in the near term (based on the currently scheduled timing of the mediation process and trial), and could materially reduce, or in the case of a judgment exceed, our available liquidity, which would have a material adverse effect on our financial condition and business.

For a further discussion of certain current investigations and proceedings in which we are involved, see note 21 in “Part II—Item 8— Financial Statements and Supplementary Data.” We cannot assure you that these investigations and proceedings will not have a material adverse effect on our business, financial condition or results of operations. It is also possible that we could become subject to further investigations and have lawsuits filed or enforcement actions initiated against us. In addition, increased regulatory scrutiny and any resulting investigations or legal proceedings could result in new legal precedents and industry-wide regulations or practices that could materially adversely affect our business, financial condition and results of operations.

As holding companies, we and Genworth Holdings depend on the ability of our respective subsidiaries to pay dividends and make other payments and distributions to each of us and to meet our obligations.

We and Genworth Holdings each act as a holding company for our respective subsidiaries and do not have any significant operations of our own. Dividends from our respective subsidiaries, permitted payments to us under tax sharing and expense reimbursement arrangements with our subsidiaries and proceeds from borrowings are our principal sources of cash to meet our obligations. These obligations include operating expenses and interest and principal on current and any future borrowings and amounts owed to GE under the Tax Matters Agreement. If the cash we receive from our respective subsidiaries pursuant to dividends and tax sharing and expense reimbursement arrangements is insufficient to fund any of these obligations, or if a subsidiary is unable or unwilling for any reason to pay dividends to either of us, we or Genworth Holdings may be required to raise cash through, among other things, the incurrence of debt (including convertible or exchangeable debt), the sale of assets or the issuance of equity.

The payment of dividends and other distributions by our insurance subsidiaries is dependent on, among other things, the performance of the subsidiaries, is subject to corporate law restrictions, and is regulated by insurance laws and regulations. In general, dividends in excess of prescribed limits are deemed “extraordinary” and require insurance regulatory approval. In addition, insurance regulators may prohibit the payment of ordinary dividends or other payments by the insurance subsidiaries (such as a payment under a tax sharing agreement or for employee or other services) if they determine that such payment could be adverse to policyholders or contractholders. Moreover, as a consequence of our recent adverse financial results, the regulators who have governance over our international mortgage insurance subsidiaries may impose additional restrictions over such subsidiaries using the broad prudential authorities available to the major regulators. Courts typically grant regulators significant deference when considering challenges of an insurance company to a determination by insurance regulators to grant or withhold approvals with respect to dividends and other distributions.

In addition, as a public company that is traded on the TSX, Genworth Canada is subject to securities laws and regulations in each province in Canada, as well as the rules of the TSX. These applicable laws, regulations and rules include but are not limited to, obligations and procedures in respect of the equal and fair treatment of all shareholders of Genworth Canada. Although the board of directors of Genworth Canada is composed of a majority of Genworth nominees, under Canadian law each director has an obligation to act honestly and in good faith with a view to the best interests of Genworth Canada. Moreover, as a public company that is traded on the ASX, Genworth Australia and its subsidiaries are subject to Australian securities laws and regulations, as well as the rules of the ASX. These applicable laws, regulations and rules include but are not limited to, obligations and procedures in respect of the equal and fair treatment of all shareholders of Genworth Australia. Although the board of directors of Genworth Australia is currently composed of an even number of Genworth designated

directors and non-executive independent directors, under Australian law each director has an obligation to exercise their powers and discharge their duties in good faith in the best interests of Genworth Australia and for a proper purpose. Accordingly, actions taken by Genworth Canada and Genworth Australia and their respective boards of directors (including the payment of dividends to us) are subject to, and may be limited by, the laws, regulations and rules applicable to such entities.

We expect our international subsidiaries to be the sole source of cash dividends paid to us in 2016 as we continue to strengthen the capital position of our U.S. life insurance and U.S. mortgage insurance businesses, and therefore our liquidity and capital positions are particularly dependent on the performance of those subsidiaries and their ability to pay dividends to us as anticipated.

Fifty percent of our in-force long-term care insurance business (excluding policies assumed from a non-affiliate third-party reinsurer) of GLIC, a Delaware insurance company and our indirect wholly-owned subsidiary, is reinsured to BLAIC, a Bermuda insurance company and our indirect wholly-owned subsidiary. GFIH, our indirect wholly-owned subsidiary, has entered into a capital maintenance agreement whereby GFIH has agreed to provide capital to BLAIC to fund payment obligations of BLAIC to GLIC or GLAIC, as applicable, under certain reinsurance agreements, including the one covering our long-term care insurance business. As of December 31, 2015, GFIH directly or indirectly owns our 52.0% interest in our Australian mortgage insurance subsidiaries and 40.6% of our Canadian mortgage insurance subsidiary. As a result of GFIH's capital maintenance agreement, adverse developments in our reinsured long-term care insurance business (including the recent increases in our reserves of that business) have adversely impacted BLAIC's financial condition, which could, in turn, adversely impact GFIH's willingness or ability to pay dividends to Genworth Holdings. We intend to seek regulatory approvals to effectively unwind the long-term care insurance reinsurance agreement between GLIC and BLAIC and release the related GFIH capital guarantee thereof; however, we do not know whether or when the required approvals will be obtained and what conditions, if granted, may be imposed. Our inability to receive dividends related to our Australian and Canadian mortgage insurance businesses from GFIH as anticipated or the inability of GFIH to sell or otherwise dispose of shares of the businesses it owns or distribute the proceeds from any such sale to us, would have a material adverse impact on our results of operations, financial condition and business.

An adverse change in our regulatory requirements, including risk-based capital, could result in a decline in our ratings and/or increased scrutiny by regulators and have a material adverse impact on our results of operations, financial condition and business.

Our U.S. life insurance subsidiaries are subject to the NAIC's RBC standards and other minimum statutory capital and surplus requirements imposed under the laws of their respective states of domicile. The failure of our insurance subsidiaries to meet applicable RBC requirements or minimum statutory capital and surplus requirements could subject our insurance subsidiaries to further examination or corrective action imposed by state insurance regulators, including limitations on their ability to write additional business, or the addition of state regulatory supervision, rehabilitation, seizure or liquidation.

Our U.S. mortgage insurers are not subject to the NAIC's RBC requirements but are required by certain states and other regulators to maintain a certain risk-to-capital ratio. In addition, PMIERs include revised financial requirements for mortgage insurers under which a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) must meet or exceed "Minimum Required Assets" (which are based on an insurer's risk-in-force and are calculated from tables of factors with several risk dimensions and are subject to a floor amount). The failure of our U.S. mortgage insurance subsidiaries to meet their regulatory requirements, and additionally the PMIERs financial requirements, could limit our ability to write new business. For further discussion of the importance of financial requirements to our U.S. mortgage insurance subsidiaries, see "—If we are unable to meet the requirements mandated by PMIERs because the GSEs amend them or the GSEs' interpretation of the financial requirements requires us to hold amounts of capital that are higher than we currently have planned or otherwise, we may not be eligible to write new insurance on loans acquired by the

GSEs, which would have a material adverse effect on our business, results of operations and financial condition" and "—Our U.S. mortgage insurance subsidiaries are subject to minimum statutory capital requirements and hazardous financial condition standards which, if not met or waived, would result in restrictions or prohibitions on our doing business and could have a material adverse impact on our results of operations."

Additionally, our international insurance subsidiaries also have minimum regulatory requirements which vary by country. For example, as described under "Item 1—Business—Regulation—Bermuda Insurance Regulation," there will be fundamental changes to the existing solvency capital regime for all insurers and reinsurers operating in Bermuda as a result of the introduction of the Solvency II directive, which became effective on January 1, 2016. These new minimum solvency requirements include transitional measures that will be phased in over 16 years. Implementation of the transitional measures to our long-term care insurance business in Bermuda would, over time, have a material adverse effect on the business, results of operations and financial condition of BLAIC, our primary Bermuda domiciled reinsurance subsidiary. One of our strategic priorities is to repatriate all of the business in BLAIC, including our long-term care insurance business. The timing of the repatriation is expected to occur in 2016, but in any event, prior to the transitional measures having a material adverse effect on BLAIC. The repatriation is subject to various regulatory approvals.

In addition, the Canadian regulator, OSFI, released a discussion paper on proposed changes to the Regulatory Capital Framework for Property and Casualty Insurers, and OSFI noted that it has commenced an internal process aimed at developing a new capital framework for mortgage insurers expected to be effective in 2017. At this stage, it is not possible to predict the impact these changes will have on our operations.

An adverse change in our RBC, risk-to-capital ratio or other minimum regulatory requirements also could cause rating agencies to downgrade the financial strength ratings of our insurance subsidiaries and the credit ratings of Genworth Holdings, which would have an adverse impact on our ability to write and retain business and could cause regulators to take regulatory or supervisory actions with respect to our businesses, all of which could have a material adverse effect on our results of operations, financial condition and business.

If we are unable to meet the requirements mandated by PMIERs because the GSEs amend them or the GSEs' interpretation of the financial requirements requires us to hold amounts of capital that are higher than we have planned or otherwise, we may not be eligible to write new insurance on loans acquired by the GSEs, which would have a material adverse effect on our business, results of operations and financial condition.

Each GSE's Congressional charter generally prohibits it from purchasing or guaranteeing a mortgage where the loan-to-value ratio exceeds 80% of home value unless the portion of the unpaid principal balance of the mortgage which is in excess of 80% of the value of the property securing the mortgage is protected against default by lender recourse, participation or by a qualified insurer. In furtherance of their respective charter requirements, each GSE has adopted PMIERs effective December 31, 2015. The PMIERs include revised financial requirements for mortgage insurers under which a mortgage insurer's "Available Assets" (generally only the most liquid assets of an insurer) must meet or exceed "Minimum Required Assets" (which are based on an insurer's risk-in-force and are calculated from tables of factors with several risk dimensions and are subject to a floor amount) and otherwise generally establish when a mortgage insurer is qualified to issue coverage that will be acceptable to the respective GSE for acquisition of high loan-to-value mortgages. The GSEs may amend or waive PMIERs at their discretion.

The amount of capital that may be required in the future to maintain the Minimum Required Assets, as defined in PMIERs, and operate our business is dependent upon, among other things: (i) the way PMIERs are applied and interpreted by the GSEs and FHFA as and after they are implemented; (ii) the future performance of the U.S. housing market; (iii) our generation of earnings in our U.S. mortgage insurance business, available assets and risk-based required assets (including as they relate to the value of the shares of our Canadian mortgage insurance subsidiary that are owned by our U.S. mortgage insurance business as a result of share price and

foreign exchange movements or otherwise), reducing risk in-force and reducing delinquencies as anticipated, and writing anticipated amounts and types of new U.S. mortgage insurance business; and (iv) our overall financial performance, capital and liquidity levels. Depending on our actual experience, the amount of capital required under PMIERs for our U.S. mortgage insurance business may be higher than currently anticipated. In the absence of a premium increase, the more capital we hold relative to insured loans, the lower our returns will be. We may be unable to increase premium rates for various reasons, principally due to competition. Our inability, on the other hand, to increase the capital as required in the anticipated timeframes and on the anticipated terms, and to realize the anticipated benefits, could have a material adverse impact on our business, results of operations and financial condition. More particularly, our ability to meet the PMIERs financial requirements and maintain a prudent amount of capital in excess of those requirements, given the dynamic nature of asset and requirement valuations over time, is dependent upon, among other things: (i) our ability to complete reinsurance transactions on our anticipated terms and timetable, which are subject to market conditions, third-party approvals and other actions (including approval by regulators and the GSEs), and other factors which are outside of our control; (ii) our ability to contribute holding company cash or other sources of capital to satisfy the portion of the financial requirements that are not satisfied through reinsurance transactions; and (iii) the approval by the GSEs of our application to meet the financial requirements by the conclusion of the transition period, if such application is pursued by us. In addition, another potential capital source includes, but is not limited to, the issuance of securities by Genworth Financial or Genworth Holdings, which could materially adversely impact our business, shareholders and debtholders.

Our assessment of PMIERs compliance is based on a number of factors, including current affiliate asset valuations under PMIERs and our understanding of the GSEs' interpretation of the PMIERs financial requirements. Although we believe we have sufficient capital in our U.S. mortgage insurance business as required as of the PMIERs effective date and that we will continue to be an approved insurer thereafter, there can be no assurance this will continue to be the case. In addition, the approval letters of the GSEs on our last reinsurance transaction of our 2015 book year are qualified by certain conditions, including, but not limited to, our ability to remain below a statutory risk-to-capital ratio of 18:1 and the GSEs' rights to reevaluate the credit for reinsurance available under PMIERs. If we are unable to maintain these conditions or the capital requirements mandated by PMIERs because PMIERs are amended by the GSEs or are interpreted by the GSEs to require us to hold an amount of capital higher than we currently plan or otherwise or we determine not to or are unable to generate or utilize additional sources of capital to meet them, we may not be eligible to write new insurance on loans acquired by the GSEs, which would have a material adverse effect on our business, results of operations and financial condition.

Our U.S. mortgage insurance subsidiaries are subject to minimum statutory capital requirements and hazardous financial condition standards which, if not met or waived, would result in restrictions or prohibitions on our doing business and could have a material adverse impact on our results of operations.

Certain states have insurance laws or regulations which require a mortgage insurer to maintain a minimum amount of statutory capital relative to its level of risk in-force. While formulations of minimum capital vary in certain states, the most common measure applied allows for a maximum permitted risk-to-capital ratio of 25:1. If one of our U.S. mortgage insurance subsidiaries that is writing business in a particular state fails to maintain that state's required minimum capital level, we would generally be required to immediately stop writing new business in the state until the insurer re-establishes the required level of capital or receives a waiver of the requirement from the state's insurance regulator, or until we establish an alternative source of underwriting capacity acceptable to the regulator. As of December 31, 2015 and 2014, GMICO's risk-to-capital ratio was approximately 16.4:1 and 14.3:1, respectively. While it is our expectation that our U.S. mortgage insurance business will continue to meet its regulatory capital requirements, should GMICO in the future exceed required risk-to-capital levels, we would seek required regulatory and GSE forbearance and approvals or seek approval for the utilization of alternative insurance vehicles. However, there can be no assurance if, and on what terms, such forbearance and approvals may be obtained.

While we believe GMICO has sufficient claims-paying resources currently to meet its claims obligations on existing insurance in-force, we cannot provide assurance that this would always be the case. Furthermore, our estimates of claims-paying resources and claim obligations are based on various assumptions, which include the timing of the receipt of claims on loans in our delinquency inventory and future claims that we anticipate will ultimately be received, our anticipated loss mitigation activities, premiums, housing prices and unemployment rates. These assumptions are subject to inherent uncertainty and require judgment by management. Current conditions in the U.S. economy make the assumptions about when anticipated claims will be received, housing values, and unemployment rates uncertain, such that there is a wide range of reasonably possible outcomes. Also, our U.S. mortgage insurance subsidiaries hold certain affiliate assets including, but not limited to, investments in the common stock of Genworth Canada and our European mortgage insurance subsidiary, which are included in our reported statutory capital of our U.S. mortgage insurance subsidiaries. Although we have entered into an agreement to sell our mortgage insurance business in Europe which is expected to close in the first quarter of 2016, it remains subject to customary closing conditions, including obtaining requisite regulatory approvals. The statutory reported value of the Canadian and European mortgage insurance investments is subject to the operating performance of these affiliates as well as changes in foreign exchange rates and mark-to-market valuation on their investment portfolios. These exposures to foreign currency exchange rates are not currently hedged and, hence, the statutory capital of our U.S. mortgage insurance subsidiaries and their statutory risk-to-capital ratio may fluctuate because of variances in future reported values. In addition, if the NCDOI decreases or no longer permits the admissibility of all or a portion of these affiliate assets, this could have a material adverse impact on the statutory capital and business of our U.S. mortgage insurance subsidiaries.

In addition to the minimum statutory capital requirements, our U.S. mortgage insurance business is subject to standards by which insurance regulators in a particular state evaluate the financial condition of the insurer. Typically, regulators are required to evaluate specified criteria to determine whether or not a company may be found to be in hazardous financial condition, in which event restrictions on the business may be imposed. Among these criteria are formulas used in assessing trends relating to statutory capital. We can provide no assurance as to whether or when a regulator may make a determination of hazardous financial condition for one or more of our mortgage insurance subsidiaries. Such a determination could likely lead to restrictions or prohibitions on our doing business in that state and could have a material adverse impact on results of operations depending on the number of states involved.

The NAIC established the MGIWG to determine and make recommendations to the NAIC's Financial Condition Committee as to what, if any, changes to make to the solvency and other regulations relating to mortgage guaranty insurers. During 2014 and 2015, the MGIWG published revised drafts of the previously proposed amendments of the NAIC's Mortgage Guaranty Insurers Model Act (the "MGI Model") and solicited comments on these revised proposed amendments. The proposed amendments of the MGI Model relate to, among other things: (i) capital and reserve standards, including increased minimum capital and surplus requirements, mortgage guaranty-specific RBC standards, dividend restrictions and contingency and premium deficiency reserves; (ii) limitations on the geographic concentration of mortgage guaranty risk, including state-based limitations; (iii) restrictions on mortgage insurers' investments in notes secured by mortgages; (iv) prudent underwriting standards and formal underwriting guidelines to be approved by the insurer's board; (v) the establishment of formal, internal "Mortgage Guaranty Quality Control Programs" with respect to in-force business; (vi) prohibitions on reinsurance with bank captive reinsurers; and (vii) incorporation of an NAIC "Mortgage Guaranty Insurance Standards Manual." At this time, we cannot predict the outcome of this process, the effect changes, if any, will have on the mortgage guaranty insurance market generally, or on our businesses specifically, the additional costs associated with compliance with any such changes, or any changes to our operations that may be necessary to comply, any of which could have a material adverse effect on our business, results of operations or financial condition. We also cannot predict whether other regulatory initiatives will be adopted or what impact, if any, such initiatives, if adopted as laws, may have on our business, results of operations or financial condition.

Fannie Mae, Freddie Mac and a small number of large mortgage lenders exert significant influence over the U.S. mortgage insurance market and changes to the role or structure of Freddie Mac or Fannie Mae could have a material adverse impact on our U.S. mortgage insurance business.

Our U.S. mortgage insurance products protect mortgage lenders and investors from default-related losses on residential first mortgage loans made primarily to home buyers with high loan-to-value mortgages, generally, those home buyers who make down payments of less than 20% of their home's purchase price. Fannie Mae's and Freddie Mac's charters generally prohibit them from purchasing any mortgage with a face amount that exceeds 80% of the home's value, unless that mortgage is insured by a qualified insurer or the mortgage seller retains at least a 10% participation in the loan or agrees to repurchase the loan in the event of default. The provisions in Fannie Mae's and Freddie Mac's charters create much of the demand for private mortgage insurance in the United States. High loan-to-value mortgages purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance. We believe the rate of mortgages purchased by Fannie Mae and Freddie Mac has increased the market size for private flow mortgage insurance during recent years. However, while Fannie Mae's and Freddie Mac's purchase activity increased in recent years, mortgage insurance penetration did not increase proportionately due to a combination of tighter mortgage insurance guidelines and the impact of GSE loan-level pricing on high loan-to-value loans. Changes by the GSEs in underwriting requirements or pricing terms on mortgage purchases could adversely affect the market size for private mortgage insurance. Fannie Mae and Freddie Mac are subject to regulatory oversight by the U.S. Department of Housing and Urban Development Administration and the FHFA. Any change in the charter provisions of the GSEs or other statutes or regulations relating to their mortgage acquisition activity or changes in the way the GSEs seek to comply with their charter requirements could have a material adverse effect on our financial condition and results of operations.

An increase in consolidation among mortgage lenders may result in significant customer concentration for U.S. mortgage insurers. Fannie Mae, Freddie Mac and the largest mortgage lenders possess substantial market power, which enables them to influence our business and the mortgage insurance industry in general. Although we actively monitor and develop our relationships with Fannie Mae, Freddie Mac and our largest mortgage lending customers, a deterioration in any of these relationships, or the loss of business or opportunities for new business from any of our key customers, could have a material adverse effect on our financial condition and results of operations.

In September 2008, the FHFA was appointed conservator of the GSEs. The U.S. Congress continues to examine the role of the GSEs in the U.S. housing market, and the Obama Administration also continues to evaluate available options regarding the future status of the GSEs. If legislation is enacted that reduces or eliminates the need for the GSEs to obtain credit enhancement on above 80% loan-to-value loans or that otherwise reduces or eliminates the role of the GSEs in single-family housing finance, the demand for private mortgage insurance in the United States could be significantly reduced. In February 2011, the Obama Administration issued a white paper setting forth various proposals to gradually eliminate Fannie Mae and Freddie Mac. Since that date, members of Congress have from time to time proposed legislation on the GSEs and along with various housing experts and others within the industry have also published proposals addressing the role of the GSEs in single family housing finance. We cannot predict whether or when any proposals will be implemented, and if so in what form, nor can we predict the effect of such a proposal, if so implemented, would have on our business, results of operations or financial condition.

Changes in regulations that adversely affect the mortgage insurance markets in which we operate could affect our operations significantly and could reduce the demand for mortgage insurance.

In addition to the general regulatory risks that are described under "—Our insurance businesses are extensively regulated and changes in regulation may reduce our profitability and limit our growth" and under "—The Dodd-Frank Wall Street Reform and Consumer Protection Act subjects us to additional federal regulation, and we cannot predict the effect of such regulation on our business, results of operations or financial condition," we are also affected by various additional regulations relating particularly to our mortgage insurance operations.

United States

In the United States, federal and state regulations affect the scope of our U.S. competitors' operations, which has an effect on the size of the U.S. mortgage insurance market and the intensity of the competition in our U.S. mortgage insurance business. This competition includes not only other private mortgage insurers, but also U.S. federal and state governmental and quasi-governmental agencies, principally the FHA and the VA, which are governed by federal regulations. Increases in the maximum loan amount that the FHA can insure, and reductions in the mortgage insurance premiums the FHA charges, can reduce the demand for private mortgage insurance. Decreases in the maximum loan amounts the GSEs will purchase or guarantee, increases in GSE fees or decreases in the maximum loan-to-value ratio for loans the GSEs will purchase can also reduce demand for private mortgage insurance. Legislative and regulatory changes could cause demand for private mortgage insurance to decrease.

If Basel III rules are implemented in the United States in their proposed form, the rules could discourage the use of mortgage insurance in the United States. See "—Basel III" below. The heightened prudential standards for large bank holding companies and systemically significant financial companies that were proposed by the Federal Reserve Board in December 2011 may also increase the usefulness of mortgage insurance if insurance of that kind is treated as reducing counterparty credit exposure. However, if mortgage insurance is used in that way, it will create a new counterparty credit exposure to the issuer of the insurance, which could limit any usefulness it may otherwise have.

Our U.S. mortgage insurance business, as a credit enhancement provider in the residential mortgage lending industry, is also subject to compliance with various federal and state consumer protection and insurance laws, including RESPA, the ECOA, the FHA, the Homeowners Protection Act, the FCRA, the Fair Debt Collection Practices Act and others. Among other things, these laws prohibit payments for referrals of settlement service business, providing services to lenders for no or reduced fees or payments for services not actually performed, require fairness and non-discrimination in granting or facilitating the granting of credit, require cancellation of insurance and refund of unearned premiums under certain circumstances, govern the circumstances under which companies may obtain and use consumer credit information, and define the manner in which companies may pursue collection activities. Changes in these laws or regulations, changes in the appropriate regulator's interpretation of these laws or regulations or heightened enforcement activity could materially adversely affect the operations and profitability of our U.S. mortgage insurance business.

Canada

In Canada, all financial institutions that are federally regulated by OSFI are required to purchase mortgage insurance whenever the amount of a mortgage loan exceeds 80% of the value of the collateral property at the time the loan is made. From time to time, the Canadian government reviews the federal financial services regulatory framework and has in the past examined whether to remove, in whole or in part, the requirement for mortgage insurance on such high loan-to-value mortgages. High loan-to-value mortgage loans constitute a significant part of our portfolio of insured mortgages in, and the removal, in whole or in part, of the regulatory requirement for mortgage insurance for such loans could result in a reduction in the amount of new insurance written by us in Canada in future years. In addition, any increase in the threshold loan-to-value ratio above which mortgage insurance is required or increase in mandatory down payment requirements for mortgage borrowers could also result in a reduction in the amount of new insurance written by us in Canada in future years. Any of these events could have a material adverse effect on our business, results of operations and financial condition of our mortgage insurance business in Canada.

On December 11, 2015, CMHC announced a price increase to the guarantee fees it will charge issuers as well as annual limits for new guarantees for both its NHA MBS and CMB programs effective July 1, 2016. CMHC guarantees the timely payment of principal and interest for NHA MBS and CMB, enabling approved financial institutions to pool eligible mortgages and transform them into marketable securities that can be sold to

investors. The guarantee fees are paid by lenders in addition to the mortgage insurance premium. This price increase was in addition to a price increase implemented effective April 1, 2015. On June 3, 2015, the Canadian government published regulations that prohibit the substitution of mortgages in insured pools after May 15, 2015 and limit the mortgage insurer's commitment period to no more than one year. On June 6, 2015, the Canadian government published draft regulations to implement the prohibition that was announced in its 2013 budget to limit portfolio insurance to only those mortgages that will be used in CMHC securitization programs and to prohibit the use of government guaranteed insured mortgages in private securitizations. The regulations will become effective on July 1, 2016. Although it is difficult to determine the full impact of these changes at this time, we believe the changes will decrease demand for low loan-to-value mortgage insurance in Canada.

If the Canadian government were to alter its policy in any manner adverse to us, including by managing its aggregate cap of CAD$300.0 billion on the outstanding principal amount of mortgages insured by private mortgage insurance providers in a manner that is detrimental to private mortgage insurance providers, altering the terms of or terminating its guarantee of the policies of private mortgage insurance providers, including those with our mortgage insurance business in Canada, or varying the treatment of private mortgage insurance in the capital rules, we could lose our ability to compete effectively with CMHC and could effectively be unable to write new business as a private mortgage insurer in Canada. This could have an adverse effect on our ability to offer mortgage insurance products in Canada and could materially adversely affect our financial condition and results of operations. For further discussion of the Canadian government guarantee, refer to "Item 1—Business—Canada Mortgage Insurance—Government guarantee eligibility."

Australia

In Australia, APRA regulates all ADIs in Australia and life, general and mortgage insurance companies. APRA also determines the minimum regulatory capital requirements for ADIs. APRA's current regulations provide for reduced capital requirements for certain ADIs that insure residential mortgages with an "acceptable" mortgage insurer (which include our Australian mortgage insurance companies) for all non-standard mortgages and for standard mortgages with loan-to-value ratios above 80%. APRA's regulations currently set out a number of circumstances in which a loan may be considered to be non-standard from an ADI's perspective. The capital levels for Australian IRB ADIs are determined by their APRA-approved IRB models, which may or may not allocate capital credit for LMI. We believe that APRA and the IRB ADIs have not yet finalized internal models for residential mortgage risk, so we do not believe that the IRB ADIs currently benefit from an explicit reduction in their capital requirements for mortgages covered by mortgage insurance.

Under APRA rules, ADIs in Australia that are accredited as standardized receive a reduced capital incentive for using mortgage insurance for high loan-to-value mortgage loans in Australia. ADIs that are considered to be advanced accredited and determine their own capital estimates, are currently working with the mortgage insurers and APRA to determine the appropriate level of incentive mortgage insurance provides for high loan-to-value mortgage loans. The rules also provide that ADIs would be able to acquire mortgage insurance covering less of the exposure to the loan than existing requirements with reduced capital incentives. Accordingly, lenders in Australia may be able to reduce their use of mortgage insurance for high loan-to-value ratio mortgages, or limit their use to the higher risk portions of their portfolios, which may have an adverse effect on our mortgage insurance business in Australia.

Basel III

In December 2010, revisions to a set of regulatory rules and procedures governing global bank capital standards were introduced by the Basel Committee to strengthen regulatory capital, liquidity and other requirements for banks, known as Basel III. Although we believe these revisions could support further use of mortgage insurance as a risk and capital management tool in international markets, their adoption by individual countries internationally and in the United States has not concluded and we cannot be sure that this will be the case. In December 2014, the Basel Committee issued two consultative documents, one on proposed revisions to

the standardized approach to credit risk and the second on capital floors for IRB banks. We made submissions in response to those documents, advocating for recognition of mortgage insurance and certain other changes, including to the treatment of real estate risk. A second consultative document on the standardized approach to credit risk was issued in December 2015, with a second consultative document on capital floors for IRB banks expected in 2016. Since the Basel framework continues to evolve, we cannot predict the mortgage insurance benefits, if any, that ultimately will be provided to lenders, or how any such benefits may affect the opportunities for the growth of mortgage insurance. If countries implement Basel III in a manner that does not reward lenders for using mortgage insurance on high loan-to-value mortgage loans, or if lenders conclude that mortgage insurance does not provide sufficient capital incentives, then we may have to revise our product offerings to meet the new requirements and our results of operations may be materially adversely affected.

We may not be able to continue to mitigate the impact of Regulations XXX or AXXX and, therefore, we may incur higher operating costs that could have a material adverse effect on our financial condition and results of operations.

We have increased term and universal life insurance statutory reserves in response to Regulations XXX and AXXX and have taken steps to mitigate the impact these regulations have had on our business, including increasing premium rates and implementing reserve funding structures, as well as changing our product offerings. We cannot provide assurance that we will be able to continue to implement actions to mitigate further impacts of Regulations XXX or AXXX on our term and universal life insurance products. Market conditions and regulatory constraints have, at times, limited the capacity of, and impacted pricing for, these reserve funding structures. If capacity were to be limited for a prolonged period of time, our ability to obtain new funding for these structures could be hindered. Additionally, we cannot be sure that there will not be regulatory, tax or other challenges to the actions we have taken to date, which could require us to increase statutory reserves or incur higher operating and/or tax costs.

One way that we and other insurance companies have mitigated the impact of these regulations is through captive reinsurance companies and/or special purpose vehicles. During 2014, the NAIC approved a new regulatory framework applicable to the use of captive insurers in connection with Regulation XXX and Regulation AXXX transactions, and implemented the framework through AG 48, which requires the ceding company's actuary who opines on the insurer's reserves to issue a qualified opinion if the framework is not followed. The NAIC is also currently developing a model regulation to be implemented by states that is generally expected to contain the same substantive provisions as the provisions of the adopted AG 48. Further implementation of the framework remains with respect to RBC calculations, financial reporting by captives and other issues. Resolution of these issues, as well as potential additional requirements that could be imposed by individual regulators, could make it more difficult and/or expensive for us to mitigate the impact of Regulations XXX and AXXX.

If we were to discontinue our use of captive life reinsurance subsidiaries to finance statutory reserves in response to regulatory changes on a prospective basis, the reasonably likely impact would be increased costs related to alternative financing, such as third-party reinsurance, which would adversely impact our consolidated results of operations and financial condition. In addition, we cannot be certain that affordable alternative financing would be available.

The Dodd-Frank Wall Street Reform and Consumer Protection Act subjects us to additional federal regulation, and we cannot predict the effect of such regulation on our business, results of operations or financial condition.

The Dodd-Frank Act made extensive changes to the laws regulating financial services firms and required various federal agencies to adopt a broad range of new implementing rules and regulations, many of which have taken effect.

Among other provisions, the Dodd-Frank Act established new framework of regulation of the OTC derivatives markets which require, among other things, trade reporting of OTC derivatives transactions, formalized documentation requirements, execution of designated transactions on a SEF or DCM, clearing of designated transactions through DCOs and exchange of initial and variation margin for non-cleared swap transactions. We currently are subject to reporting with respect to all derivatives transactions we enter into and must execute certain interest rate and other transactions on a SEF or DCM, which transactions we also must clear through a DCO. The clearing requirements, among other things, require us to post with a futures commission merchant highly liquid securities or cash as initial margin and cash to meet variation margin requirements for most interest rate derivatives we trade. Over time, we will experience additional collateral requirements for derivative transactions that are not required to be cleared. As the new marketplace continues to evolve, we may have to alter or limit the way we use derivatives in the future, which could have a material adverse effect on our results of operations and financial condition. We are subject to similar trade reporting, documentation, central trading and clearing and OTC margining requirements when we transact with foreign derivatives counterparties. Dodd-Frank and foreign derivatives requirements expose us to operational, compliance, execution and other risks, including central counterparty insolvency risk.

The applicability of many of these regulations to us will depend to a large extent on whether the FSOC determines that we are systemically significant, in which case we would become subject to supervision by the Federal Reserve Board. FSOC has adopted final rules for evaluating whether a non-bank financial company should be designated as systemically significant. To date, the FSOC has not identified us as systemically significant. Since we are not affiliated with an insured depository institution, such supervision would probably have its greatest effect on requirements relating to capital, liquidity, stress testing, limits on counterparty credit exposure, compliance and governance, early remediation in the event of financial weakness and other prudential matters. Systemically significant companies are also required to prepare resolution plans, so-called “living wills,” that set out how they could most efficiently be liquidated if they endangered the U.S. financial system or the broader economy. Insurance companies that are found to be systemically significant are permitted, in some circumstances, to submit abbreviated versions of such plans.

The Dodd-Frank Act establishes an FIO within the Department of the Treasury to perform various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers that may be designated for more stringent oversight by the FSOC. We have not been designated to receive oversight by the FSOC, but there can be no assurances that it will not happen in the future.

We cannot predict the requirements that will be imposed under all the regulations adopted under the Dodd-Frank Act, the effect regulations will have on financial markets generally, or on our businesses specifically (directly or indirectly), the additional costs associated with compliance with such regulations, or any changes to our operations that may be necessary to comply with the Dodd-Frank Act and the regulations thereunder, any of which could have a material adverse effect on our business, results of operations, cash flows or financial condition.

Changes in accounting and reporting standards issued by the Financial Accounting Standards Board or other standard-setting bodies and insurance regulators could materially adversely affect our financial condition and results of operations.

Our financial statements are subject to the application of U.S. GAAP, which is periodically revised and/or expanded. Accordingly, from time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board. It is possible that future accounting and reporting standards we are required to adopt could change the current accounting treatment that we apply to our financial statements and that such changes could have a material adverse effect on our financial condition and results of operations. In addition, the required adoption of future accounting and reporting standards may result in significant costs to implement. For example, current proposals may change the

accounting for insurance contracts and financial instruments and could result in increased volatility of net income as well as other comprehensive income. In addition, these proposals could require us to make significant changes to systems and use additional resources, resulting in significant incremental costs to implement the proposals.

Liquidity, Financial Strength Ratings, Credit and Counterparty Risks

Our internal sources of liquidity may be insufficient to meet our needs and our access to capital may be limited or unavailable. Under such conditions, we may seek additional capital but may be unable to obtain it.

We need liquidity to pay our operating expenses, interest on our debt, maturing debt obligations and to meet any statutory capital requirements of our subsidiaries. Genworth Holdings currently has approximately $3.8 billion of outstanding debt that matures between 2018 and 2066, including $0.6 billion that matures in 2018, $0.4 billion that matures in 2020 and $1.1 billion that matures in 2021. Our existing cash resources are not sufficient to repay all outstanding debt as it becomes due, and therefore we will be required to rely on a combination of potential liquidity sources to repay or refinance debt as it becomes due, including existing and future cash resources, new borrowings and/or other potential sources of liquidity such as issuing additional equity or asset sales. Market conditions and a variety of other factors may make it difficult or impracticable to generate additional liquidity on favorable terms or at all. Any failure to repay or refinance our debt as it becomes due would have a material adverse effect on our business, financial condition and results of operations.

To the extent we seek additional borrowings to satisfy our liquidity needs, the availability of additional borrowings depends on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the financial services industry, and our credit ratings and credit capacity. If we were required to raise additional debt today, we do not believe we would be able to raise borrowings on acceptable terms or at all, based on current market conditions and our credit ratings and financial condition. There is no guarantee that any of these factors will improve in the future when we would seek additional borrowings. Disruptions, volatility and uncertainty in the financial markets and downgrades in our credit ratings may force us to delay raising capital, issue shorter term securities than would be optimal, bear an unattractive cost of capital or be unable to raise capital at any price.

Similarly, market conditions and a variety of other factors may make it difficult or impracticable to generate additional liquidity through asset sales or the issuance of additional equity, and any issuance of equity in such circumstances could be highly dilutive to our stockholders.

In addition, we have a credit agreement that provides a $300 million multi-currency revolving credit facility, with a $100 million sublimit for letters of credit, available on a revolving basis until September 26, 2016. Currently there are no borrowings outstanding under the credit facility. Our ability to borrow is subject to compliance with various financial and other covenants and conditions, including that, since June 30, 2013, there has been no event, development or circumstance that had or could reasonably be expected to have a material adverse effect (as defined in the credit agreement). We cannot predict whether we will be able to meet the borrowing conditions in the event we were to need or want to borrow in the future. The credit facility terminates on September 26, 2016 and there can be no assurance that we will be able to extend, replace or refinance this credit facility on terms (or at targeted amounts) acceptable to us or at all. Additionally, we may seek certain strategic asset sales which may cause the early termination of the credit facility.

For a further discussion of our liquidity, see "Part II—Item 7— Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Recent adverse rating agency actions have resulted in a loss of business and adversely affected our results of operations, financial condition and business and future adverse rating actions could have a further and more significant adverse impact on us.

Financial strength ratings, which various rating agencies publish as measures of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintaining public confidence in our products, the ability to market our products and our competitive position. Credit ratings, which rating agencies publish as measures of an entity's ability to repay its indebtedness, are important to our ability to raise capital through the issuance of debt and other forms of credit and to the cost of such financing.

Over the last several years, the ratings of our holding company and several of our insurance companies have been downgraded, placed on negative outlook and/or put on review for potential downgrade on various occasions. A ratings downgrade, negative outlook or review could occur (and has occurred) for a variety of reasons, including reasons specifically related to our company, generally related to our industry or the broader financial services industry or as a result of changes by the rating agencies in their methodologies or rating criteria. We may be at risk of additional ratings downgrades in the future. A negative outlook on our ratings or a downgrade in any of our financial strength or credit ratings, the announcement of a potential downgrade, negative outlook or review, or customer, investor, regulator or other concerns about the possibility of a downgrade, negative outlook or review, could have a material adverse effect on our results of operations, financial condition and business.

Following our earnings announcement for the fourth quarter of 2015, which included the announcement of our decision to suspend sales of our traditional life and fixed annuity products and a restructure plan to separate and potentially isolate our long-term care insurance business, the rating agencies took a variety of adverse ratings actions with respect to Genworth Holdings. On February 9, 2016, S&P announced, among other things, that it had downgraded the issuer credit and senior unsecured debt ratings of Genworth Holdings to "B" from "BB-." On February 9, 2016, A.M. Best also announced, among other things, that it had downgraded the issuer credit rating and existing senior debt ratings of Genworth Holdings to "bb+" from "bbb-." On February 5, 2016, Moody's announced, among other things, that it had downgraded the issuer credit and senior unsecured debt ratings of Genworth Holdings to "Ba3" from "Ba1." The rating agencies also took a variety of adverse ratings actions with respect to the financial strength ratings of our principal life insurance subsidiaries following the announcement of our results for the fourth quarter of 2015. See "Item 1—Business—Financial Strength Ratings" for information regarding the current financial strength ratings of our principal insurance subsidiaries.

The direct or indirect effects of such adverse ratings actions or any future actions could include, but are not limited to:

- reducing new sales of our products or limiting the business opportunities we are presented with;
- adversely affecting our relationships with distributors, including the loss of exclusivity under certain agreements with our independent sales intermediaries and distribution partners;
- causing us to lose key distributors that have ratings requirements that we may no longer satisfy (or resulting in our renegotiation of new, less favorable arrangements with those distributors);
- requiring us to modify some of our existing products or services to remain competitive, or introduce new products or services;
- materially increasing the number or amount of policy surrenders, withdrawals and loans by contractholders and policyholders;
- requiring us to post additional collateral for our derivatives or hedging agreements (including those providing us with protection against certain foreign currency exchange movement, interest rate fluctuation and equity market risk) or enabling the counterparties to these agreements to exercise their right to terminate all transactions under the agreements;

- requiring us to provide support, or to arrange for third-party support, in the form of collateral, capital contributions or letters of credit under the terms of certain of our reinsurance, securitization and other agreements, or otherwise securing our commercial counterparties for the perceived risk of our financial strength;
- adversely affecting our ability to maintain reinsurance or obtain new reinsurance or obtain it on reasonable pricing and other terms;
- limiting our ability to enter into new derivative transactions thereby increasing additional asset adequacy or other statutory reserves and lowering statutory capital, reducing our financial flexibility;
- increasing the capital charge associated with affiliated investments within certain of our U.S. life insurance businesses thereby lowering capital and risk based capital of these subsidiaries and negatively impacting our financial flexibility;
- regulators requiring certain of our subsidiaries to maintain additional capital, limiting thereby our financial flexibility and requiring us to raise additional capital;
- adversely affecting our ability to raise capital;
- increasing our cost of borrowing and making it more difficult to borrow in the public debt markets and replace our credit agreement when it expires in 2016; and
- making it more difficult to execute strategic plans to effectively address our current business challenges.

Sales of our U.S. life insurance products, including our long-term care insurance products, were impacted by adverse rating actions after the announcement of our results for the third and fourth quarters of 2014. Following these rating actions, several distributors suspended distribution of our U.S. life insurance products. Those distributors represented, in aggregate, approximately 18%, 16% and 9%, respectively, of 2014 sales of our linked-benefits, annuities and long-term care insurance products. Following the adverse rating actions after the announcement of our results for the fourth quarter of 2015, additional distributors, representing in excess of 20% of our 2015 individual long-term care insurance sales, suspended distribution of our long-term care insurance products. We expect we will continue to be adversely impacted by these and recent rating actions. Any further adverse ratings announcements or actions likely would have, or intensify, the adverse impact of the direct or indirect effects discussed above (among others), all of which could have a material adverse impact on our results of operations, financial condition and business.

Under PMIERs, the GSEs have substantially revised their eligibility requirements and no longer primarily base such requirements on maintenance of specific ratings levels. In lieu of ratings criteria, the GSEs, under PMIERs, have adopted new financial requirements. See "—If we are unable to meet the requirements mandated by PMIERs because the GSEs amend them or the GSEs' interpretation of the financial requirements requires us to hold amounts of capital that are higher than we have planned or otherwise, we may not be eligible to write new insurance on loans acquired by the GSEs, which would have a material adverse effect on our business, results of operations and financial condition" for additional information regarding the requirements under PMIERs. However, under PMIERs, the GSEs now require maintenance of at least one rating with a rating agency acceptable to the respective GSEs. Our inability to insure new mortgage loans sold to the GSEs, or the transfer by the GSEs of our existing policies to an alternative mortgage insurer would have a materially adverse effect on our results of operations and financial condition. Further, our relationships with our mortgage insurance customers may be adversely affected by the ratings assigned to our holding company or other operating subsidiaries which could have a material adverse effect on our business, financial condition and results of operations.

Defaults by counterparties to our reinsurance arrangements or to derivative instruments we use to hedge our business risks, or defaults by us on agreements we have with these counterparties, may expose us to risks we sought to mitigate, which could have a material adverse effect on our results of operations and financial condition.

We routinely execute reinsurance and derivative transactions with reinsurers, brokers/dealers, commercial banks, investment banks and other institutional clients to mitigate our risks in various circumstances and to hedge various business risks. Many of these transactions expose us to credit risk in the event of default of our counterparty or client or change in collateral value. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit risk with respect to our reinsurers. We cannot be sure that our reinsurers will pay the reinsurance recoverable owed to us now or in the future or that they will pay these recoverables on a timely basis. A reinsurer's insolvency, inability or unwillingness to make payments under the terms of its reinsurance agreement with us could have a material adverse effect on our financial condition and results of operations. Collateral is often posted by the counterparty to offset this risk, however, we bear the risk that the collateral declines in value or otherwise is inadequate to fully compensate us in the event of a default. We also enter into a variety of derivative instruments, including options and interest rate and currency swaps with a number of counterparties. If our counterparties fail or refuse to honor their obligations under the derivative instruments, and collateral posted, if any, is inadequate, our hedges of the related risk will be ineffective. In addition, if we trigger downgrade provisions on risk-hedging or reinsurance arrangements, the counterparties to these arrangements may be able to terminate our arrangements with them or require us to take other measures, such as post additional collateral, contribute capital or provide letters of credit. The loss of material risk-hedging or reinsurance arrangements could have a material adverse effect on our financial condition and results of operations. We ceded to UFLIC our in-force structured settlements block of business issued prior to 2004, certain variable annuity business issued prior to 2004 and the long-term care insurance assumed from MetLife Insurance Company USA. UFLIC has established trust accounts for our benefit to secure its obligations under the reinsurance arrangements, and at that time, General Electric Capital Corporation, an indirect subsidiary of GE, had agreed to maintain UFLIC's RBC above a specified minimum level pursuant to a Capital Maintenance Agreement. In connection with its announced realignment and reorganization of the business of General Electric Capital Corporation in December 2015, General Electric Capital Corporation merged with and into GE. As a result, GE is the successor obligor under the Capital Maintenance Agreement. If UFLIC becomes insolvent notwithstanding this agreement, and the amounts in the trust accounts are insufficient to pay UFLIC's obligations to us, it could have a material adverse effect on our financial condition and results of operations.

Defaults or other events impacting the value of our fixed maturity securities portfolio may reduce our income.

We are subject to the risk that the issuers or guarantors of fixed maturity securities we own may default on principal or interest payments they owe us. As of December 31, 2015, fixed maturity securities of $58.2 billion in our investment portfolio represented 78% of our total cash, cash equivalents and invested assets. Events reducing the value of our investment portfolio other than on a temporary basis could have a material adverse effect on our business, results of operations and financial condition. Levels of write-downs or impairments are impacted by our assessment of the financial condition of the issuer, whether or not the issuer is expected to pay its principal and interest obligations, our expected recoveries in the event of a default or circumstances that would require us to sell securities which have declined in value.

Defaults on our commercial mortgage loans or the mortgage loans underlying our investments in commercial mortgage-backed securities and volatility in performance may adversely affect our profitability.

Our commercial mortgage loans and investments in commercial mortgage-backed securities face default risk. Commercial mortgage loans are stated on our consolidated balance sheets at unpaid principal balance,

adjusted for any unamortized premium or discount, deferred fees or expenses, and are net of impairments and valuation allowances. We establish valuation allowances for estimated impairments as of the balance sheet date based on information, such as the market value of the underlying real estate securing the loan, any third-party guarantees on the loan balance or any cross collateral agreements and their impact on expected recovery rates. Commercial mortgage-backed securities are stated on our consolidated balance sheets at fair value.

Further, any concentration of geographic, sector or counterparty exposure in our commercial mortgage loans or the mortgage loans underlying our investments in commercial mortgage-backed securities may have adverse effects on our investment portfolio and consequently on our consolidated results of operations or financial condition. While we seek to mitigate this risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region, sector or counterparty may have a greater adverse effect on the investment portfolios to the extent that the portfolios are exposed to such geographic region, sector or counterparty.

Operational Risks

If we are unable to retain, attract and motivate qualified employees or senior management, our results of operations, financial condition and business operations may be adversely impacted.

Our success is largely dependent on our ability to retain and attract qualified employees. We face intense competition in our industry for key employees with demonstrated ability, including actuarial, finance, legal, investment, risk, compliance and other professionals. Our ability to retain, attract and motivate experienced and qualified employees has been more challenging in light of our recent financial difficulties and our announced expense reductions, as well as the demands being placed on our employees. We cannot be sure we will be able to attract, retain and motivate the desired workforce, and our failure to do so could have a material adverse effect on results of operations, financial condition and business operations. In addition, we may not be able to meet regulatory requirements relating to required expertise in various professional positions.

Managing key employee succession and retention is also critical to our success. We would be adversely affected if we fail to adequately plan for the succession of our senior management and other key employees. While we have succession plans and long-term compensation plans, including retention programs, designed to retain our employees, our succession plans may not operate effectively and our compensation plans cannot guarantee that the services of these employees will continue to be available to us.

Our risk management programs may not be effective in identifying or adequate in controlling or mitigating the risks we face.

We have developed risk management programs that include risk appetite, limits, identification, quantification, governance, policies and procedures and seek to appropriately identify, monitor, measure, control, mitigate and report the types of risks to which we are subject. We regularly review our risk management programs and work to update them on an ongoing basis to be consistent with evolving global best market practices. However, our risk management programs may not fully control or mitigate all of the risks we face in our business.

Many of our methods of managing certain financial risks (e.g. credit, market, insurance and underwriting risks) are based on observed historical market behaviors and/or historical, statistically-based models. Historical measures may not accurately predict future exposures, which could be significantly greater than historical measures have indicated. We have also established internal risk limits based upon these historical, statistically-based models and we monitor compliance with these limits. Our internal risk limits may be insufficient and our monitoring may not detect all violations (inadvertent or otherwise) of these limits. Other risk management methods are based on our evaluation of information regarding markets, customers and customer behavior, macroeconomic and environmental conditions, catastrophic occurrences and potential changing paradigms that

are publicly available or otherwise accessible to us. This collective information may not always be accurate, complete, up to date or properly considered, interpreted or evaluated in our analyses. Moreover, the models and other parts of our risk management programs we rely on in managing various aspects of our business may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of issues arising in the construction, implementation, interpretation or use of the models or other programs or the use of inaccurate assumptions. The limitations of our models and other parts of our risk management programs may be material, and could lead us to make wrong or sub-optimal decisions in managing our risk and other aspects of our business and this could have a material adverse effect on our results of operations, financial condition and business.

Management of operational, legal, franchise and global regulatory risks requires, among other things, methods to appropriately identify all such key risks, systems to record incidents and policies and procedures designed to detect, record and address all such risks and occurrences. If our risk management framework does not effectively identify, measure and control our risks, we could suffer unexpected losses or be adversely affected and that could have a material adverse effect on our business, results of operations and financial condition.

We employ various strategies, including hedging and reinsurance, to mitigate financial risks inherent in our business and operations. These risks include current or future changes in the fair value of our assets and liabilities, current or future changes in cash flows, the effect of interest rates, changes in equity markets, credit spread movements, the occurrence of credit and counterparty defaults, currency fluctuations, changes in global housing prices, and changes in mortality, morbidity and lapses. We seek to control these risks by, among other things, entering in reinsurance contracts and derivative instruments. Such contracts and instruments may not always be available to us and subject us to counterparty credit risk. Developing effective strategies for dealing with these risks is a complex process, and no strategy can fully insulate us from such risks. The execution of these strategies also introduces operational risks and considerations. See "—Reinsurance may not be available, affordable or adequate to protect us against losses" and "—Defaults by counterparties to our reinsurance arrangements or to derivative instruments we use to hedge our business risks, or defaults by us on agreements we have with these counterparties, may expose us to risks we sought to mitigate, which could have a material adverse effect on our results of operations and financial condition" for more information about risks inherent in our reinsurance and hedging strategies.

We may choose to retain certain levels of financial risk, even when it is possible to mitigate these risks. The decision to retain certain levels of financial risk is predicated on our belief that the expected future returns that we will realize from retaining the risk, in relation to the level of risk retained, is favorable, but it may turn out that our expectations are incorrect and we incur material costs or suffer other adverse consequences that arise from the retained risk.

Our performance is highly dependent on our ability to manage risks that arise from day-to-day business activities, including underwriting, claims processing, policy administration and servicing, execution of our investment and hedging strategy, actuarial estimates and calculations, financial and tax reporting and other activities, many of which are very complex. We seek to monitor and control our exposure to risks arising out of or related to these activities through a variety of internal controls, management review processes and other mechanisms. However, the occurrence of unforeseen events, or the occurrence of events of a greater magnitude than expected, including those arising from inadequate or ineffective controls, a failure in processes, procedures or systems implemented by us or a failure on the part of employees upon which we rely in this regard, may have a material adverse effect on our financial condition or results of operations.

Past or future misconduct by our employees or employees of our vendors or suppliers could result in violations of laws by us, regulatory sanctions against us and/or serious reputational, legal or financial harm to our business, and the precautions we employ to prevent and detect this activity may not be effective in all cases. Although we employ controls and procedures designed to monitor the business decisions and activities of these individuals to prevent us from engaging in inappropriate activities, excessive risk taking, fraud or security breaches, these individuals may take such risks regardless of such controls and procedures and such controls and

procedures may fail to detect all such decisions and activities. Our compensation policies and procedures are reviewed by us as part of our overall risk management program, but it is possible that such compensation policies and practices could inadvertently incentivize excessive or inappropriate risk taking. If these individuals take excessive or inappropriate risks, those risks could harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Our reliance on key customer or distribution relationships could cause us to lose significant sales if one or more of those relationships terminate or are reduced.

Our businesses depend on our relationships with our customers, and in particular, our relationships with our largest lending customers in our mortgage insurance businesses. Our customers place insurance with us directly on loans that they originate and they also do business with us indirectly, primarily in the United States, through purchases of loans that already have our mortgage insurance coverage. Our relationships with our customers may influence both the amount of business they do with us directly and also their willingness to continue to approve us as a mortgage insurance provider for loans that they purchase. Particularly in Canada and Australia where a large portion of our business is concentrated with a small number of customers, the loss of business from significant customers could have an adverse effect on the amount of new business we are able to write and consequently, our financial condition and results of operations. Maintaining our business relationships and business volumes with our largest lending customers remains critical to the success of our business.

We cannot be certain that any loss of business from significant customers, or any single lender, would be replaced by other customers, existing or new. As a result of current market conditions and increased regulatory requirements, our lending customers may decide to write business only with a limited number of mortgage insurers or only with certain mortgage insurers, based on their views with respect to an insurer's pricing, service levels, underwriting guidelines, loss mitigation practices, financial strength or other factors.

As discussed in "Part I—Item 1—Business," our mortgage insurance businesses in Canada and Australia are highly concentrated in a small number of key distribution partners, which increases our risks and exposure in the event one or more of these partners terminate or reduce their relationship with us. Any termination, reduction or material change in relationship with a key distribution partner could have a material adverse effect on our future sales for one or more products. In addition, in Australia, where mortgage insurance is not required on high loan-to-value loans, some lenders self-insure a portion of their originations. If our lending customers in this market increase the self-insurance or other alternatives to mortgage insurance, this could have an unfavorable impact on the amount of new business we are able to write and consequently, our financial condition and results of operations.

We distribute our products through a wide variety of distribution methods, including through relationships with key distribution partners (including lender customers of our mortgage insurance businesses). These distribution partners are an integral part of our business model. We are at risk that key distribution partners may merge, change their distribution model affecting how our products are sold, or terminate their distribution contracts or relationships with us. In addition, timing of key distributor adoption of our new product offerings may impact sales of those products. Some distributors have, and in the future others may, elect to terminate or reduce their distribution relationships with us for a variety of reasons, including as a result of our recent financial challenges (including adverse ratings actions). And in the future, other distributors may terminate or reduce their relationships with us as a result of, among other things, these challenges as well as future adverse developments in our business or adverse rating agency actions or concerns about market-related risks, commission levels or the breadth of our product offerings.

Reinsurance may not be available, affordable or adequate to protect us against losses.

As part of our overall risk and capital management strategy, we have historically purchased reinsurance from external reinsurers as well as provided internal reinsurance support for certain risks underwritten by our

various business segments. These reinsurance arrangements enable our businesses to transfer risks in exchange for some of the associated economic benefits and, as a result, improve our statutory capital position and manage risk to within our tolerance level. Some of these reinsurance arrangements are indefinite, but others require periodic renewals. For instance, in Australia, reinsurance contracts generally have a two-year base term. At the end of the base term, we can elect a runoff term to continue coverage, but with reducing amounts of regulatory capital benefits or attempt to negotiate a renewal. The availability and cost of reinsurance protection are impacted by our operating and financial performance, including ratings, as well as conditions beyond our control. For example, our recent financial challenges and adverse rating actions may reduce the availability of certain types of reinsurance and make it more costly when it is available, as reinsurers are less willing to take on credit risk in a volatile market. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain new reinsurance or renew existing reinsurance arrangements on acceptable terms, or at all, which could increase our risk and adversely affect our ability to write future business or obtain statutory capital credit for new reinsurance or could require us to make capital contributions to maintain regulatory capital requirements. See "—If we are unable to meet the capital requirements mandated by PMIERs because the GSEs amend them or the GSEs' interpretation of the capital requirements requires us to hold amounts of capital that are higher than we currently have planned or otherwise, we may not be eligible to write new insurance on loans sold to or guaranteed by the GSEs, which would have a material adverse effect on our business, results of operations and financial condition."

Competitors could negatively affect our ability to maintain or increase our market share and profitability.

Our businesses are subject to intense competition. We believe the principal competitive factors in the sale of our products are product features, product investment returns, price, commission structure, marketing and distribution arrangements, brand, reputation, financial strength ratings and service. In many of our product lines, we face competition from competitors that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher financial strength ratings than we do. Our recent financial challenges have adversely and directly impacted the competitiveness of our life, annuity and long-term care insurance businesses, and indirectly adversely impacted our mortgage insurance businesses. In addition, many competitors offer similar products and use similar distribution channels. The appointment of a receiver to rehabilitate or liquidate or take other adverse regulatory actions against a significant competitor could also negatively impact our businesses if such actions were to impact consumer confidence in industry products and services.

The U.S. private mortgage insurance industry remains highly competitive, particularly with the entry of new participants in the last several years. There are currently seven active mortgage insurers, including us. Some of these private mortgage insurers, particularly new entrants, may have short- to mid-term business goals that differ from ours. For example, we believe that in order to achieve operational scale some competitors have sought to increase their market share through lower pricing on various products. In addition, not all of our mortgage insurance products have the same return on capital profile. Single premium insurance coverage, for instance, has been priced in the market at levels that currently generate lower lifetime premiums and require higher lifetime capital than monthly products. To the extent that some of our competitors are willing to set lower pricing and accept lower returns than we find acceptable, we may lose business opportunities involving products of this type and this may affect our overall business relationship with certain customers. If we match lower pricing on these products, we will experience a similar reduction in returns on capital. In addition, certain competitors have transitioned from delivering price to lenders via standard rate cards to a form of delivery (i.e., "black box") with limited pricing information which could enhance their ability to change price across incremental risk attributes and shorten the time to implement future pricing changes in the marketplace. Depending upon the degree to which we undertake or match such pricing practices, there may be a material adverse impact on our business, results of operations and financial condition.

We compete with government-owned and government-sponsored enterprises in our mortgage insurance businesses, and this may put us at a competitive disadvantage on pricing and other terms and conditions.

Our U.S. mortgage insurance business competes with the FHA and the VA, as well as, certain local- and state-level housing finance agencies. In particular, since 2008, there has been a significant increase in the number of loans insured by the FHA. Separately, the government-owned and government-sponsored enterprises, including Fannie Mae and Freddie Mac, may also compete with our U.S. mortgage insurance business through certain of their risk-sharing insurance programs. Those competitors may establish pricing terms and business practices that may be influenced by motives such as advancing social housing policy or stabilizing the mortgage lending industry, which may not be consistent with maximizing return on capital or other profitability measures. In addition, those governmental enterprises typically do not have the same capital requirements that we and other mortgage insurance companies have and therefore may have financial flexibility in their pricing and capacity that could put us at a competitive disadvantage. In the event that a government-owned or sponsored entity in one of our markets determines to change prices significantly or alter the terms and conditions of its mortgage insurance or other credit enhancement products in furtherance of social or other goals rather than a profit or risk management motive, we may be unable to compete in that market effectively, which could have a material adverse effect on our financial condition and results of operations.

Like our U.S. mortgage insurance business, our international mortgage insurance businesses compete with government-owned and government-sponsored enterprises. These competitors may establish pricing terms and business practices that may be influenced by motives such as advancing social housing policy or stabilizing the mortgage lending industry, which may not be consistent with maximizing return on capital or other profitability measures. In the event that a government-owned or sponsored entity in one of our markets determines to reduce prices significantly or alter the terms and conditions of its mortgage insurance or other credit enhancement products in furtherance of social or other goals rather than a profit motive, we may be unable to compete in that market effectively, which could have a material adverse effect on our financial condition and results of operations.

In Canada, we compete with CMHC, a corporation owned by the Canadian government. CMHC is a sovereign entity that provides mortgage lenders a lower capital charge and a 100% government guarantee as compared to loans covered by our policy which benefit from a 90% government guarantee. CMHC also operates the CMB and the NHA MBS programs, which provide lenders the ability to efficiently guarantee and securitize their mortgage loan portfolios. If we are unable to effectively distinguish ourselves competitively with our Canadian mortgage lender customers, under current market conditions or in the future, we may be unable to compete effectively with CMHC as a result of the more favorable capital relief it can provide or the other products and incentives that it offers to lenders. Additionally, in times of economic stress, customers may choose CMHC as a result of being a higher rated sovereign entity regardless of our ability to distinguish ourselves competitively from CMHC. In October 2015, Canada elected a new prime minister and new majority party. Under the new regime, CHMC could decide to enhance its offerings or increase its market share, which could have an adverse impact on our ability to maintain our market share in Canada.

Recent conditions in the international financial markets could lead other countries to nationalize our competitors or establish competing governmental agencies, which would further limit our competitive position in international markets and, therefore, materially affect our results of operations.

We have previously had a material weakness in internal control over financial reporting and cannot provide assurance that additional material weaknesses will not be identified in the future. Further material weaknesses in internal control over financial reporting or ineffectiveness in disclosure controls and procedures could result in errors in our financial statements or untimely filings, which could cause investors to lose confidence in our reported financial information, and a decline in our stock price.

In connection with the preparation of our consolidated financial statements for the year ended December 31, 2014, we concluded that we did not have adequate controls designed and in place to ensure that we correctly

implemented changes made to one of our methodologies as part of our comprehensive long-term care insurance claim reserves review completed in the third quarter of 2014. As a result, we failed to identify a $44 million after-tax calculation error. Although this control deficiency did not result in a material misstatement in the consolidated financial statements, we concluded a material weakness existed in the controls over the implementation of our long-term care insurance claim reserves assumption and methodology changes because such a misstatement could have occurred. We have since remediated such material weakness in internal control over financial reporting and in our disclosure controls and procedures, and as of December 31, 2015, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective within the meaning of Exchange Act Rule 13a-15(e) and that our internal control over financial reporting was effective, taking into account the steps taken to address such material weakness. Further material weaknesses in internal control over financial reporting or ineffectiveness in disclosure controls and procedures could occur however and result in errors in our financial statements or untimely filings, which could cause investors to lose confidence in our reported financial information, and a decline in our stock price.

Our computer systems may fail or be compromised, and unanticipated problems could materially adversely impact our disaster recovery systems and business continuity plans, which could damage our reputation, impair our ability to conduct business effectively and materially adversely affect our financial condition and results of operations.

Our business is highly dependent upon the effective operation of our computer systems. We also have arrangements in place with our partners and other third-party service providers through which we share and receive information. We rely on these systems throughout our business for a variety of functions, including processing claims and applications, providing information to customers and distributors, performing actuarial analyses and maintaining financial records. Despite the implementation of security and back-up measures, our computer systems and those of our partners and third-party service providers may be vulnerable to physical or electronic intrusions, computer viruses or other attacks, programming errors and similar disruptive problems. The failure of these systems for any reason could cause significant interruptions to our operations, which could result in a material adverse effect on our business, financial condition or results of operations.

We retain confidential information in our computer systems, and we rely on commercial technologies to maintain the security of those systems, including computers or mobile devices. Anyone who is able to circumvent our security measures and penetrate our computer systems or misuse authorized access could access, view, misappropriate, alter, or delete any information in the systems, including personally identifiable information, personal health information and proprietary business information. Our employees, distribution partners and other vendors may use portable computers or mobile devices which may contain similar information to that in our computer systems, and these devices have been and can be lost, stolen or damaged, and therefore subject to the same risks as our other computer systems. In addition, an increasing number of states and foreign countries require that affected parties be notified or other actions be taken (which could involve significant costs to us) if a security breach results in the inappropriate disclosure of personally identifiable information. Although we have experienced occasional, actual or attempted breaches of our cybersecurity, none of these breaches has had a material effect on our business, operations or reputation. Any compromise of the security of our computer systems or those of our partners and third-party service providers that results in inappropriate disclosure of personally identifiable customer information could damage our reputation in the marketplace, deter people from purchasing our products, subject us to significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

In addition, unanticipated problems with, or failures of, our disaster recovery systems and business continuity plans could have a material adverse impact on our ability to conduct business and on our results of operations and financial condition, particularly if those problems affect our information technology systems and destroy, lose or otherwise compromise valuable data. In addition, in the event that a significant number of our employees were unavailable in the event of a disaster, our ability to effectively conduct business could be severely compromised. The failure of our disaster recovery systems and business continuity plans could adversely impact our profitability and our business.

Insurance and Product-Related Risks

We may not be able to increase premiums or reduce benefits on our in-force long-term care insurance policies by enough or quickly enough and the rate actions or reduced benefits currently being implemented and any future rate actions may adversely affect demand for our long-term care insurance products, our reputation in the market, our results of operations and our financial condition.

The success of our strategy for our long-term care insurance business is based on our ability to obtain significant price increases or benefit reductions, as warranted and actuarially justified based on our experience, on our in-force block of long-term care insurance policies and price our new policies appropriately (at significantly higher prices than has historically been the case). The adequacy of our current long-term care insurance reserves also depends significantly on various assumptions and our ability to successfully execute our in-force management plan through increased premiums or reduced benefits as anticipated. Although the terms of all of our long-term care insurance policies permit us to increase premiums during the premium-paying period, these increases generally require regulatory approval, which can often take a long time to obtain and may not be obtained in all relevant jurisdictions or for the full amounts requested. In addition, some states are considering adopting long-term care insurance rate increase legislation that would further limit increases in long-term care insurance premium rates beyond the rate stability legislation previously adopted in certain states, which would adversely impact our ability to achieve anticipated rate increases. Rate increases by us or our competitors could also adversely affect our reputation in the markets in which we operate, adversely impact our ability to continue to market and sell new long-term care insurance products, make it more difficult for us to obtain future rate increases and adversely impact our ability to retain existing policyholders and agents. Policyholders may be unwilling or unable to pay the increased premiums we will seek to charge. We cannot predict how our policyholders (or potential future policyholders), agents, competitors and regulators may react to any rate increases, nor can we predict if regulators will approve regulated rate increases. We may also be forced to stop selling our long-term care insurance products in markets where we cannot achieve satisfactory rate increases, which will cause a further decrease in our sales.

In addition, we include assumptions for significant anticipated (but not yet filed) future premium rate increases or benefit reductions in our determination of loss recognition testing of our long-term care insurance reserves under U.S. GAAP and asset adequacy testing of our statutory long-term care insurance reserves (except for our New York insurance subsidiary). We may not be able to realize these anticipated rate increases or benefit reductions in the future as a result of our inability to obtain required regulatory approvals or other factors. In this event, we would have to increase our long-term care insurance reserves by amounts that could be material. Moreover, we may not be able to mitigate the impact of unexpected adverse experience by increasing premiums and/or other charges to policyholders (when we have the right to do so) or alternatively by reducing benefits. If we are not able to achieve associated benefit reductions for our in-force long-term care insurance policies to the extent we anticipate, we may make greater payments under our long-term care insurance policies than we currently project.

There can also be no assurance that the premium levels of our current and future products will be well received by the market, and we may suffer from a decreased demand for our long-term care insurance products. If we are unable to sell our long-term care insurance products at such premium levels, we may not be able to sell them profitably or at all, and our results of operations and financial condition may be materially adversely affected.

If demand fails to increase new sales for our long-term care insurance products, our business and our financial condition and results of operations could be materially adversely affected.

A large percentage of our premium revenue is derived from sales of our long-term care insurance products. In recent years, industry sales of these products have declined. Several factors can affect demand for these products, including changes in market and economic conditions, risk tolerance of insurers and customers and legislative or regulatory changes. In the past, decisions by insurers to cease offering these products, to raise

prices on in-force policies or new policies and/or to introduce new products with higher prices have negatively impacted sales for these products. These actions resulted in decreased purchases of these products and have caused some distributors to reduce their sales focus on these products. Our success in this business depends on our ability to introduce and market products and services that are financially attractive and address our customers' changing demands. If the market for long-term care insurance products continues to decline, or if we are unable to compete effectively in that market with our product offerings, our financial condition and results of operations could be materially adversely affected. Reduced sales may also have a negative impact on our ability to receive future rate increases on our in-force policies, as state Medicaid systems may have decreased reliance on private funding of long-term care services through long-term care insurance. For the impact on sales of these products from recent rating changes, see "—Recent adverse rating agency actions have resulted in a loss of business and adversely affected our results of operations, financial condition and business and future adverse rating actions could have a further and more significant adverse impact on us."

We cannot be sure of the extent of benefits we will realize from loss mitigation actions or programs in our mortgage insurance businesses in the future.

As part of our loss mitigation efforts in the United States, Canada and Australia, we routinely investigate insured loans and evaluate the related servicing to ensure compliance with applicable guidelines and to detect possible fraud or misrepresentation. As a result, we have, and may in the future, rescind coverage on loans that do not meet our guidelines or curtail the amount of claims payable for non-compliance. In the past, we recognized significant benefits from taking action on these investigations and evaluations under our master policies. While we believe these actions are valid and expect additional actions based on future investigations and evaluations, we can give no assurance on the extent to which we may continue to see such rescissions or curtailments. In addition, insured lenders may object to our actions and we continue to have discussions with certain of those lenders regarding their objections to our actions that in the aggregate are material. If disputed by the insured and a legal proceeding were instituted, the validity of our actions would be determined by arbitration or judicial proceedings unless otherwise settled. In the near term, sales could be reduced or eliminated as a result of a dispute with one or more lenders and such disputes could have an adverse effect on our long-term relationships with those lenders that are impacted. Further, our loss reserving methodology includes estimates of the number of loans in our delinquency inventory that will be rescinded or have their claims curtailed. A variance between ultimate action rates and these estimates could have a material adverse effect on our financial position and results of operations. For example, if the loan modification trend in 2016 worsens beyond our expectations, we would expect further aging of our delinquent loan inventory, which could increase our loss reserves.

In the United States, the mortgage finance industry (with government support) has adopted various programs to modify delinquent loans to make them more affordable to borrowers with the goal of reducing the number of foreclosures. In all of our mortgage insurance businesses, regardless of jurisdiction, our master policies contain covenants that require cooperation and loss mitigation by the insured. The effect on us of a loan modification depends on re-default rates, which in turn can be affected by factors such as changes in home values and unemployment. Our estimates of the number of loans qualifying for modification programs is based on management judgment as informed by past experience and current market conditions but are inherently uncertain. We cannot predict what the actual volume of loan modifications will be or the ultimate re-default rate, and therefore, we cannot be certain whether these efforts will provide material benefits to us.

The premiums we agree to charge upon writing a mortgage insurance policy may not adequately compensate us for the risks and costs associated with the coverage we provide for the entire duration of that policy.

We establish renewal premium rates for the duration of a mortgage insurance policy upon issuance, and we cannot cancel the policy or adjust the premiums after the policy is issued. As a result, we cannot offset the impact of unanticipated claims with premium increases on policies in-force, and we cannot refuse to renew mortgage insurance coverage. In addition, our premium rates vary with the perceived risk of a claim on the insured loan,

which takes into account factors such as the loan-to-value ratio, our long-term historical loss experience, whether the mortgage provides for fixed payments or variable payments, the term of the mortgage, the borrower's credit history and the level of documentation and verification of the borrower's income and assets. Our ability to properly determine eligibility and accurate pricing for the mortgage insurance we issue is dependent upon our underwriting and other operational routines. These underwriting routines may vary across the jurisdictions in which we do business. Deficiencies in actual practice in this area could have a material adverse impact on our results. In the event the premiums we agree to charge upon writing a mortgage insurance policy may not adequately compensate us for the risks and costs associated with the coverage, it may have a material adverse effect on our business, results of operation and financial condition.

A significant portion of our mortgage insurance coverage consists of mortgage loans with high loan-to-value ratios, which typically have claim incidence rates substantially higher than mortgage loans with lower loan-to-value ratios. In Canada and Australia, the risks of having a portfolio with a significant portion of high loan-to-value mortgages are greater than in the United States and Europe because we generally agree to cover 100% of the losses associated with mortgage defaults in those markets, compared to percentages in the United States and Europe that typically range between 10% and 35% of the loan amount. Although we take these factors into account in setting premiums, the difference in premium rates may not be sufficient to compensate us for the greater risks associated with mortgage loans bearing higher loan-to-value ratios or 100% cover.

A decrease in the volume of high loan-to-value home mortgage originations or an increase in the volume of mortgage insurance cancellations could result in a decline in our revenue in our mortgage insurance businesses.

We provide mortgage insurance primarily for high loan-to-value mortgages. Factors that could lead to a decrease in the volume of high loan-to-value mortgage originations include, but are not limited to:

- an increase in the level of home mortgage interest rates and, in the United States, a reduction or loss of mortgage interest deductibility for federal income tax purposes;
- implementation of more rigorous mortgage lending regulation, such as under Dodd-Frank Act in the United States and APRA Prudential Practice Guides in Australia;
- a decline in economic conditions generally, or in conditions in regional and local economies;
- the level of consumer confidence, which may be adversely affected by economic instability, war or terrorist events;
- an increase in the price of homes relative to income levels;
- adverse population trends, including lower homeownership rates;
- high rates of home price appreciation, which for refinancings affect whether refinanced loans have loan-to-value ratios that require mortgage insurance; and
- changes in government housing policy encouraging loans to first-time home buyers.

A decline in the volume of high loan-to-value mortgage originations would reduce the demand for mortgage insurance and, therefore, could have a material adverse effect on our financial condition and results of operations.

In addition, a significant percentage of the premiums we earn each year in our U.S. mortgage insurance business are renewal premiums from insurance policies written in previous years. We estimate that approximately 88%, 90% and 87%, respectively, of our U.S. gross premiums earned in each of the years ended December 31, 2015, 2014 and 2013 were renewal premiums. As a result, the length of time insurance remains in-force is an important determinant of our mortgage insurance revenues. Fannie Mae, Freddie Mac and many other mortgage investors in the United States generally permit a homeowner to ask the loan servicer to cancel the borrower's obligation to pay for mortgage insurance when the principal amount of the mortgage falls below 80%

of the home's value. Factors that tend to reduce the length of time our mortgage insurance remains in-force include:

- declining interest rates, which may result in the refinancing of the mortgages underlying our insurance policies with new mortgage loans that may not require mortgage insurance or that we do not insure;
- significant appreciation in the value of homes, which causes the size of the mortgage to decrease below 80% of the value of the home and enables the borrower to request cancellation of the mortgage insurance; and
- changes in mortgage insurance cancellation requirements under applicable federal law or mortgage insurance cancellation practices by mortgage lenders and investors.

Our U.S. policy flow persistency rates increased from 46% for the year ended December 31, 2003 to elevated levels of 81%, 82% and 80% for the years ended December 31, 2013, 2014 and 2015, respectively. A decrease in persistency in the U.S. market generally would reduce the amount of our insurance in-force and could have a material adverse effect on our financial condition and results of operations. However, higher persistency on certain products, especially A minus, Alt-A, ARMs and certain 100% loan-to-value loans, could have a material adverse effect if claims generated by such products remain elevated or increase.

The amount of mortgage insurance we write could decline significantly if alternatives to private mortgage insurance are used or lower coverage levels of mortgage insurance are selected.

There are a variety of alternatives to private mortgage insurance that may reduce the amount of mortgage insurance we write. These alternatives include:

- originating mortgages in the United States that consist of two simultaneous loans, known as "simultaneous seconds," comprising a first mortgage with a loan-to-value ratio of 80% and a simultaneous second mortgage for the excess portion of the loan, instead of a single mortgage with a loan-to-value ratio of more than 80%;
- using government mortgage insurance programs;
- holding mortgages in the lenders' own loan portfolios and self-insuring;
- using programs, such as those offered by Fannie Mae and Freddie Mac in the United States, requiring lower mortgage insurance coverage levels;
- originating and securitizing loans in mortgage-backed securities whose underlying mortgages are not insured with private mortgage insurance or which are structured so that the risk of default lies with the investor, rather than a private mortgage insurer; and
- using credit default swaps or similar instruments, instead of private mortgage insurance, to transfer credit risk on mortgages.

A decline in the use of private mortgage insurance in connection with high loan-to-value home mortgages for any reason would reduce the demand for flow mortgage insurance which could have a material adverse effect on our business, financial condition and results of operations.

Potential liabilities in connection with our U.S. contract underwriting services could have a material adverse effect on our financial condition and results of operations.

We offer contract underwriting services to certain of our mortgage lenders in the United States, pursuant to which our employees and contractors work directly with the lender to determine whether the data relating to a borrower and a proposed loan contained in a mortgage loan application file complies with the lender's loan underwriting guidelines or the investor's loan purchase requirements. In connection with that service, we also

compile the application data and submit it to the automated underwriting systems of Fannie Mae and Freddie Mac, which independently analyze the data to determine if the proposed loan complies with their investor requirements.

Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria, subject to contractual limitations on liability. As a result, we assume credit and processing risk in connection with our contract underwriting services. If our reserves for potential claims in connection with our contract underwriting services are inadequate as a result of differences from our estimates and assumptions or other reasons, we may be required to increase our underlying reserves, which could materially adversely affect our results of operations and financial condition.

Medical advances, such as genetic research and diagnostic imaging, and related legislation could materially adversely affect the financial performance of our life insurance, long-term care insurance and annuity businesses.

Genetic testing research and discovery is advancing at a rapid pace. Though some of this research is focused on identifying the genes associated with rare diseases, much of the research is focused on identifying the genes associated with an increased risk of various diseases such as diabetes, heart disease, cancer and Alzheimer's disease. Diagnostic testing utilizing various blood panels or imaging techniques may allow clinicians to detect similar diseases during an earlier phase. We believe that if an individual learns through such testing that they are predisposed to a condition that may reduce their life expectancy or increase their chances of requiring long-term care, they potentially will be more likely to purchase life and long-term care insurance policies or not permit their existing policy to lapse. In contrast, if an individual learns that they lack the genetic predisposition to develop the conditions that reduce longevity or require long-term care, they potentially will be less likely to purchase life and long-term care insurance products, but more likely to purchase certain annuity products and permit their life and long-term care insurance policies to lapse.

Being able to access and use the medical information (including the results of genetic and diagnostic testing) known to our prospective policyholders is important to ensure that an underwriting risk assessment matches the anticipated risk priced into our life and long-term care insurance products, as well as our annuity products. Currently, there are some state level restrictions related to an insurer's access and use of genetic information, and periodically new genetic testing legislation is being introduced. However, further restrictions on the access and use of such medical information could create a mismatch between an assessed risk and the product pricing. Such a mismatch has the potential to increase product pricing resulting in a decrease in sales and purchasers at increased risk becoming the more likely buyer. The net result of this could cause a deterioration in the risk profile of our portfolio which could lead to payments to our policyholders and contractholders that are materially higher than anticipated.

In addition to earlier diagnosis or knowledge of disease risk, medical advances may also lead to newer forms of preventive care which could improve an individual's overall health and longevity. If this were to occur, the duration of payments made by us under certain forms of our annuity contracts likely would increase thereby reducing our profitability on those products.

Other Risks

The occurrence of natural or man-made disasters or a pandemic could materially adversely affect our financial condition and results of operations.

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, floods and tornadoes, and man-made disasters, including acts of terrorism and military actions and pandemics. For example, a natural or man-made disaster or a pandemic could disrupt our computer systems and our ability to

conduct or process business, as well as lead to unexpected changes in persistency rates as policyholders and contractholders who are affected by the disaster may be unable to meet their contractual obligations, such as payment of premiums on our insurance policies, deposits into our investment products, and mortgage payments on loans insured by our mortgage insurance policies. They could also significantly increase our mortality and morbidity experience above the assumptions we used in pricing our insurance and investment products. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster or a pandemic could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas, as well as an adverse effect on home prices in those areas, which could result in increased loss experience in our mortgage insurance businesses. Disasters or a pandemic also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations.

A natural or man-made disaster or a pandemic could also disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. For example, a natural or man-made disaster or a pandemic could lead to increased reinsurance prices or reduced availability of reinsurance and potentially cause us to retain more risk than we otherwise would retain if we were able to obtain reinsurance at lower prices. In addition, a disaster or a pandemic could adversely affect the value of the assets in our investment portfolio if it affects companies' ability to pay principal or interest on their securities or the value of the underlying collateral of structured securities or the value of the underlying collateral of structured securities.

We have significant deferred tax assets, and any impairments of or valuation allowances against these deferred tax assets in the future could materially adversely affect our results of operations and financial condition.

We currently utilize significant deferred tax assets to offset income. The extent to which we can utilize deferred tax assets may be limited for various reasons, including but not limited to changes in tax rules or regulations and if projected future taxable income becomes insufficient to recognize the full benefit of our net operating loss ("NOL") carryforwards prior to their expiration. Additionally, our ability to fully use these tax assets will also be adversely affected if we have an "ownership change" within the meaning of Section 382 of the U.S. Internal Revenue Code of 1986, as amended. An ownership change is generally defined as a greater than 50% increase in equity ownership by "5% shareholders" (as that term is defined for purposes of Section 382) in any three-year period. Future changes in our stock ownership, depending on the magnitude, including the purchase or sale of our common stock by 5% shareholders, and issuances or redemptions of common stock by us, could result in an ownership change that would trigger the imposition of limitations under Section 382. Accordingly, there can be no assurance that in the future we will not experience limitations with respect to recognizing the benefits of our NOL carryforwards and other tax attributes for which limitations could have a material adverse effect on our results of operations, cash flows or financial condition.

We have agreed to make payments to GE based on the projected amounts of certain tax savings we expect to realize as a result of our IPO. We will remain obligated to make these payments even if we do not realize the related tax savings and the payments could be accelerated in the event of certain changes in control.

Under the Tax Matters Agreement, we have an obligation to pay GE a fixed amount over approximately the next eight years. This fixed obligation, the estimated present value of which was $188 million and $216 million as of December 31, 2015 and 2014, respectively, equals 80% (subject to a cumulative $640 million maximum amount) of the tax savings projected as a result of our IPO in 2004. Even if we fail to generate sufficient taxable income to realize the projected tax savings, we will remain obligated to pay GE, and this could have a material adverse effect on our financial condition and results of operations. We could also, subject to regulatory approval, be required to pay GE on an accelerated basis in the event of certain changes in control of our company.

Provisions of our certificate of incorporation and bylaws and our Tax Matters Agreement with GE may discourage takeover attempts and business combinations that stockholders might consider in their best interests.

Our certificate of incorporation and bylaws include provisions that may have anti-takeover effects and may delay, deter or prevent a takeover attempt that our stockholders might consider in their best interests. For example, our certificate of incorporation and bylaws:

- permit our Board of Directors to issue one or more series of preferred stock;
- limit the ability of stockholders to remove directors;
- limit the ability of stockholders to fill vacancies on our Board of Directors;
- limit the ability of stockholders to call special meetings of stockholders and take action by written consent; and
- impose advance notice requirements for stockholder proposals and nominations of directors to be considered at stockholder meetings.

Under our Tax Matters Agreement with GE, if any person or group of persons other than GE or its affiliates gains the power to direct the management and policies of our company, we could become obligated immediately to pay to GE the total present value of all remaining tax benefit payments due to GE over the full term of the agreement. The estimated present value of our fixed obligation as of December 31, 2015 and 2014 was $188 million and $216 million, respectively. Similarly, if any person or group of persons other than us or our affiliates gains effective control of one of our subsidiaries, we could become obligated to pay to GE the total present value of all such payments due to GE allocable to that subsidiary, unless the subsidiary assumes the obligation to pay these future amounts under the Tax Matters Agreement and certain conditions are met. The acceleration of payments would be subject to the approval of certain state insurance regulators, and we are obligated to use our reasonable best efforts to seek these approvals. This feature of the agreement could adversely affect a potential merger or sale of our company. It could also limit our flexibility to dispose of one or more of our subsidiaries, with adverse implications for any business strategy dependent on such dispositions.

Risks Relating to Our Common Stock

The Board of Directors has decided to suspend dividends on our common stock until further notice.

We paid quarterly dividends on our common stock from our IPO in May 2004 until November 2008 when the Board of Directors decided to suspend the payment of dividends on our common stock to enhance our liquidity and capital position as a result of the global financial crisis and the challenging economic environment. We cannot assure you when, whether or at what level we will resume paying dividends on our common stock.

Our stock price will fluctuate.

Stock markets in general, and our common stock in particular, have experienced significant price and volume volatility since late 2008. The market price and volume of our common stock may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our industry generally, as well as investor concern about, among other things, some of our products (including long-term care insurance), our operations, reserves, ratings, business prospects, liquidity and capital positions. In addition to the risk factors discussed above, the price and volume volatility of our common stock may be affected by, among other issues:

- our financial performance and condition and future prospects;
- operating results that vary from the expectations of securities analysts and investors;

- operating and securities price performance of companies that investors consider to be comparable to us;
- announcements of strategic developments, acquisitions and other material events by us or our competitors;
- changes in global financial markets and global economies and general market conditions;
- rating agency announcements or actions with respect to the ratings of our company and our subsidiaries or our competitors;
- changes in laws and regulations affecting our business; and
- market prices for our equity securities.

Stock price volatility and a decrease in our stock price could make it difficult for us to raise equity capital or, if we are able to raise equity capital, could result in substantial dilution to our existing stockholders.

Item 1B. Unresolved Staff Comments

We have no unresolved comments from the staff of the SEC.

Item 2. Properties

We own our headquarters facility in Richmond, Virginia, which consists of approximately 461,000 square feet in four buildings, as well as several facilities in Lynchburg, Virginia with approximately 450,000 square feet. In addition, we lease approximately 229,000 square feet of office space in 11 locations throughout the United States. We also lease approximately 166,000 square feet in 16 locations outside the United States.

Most of our leases in the United States and other countries have lease terms of three to five years. Although some leases have longer terms, no lease has an expiration date beyond 2022. Our aggregate annual rental expense under all leases was $11 million during the year ended December 31, 2015.

We believe our properties are adequate for our business as presently conducted.

Item 3. Legal Proceedings

See note 21 in our consolidated financial statements under "Part II—Item 8—Financial Statements and Supplementary Data" for a description of material pending litigation and regulatory matters affecting us.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for Common Stock

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol "GNW." The following table sets forth the high and low intra-day sales prices per share of our Class A Common Stock, as reported by the New York Stock Exchange, for the periods indicated:

2015	High	Low
First Quarter	$8.82	$6.75
Second Quarter	$9.19	$7.27
Third Quarter	$7.90	$4.23
Fourth Quarter	$5.75	$3.46

2014	High	Low
First Quarter	$18.26	$14.24
Second Quarter	$18.74	$15.66
Third Quarter	$17.85	$12.64
Fourth Quarter	$14.10	$ 7.17

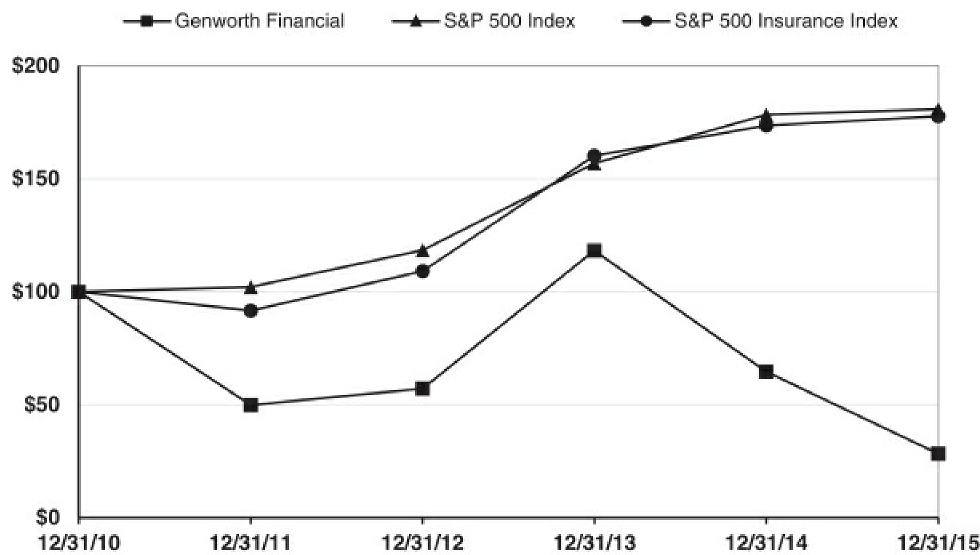
As of February 10, 2016, we had 307 holders of record of our Class A Common Stock.

Common Stock Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" nor to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent we specifically incorporate it by reference into such filing.

Table of Contents

The following graph compares the cumulative total stockholder return on our Class A Common Stock with the cumulative total stockholder return on the S&P 500 Insurance Index and the S&P 500 Stock Index.



	2010	2011	2012	2013	2014	2015
Genworth Financial, Inc.	$ 100.00	$ 49.85	$ 57.15	$ 118.19	$ 64.69	$ 28.39
S&P 500 Insurance Index	$ 100.00	$ 91.72	$ 109.23	$ 160.25	$ 173.53	$ 177.57
S&P 500®	$ 100.00	$ 102.11	$ 118.45	$ 156.82	$ 178.29	$ 180.75

Beginning in November 2015, we are now included in the S&P Mid-Cap 400 index. Going forward, we will re-evaluate the appropriate indices to use in this comparison.

Dividends

In November 2008, to enhance our liquidity and capital position in the challenging market environment, our Board of Directors suspended the payment of dividends on our common stock indefinitely. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend on many factors including our receipt of dividends from our operating subsidiaries, our financial condition and results of operations, the capital requirements of our subsidiaries, legal requirements, regulatory constraints, our credit and financial strength ratings and such other factors as the Board of Directors deems relevant. We cannot assure you when, whether or at what level we will resume paying dividends on our common stock.

See "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

We act as a holding company for our subsidiaries and do not have any significant operations of our own. As a result, our ability to pay dividends in the future will depend on receiving dividends from our subsidiaries. Our insurance subsidiaries are subject to the laws of the jurisdictions in which they are domiciled and licensed and consequently are limited in the amount of dividends that they can pay. See "Part I—Item 1—Business—Regulation."

Table of Contents

Item 6. Selected Financial Data

The following table sets forth selected financial information. The selected financial information as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 has been derived from our consolidated financial statements, which have been audited by KPMG LLP and are included in "Item 8—Financial Statements and Supplementary Data." You should read this information in conjunction with the information under "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements, the related notes and the accompanying independent registered public accounting firm's report, which are included in "Item 8—Financial Statements and Supplementary Data."

(Amounts in millions, except per share amounts)	Years ended December 31, 2015	2014	2013	2012	2011
Consolidated Statements of Income Information					
Revenues:					
Premiums	$4,579	$ 4,700	$4,516	$4,364	$4,850
Net investment income	3,138	3,142	3,155	3,216	3,210
Net investment gains (losses)	(75)	(22)	(64)	22	(194)
Policy fees and other income	906	909	1,018	1,226	1,037
Total revenues	8,548	8,729	8,625	8,828	8,903
Benefits and expenses:					
Benefits and operating expenses	8,144	9,595	7,182	7,752	8,445
Interest expense	419	433	450	431	468
Total benefits and expenses	8,563	10,028	7,632	8,183	8,913
Income (loss) from continuing operations before income taxes	(15)	(1,299)	993	645	(10)
Provision (benefit) for income taxes	(9)	(94)	313	131	(45)
Income (loss) from continuing operations	(6)	(1,205)	680	514	35
Income (loss) from discontinued operations, net of taxes(1)	(407)	157	34	11	142
Net income (loss)	(413)	(1,048)	714	525	177
Less: net income attributable to noncontrolling interests(2)	202	196	154	200	139
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (615)	$ (1,244)	$ 560	$ 325	$ 38
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders per common share:					
Basic	$ (0.42)	$ (2.82)	$ 1.07	$ 0.64	$ (0.21)
Diluted (3)	$ (0.42)	$ (2.82)	$ 1.05	$ 0.63	$ (0.21)
Income (loss) from discontinued operations, net of taxes, available to Genworth Financial, Inc.'s common stockholders per common share:					
Basic (1)	$ (0.82)	$ 0.32	$ 0.07	$ 0.02	$ 0.29
Diluted (1)	$ (0.82)	$ 0.32	$ 0.07	$ 0.02	$ 0.29
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:					
Basic	$ (1.24)	$ (2.51)	$ 1.13	$ 0.66	$ 0.08
Diluted (3)	$ (1.24)	$ (2.51)	$ 1.12	$ 0.66	$ 0.08
Weighted-average common shares outstanding:(4)					
Basic	497.4	496.4	493.6	491.6	490.6
Diluted (3)	497.4	496.4	498.7	494.4	493.5
Cash dividends declared per common share	$ —	$ —	$ —	$ —	$ —

Table of Contents

(Amounts in millions)	Years ended December 31, 2015	2014	2013	2012	2011
Selected Segment Information					
Total revenues:					
U.S. Mortgage Insurance	$ 665	$ 639	$ 616	$ 676	$ 702
Canada Mortgage Insurance	564	669	760	786	823
Australia Mortgage Insurance	474	537	555	567	612
U.S. Life Insurance	6,545	6,587	6,330	6,250	6,130
Runoff	259	275	302	381	525
Corporate and Other	41	22	62	168	111
Total	$ 8,548	$ 8,729	$ 8,625	$ 8,828	$ 8,903
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders:					
U.S. Mortgage Insurance	$ 179	$ 91	$ 37	$ (114)	$ (494)
Canada Mortgage Insurance	140	167	182	239	162
Australia Mortgage Insurance	103	27	227	140	218
U.S. Life Insurance	(253)	(1,405)	384	274	356
Runoff	(5)	14	49	58	(37)
Corporate and Other	(372)	(295)	(353)	(283)	(309)
Total	$ (208)	$ (1,401)	$ 526	$ 314	$ (104)
Consolidated Balance Sheet Information					
Total investments	$ 69,128	$ 71,773	$ 67,203	$ 72,638	$ 70,227
All other assets (5)	37,176	37,400	38,370	37,663	38,630
Assets held for sale (1)	127	2,143	2,425	2,964	3,265
Total assets	$ 106,431	$ 111,316	$ 107,998	$ 113,265	$ 112,122
Policyholder liabilities	$ 74,087	$ 73,313	$ 69,733	$ 70,744	$ 69,422
Non-recourse funding obligations	1,920	1,981	2,021	2,047	3,220
Long-term borrowings	4,570	4,612	5,131	4,748	4,697
All other liabilities	11,090	13,519	14,242	16,527	17,091
Liabilities held for sale (1)	127	1,094	1,251	1,418	1,560
Total liabilities	$ 91,794	$ 94,519	$ 92,378	$ 95,484	$ 95,990
Accumulated other comprehensive income (loss)	$ 3,010	$ 4,446	$ 2,542	$ 5,202	$ 4,047
Noncontrolling interests (2)	$ 1,813	$ 1,874	$ 1,227	$ 1,288	$ 1,110
Total equity	$ 14,637	$ 16,797	$ 15,620	$ 17,781	$ 16,132
U.S. Statutory Financial Information (6)					
Statutory capital and surplus (7)	$ 4,941	$ 5,409	$ 5,104	$ 4,489	$ 4,604
Asset valuation reserve	$ 339	$ 311	$ 272	$ 218	$ 149

(1) On December 1, 2015, we sold our lifestyle protection insurance business, which was accounted for as discontinued operations and its financial position and results of operations were separately reported for all periods presented. On October 27, 2015, we announced that GMICO, our wholly-owned indirect subsidiary, entered into an agreement to sell our European mortgage insurance business. As the held-for-sale criteria were satisfied during the fourth quarter of 2015, we reported this business as held for sale and its financial position is separately reported for all periods presented. On August 30, 2013, we sold our wealth management business, which was accounted for as discontinued operations and its financial position and results of operations were separately reported for all periods presented. Also included in discontinued operations was our tax and advisor unit, Genworth Financial Investment Services, which was part of our

wealth management business until its sale on April 2, 2012. See note 24 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information.

(2) Noncontrolling interests relate to the IPOs of our Australian and Canadian mortgage insurance businesses. On May 21, 2014, Genworth Australia, a holding company for Genworth's Australian mortgage insurance business, completed an IPO of 220,000,000 of its ordinary shares. Following completion of the initial offering, we beneficially owned 66.2% of the ordinary shares of Genworth Australia. On May 15, 2015, we sold 92,300,000 of our shares in Genworth Australia at AUD$3.08 per ordinary share. Following completion of this offering, Genworth Financial beneficially owns 52.0% of the ordinary shares of Genworth Australia through subsidiaries. We completed an IPO of our Canadian mortgage insurance business in July 2009 which reduced our ownership percentage to 57.5%. We currently hold approximately 57.3% of the outstanding common shares of Genworth Canada on a consolidated basis through subsidiaries. See note 23 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to noncontrolling interests.

(3) Under applicable accounting guidance, companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of our loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the years ended December 31, 2015 and 2014, we were required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share for the years ended December 31, 2015 and 2014, as the inclusion of shares for stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs") of 1.6 million and 5.6 million, respectively, would have been antidilutive to the calculation. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the years ended December 31, 2015 and 2014, dilutive potential weighted-average common shares outstanding would have been 499.0 million and 502.0 million, respectively.

(4) The number of shares used in our calculation of diluted earnings per common share in 2011, 2012, 2013, 2014 and 2015 was affected by stock options, RSUs and SARs and was calculated using the treasury method.

(5) We have several significant reinsurance transactions with UFLIC, an affiliate of GE, our former parent company, in which we ceded certain blocks of structured settlement annuities, variable annuities and long-term care insurance. As a result of these transactions, we transferred investment securities to UFLIC and recorded a reinsurance recoverable that was included in "all other assets." For a discussion of this transaction, refer to note 8 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data."

(6) We derived the U.S. Statutory Financial Information from Annual Statements of our U.S. domiciled insurance company subsidiaries that were filed with the insurance departments in states where we are domiciled and were prepared in accordance with statutory accounting practices prescribed or permitted by the insurance departments in states where we are domiciled. These statutory accounting practices vary in certain material respects from U.S. GAAP.

(7) Combined statutory capital and surplus for our U.S. domiciled insurance subsidiaries includes surplus notes issued by our U.S. life insurance subsidiaries and statutorily required contingency reserves held by our U.S. mortgage insurance subsidiaries.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included in "Item 8—Financial Statements and Supplementary Data."

Overview

Our business

We are dedicated to helping meet the homeownership and long-term care needs of our customers. We have the following five operating business segments: U.S. Mortgage Insurance; Canada Mortgage Insurance; Australia Mortgage Insurance; U.S. Life Insurance; and Runoff. We also have Corporate and Other activities.

Our financial information

The financial information in this Annual Report on Form 10-K has been derived from our consolidated financial statements.

Revenues and expenses

Our revenues consist primarily of the following:

- ***U.S. Mortgage Insurance.*** The revenues in our U.S. Mortgage Insurance segment consist primarily of:
  - net premiums earned on U.S. mortgage insurance policies;
  - net investment income and net investment gains (losses) on the segment's separate investment portfolio; and
  - fee revenues from contract underwriting services.
- ***Canada Mortgage Insurance.*** The revenues in our Canada Mortgage Insurance segment consist primarily of:
  - net premiums earned on Canada mortgage insurance policies; and
  - net investment income and net investment gains (losses) on the segment's separate investment portfolio.
- ***Australia Mortgage Insurance.*** The revenues in our Australia Mortgage Insurance segment consist primarily of:
  - net premiums earned on Australia mortgage insurance policies; and
  - net investment income and net investment gains (losses) on the segment's separate investment portfolio.
- ***U.S. Life Insurance.*** The revenues in our U.S. Life Insurance segment consist primarily of:
  - net premiums earned on individual and group long-term care insurance, individual term life insurance and single premium immediate annuities with life contingencies;
  - net investment income and net investment gains (losses) on the segment's separate investment portfolios; and
  - policy fees and other income, including surrender charges, mortality and expense risk charges, and other administrative charges.
- ***Runoff.*** The revenues in our Runoff segment consist primarily of:
  - net investment income and net investment gains (losses) on the segment's separate investment portfolios; and

- policy fees and other income, including mortality and expense risk charges, primarily from variable annuity contracts, and other administrative charges.

- ***Corporate and Other.*** The revenues in Corporate and Other activities consist primarily of:
  - net premiums earned primarily on mortgage insurance policies in certain smaller international mortgage insurance businesses;
  - unallocated net investment income and net investment gains (losses); and
  - policy fees and other income from other businesses that are managed outside of our operating segments and eliminations of inter-segment transactions.

Our expenses consist primarily of the following:

- benefits provided to policyholders and contractholders and changes in reserves;
- interest credited on general account balances;
- acquisition and operating expenses, including commissions, marketing expenses, policy and contract servicing costs, overhead and other general expenses that are not capitalized (shown net of deferrals);
- amortization of DAC and other intangible assets;
- goodwill impairment charges;
- interest and other financing expenses; and
- income taxes.

We allocate corporate expenses to each of our operating segments using various methodologies, including based on the amount of capital allocated to each operating segment.

In the first quarter of 2015, we revised how we allocate our consolidated provision for income taxes to our operating segments to simplify our process and reflect how our chief operating decision maker is evaluating segment performance. Our revised methodology applies a specific tax rate to the pre-tax income (loss) of each segment, which is then adjusted in each segment to reflect the tax attributes of items unique to that segment such as foreign income. The difference between the consolidated provision for income taxes and the sum of the provision for income taxes in each segment is reflected in Corporate and Other activities. Previously, we calculated a unique income tax provision for each segment based on quarterly changes to tax attributes and implications of transactions specific to each product within the segment.

The annually-determined tax rates and adjustments to each segment's provision for income taxes are estimates which are subject to review and could change from year to year. Prior year amounts have not been re-presented to reflect this revised presentation and are, therefore, not comparable to the current year provision for income taxes by segment. However, we do not believe that the previous methodology would have resulted in a materially different segment-level provision for income taxes.

Beginning in the first quarter of 2015, the effective tax rates disclosed herein are calculated using whole dollars. As a result, the percentages shown may differ from an effective tax rate calculated using rounded numbers.

Executive Summary of Financial Results

Below is an executive summary of our consolidated financial results for the periods indicated. Amounts below are net of taxes, unless otherwise indicated.

2015 compared to 2014

- We had a net loss available to Genworth Financial, Inc.'s common stockholders of $615 million in 2015 compared to $1,244 million in 2014.
- We recorded a DAC impairment of $296 million in our life insurance business in 2015 related to a life block transaction discussed below. In addition, we recorded a charge of $194 million related to our annual review of assumptions in our universal and term universal life insurance products in 2015. For additional information on our annual assumption review and the related impacts on DAC, PVFP and reserves, see "—Critical Accounting Estimates." We also had a net $69 million of increased premiums and reduced benefits from in-force rate actions in our long-term care insurance business in 2015.
- In 2015, we also recorded a loss of $407 million related to our lifestyle protection insurance business and an estimated loss of $141 million related to the planned sale of our mortgage insurance business in Europe. See "—Significant Developments" below for additional information regarding these transactions.
- In 2014, we increased reserves in our long-term care insurance business by $478 million as a result of our loss recognition testing completed in the fourth quarter of 2014 and by $345 million related to the completion of a review of our claim reserves in the third quarter of 2014. For additional information on reserves, see "—Critical Accounting Estimates—Insurance liabilities and reserves." We also recorded goodwill impairments of $791 million in our U.S. Life Insurance segment in 2014.
- As we considered potential business portfolio changes in the fourth quarter of 2014, we recognized a tax charge of $174 million associated with our Australian mortgage insurance business as we could no longer assert our intent to permanently reinvest earnings in that business. We also recorded a charge of $31 million in the fourth quarter of 2014 in connection with our plans to sell our lifestyle protection insurance business from a change to the permanent reinvestment assertion on one of its legal entities.

2014 compared to 2013

- We had a net loss available to Genworth Financial, Inc.'s common stockholders of $1,244 million in 2014 compared to net income available to Genworth Financial, Inc.'s common stockholders of $560 million in 2013.
- In 2014, we increased reserves in our long-term care insurance business by $478 million as a result of our loss recognition testing completed in the fourth quarter of 2014 and by $345 million related to the completion of a review of our claim reserves in the third quarter of 2014. For additional information on reserves, see "—Critical Accounting Estimates—Insurance liabilities and reserves." We also recorded goodwill impairments of $791 million in our U.S. Life Insurance segment in 2014. These decreases were partially offset by $102 million of increased premiums and reduced benefits from in-force rate actions in our long-term care insurance business in 2014.
- As we considered potential business portfolio changes in the fourth quarter of 2014, we recognized a tax charge of $174 million associated with our Australian mortgage insurance business as we could no longer assert our intent to permanently reinvest earnings in that business. We also recorded a charge of $31 million in the fourth quarter of 2014 in connection with our plans to sell our lifestyle protection insurance business from a change to the permanent reinvestment assertion on one of its legal entities. There was also a decrease of $56 million attributable to the IPO of 33.8% of our Australian mortgage insurance business in 2014.
- In 2014, we recorded $123 million of higher income from discontinued operations primarily related to tax benefits. The net loss available to Genworth Financial, Inc.'s common stockholders in 2014 also included an aggregate increase in our claim reserves in our U.S. mortgage insurance business of $34

million in connection with the settlement agreement with Bank of America, N.A. and the resolution of a second matter involving a dispute with another servicer over loss mitigation activities and a correction of $32 million in our life insurance business related to reserves on a reinsurance transaction.

Significant Developments

The periods under review include, among others, the following significant developments.

Dispositions

- *Sale of our lifestyle protection insurance business.*On December 1, 2015, we sold our lifestyle protection insurance business to AXA and received approximately $493 million with net proceeds of approximately $400 million, subject to the finalization of closing balance sheet purchase price adjustments. See note 24 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.
- *Agreement to sell our mortgage insurance business in Europe.* On October 27, 2015, we entered into an agreement to sell our European mortgage insurance business that is expected to result in net proceeds of approximately $55 million to GMICO. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals. See note 24 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.
- *Agreement to sell life insurance block.* On September 30, 2015, GLAIC, our indirect wholly-owned subsidiary, entered into a Master Agreement (the “Master Agreement”) for a life block transaction with Protective Life Insurance Company (“Protective Life”). Pursuant to the Master Agreement, GLAIC and Protective Life agreed to enter into a reinsurance agreement, under the terms of which Protective Life would coinsure certain term life insurance business of GLAIC (the “GLAIC Block”), net of third-party reinsurance. The transaction closed in January 2016. See note 6 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.
- *Partial sale of Genworth Australia.* In May 2014, we completed an IPO of Genworth Australia, in which we sold a 33.8% interest in this business. In May 2015, we sold an additional 14.2% of our interest in Genworth Australia. After completion of the offering, we beneficially own 52.0% of Genworth Australia. See note 23 in our consolidated financial statements under “Part II—Item 8—Financial Statements and Supplementary Data” for additional information.

U.S. Mortgage Insurance

- *PMIERs compliance.* As of December 31, 2015, our U.S. mortgage insurance business was compliant with the PMIERs capital requirements, with a prudent buffer. Our U.S. mortgage insurance business generated a total of approximately $535 million in PMIERs capital credit in 2015 from three GSE approved reinsurance transactions covering our 2009 through 2015 book years as well as the intercompany sale of its ownership of affiliated preferred securities for approximately $200 million and an internal restructuring of legal entities. For additional information related to PMIERs, see “Part I— Item 1—Business—Regulation—Mortgage Insurance Regulation—Other U.S. regulation.”
- *Completion of new reinsurance transactions.* Our U.S. mortgage insurance business has entered into three separate reinsurance transactions for the primary purpose of obtaining capital credit under PMIERs in order to meet the PMIERs financial requirements. The reinsurance coverage is provided by a panel of reinsurance partners each currently rated “A” or better by S&P or A.M Best. The reinsurance transactions cover our 2009 through 2015 book years and are structured as excess of loss coverage where both the attachment and detachment points of the ceded risk tier are within the PMIERs capital requirements at inception. The reinsurance transactions provided an aggregate of approximately $535 million of PMIERs capital credit as of December 31, 2015, representing approximately 43% of the gross aggregate PMIER Required Assets on the performing 2009 through 2015 book years. The 2015 treaty currently includes eligible mortgage insurance certificates issued through the third quarter of 2015 but will include eligible certificates issued in the fourth quarter of 2015 beginning January 1,

2016. The treaties for our 2009 through 2013 and 2014 book years were closed block transactions. Each reinsurance treaty has a term of 10 years and each grant Genworth a unilateral right to commute after year three subject to certain performance triggers.

U.S. Life Insurance

- *Announced initiative to restructure our U.S. life insurance businesses.* On February 4, 2016, we announced our initiative to restructure our U.S. life insurance businesses by repatriating our existing business from BLAIC to our U.S. life insurance subsidiaries, and then separating and potentially isolating our long-term care insurance business. Once all business is repatriated from BLAIC, we intend through a series of reinsurance and restructuring transactions to separate our long-term care insurance business into GLIC and GLICNY and then potentially isolate this business from Genworth Holdings. These actions are expected to be part of a multi-phased process and will require regulatory approval from several different regulatory jurisdictions, and may require other third-party approvals. We would aim to complete these actions over the next 12 to 18 months. As part of this restructuring plan, we have committed to contribute $200 million of holding company cash (from the anticipated tax benefit related to a life block transaction that closed in January 2016 and is expected to be paid to the holding company in the third quarter of 2016) to GLIC.
- *Suspension of sales of our traditional life insurance and fixed annuity products.* As part of our initiative announced on February 4, 2016 to restructure our U.S. life insurance businesses, we decided to suspend sales of our traditional life insurance and fixed annuity products after the first quarter of 2016 given the continued impact of ratings and recent sales levels of these products. This action is expected to reduce cash expenses by approximately $50 million pre-tax annually and we expect to record a restructuring charge of approximately $15 million pre-tax in the first quarter of 2016 related to this decision.
- *Rate actions in our long-term care insurance business.* As part of our strategy for our long-term care insurance business, we have been implementing, and expect to continue to pursue, significant premium rate increases on the older generation blocks of business that were written before 2002. We are also requesting premium rate increases on newer blocks of business, as needed. For all of these rate action filings, we received 35 filing approvals from 24 states in 2015, representing a weighted-average increase of 29% on $739 million in annualized in-force premiums. We also submitted 79 new filings in 28 states in 2015, representing $546 million in in-force premiums.
- *Long-term care insurance margins.* In the fourth quarter of 2015, we completed our annual assumption review for our long-term care insurance business and our U.S. GAAP margins remain positive at levels slightly above our prior year margins. For additional information on reserves, see "—Critical Accounting Estimates—Insurance liabilities and reserves."
- *Completion of life insurance assumption review.* In the fourth quarter of 2015, we completed our annual review of assumptions, which resulted in $194 million of charges, which included $36 million of corrections related to reinsurance inputs, in our universal and term universal life insurance products. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements.
- *RBC ratio*. The consolidated RBC ratio of our U.S. domiciled life insurance subsidiaries was approximately 393% and 435% of the company action level as of December 31, 2015 and 2014, respectively. The RBC ratio for the year ended December 31, 2015 was impacted by $198 million of additional statutory reserves primarily reflecting assumption updates in our universal and term universal life insurance products in the fourth quarter of 2015. In addition, based on our annual statutory cash flow testing of our long-term care insurance business, our New York insurance subsidiary recorded $89 million of additional statutory reserves in the fourth quarter of 2015.
- *Suspension of distribution by certain distributors.* Several distributors suspended distribution related to our U.S. life insurance products following the adverse rating actions after the announcement of our results for the third and fourth quarters of 2014. Those distributors represented, in aggregate, approximately 18%, 16% and 9%, respectively, of 2014 sales of our linked-benefits, annuities and long-term care insurance products.

Following the adverse rating actions after the announcement of our results for the fourth quarter of 2015, additional distributors, representing in excess of 20% of our 2015 individual long-term care insurance sales, suspended distribution of our long-term care insurance products.

Liquidity and Capital Resources

- *Redemption of 2016 notes.* In January 2016, Genworth Holdings redeemed $298 million of its 8.625% senior notes due 2016 issued in December 2009 (the "2016 Notes") and paid accrued and unpaid interest and a make-whole premium of approximately $23 million pre-tax using cash proceeds received from the sale of our lifestyle protection insurance business.

Business trends and conditions

Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions. We have described certain materials trends and conditions in the relevant consolidated and segment discussions below.

Critical Accounting Estimates

The accounting estimates (including sensitivities) discussed in this section are those that we consider to be particularly critical to an understanding of our consolidated financial statements because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on our financial results. The sensitivities included in this section involve matters that are also inherently uncertain and involve the exercise of significant judgment in selecting the factors and amounts used in the sensitivities. Small changes in the amounts used in the sensitivities or the use of different factors could result in materially different outcomes from those reflected in the sensitivities. For all of these accounting estimates, we caution that future events seldom develop exactly as estimated and management's best estimates may require adjustment.

Valuation of fixed maturity securities. Our portfolio of fixed maturity securities comprises primarily investment grade securities, which are carried at fair value.

Estimates of fair values for fixed maturity securities are obtained primarily from industry-standard pricing methodologies utilizing market observable inputs. For our less liquid securities, such as our privately placed securities, we utilize independent market data to employ alternative valuation methods commonly used in the financial services industry to estimate fair value. Based on the market observability of the inputs used in estimating the fair value, the pricing level is assigned.

The following tables summarize the primary sources of data considered when determining fair value of each class of fixed maturity securities as of December 31:

	2015			
(Amounts in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
Pricing services	$52,141	$ —	$52,141	$ —
Broker quotes	1,646	—	—	1,646
Internal models	4,410	—	876	3,534
Total fixed maturity securities	$58,197	$ —	$53,017	$5,180

	2014			
(Amounts in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed maturity securities:				
Pricing services	$54,641	$ —	$54,641	$ —
Broker quotes	1,829	—	—	1,829
Internal models	4,607	—	682	3,925
Total fixed maturity securities	$61,077	$ —	$55,323	$5,754

See notes 2, 4 and 16 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for additional information related to the valuation of fixed maturity securities and a description of the fair value measurement estimates and level assignments.

Other-than-temporary impairments on available-for-sale securities. As of each balance sheet date, we evaluate securities in an unrealized loss position for other-than-temporary impairments. For debt securities, we consider all available information relevant to the collectability of the security, including information about past events, current conditions, and reasonable and supportable forecasts, when developing the estimate of cash flows expected to be collected. For equity securities, we recognize an impairment charge in the period in which we determine that the security will not recover to book value within a reasonable period.

See notes 2 and 4 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for additional information related to other-than-temporary impairments on available-for-sale securities.

Derivatives. We enter into freestanding derivative transactions primarily to manage the risk associated with variability in cash flows or changes in fair values related to our financial assets and liabilities. We also use derivative instruments to hedge certain currency exposures. Additionally, we purchase investment securities, issue certain insurance policies and engage in certain reinsurance contracts that have embedded derivatives. The associated financial statement risk is the volatility in net income which can result from among other things: (i) changes in the fair value of derivatives not qualifying as accounting hedges; (ii) changes in the fair value of embedded derivatives required to be bifurcated from the related host contract; (iii) ineffectiveness of designated hedges; and (iv) counterparty default. Accounting for derivatives is complex, as evidenced by significant authoritative interpretations of the primary accounting standards which continue to evolve. See notes 2, 5 and 16 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for an additional description of derivative instruments and fair value measurements of derivative instruments.

Deferred acquisition costs. DAC represents costs that are directly related to the successful acquisition of new and renewal insurance policies and investment contracts which are deferred and amortized over the estimated life of the related insurance policies. These costs primarily include commissions in excess of ultimate renewal commissions and underwriting and contract and policy issuance expenses for policies successfully acquired. DAC is subsequently amortized to expense in relation to the anticipated recognition of premiums or gross profits.

The amortization of DAC for traditional long-duration insurance products (including term life insurance, life-contingent structured settlements and immediate annuities and long-term care insurance) is determined as a level proportion of premium based on accepted actuarial methods and reasonable assumptions including related to investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured mortality (i.e., life expectancy or longevity), insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses, established when the contract or policy is issued. U.S. GAAP requires that assumptions for these types of products not be modified (or unlocked) unless recoverability testing, also known as loss recognition testing, deems them to be inadequate. Amortization is adjusted each period to reflect actual lapses or terminations. Accordingly, we could experience accelerated amortization of DAC if policies lapse or terminate earlier than originally assumed, or if we fail recoverability testing.

Amortization of DAC for deferred annuity and universal life insurance contracts is based on expected gross profits. Expected gross profits are adjusted quarterly to reflect actual experience to date or for the unlocking of underlying key assumptions including interest rates, policyholder persistency or lapses, insured mortality and expenses. The estimation of expected gross profits is subject to change given the inherent uncertainty as to the underlying key assumptions employed and the long duration of our policy or contract liabilities. Changes in expected gross profits reflecting the unlocking of underlying key assumptions could result in a material increase

or decrease in the amortization of DAC depending on the magnitude of the change in underlying assumptions. Significant factors that could result in a material increase or decrease in DAC amortization for these products include material changes in withdrawal or lapse rates, investment spreads or mortality assumptions. For the years ended December 31, 2015, 2014 and 2013, key assumptions were unlocked in our U.S. Life Insurance and Runoff segments to reflect our current expectation of future investment spreads, lapse rates and mortality.

The amortization of DAC for mortgage insurance is based on expected gross margins. Expected gross margins, defined as premiums less losses, are set based on assumptions for future persistency and loss development of the business. These assumptions are updated for actual experience to date or as our expectations of future experience are revised based on experience studies. Due to the inherent uncertainties in making assumptions about future events, materially different experience from expected results in persistency or loss development could result in a material increase or decrease to DAC amortization. For the years ended December 31, 2015, 2014 and 2013, assumptions were unlocked in our mortgage insurance businesses to reflect our current expectation of future persistency and loss projections.

The following table sets forth the increase (decrease) in amortization of DAC related to unlocking of underlying key assumptions by segment for the years ended December 31:

(Amounts in millions)	2015	2014	2013
U.S. Life Insurance	$ 97	$ 4	$ 21
Canada Mortgage Insurance	—	—	1
Australia Mortgage Insurance	1	—	—
U.S. Mortgage Insurance	1	—	—
Runoff	(5)	(9)	1
Total	$ 94	$ (5)	$ 23

The DAC amortization methodology for our variable products (variable annuities and variable universal life insurance) includes a long-term average appreciation assumption of 7.5% to 8.0%. When actual returns vary from the expected 7.5% to 8.0%, we assume a reversion to the expected return over a three-year period.

We review DAC for recoverability at least annually. For deferred annuity and universal life insurance contracts, if the present value of estimated future gross profits is less than the unamortized DAC for a line of business, a charge to income is recorded for additional DAC amortization. For traditional long-duration and short-duration contracts, if the benefit reserves plus anticipated future premiums and interest income for a line of business are less than the current estimate of future benefits and expenses (including any unamortized DAC), a charge to income is recorded for additional DAC amortization or for increased benefit reserves. The evaluation of DAC recoverability is subject to inherent uncertainty and requires significant judgment and estimates to determine the present values of future premiums, estimated gross profits and expected losses and expenses of our businesses.

In the fourth quarter of 2015, as part of our annual review of assumptions, we increased DAC amortization by $109 million in our universal life insurance products, reflecting updated assumptions for persistency, long-term interest rates, mortality and other refinements as well as corrections related to reinsurance inputs. The review of assumptions also contributed significantly to the 2015 impact on universal and term universal life policyholder account balances. Select sensitivities for persistency, long-term interest rates and mortality are more fully discussed under "—Insurance liabilities and reserves—Policyholder account balances" below.

As part of a life block transaction in 2015, we recorded $455 million of additional DAC amortization to reflect loss recognition on certain term life insurance policies. For the years ended December 31, 2014 and 2015, there were no other charges to income as a result of our DAC loss recognition testing. As of December 31, 2015, we believe all of our other businesses have sufficient future income where the related DAC is recoverable based on our best estimate assumptions. See notes 2 and 6 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to DAC.

Continued low interest rates have impacted the margins on our fixed immediate annuity products. As of December 31, 2015 and 2014, we had margin of approximately $19 million and $31 million, respectively, on $5,849 million and $6,204 million, respectively, of net U.S. GAAP liability related to our fixed immediate annuity products. The risks we face include adverse variations in interest rates and/or mortality. As of December 31, 2015 and 2014, we had DAC of $17 million and $22 million, respectively, related to our immediate annuity products. Adverse experience in one or both of these risks could result in the DAC associated with our immediate annuity products being no longer fully recoverable as well as the establishment of additional benefit reserves. As of December 31, 2015, for our immediate annuity products, 50 basis points lower interest rates and 2% lower mortality, changes that we consider to be reasonably possible given historical changes in market conditions and experience on these products, would result in margin reduction of approximately $27 million and $24 million, respectively. Margin reduction below zero results in a charge to current period earnings. Any favorable variation would result in additional margin in our DAC loss recognition analysis and would result in higher income recognition over the remaining duration of the in-force block. As of December 31, 2015, we believe all of our other businesses have sufficient future income where the related DAC would be recoverable under selected adverse variations in our assumptions. For a discussion of our long-term care insurance margins, see "—Insurance liabilities and reserves—Future policy benefits" below.

Present value of future profits. In conjunction with the acquisition of a block of insurance policies or investment contracts, a portion of the purchase price is assigned to the right to receive future gross profits arising from these insurance and investment contracts. This intangible asset, called PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. PVFP is amortized, net of accreted interest, in a manner similar to the amortization of DAC.

We regularly review our assumptions and periodically test PVFP for recoverability in a manner similar to our treatment of DAC. In the fourth quarter of 2015, as part of our annual review of assumptions, we increased PVFP amortization by $14 million for our universal life insurance products, reflecting updated assumptions for persistency, long-term interest rates, mortality and other refinements. During the fourth quarter of 2014, the loss recognition testing for our acquired block of long-term care insurance business resulted in a premium deficiency as described in "—Insurance liabilities and reserves—Future policy benefits" below. As a result, we wrote off the entire PVFP balance for our long-term care insurance business of $6 million through amortization with a corresponding change to net unrealized investment gains (losses). The results of the test were primarily driven by changes in our expectations for future severity of claims, including higher utilization of available benefits and lower rates at which claims terminate. As of December 31, 2015 and 2014, we believe all of our other businesses have sufficient future income where the related PVFP is recoverable based on our best estimate assumptions. For the year ended December 31, 2013, there were no charges to income as a result of our PVFP recoverability testing. See notes 2 and 7 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to PVFP.

Insurance liabilities and reserves. We calculate and maintain reserves for the estimated future payment of claims to our policyholders and contractholders based on actuarial assumptions and in accordance with U.S. GAAP and industry practice. Many factors can affect these reserves, including, but not limited to: interest rates; investment returns and volatility; economic and social conditions, such as inflation, unemployment, home price appreciation or depreciation, and health care experience (including type of care and cost of care); policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next); insured mortality (i.e., life expectancy or longevity); insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates); future premium increases; expenses; and doctrines of legal liability and damage awards in litigation. Because these factors are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past had, material impacts on our reserve levels, results of operations and financial condition.

Insurance reserves differ for long- and short-duration insurance policies. Measurement of reserves for long-duration insurance contracts (such as life insurance, annuity and long-term care insurance products) is based on approved actuarial methods, and includes assumptions about mortality, morbidity, lapses, interest rates and other factors. Short-duration contracts are accounted for based on actuarial estimates of the amount of loss inherent in that period's claims, including losses incurred for which claims have not been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events.

Future policy benefits

The liability for future policy benefits is equal to the present value of future benefits and expenses, less the present value of expected future net premiums based on assumptions including investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured mortality (i.e., life expectancy or longevity), insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses. In our long-term care insurance business, our assumptions also include anticipated future premium increases from future in-force rate actions (including anticipated actions that have not yet received regulatory approval). The liability for future policy benefits is reviewed at least annually as a part of our loss recognition testing using current assumptions based on the manner of acquiring, servicing and measuring the profitability of the insurance contracts. Loss recognition testing is generally performed at the line of business level, with acquired blocks and certain reinsured blocks tested separately. Changes in how we manage certain polices could require separate loss recognition testing and could result in future charges to income.

Long-term care insurance block, excluding our acquired block

We perform loss recognition testing for the liability for future policy benefits for our long-term care insurance products in the aggregate, excluding our acquired block of long-term care insurance, which is tested separately. In 2014, the results of our loss recognition testing on our long-term care insurance block, excluding the acquired block, indicated that our DAC was recoverable and reserves were sufficient, with a margin of approximately $2.3 billion as of December 31, 2014. The results of our 2014 loss recognition test were driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. Claim termination rates refer to the expected rates at which claims end. Benefit utilization rates estimate how much of the available policy benefits are expected to be used. Changes to our claim termination rates and benefit utilization rates in our long-term care insurance business decreased our margin by approximately $5.4 billion in 2014. We also included an assumption for future anticipated rate actions which increased our margin by approximately $4.9 billion in 2014. In the fourth quarter of 2014, we began including future rate actions in our loss recognition testing in addition to those rate actions that had already been filed and approved or awaiting regulatory approval. Our assumption for future anticipated rate actions is based on our best estimate of the rate increases we expect given our claims cost expectations and uses our historical experience from rate increase approvals. In addition, we reviewed other assumptions, particularly related to claim frequency, lapse rates, morbidity, mortality improvement and expenses, and updated these assumptions as appropriate, which had a modestly favorable impact on our margin in the aggregate.

In 2015, the results of our loss recognition testing on our long-term care insurance block, excluding the acquired block, indicated that our DAC was recoverable and reserves were sufficient, with a margin of approximately $2.5 billion to $3.0 billion as of December 31, 2015. Our loss recognition testing margin increased in 2015 mainly due to the updated assumptions and methodologies implemented during 2014 and from higher anticipated premiums driven mostly by our anticipated future in-force rate actions. The assumption for future anticipated rate actions increased our margin by approximately $6.0 billion, an increase of approximately $1.1 billion from 2014.

We assume a static discount rate that is in line with our current portfolio yield. Our discount rate assumption for our long-term care insurance block, excluding the acquired block, was 5.24% in 2015 and 5.23% in 2014. This

rate represents our expected investment returns based on the portfolio of assets supporting the net U.S. GAAP liability as of the calculation date and, therefore, excluded the benefits of qualifying hedge gains that are not currently amortizing. As of December 31, 2015 and 2014, the liability for future policy benefits associated with our long-term care insurance block, excluding the acquired block, was $18.0 billion and $16.5 billion, respectively.

The impact on our 2015 long-term care insurance loss recognition testing margin for select sensitivities were as follows:

(Amounts in millions)	Other Block (Excluding the Acquired Block)
Sensitivities on 2015 loss recognition testing:	
5% relative increase in future claim costs	$ (2,000)
Discount rate decrease of 25 basis points	(1,000)
10% reduction in benefit of future in-force rate actions	(600)

The margin impacts in the table above are each discrete and do not reflect the impact one factor may have on another. For example, the increases in claims costs do not include any offsetting impacts from potential future rate actions. Any such offset from rate actions would primarily impact our long-term care insurance block, excluding the acquired block.

Any future adverse changes in our assumptions could result in both the DAC associated with our long-term care insurance products being no longer fully recoverable as well as the establishment of additional future policy benefit reserves. Any favorable changes would result in additional margin in our loss recognition test and higher income over the remaining duration of the in-force block. Our positive margin for our long-term care insurance business, excluding the acquired block, is dependent on our assumptions regarding our ability to successfully implement our in-force management strategy involving premium increases or reduced benefits. For our long-term care insurance block, excluding the acquired block, any adverse changes in assumptions would only be reflected in net income (loss) to the extent the margin was reduced below zero.

Profits followed by losses

With respect to our long-term care insurance block, excluding the acquired block, while loss recognition testing supports that in the aggregate our reserves are sufficient, our future projections indicate we have projected profits in earlier periods followed by projected losses in later periods. As a result of this pattern of projected profits followed by projected losses, we will ratably accrue additional future policy benefit reserves over the profitable periods, currently expected to be through approximately 2034, by the amounts necessary to offset estimated losses during the periods that follow. Such additional reserves are updated each period and calculated based on our estimate of the amount necessary to offset the losses in future periods utilizing expected income and current best estimate assumptions based on actual and anticipated experience, consistent with our loss recognition testing. We adjust the accrual rate prospectively, going forward over the remaining profit periods, without any catch-up adjustment. During the year ended December 31, 2015, we increased our long-term care insurance future policy benefit reserves by $13 million to accrue for profits followed by losses. The present value of expected losses was approximately $500 million as of December 31, 2015. We currently estimate approximately 15% of future expected profits on our long-term care insurance block, excluding the acquired block, will be accrued in the future to offset estimated future losses during later periods.

Acquired block of long-term care insurance

In 2014, for our acquired block of long-term care insurance, we performed our loss recognition testing and determined that we had negative margin of $716 million. As a result, we wrote off the remaining PVFP balance of $6 million and increased our future policy benefit reserves by $710 million. The results of the test were driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. The updated assumptions from 2014 remain locked-in until such time as another premium deficiency exists. Due to the premium deficiency that existed in 2014, we monitor our acquired block frequently.

In 2015, our acquired block of long-term care insurance had positive margin of approximately $10 million. Our discount rate assumption decreased from 7.13% in 2014 to 7.02% in 2015, mainly due to the additional lower-yielding assets needed to fund the increase in reserves during the year. As of December 31, 2015 and 2014, the liability for future policy benefits associated with our acquired block of long-term care insurance was $2.6 billion and $2.8 billion, respectively.

The impact on our 2015 long-term care insurance loss recognition testing margin for select sensitivities were as follows:

(Amounts in millions)	Acquired Block
Sensitivities on 2015 loss recognition testing:	
5% relative increase in future claim costs	$ (185)
Discount rate decrease of 25 basis points	(55)
10% reduction in benefit of future in-force rate actions	(15)

The margin impacts in the table above are each discrete and do not reflect the impact one factor may have on another. For example, the increases in claims costs do not include any offsetting impacts from potential future rate actions. Our acquired block would not benefit significantly from additional rate actions as it is older, and therefore, there is a higher likelihood that adverse changes could result in additional losses on that block.

Any future adverse changes in our assumptions could result in the establishment of additional future policy benefit reserves. Any favorable changes would result in additional margin in our loss recognition test and higher income over the remaining duration of the in-force block. For our acquired block of long-term care insurance, the impacts of adverse changes in assumptions would be immediately reflected in net income (loss) if our margin for this block is reduced below zero.

Policyholder Account Balances

The liability for policyholder account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date for investment-type and universal life insurance contracts. We are also required to establish additional benefit reserves for guarantees or product features in addition to the contract value where the additional benefit reserves are calculated by applying a benefit ratio to accumulated contractholder assessments, and then deducting accumulated paid claims. The benefit ratio is equal to the ratio of benefits to assessments, accumulated with interest and considering both past and anticipated future experience.

In the fourth quarter of 2015, as part of our annual review of assumptions, we increased the liability for policyholder account balances by $175 million for our universal and term universal life insurance products, reflecting updated assumptions for persistency, long-term interest rates, mortality and other refinements. As of December 31, 2015 and 2014, we had DAC of $898 million and $975 million, respectively, and total policyholder account balances including reserves in excess of the contract value of $7,490 million and $7,173 million, respectively, related to our universal and term universal life insurance products. Adverse experience in persistency, long-term interest rates and mortality could result in the DAC amortization associated with these products being accelerated as well as the establishment of higher additional benefit reserves. As of December 31, 2015, for our universal and term universal life insurance products, a persistency change to 95% shock lapse at the end of level premium period, 25 basis points lower interest rates and 2% higher mortality would result in a charge to earnings of approximately $100 million, $40 million and $50 million, respectively. These are adverse changes that we consider to be reasonably possible given historical changes in market conditions and experience of these products. Any favorable changes in these assumptions would result in lower DAC amortization as well as a reduction in the liability for policyholder account balances.

Table of Contents

Liability for policy and contract claims

The liability for policy and contract claims represents the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. The estimated liability includes requirements for future payments of: (a) claims that have been reported to the insurer; (b) claims related to insured events that have occurred but that have not been reported to the insurer as of the date the liability is estimated; and (c) claim adjustment expenses. Claim adjustment expenses include costs incurred in the claim settlement process such as legal fees and costs to record, process and adjust claims.

Our liability for policy and contract claims is reviewed regularly, with changes in our estimates of future claims recorded through net income (loss).

The following table sets forth our recorded liability for policy and contract claims by business as of December 31:

(Amounts in millions)	2015	2014
Long-term care insurance	$6,749	$6,216
U.S. mortgage insurance	849	1,180
Life insurance	202	197
Australia mortgage insurance	165	152
Canada mortgage insurance	87	91
Fixed annuities	18	21
Runoff	18	15
Other mortgage insurance	7	9
Total liability for policy and contract claims	$8,095	$7,881

Long-term care insurance

The liability for policy and contract claims, also known as claim reserves, for our long-term care insurance products represents the present value of the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. Key assumptions include investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured mortality (i.e., life expectancy or longevity), insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses. Our discount rate assumption assumes a static discount rate in-line with our current portfolio yield.

During the third quarter of 2014, we completed a comprehensive review of our long-term care insurance claim reserves. This review was commenced as a result of adverse claims experience during the second quarter of 2014 and in connection with our regular review of our claim reserve assumptions during the third quarter of each year. As a result of this review, we made changes to our assumptions and methodologies relating to our long-term care insurance claim reserves primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates, reflecting that claims are not terminating as quickly and claimants are utilizing more of their available benefits in aggregate than had previously been assumed in our reserve calculations. As a result of these changes, we increased our long-term care insurance claim reserves by $604 million, before reinsurance, during the third quarter of 2014. The changes in our assumptions relating to our long-term care insurance claim reserves also informed the review of and changes to assumptions and methodologies used in our fourth quarter of 2014 loss recognition testing, as discussed above. In 2015, we reviewed our assumptions and based on experience, no adjustment was required.

Mortgage insurance

Estimates of mortgage insurance reserves for losses and loss adjustment expenses are based on notices of mortgage loan defaults and estimates of defaults that have been incurred but have not been reported by loan servicers, using assumptions developed based on past experience and our expectation of future development. These assumptions include claim rates for loans in default, the average amount paid for loans that result in a claim and an estimate of the number of loans in our delinquency inventory that will be rescinded or modified (collectively referred to as "loss mitigation actions") based on the effects that such loss mitigation actions have had on our historical claim frequency rates, including an estimate for reinstatement of previously rescinded coverage. Each of these assumptions is established by management based on historical and expected experience. We have established processes, as well as contractual rights, to ensure we receive timely information from loan servicers to aid us in the establishment of our estimates. In addition, when we have obtained sufficient facts and circumstances through our investigative process, we have the unilateral right under our master policies and at law to rescind coverage *ab initio* on the underlying loan certificate as if coverage never existed. As is common accounting practice in the mortgage insurance industry and in accordance with U.S. GAAP, loss reserves are not established for future claims on insured loans that are not currently in default.

Management reviews quarterly the loss reserves for adequacy, and if indicated, updates the assumptions used for estimating and calculating such reserves based on actual experience and our historical frequency of claim and severity of loss rates that are applied to the current population of delinquencies. Factors considered in establishing loss reserves include claim frequency patterns (reflecting the loss mitigation actions on such claim patterns), the aged category of the delinquency (i.e., age and progression of delinquency to claim) and loan coverage percentage. The establishment of our mortgage insurance loss reserves is subject to inherent uncertainty and requires judgment. The actual amount of the claim payments may vary significantly from the loss reserve estimates. Our estimates could be adversely affected by several factors, including, but not limited to, a deterioration of regional or national economic conditions leading to a reduction in borrowers' income and thus their ability to make mortgage payments, a drop in housing values that could expose us to greater loss on resale of properties obtained through foreclosure proceedings and an adverse change in the effectiveness of loss mitigation actions that could result in an increase in the frequency of expected claim rates. Our estimates are also affected by the extent of fraud and misrepresentation that we uncover in the loans that we have insured and the coverage upon which we have consequently rescinded or may rescind going forward. Our loss reserving methodology includes estimates of the number of loans in our delinquency inventory that will be rescinded or modified, as well as estimates of the number of loans for which coverage may be reinstated under certain conditions following a rescission action.

In considering the potential sensitivity of the factors underlying management's best estimate of our mortgage insurance reserves for losses, it is possible that even a relatively small change in estimated delinquency-to-claim rate ("frequency") or a relatively small percentage change in estimated claim amount ("severity") could have a significant impact on reserves and, correspondingly, on results of operations. Based on our actual experience during the three-year period ended December 31, 2015 in our U.S. mortgage insurance business, a quarterly change of, for example, 3% in the average frequency reserve factor would change the gross reserve amount for such quarter by approximately $53 million for our U.S. mortgage insurance business. Based on our actual experience during 2015, a quarterly change of, for example, $1,000 in the average severity reserve factor combined with a 1% change in the average frequency reserve factor would change the gross reserve amount by approximately $3 million and $7 million for our mortgage insurance businesses in Canada and Australia, respectively, based on current exchange rates.

Unearned premiums. In our mortgage insurance businesses in Canada and Australia, the majority of our insurance contracts are single premium. For single premium insurance contracts, we recognize premiums over the policy life in accordance with the expected pattern of risk emergence. We recognize a portion of the revenue in premiums earned in the current period, while the remaining portion is deferred as unearned premiums and earned over time in accordance with the expected pattern of risk emergence. If single premium policies are cancelled and the premium is non-refundable, then the remaining unearned premium related to each cancelled

policy is recognized as earned premiums upon notification of the cancellation, if not included in our expected earnings pattern. The expected pattern of risk emergence on which we base premium recognition is inherently judgmental and is based on actuarial analysis of historical and expected experience. Changes in market conditions could cause a decline in mortgage originations, mortgage insurance penetration rates or our market share, all of which could impact new insurance written. For example, a decline in flow new insurance written of $1.0 billion in Canada and Australia would result in a reduction in earned premiums of approximately $6 million and $3 million, respectively, in the first full year following the decline in flow new insurance written based on current pricing and expected pattern of risk emergence. However, this decline would be partially offset by the recognition of earned premiums from established unearned premium reserves primarily from the last three years of business.

As of December 31, 2015 and 2014, we had $3.3 billion and $3.5 billion, respectively, of unearned premiums, of which $1.5 billion for each period related to our mortgage insurance business in Canada and $1.0 billion and $1.1 billion, respectively, related to our mortgage insurance business in Australia. In our mortgage insurance businesses, we recognize unearned premiums over a period of up to 20 years, most of which are recognized between three and seven years from issue date. The recognition of earned premiums for our mortgage insurance businesses in Canada and Australia involves significant estimates and assumptions as to future loss development and policy cancellations. These assumptions are based on our historical experience and our expectations of future performance, which are highly dependent on assumptions as to long-term macroeconomic conditions including interest rates, home price appreciation and the rate of unemployment. We regularly review our expected pattern of risk emergence and make adjustments based on actual experience and changes in our expectation of future performance with any adjustments reflected in current period income. For the years ended December 31, 2015, 2014 and 2013, increases to earned premiums in our mortgage insurance businesses in Canada and Australia as a result of adjustments made to our expected pattern of risk emergence and policy cancellation assumptions were $8 million, $6 million and $12 million, respectively.

Our expected pattern of risk emergence for our mortgage insurance businesses in Canada and Australia is subject to change given the inherent uncertainty as to the underlying loss development and policy cancellation assumptions and the long duration of our international mortgage insurance policy contracts. Actual experience that is different than expected for loss development or policy cancellations could result in a material increase or decrease in the recognition of earned premiums depending on the magnitude of the difference between actual and expected experience. Loss development emergence and policy cancellation variations could result in an increase or decrease in after-tax operating results depending on the magnitude of variation experienced (assuming other assumptions held constant).

In our U.S. mortgage insurance business, the majority of our insurance contracts have recurring premiums. We recognize recurring premiums over the terms of the related insurance policy on a pro-rata basis (i.e., monthly). Changes in market conditions could cause a decline in mortgage originations, mortgage insurance penetration rates and our market share, all of which could impact new insurance written. For example, a decline in flow new insurance written of $1.0 billion would result in a reduction in earned premiums of approximately $4 million in the first full year. Likewise, if flow persistency declined on our existing insurance in-force by 10%, earned premiums would decline by approximately $61 million during the first full year, potentially offset by lower reserves due to policies no longer being in force.

The remaining portion of our unearned premiums primarily relates to our long-term care insurance business where the underlying assumptions related to premium recognition are not subject to significant uncertainty. Accordingly, changes in underlying assumptions as to premium recognition we consider being reasonably possible for this business would not result in a material impact on our results of operations.

Valuation of deferred tax assets. Deferred tax assets represent the tax benefit of future deductible temporary differences and operating loss and tax credit carryforwards. Deferred tax assets are measured using the enacted tax rates expected to be in effect when such benefits are realized if there is no change in tax law. Under U.S. GAAP, we test the value of deferred tax assets for impairment on a quarterly basis at our taxpaying

component level within each tax jurisdiction, consistent with our filed tax returns. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. In determining the need for a valuation allowance, we consider carryback capacity, reversal of existing temporary differences, future taxable income and tax planning strategies. Tax planning strategies are actions that are prudent and feasible, that an entity ordinarily might not take, but would take to prevent an operating loss or tax credit carryforward from expiring unused. The determination of the valuation allowance for our deferred tax assets requires management to make certain judgments and assumptions regarding future operations that are based on our historical experience and our expectations of future performance. Our judgments and assumptions are subject to change given the inherent uncertainty in predicting future performance, which is impacted by, but not limited to, policyholder behavior, competitor pricing, new product introductions, and specific industry and market conditions. Based on our analysis, we believe it is more likely than not that the results of future operations will generate sufficient taxable income to enable us to realize the deferred tax assets for which we have not established valuation allowances.

As of December 31, 2015, we had a net deferred tax asset of $131 million. We had a consolidated gross deferred tax asset of $1,727 million related to NOL carryforwards of $4,972 million as of December 31, 2015, which, if unused, will expire beginning in 2021. Foreign tax credit carryforwards amounted to $787 million as of December 31, 2015, which, if unused, will begin to expire in 2019. The amount of carryforward set to expire in 2019 is $11 million. As of December 31, 2015, we had a $353 million valuation allowance related to state deferred tax assets, foreign net operating losses, capital losses, a specific federal separate tax return net operating loss deferred tax asset and foreign tax credits.

As a result of the losses incurred in 2015, we are in a three-year cumulative pre-tax loss position in our U.S. jurisdiction as of December 31, 2015. A cumulative loss position is considered significant negative evidence in assessing the realizability of our deferred tax assets. Our ability to realize our net U.S. deferred tax asset of $137 million, which includes deferred tax assets of $2,514 million related to net operating loss and foreign tax credit carryforwards, is primarily dependent upon generating sufficient taxable income in future years. Management has concluded that there is sufficient positive evidence to overcome this negative evidence. This positive evidence includes the fact that: (i) our three-year cumulative pre-tax loss position includes significant charges that are not expected to recur in the future, including goodwill impairments, long-term care acquired block loss recognition testing in our U.S. Life Insurance segment in 2014 that did not recur in 2015, a loss on the sale of our lifestyle protection insurance business in 2015 and an estimated loss recorded in 2015 related to the planned sale of our mortgage insurance business in Europe; (ii) our profitable U.S. operating forecasts, exclusive of tax planning strategies, result in full utilization of the net deferred tax assets within the U.S. federal carryforward periods based on our current projections, including already obtained and expected in-force premium rate actions in our long-term care insurance business and the lack of future sales for our traditional life insurance and fixed annuity products given our suspension of new sales included in these forecasts; and (iii) overall domestic losses that we have incurred are allowed to be reclassified as foreign source income to the extent of 50% of domestic source income produced in subsequent years, and such resulting foreign source income is sufficient to cover the foreign tax credits being carried forward. If our actual results do not validate the current projections of pre-tax income, we may be required to record a valuation allowance that could have a material impact on our consolidated financial statements in future periods.

Deferred taxes on permanently reinvested foreign income. We do not record U.S. deferred taxes on foreign income that we do not expect to remit or repatriate to U.S. corporations within our consolidated group. Under U.S. GAAP, we are generally required to record U.S. deferred taxes on the anticipated repatriation of foreign income as the income is recognized for financial reporting purposes. An exception under certain accounting guidance permits us to not record a U.S. deferred tax liability for foreign income that we expect to reinvest in our foreign operations and for which remittance will be postponed indefinitely. If it becomes apparent that we cannot positively assert that some or all undistributed income will be reinvested indefinitely, the related deferred taxes are recorded in that period. In determining indefinite reinvestment, we regularly evaluate the capital needs of our domestic and foreign operations considering all available information, including operating and capital plans,

regulatory capital requirements, parent company financing and cash flow needs, as well as the applicable tax laws to which our domestic and foreign subsidiaries are subject. Our estimates are based on our historical experience and our expectation of future performance. Our judgments and assumptions are subject to change given the inherent uncertainty in predicting future capital needs, which are impacted by such things as regulatory requirements, policyholder behavior, competitor pricing, new product introductions, and specific industry and market conditions. As of December 31, 2015, U.S. deferred income taxes were not provided on approximately $1,712 million of unremitted foreign income related to our Canadian mortgage insurance business that we considered permanently reinvested. Our Canadian mortgage insurance business held cash and short-term investments of $178 million related to the unremitted earnings of foreign operations considered to be permanently reinvested as of December 31, 2015.

Contingent liabilities. A liability is contingent if the amount is not presently known, but may become known in the future as a result of the occurrence of some uncertain future event. We estimate our contingent liabilities based on management's estimates about the probability of outcomes and their ability to estimate the range of exposure. Accounting standards require that a liability be recorded if management determines that it is probable that a loss has occurred and the loss can be reasonably estimated. In addition, it must be probable that the loss will be confirmed by some future event. As part of the estimation process, management is required to make assumptions about matters that are by their nature highly uncertain.

The assessment of contingent liabilities, including legal and income tax contingencies, involves the use of estimates, assumptions and judgments. Management's estimates are based on their belief that future events will validate the current assumptions regarding the ultimate outcome of these exposures. However, there can be no assurance that future events, such as court decisions or IRS positions, will not differ from management's assessments. Whenever practicable, management consults with third-party experts (including attorneys, accountants and claims administrators) to assist with the gathering and evaluation of information related to contingent liabilities. Based on internally and/or externally prepared evaluations, management makes a determination whether the potential exposure requires accrual in the consolidated financial statements.

Consolidated

General Trends and Conditions

The stability of both the financial markets and global economies in which we operate impacts the sales, revenue growth and profitability trends of our businesses. During 2015, the U.S. and several international financial markets have been impacted by concerns regarding global economies and the rate and strength of recovery, particularly given recent political and geographical events in Eastern Europe and the Middle East and slow growth in China, as well as continued decreases in oil and commodity prices.

Slow or varied levels of economic growth, coupled with uncertain financial markets and economic outlooks, changes in government policy, regulatory reforms and other changes in market conditions, influenced, and we believe will continue to influence, investment and spending decisions by consumers and businesses as they adjust their consumption, debt, capital and risk profiles in response to these conditions. These trends change as investor confidence in the markets and the outlook for some consumers and businesses shift. As a result, our sales, revenues and profitability trends of certain insurance and investment products have been and could be further impacted going forward. In particular, factors such as government spending, monetary policies, the volatility and strength of the capital markets, anticipated tax policy changes and the impact of global financial regulation reform will continue to affect economic and business outlooks and consumer behaviors moving forward.

The U.S. and international governments, the Federal Reserve, other central banks and other legislative and regulatory bodies have taken certain actions to support the economy and capital markets, influence interest rates, influence housing markets and mortgage servicing and provide liquidity to promote economic growth. These include various mortgage restructuring programs implemented or under consideration by the GSEs, lenders, servicers and the U.S. government. Outside of the United States, various governments and central banks have taken actions to stimulate economies, stabilize financial systems and improve market liquidity. In aggregate,

these actions had a positive effect in the short term on these countries and their markets; however, there can be no assurance as to the future impact these types of actions may have on the economic and financial markets, including levels of volatility. A delayed economic recovery period, a U.S. or global recession or regional or global financial crisis could materially and adversely affect our business, financial condition and results of operations.

Consolidated Results of Operations

The following is a discussion of our consolidated results of operations. For a discussion of our segment results, see “—Results of Operations and Selected Financial and Operating Performance Measures by Segment.”

The following table sets forth the consolidated results of operations for the periods indicated:

	Years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
Revenues:							
Premiums	$4,579	$ 4,700	$4,516	$ (121)	(3)%	$ 184	4%
Net investment income	3,138	3,142	3,155	(4)	— %	(13)	— %
Net investment gains (losses)	(75)	(22)	(64)	(53)	NM(1)	42	66%
Policy fees and other income	906	909	1,018	(3)	— %	(109)	(11)%
Total revenues	8,548	8,729	8,625	(181)	(2)%	104	1%
Benefits and expenses:							
Benefits and other changes in policy reserves	5,149	6,418	4,737	(1,269)	(20)%	1,681	35%
Interest credited	720	737	738	(17)	(2)%	(1)	— %
Acquisition and operating expenses, net of deferrals	1,309	1,138	1,244	171	15%	(106)	(9)%
Amortization of deferred acquisition costs and intangibles	966	453	463	513	113%	(10)	(2)%
Goodwill impairment	—	849	—	(849)	(100)%	849	NM(1)
Interest expense	419	433	450	(14)	(3)%	(17)	(4)%
Total benefits and expenses	8,563	10,028	7,632	(1,465)	(15)%	2,396	31%
Income (loss) from continuing operations before income taxes	(15)	(1,299)	993	1,284	99%	(2,292)	NM(1)
Provision (benefit) for income taxes	(9)	(94)	313	85	90%	(407)	(130)%
Income (loss) from continuing operations	(6)	(1,205)	680	1,199	100%	(1,885)	NM(1)
Income (loss) from discontinued operations, net of taxes	(407)	157	34	(564)	NM(1)	123	NM(1)
Net income (loss)	(413)	(1,048)	714	635	61%	(1,762)	NM(1)
Less: net income attributable to noncontrolling interests	202	196	154	6	3%	42	27%
Net income (loss) available to Genworth Financial, Inc.’s common stockholders	$ (615)	$ (1,244)	$ 560	$ 629	51%	$ (1,804)	NM(1)

(1) We define “NM” as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Premiums. Premiums consist primarily of premiums earned on insurance products for mortgage, long-term care, life and accident and health insurance, single premium immediate annuities and structured settlements with life contingencies.

- Our Canada Mortgage Insurance segment decreased $49 million driven by a $69 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, our Canada Mortgage Insurance segment increased primarily from the seasoning of our larger in-force blocks of business in 2015.
- Our Australia Mortgage Insurance segment decreased $49 million driven by a $71 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, our Australia Mortgage Insurance segment increased primarily as a result of the seasoning of our in-force blocks of business, an adjustment of $8 million in the third quarter of 2015 relating to refinements to premium recognition factors and higher premiums resulting from policy cancellations and refunds in 2015. These increases were partially offset by a decrease in premiums from lower flow volume and higher ceded reinsurance premiums in 2015.
- Our U.S. Life Insurance segment decreased $41 million. Our fixed annuities business decreased $90 million principally from lower sales of our life-contingent products in 2015. Our life insurance business decreased $52 million primarily related to higher ceded reinsurance, lapse experience and lower production in 2015. Our long-term care insurance business increased $101 million largely from $96 million of higher premiums in 2015 from in-force rate actions approved and implemented.
- Our U.S. Mortgage Insurance segment increased $24 million mainly attributable to higher average flow mortgage insurance in-force, partially offset by higher ceded reinsurance premiums and an accrual for premium refunds related to policy cancellations in 2015.

Net investment income. Net investment income represents the income earned on our investments. For discussion of the change in net investment income, see the comparison for this line item under "—Investments and Derivative Instruments."

Net investment gains (losses). Net investment gains (losses) consist primarily of realized gains and losses from the sale or impairment of our investments, unrealized and realized gains and losses from our trading securities and derivative instruments. For discussion of the change in net investment gains (losses), see the comparison for this line item under "—Investments and Derivative Instruments."

Policy fees and other income. Policy fees and other income consists primarily of fees assessed against policyholder and contractholder account values, surrender charges, cost of insurance assessed on universal and term universal life insurance policies, advisory and administration service fees assessed on investment contractholder account values, broker/dealer commission revenues and other fees.

- Our Runoff segment decreased $20 million mainly attributable to lower average account values in our variable annuity products in 2015.
- Corporate and Other activities decreased $11 million mainly as a result of losses in 2015 from non-functional currency transactions attributable to changes in foreign exchange rates related to intercompany transactions.
- Our U.S. Life Insurance segment increased $14 million predominantly from our life insurance business related to our universal life insurance products driven by a $12 million favorable impact associated with the completion of our annual review of assumptions in the fourth quarter of 2015, which included $5 million of corrections related to reinsurance inputs. The increase was also attributable to higher income from certain older universal life insurance in-force policies and a $4 million unfavorable correction in 2014 that did not recur. These increases were partially offset by lower production, a decrease in our term universal and universal life insurance in-force blocks and higher terminations in our term universal life insurance product in 2015.

- Our Australia Mortgage Insurance segment increased $13 million primarily due to higher losses in 2014 on non-functional currency transactions attributable to changes in foreign exchange rates on remeasurement and partial payments of intercompany loans in 2014 that did not recur.

Benefits and other changes in policy reserves. Benefits and other changes in policy reserves consist primarily of benefits paid and reserve activity related to current claims and future policy benefits on insurance and investment products for long-term care insurance, life insurance, accident and health insurance, structured settlements and single premium immediate annuities with life contingencies, and claim costs incurred related to mortgage insurance products.

- Our U.S. Life Insurance segment decreased $1,128 million. Our long-term care insurance business decreased $1,089 million largely related to our annual loss recognition testing in the fourth quarter of 2014 that resulted in an increase of $729 million of reserves and the completion of a comprehensive review of our claim reserves in the third quarter of 2014 that resulted in an increase in claim reserves of $531 million, net of reinsurance. During the third quarter of 2014, we also recorded a $54 million unfavorable correction, net of reinsurance, related to a calculation of benefit utilization for policies with a benefit inflation option. During the fourth quarter of 2014, we recorded a $67 million unfavorable correction, net of reinsurance, related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $43 million favorable refinement, net of reinsurance, of assumptions for claim termination rates. The decrease was also attributable to reduced benefits of $18 million in 2015 related to in-force rate actions approved and implemented. These decreases were partially offset by aging and growth of the in-force block, higher severity and frequency on new claims and incremental reserves of $13 million recorded in connection with an accrual for profits followed by losses in 2015. Our fixed annuities business decreased $103 million predominantly attributable to lower sales of our life-contingent products and lower interest credited in 2015. Our life insurance business increased $64 million primarily related to our universal and term universal life insurance products largely from the completion of our annual review of assumptions in the fourth quarter of 2015 that resulted in an increase in reserves of $187 million. The increase was also attributable to unfavorable mortality in our term universal life insurance product and a favorable unlocking of $23 million in our term universal and universal life insurance products in 2014. These increases were partially offset by our term life insurance products principally from a $49 million unfavorable correction related to reserves on a reinsurance transaction recorded in the fourth quarter of 2014 and the recapture of a reinsurance agreement in 2014 and favorable mortality and higher ceded reinsurance in 2015.

- Our U.S. Mortgage Insurance segment decreased $135 million driven by an aggregate increase in our claim reserves of $53 million in 2014 in connection with the settlement agreement with Bank of America, N.A. and discussions with another servicer in an effort to resolve pending disputes over loss mitigation activities as well as a net reserve strengthening of $17 million that did not recur. The decrease was also related to a continued decline in new delinquencies in 2015 primarily in our 2005 through 2008 book years. These decreases were partially offset by a lower net benefit from cures and aging of existing delinquencies in 2015.

Interest credited. Interest credited represents interest credited on behalf of policyholder and contractholder general account balances.

- Our U.S. Life Insurance segment decreased $22 million mainly related to our fixed annuities business driven by lower crediting rates and a decrease in average account values in 2015.

- Our Runoff segment increased $5 million largely related to higher loan cash values in our corporate-owned life insurance products in 2015.

Acquisition and operating expenses, net of deferrals. Acquisition and operating expenses, net of deferrals, represent costs and expenses related to the acquisition and ongoing maintenance of insurance and investment contracts, including commissions, policy issuance expenses and other underwriting and general operating costs. These costs and expenses are net of amounts that are capitalized and deferred, which are costs and expenses that are related directly to the successful acquisition of new or renewal insurance policies and investment contracts, such as first-year commissions in excess of ultimate renewal commissions and other policy issuance expenses.

- Corporate and Other activities increased $161 million mainly from an estimated loss on sale related to our mortgage insurance business in Europe of $140 million recorded in the fourth quarter of 2015 and higher legal accruals and expenses of $30 million in 2015. These increases were partially offset by lower net expenses after allocations to our operating segments in 2015.
- Our U.S. Life Insurance segment increased $26 million. Our long-term care insurance business increased $16 million primarily from an unfavorable correction of $12 million related to premium taxes, growth of our in-force block and a restructuring charge, partially offset by lower marketing costs in 2015. Our life insurance business increased $9 million largely from higher net commissions due to lower deferrals on older in-force blocks and higher variable compensation costs, partially offset by lower production in 2015.
- Our U.S. Mortgage Insurance segment increased $15 million primarily from higher employee compensation expense that resulted from growth in sales, higher premium taxes mainly attributable to higher insurance in-force and a write-off of software in 2015.
- Our Canada Mortgage Insurance segment decreased $24 million mainly driven by lower stock-based compensation expense in 2015. The decrease was also attributable to an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada’s senior notes that were scheduled to mature in 2015 that did not recur. The year ended December 31, 2015 also included a decrease of $7 million attributable to changes in foreign exchange rates.
- Our Runoff segment decreased $8 million largely related to lower commissions in 2015 as a result of the runoff of our variable annuity products.

Amortization of deferred acquisition costs and intangibles. Amortization of DAC and intangibles consists primarily of the amortization of acquisition costs that are capitalized, PVFP and capitalized software.

- Our U.S. Life Insurance segment increased $527 million. Our life insurance business increased $560 million largely from a DAC impairment of $455 million as a result of loss recognition testing of certain term life insurance policies in 2015 as part of a life block transaction. In the fourth quarter of 2015, as part of our annual review of assumptions, we recorded an unfavorable unlocking in our universal life insurance products of $123 million, which included $63 million of corrections related to reinsurance inputs. In 2014, we recorded an unfavorable unlocking of $12 million in our term universal and universal life insurance products. Our fixed annuities business decreased $20 million largely attributable to higher net investment losses and a decrease in account values in 2015. Our long-term care insurance business decreased $13 million largely related to the write-off of PVFP in connection with our annual loss recognition testing completed in the fourth quarter of 2014 which also resulted in lower amortization in 2015.
- Our Runoff segment decreased $10 million related to our variable annuity products principally attributable to lower account values and higher net investment losses, partially offset by less favorable unlockings of $4 million in 2015.

Goodwill impairment. Charges for impairment of goodwill are as a result of declines in the fair value of the reporting units. The goodwill impairment charges in 2014 were $354 million in our long-term care insurance business and $495 million in our life insurance business.

Interest expense. Interest expense represents interest related to our borrowings that are incurred at Genworth Holdings or subsidiaries and our non-recourse funding obligations and interest expense related to the Tax Matters Agreement and certain reinsurance arrangements being accounted for as deposits.

- Corporate and Other activities decreased $16 million mainly driven by the repayment of $485 million of senior notes in June 2014.
- Our U.S. Life Insurance segment increased $5 million driven by our life insurance business principally from the impact of credit rating downgrades of our life insurance subsidiaries which increased the cost of financing term life insurance reserves, partially offset by a refinancing transaction executed in 2015.

Provision (benefit) for income taxes. The effective tax rate increased to 58.0% for the year ended December 31, 2015 from 7.2% for the year ended December 31, 2014. The increase in the effective tax rate was primarily attributable to tax benefits on lower taxed foreign income, changes in uncertain tax positions and tax favored investments in relation to pre-tax results in 2015 as well as non-deductible goodwill impairments in 2014. These increases were partially offset by a valuation allowance established on a specific capital loss, tax expense related to our agreement to sell our European mortgage insurance business and stock-based compensation expense in 2015. The year ended December 31, 2015 included a decrease of $30 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests. Net income attributable to noncontrolling interests represents the portion of equity in a subsidiary attributable to third parties. The increase primarily related to the IPO of our Australian mortgage insurance business in May 2014, which reduced our ownership percentage to 66.2%, and the sale of additional shares in May 2015, which further reduced our ownership percentage to 52.0% in 2015. The year ended December 31, 2015 included a decrease of $34 million attributable to changes in foreign exchange rates.

2014 compared to 2013

Premiums

- Our U.S. Life Insurance segment increased $212 million. Our long-term care insurance business increased $127 million largely from $90 million of increased premiums from in-force rate actions, growth of our in-force block from new sales in 2014 and unfavorable adjustments of $14 million in 2013 that did not recur. Our life insurance business increased $38 million primarily related to our term life insurance products due to the recapture of a reinsurance agreement and higher sales in 2014. Our fixed annuities business increased $47 million principally driven by higher sales of our life-contingent products in 2014.
- Our U.S. Mortgage Insurance segment increased $24 million mainly attributable to higher average flow mortgage insurance in-force and lower ceded reinsurance premiums in 2014.
- Our Australia Mortgage Insurance segment increased $8 million primarily as a result of the seasoning of our in-force block of business as larger, newer books reach their peak earnings period. The increase was also attributable to higher premiums resulting from higher policy cancellations and new insurance written, partially offset by a decrease of $31 million attributable to changes in foreign exchange rates and higher ceded reinsurance premiums in 2014.
- Our Canada Mortgage Insurance segment decreased $45 million primarily driven by a decrease of $37 million attributable to changes in foreign exchange rates and the smaller in-force blocks of business.
- Corporate and Other activities decreased $13 million mainly related to our mortgage insurance business in Europe as a result of lower premiums attributable to lender settlements in 2013 and higher ceded reinsurance premiums in 2014.

Net investment income. For discussion of the change in net investment income, see the comparison for this line item under "—Investments and Derivative Instruments."

Net investment gains (losses). For discussion of the change in net investment gains (losses), see the comparison for this line item under "—Investments and Derivative Instruments."

Policy fees and other income

- Corporate and Other activities decreased $45 million largely as a result of the sale of our reverse mortgage business on April 1, 2013.
- Our U.S. Life Insurance segment decreased $43 million predominantly from our life insurance business related to mortality experience in our universal life insurance products, a less favorable unlocking of $7 million related to interest assumptions and a $4 million unfavorable correction in 2014.
- Our Australia Mortgage Insurance segment decreased $16 million primarily due to non-functional currency transactions attributable to changes in foreign exchange rates on remeasurement and partial payments of intercompany loans in 2014.
- Our Runoff segment decreased $7 million mainly attributable to lower average account values in our variable annuity products in 2014.

Benefits and other changes in policy reserves

- Our U.S. Life Insurance segment increased $1,845 million. Our long-term care insurance business increased $1,606 million primarily from the completion of our annual loss recognition testing in the fourth quarter of 2014 which resulted in an increase of $729 million of reserves, net of reinsurance, driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. In the third quarter of 2014, we completed a comprehensive review of our claim reserves, which increased claim reserves by $531 million, net of reinsurance. As a result of this review, we made changes to our assumptions and methodologies relating to our long-term care insurance claim reserves primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates, reflecting that claims are not terminating as quickly and claimants are utilizing more of their available benefits in aggregate than had previously been assumed in our reserve calculations. During the third quarter of 2014, we also recorded a $54 million unfavorable correction, net of reinsurance, related to a calculation of benefit utilization for policies with a benefit inflation option. During the fourth quarter of 2014, we also recorded a $67 million unfavorable correction, net of reinsurance, related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $43 million favorable refinement, net of reinsurance, of assumptions for claim termination rates. The increase was also attributable to $15 million of net favorable adjustments in 2013 that did not recur, aging and growth of the in-force block, higher severity and frequency on new claims and higher benefits paid on existing claims. These increases were partially offset by reduced benefits of $75 million from in-force rate actions in 2014. Our life insurance business increased $201 million primarily related to unfavorable mortality in 2014 and an unfavorable correction of $49 million in our term life insurance products related to reserves on a reinsurance transaction recorded in the fourth quarter of 2014 compared to a $28 million favorable reserve correction in our term universal life insurance product in 2013. The increase was also attributable to a less favorable unlocking of $47 million in our term universal and universal life insurance products related to mortality and interest assumptions and the recapture of a reinsurance agreement related to our term life insurance products in 2014. These increases were partially offset by slower reserve growth related to our term universal life insurance reserves and higher lapses of our older term life insurance products in 2014. Our fixed annuities business increased $38 million predominantly attributable to higher sales of our life-contingent products and unfavorable mortality, partially offset by lower interest credited on reserves in 2014.

- Our Australia Mortgage Insurance segment decreased $56 million primarily driven by improved aging on our existing delinquencies from higher home price appreciation and a lower volume of existing delinquencies converting to mortgages in possession, as well as a lower number of new delinquencies in 2014. Paid claims were also lower as a result of a decrease in both the number of claims and the average claim payment. The year ended December 31, 2014 also included a decrease of $6 million attributable to changes in foreign exchange rates.
- Our U.S. Mortgage Insurance segment decreased $55 million driven by a decline in new delinquencies, as well as lower reserves on new delinquencies in 2014. These decreases were partially offset by an aggregate increase in our claim reserves in 2014 of $53 million in connection with the settlement agreement with Bank of America, N.A. and the resolution of a second matter involving a dispute with another servicer over loss mitigation activities. In addition, we recorded a net reserve strengthening of $17 million in the first quarter of 2014 to reflect the expectation in future periods of increased claim severity primarily for late-stage delinquencies, partially offset by lower claim rates for early-stage delinquencies. Overall delinquencies continued to decline from fewer new delinquencies from factors such as lower foreclosure starts and ongoing loss mitigation efforts.
- Our Canada Mortgage Insurance segment decreased $37 million primarily from lower new delinquencies as a result of improved performance of our smaller in-force blocks of business and a stable economic environment. The year ended December 31, 2014 also included a decrease of $7 million attributable to changes in foreign exchange rates.
- Corporate and Other activities decreased $21 million primarily related to our mortgage insurance business in Europe driven by lender settlements in 2013 and a lower number of new delinquencies, net of cures, in 2014.

Acquisition and operating expenses, net of deferrals

- Corporate and Other activities decreased $89 million primarily as a result of a decrease of $46 million associated with our reverse mortgage business which was sold on April 1, 2013, make-whole expenses of $30 million paid related to the debt redemption in 2013 that did not recur and lower net expenses after allocations to our operating segments in 2014.
- Our Australia Mortgage Insurance segment decreased $13 million primarily from a decrease of $7 million attributable to changes in foreign exchange rates and lower operating expenses related to contract fees in 2014.
- Our U.S. Mortgage Insurance segment decreased $4 million primarily from a settlement of approximately $4 million with the CFPB to end its review of industry captive reinsurance arrangements in 2013 that did not recur.
- Our Canada Mortgage Insurance segment decreased $3 million mainly driven by a $5 million decrease attributable to changes in foreign exchange rates. Excluding the effects of foreign exchange, our Canada Mortgage Insurance segment increased from an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada’s senior notes that were scheduled to mature in 2015, partially offset by lower stock-based compensation expense in 2014.

Amortization of deferred acquisition costs and intangibles

- Our U.S. Life Insurance segment decreased $39 million mainly related to a decrease of $52 million in our life insurance business largely from a less unfavorable unlocking of $47 million in our term universal and universal life insurance products related to mortality and interest assumptions and from mortality experience in our universal life insurance products, partially offset by higher lapses in our term life insurance products in 2014. Our long-term care insurance business increased $5 million largely related to the write-off of $6 million of PVFP in connection with our annual loss recognition testing completed in the fourth quarter of 2014. Our fixed annuities business increased $8 million largely from growth of our fixed indexed annuities account values in 2014.

- Corporate and Other activities decreased $5 million mainly related to higher software allocations to our operating segments in 2014.
- Our Runoff segment increased $33 million from higher net investment gains and less favorable equity market performance, partially offset by higher net investment losses on embedded derivatives associated with our variable annuity products with GMWBs and $9 million in favorable unlockings in 2014 compared to $1 million in unfavorable unlockings in 2013.

Goodwill impairment. The goodwill impairment charges in 2014 were $354 million in our long-term care insurance business and $495 million in our life insurance business.

Interest expense

- Our U.S. Life Insurance segment decreased $10 million driven by our life insurance business principally from lower fees related to refinancing the funding of a portion of our life insurance reserves.
- Corporate and Other activities decreased $4 million mainly driven by the repayment of $485 million of senior notes in June 2014 and the repurchase of $350 million of senior notes in August 2013, partially offset by debt issuances in August and December of 2013.

Provision (benefit) for income taxes. The effective tax rate decreased to 7.2% for the year ended December 31, 2014 from 31.5% for the year ended December 31, 2013. The decrease in the effective tax rate was primarily attributable to non-deductible goodwill impairments in 2014, a charge of $174 million in the fourth quarter of 2014 associated with our Australian mortgage insurance business as we can no longer assert our intent to permanently reinvest earnings in that business and a $31 million charge in 2014 in connection with our plans to sell our lifestyle protection insurance business from a change to the permanent reinvestment assertion on one of its legal entities. The year ended December 31, 2014 included a decrease of $15 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests. The increase primarily related to the IPO of our Australian mortgage insurance business in May 2014, which reduced our ownership percentage to 66.2%, resulting in lower net income of $56 million in 2014. The year ended December 31, 2014 included a decrease of $12 million attributable to changes in foreign exchange rates.

Reconciliation of net income (loss) to net operating income (loss)

We had net operating income of $255 million for the year ended December 31, 2015 compared to a net operating loss of $398 million for the year ended December 31, 2014 and net operating income of $585 million for the year ended December 31, 2013. We define net operating income (loss) as income (loss) from continuing operations excluding the after-tax effects of income attributable to noncontrolling interests, net investment gains (losses), goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions, restructuring costs and infrequent or unusual non-operating items. Gains (losses) on insurance block transactions are defined as gains (losses) on the early extinguishment of non-recourse funding obligations, early termination fees for other financing restructuring and/or resulting gains (losses) on reinsurance restructuring for certain blocks of business. We exclude net investment gains (losses) and infrequent or unusual non-operating items because we do not consider them to be related to the operating performance of our segments and Corporate and Other activities. A component of our net investment gains (losses) is the result of impairments, the size and timing of which can vary significantly depending on market credit cycles. In addition, the size and timing of other investment gains (losses) can be subject to our discretion and are influenced by market opportunities, as well as asset-liability matching considerations. Goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions and restructuring costs are also excluded

from net operating income (loss) because, in our opinion, they are not indicative of overall operating trends. Infrequent or unusual non-operating items are also excluded from net operating income (loss) if, in our opinion, they are not indicative of overall operating trends.

While some of these items may be significant components of net income (loss) available to Genworth Financial, Inc.'s common stockholders in accordance with U.S. GAAP, we believe that net operating income (loss), and measures that are derived from or incorporate net operating income (loss), are appropriate measures that are useful to investors because they identify the income (loss) attributable to the ongoing operations of the business. Management also uses net operating income (loss) as a basis for determining awards and compensation for senior management and to evaluate performance on a basis comparable to that used by analysts. However, the items excluded from net operating income (loss) have occurred in the past and could, and in some cases will, recur in the future. Net operating income (loss) is not a substitute for net income (loss) available to Genworth Financial, Inc.'s common stockholders determined in accordance with U.S. GAAP. In addition, our definition of net operating income (loss) may differ from the definitions used by other companies.

The following table includes a reconciliation of net income (loss) available to Genworth Financial, Inc.'s common stockholders to net operating income (loss) for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$(615)	$(1,244)	$560
Net income attributable to noncontrolling interests	202	196	154
Net income (loss)	(413)	(1,048)	714
Income (loss) from discontinued operations, net of taxes	(407)	157	34
Income (loss) from continuing operations	(6)	(1,205)	680
Less: net income attributable to noncontrolling interests	202	196	154
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders	(208)	(1,401)	526
Adjustments to income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders:			
Net investment (gains) losses, net	19	5	29
Goodwill impairment, net	—	791	—
(Gains) losses from sale of businesses, net	141	—	—
(Gains) losses on early extinguishment of debt, net	2	2	20
(Gains) losses from life block transactions, net	296	—	—
Expenses related to restructuring, net	5	—	10
Tax impact from potential business portfolio changes	—	205	—
Net operating income (loss)	$ 255	$ (398)	$585

In the first quarter of 2015, we modified our definition to explicitly state that restructuring costs, which were previously included in the infrequent and unusual category, are excluded from net operating income (loss). In 2015, we recorded an after-tax expense of $5 million related to restructuring costs as part of an expense reduction plan as the company evaluates and appropriately sizes its organizational needs and expenses. Also, in the second quarter of 2013, we recorded a $10 million after-tax expense related to restructuring costs.

In 2014, we recorded goodwill impairments of $296 million, net of taxes, in our long-term care insurance business and $495 million, net of taxes, in our life insurance business.

In 2015, we recorded an estimated loss of $141 million, net of taxes, related to the planned sale of our mortgage insurance business in Europe.

In the third quarter of 2015, we paid an early redemption payment of approximately $1 million, net of taxes and portion attributable to noncontrolling interests, related to the early redemption of Genworth Financial

Mortgage Insurance Pty Limited's notes that were scheduled to mature in 2021. In the third quarter of 2015, we also repurchased approximately $50 million principal amount of Genworth Holdings' notes with various maturity dates for a loss of $1 million, net of taxes. In the second quarter of 2014, we paid an early redemption payment of approximately $2 million, net of taxes and portion attributable to noncontrolling interests, related to the early redemption of Genworth Canada's notes that were scheduled to mature in 2015. In the third quarter of 2013, we paid a make-whole expense of approximately $20 million, net of taxes, related to the early redemption of Genworth Holdings' 4.95% senior notes that were scheduled to mature in 2015. These transactions were excluded from net operating income (loss) for the periods presented as they related to the loss on the early extinguishment of debt.

In the third quarter of 2015, we recorded a DAC impairment of $296 million, net of taxes, on certain term life insurance policies in connection with entering into an agreement with Protective Life to complete a life block transaction.

There were no infrequent or unusual items excluded from net operating income (loss) during the periods presented other than the following items. There was a $205 million net tax impact in the fourth quarter of 2014 from potential business portfolio changes. We recognized a tax charge of $174 million in the fourth quarter of 2014 associated with our Australian mortgage insurance business as we could no longer assert our intent to permanently reinvest earnings in that business. In addition, in connection with our plans to sell our lifestyle protection insurance business, we made a change to the permanent reinvestment assertion on one of its legal entities recognizing tax expense of $31 million in the fourth quarter of 2014.

Adjustments to reconcile net income (loss) attributable to Genworth Financial, Inc.'s common stockholders and net operating income (loss) assume a 35% tax rate and are net of the portion attributable to noncontrolling interests. Net investment gains (losses) are also adjusted for DAC and other intangible amortization and certain benefit reserves.

Table of Contents

Earnings (loss) per share

The following table provides basic and diluted earnings (loss) per common share for the years ended December 31:

(Amounts in millions, except per share amounts)	2015	2014	2013
Income (loss) from continuing operations available to Genworth Financial, Inc.’s common stockholders per common share:			
Basic	$ (0.42)	$ (2.82)	$ 1.07
Diluted	$ (0.42)	$ (2.82)	$ 1.05
Net income (loss) available to Genworth Financial, Inc.’s common stockholders per common share:			
Basic	$ (1.24)	$ (2.51)	$ 1.13
Diluted	$ (1.24)	$ (2.51)	$ 1.12
Net operating income (loss) per common share:			
Basic	$ 0.51	$ (0.80)	$ 1.19
Diluted	$ 0.51	$ (0.80)	$ 1.17
Weighted-average common shares outstanding:			
Basic	497.4	496.4	493.6
Diluted (1)	497.4	496.4	498.7

(1) Under applicable accounting guidance, companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of our loss from continuing operations available to Genworth Financial, Inc.’s common stockholders, net loss available to Genworth Financial, Inc.’s common stockholders for the years ended December 31, 2015 and 2014 and net operating loss for the year ended December 31, 2014, we were required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share for the years ended December 31, 2015 and 2014, as the inclusion of shares for stock options, RSUs and SARs of 1.6 million and 5.6 million, respectively, would have been antidilutive to the calculation. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.’s common stockholders and net loss available to Genworth Financial, Inc.’s common stockholders for the year ended December 31, 2015, dilutive potential weighted-average common shares outstanding would have been 499.0 million. Since we had net operating income for the year ended December 31, 2015, we used 499.0 million diluted weighted-average common shares outstanding in the calculation of diluted net operating income per common share. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.’s common stockholders, net loss available to Genworth Financial, Inc.’s common stockholders and net operating loss for the year ended December 31, 2014, dilutive potential weighted-average common shares outstanding would have been 502.0 million.

Diluted weighted-average shares outstanding reflect the effects of potentially dilutive securities including stock options, RSUs and other equity-based compensation.

Results of Operations and Selected Financial and Operating Performance Measures by Segment

Our chief operating decision maker evaluates segment performance and allocates resources on the basis of net operating income (loss). See note 19 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for a reconciliation of net operating income (loss) of our segments and Corporate and Other activities to net income (loss) available to Genworth Financial, Inc.’s common stockholders.

Management’s discussion and analysis by segment contains selected operating performance measures including “sales” and “insurance in-force” or “risk in-force” which are commonly used in the insurance industry as measures of operating performance.

Management regularly monitors and reports sales metrics as a measure of volume of new and renewal business generated in a period. Sales refer to: (1) new insurance written for mortgage insurance; (2) annualized first-year premiums for long-term care and term life insurance products; (3) annualized first-year deposits plus 5% of excess deposits for universal and term universal life insurance products; (4) 10% of premium deposits for linked-benefits products; and (5) new and additional premiums/deposits for fixed annuities. Sales do not include renewal premiums on policies or contracts written during prior periods. We consider new insurance written, annualized first-year premiums/deposits, premium equivalents and new premiums/deposits to be a measure of our operating performance because they represent a measure of new sales of insurance policies or contracts during a specified period, rather than a measure of our revenues or profitability during that period.

Management regularly monitors and reports insurance in-force and risk in-force. Insurance in-force for our mortgage and life insurance businesses is a measure of the aggregate face value of outstanding insurance policies as of the respective reporting date. For risk in-force in our mortgage insurance businesses, we have computed an "effective" risk in-force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Risk in-force for our U.S. mortgage insurance business is our obligation that is limited under contractual terms to the amounts less than 100% of the mortgage loan value. Effective risk in-force has been calculated by applying to insurance in-force a factor of 35% that represents our highest expected average per-claim payment for any one underwriting year over the life of our businesses in Canada and Australia. In Australia, we have certain risk share arrangements where we provide pro-rata coverage of certain loans rather than 100% coverage. As a result, for loans with these risk share arrangements, the applicable pro-rata coverage amount provided is used when applying the factor. We consider insurance in-force and risk in-force to be measures of our operating performance because they represent measures of the size of our business at a specific date which will generate revenues and profits in a future period, rather than measures of our revenues or profitability during that period.

Management also regularly monitors and reports a loss ratio for our businesses. For our mortgage insurance businesses, the loss ratio is the ratio of incurred losses and loss adjustment expenses to net earned premiums. For our long-term care insurance business, the loss ratio is the ratio of benefits and other changes in reserves less tabular interest on reserves less loss adjustment expenses to net earned premiums. We consider the loss ratio to be a measure of underwriting performance in these businesses and helps to enhance the understanding of the operating performance of our businesses.

An assumed tax rate of 35% is utilized in certain adjustments to net operating income (loss) and in the explanation of specific variances of operating performance.

These operating performance measures enable us to compare our operating performance across periods without regard to revenues or profitability related to policies or contracts sold in prior periods or from investments or other sources.

U.S. Mortgage Insurance segment

Trends and conditions

Results of our U.S. mortgage insurance business are affected primarily by the following factors: competitor actions; unemployment or underemployment levels; other economic and housing market trends, including interest rates, home prices, and mortgage origination volume mix and practices; the levels and aging of mortgage delinquencies, which may be affected by seasonal variations; the inventory of unsold homes; lender modification and other servicing efforts; and resolution of pending or any future litigation, among other items. The impact of prior years' weakness and uncertainty in the domestic economy, related levels of unemployment and underemployment and resulting increase in foreclosures, the number of borrowers seeking loan modifications

and the level of housing inventories with the related impact on home values, all contributed adversely to the performance of our insured portfolio relating to our 2005 through 2008 book years. Our results are subject to the continued recovery of the U.S. housing market and the extent of the adverse impact of seasonality that we experience historically in the second half of the year.

The level of private mortgage insurance industry market penetration and eventual market size is affected by actions taken by the GSEs, the FHA, the FHFA, the U.S. Congress or the U.S. government which impact housing or housing finance policy. In the past, these actions have included announced changes, or potential changes, to underwriting standards, FHA pricing, GSE guaranty fees and loan limits as well as low-down-payment programs available through the FHA or GSEs. Specifically, these actions include Fannie Mae and Freddie Mac decisions to resume purchases of certain loans with down payments as low as 3%. This has resulted in a modest increase in loans purchased by the GSEs with private mortgage insurance relative to overall originations. Also, the FHA reduced the annual mortgage insurance premium it charges but the FHA premium reduction has not had to date a material adverse effect on private mortgage insurers' ability to sustain market share. Further, there has been a modest reduction in the amount of certain loan-level price adjustment fees charged by the GSEs but we do not believe this fee change has had a material impact on mortgage originations or the competitiveness of private mortgage insurance versus that of FHA insurance.

Overall mortgage originations were down in the fourth quarter of 2015 as a result of lower purchase mortgage loan origination volume, driven by seasonal origination trends and possibly by disruptions in the mortgage finance markets related to the implementation by loan originators of the TILA RESPA Integrated Documentation rule promulgated by the CFPB (known as "TRID"). Mortgage interest rates moved slightly lower during the fourth quarter of 2015, despite the 25 basis points increase in the Federal Reserve overnight rate. As a result, refinance originations were in line with the prior quarter and this yielded a lower mix of purchase mortgage loan origination in the fourth quarter of 2015. If mortgage interest rates increase, refinancing activities typically decrease as a percentage of overall mortgage originations. If the mix of the mortgage originations market shifts from refinancing activities to purchase originations, originations which are insured with private mortgage insurance will increase relative to total originations which will lead to a larger market for private mortgage insurance over time. Our U.S. mortgage insurance estimated market share increased modestly during the fourth quarter of 2015.

New insurance written increased approximately 30% in 2015 compared to 2014. New insurance written decreased approximately 16% in the fourth quarter of 2015 compared to the third quarter of 2015 consistent with normal seasonal declines in purchase originations. We continue to manage the quality of new business through our underwriting guidelines, which we modify from time to time when circumstances warrant. The percentage of single premium lender paid new insurance written remained stable in the fourth quarter of 2015 reflecting our decision to selectively participate in this market. Based on the tables and factors established under PMIERs to determine minimum required capital for lender-paid single premium mortgage insurance originated from and after January 1, 2016, we have filed for a change in rates for this product. Future volumes of this product will in part vary depending on our evaluation of the risk return profile of these transactions. If the percentage of our business written as single premium lender paid insurance increases compared to our borrower paid insurance, all other things being equal, our weighted-average returns will be lower. Our percentage of borrower paid new insurance written remained stable in the fourth quarter of 2015. We have observed highly competitive pricing with borrower paid mortgage insurance during the second half of 2015. Premiums increased approximately 4% in 2015 compared to 2014. This increase included the impact of ceded premiums in 2015 which increased as a result of reinsurance executed in the second half of the year as part of our PMIERs compliance.

Our loss ratio was 37% for the year ended December 31, 2015 reflecting lower new delinquencies. New delinquencies decreased during 2015 compared to 2014 and decreased during the fourth quarter of 2015 compared to the third quarter of 2015 due to macroeconomic improvements including improvements in unemployment rates and in housing values. The majority of new delinquencies in 2015 continued to come from our 2005 through 2008 book years. We have observed improvement in the ultimate claim expectations from early

stage delinquencies through the fourth quarter of 2015. Foreclosure starts and the number of paid claims decreased during 2015 as compared to 2014. In addition, the older delinquencies that remain in our portfolio, particularly those from our 2005 through 2008 book years, continued to age through the fourth quarter of 2015 from the lengthening of the foreclosure process. This aging has resulted in increased claims expenses relative to claims paid during the period prior to the 2008 financial crisis when the industry was experiencing a shorter foreclosure process than at present. Overall, we have seen a reduction in loans that have been subject to a modification or workout in 2015 compared to 2014. We expect our level of loan modifications to continue to decline going forward in line with the expected reduction in delinquent loans and the continuing aging of delinquencies. Depending on our experience going forward, we may need to adjust our reserve frequency or severity assumptions as experience from these programs continues to emerge.

As of December 31, 2015, loans modified through the Home Affordable Refinance Program ("HARP") accounted for approximately $17.3 billion of insurance in-force, with $16.2 billion of those loans from our 2005 through 2008 book years. The volume of new HARP modifications continues to decrease as the number of loans that would benefit from a HARP modification decreases. Loans modified through HARP have extended amortization periods and reduced interest rates, which reduce borrower's monthly payments. Over time, we expect these modified loans to result in extended premium streams and a lower incidence of default. The U.S. government has extended HARP through the year ending December 31, 2016. For financial reporting purposes, we report HARP modified loans as a modification of the coverage on existing insurance in-force rather than new insurance written.

The Obama Administration has extended the Home Affordable Modification Program ("HAMP") through December 31, 2016 and expanded borrower eligibility by adjusting certain underwriting requirements. While the impact of the these program extensions to date has remained positive in terms of initially avoiding foreclosures, there can be no assurance that the number of loans that are modified under HAMP, including mortgage loans we insure currently, is sustainable over time or that any such modifications will succeed in ultimately avoiding foreclosure, in part based on our historical experience with modified loans which later re-default.

In June 2015, the Wisconsin Department of Insurance sent mortgage insurance companies a letter inquiring about, among other things, their discounted lender paid mortgage insurance practices. In July 2015, we responded to the letter from the Wisconsin Department of Insurance by providing detailed responses to the questions outlined in the inquiry, including a description of certain mortgage insurance pricing practices. If the percentage of our business written as single premium lender paid insurance increases compared to our borrower paid insurance, all other things being equal, our weighted-average returns will be lower.

As of December 31, 2015, GMICO's risk-to-capital ratio under the current regulatory framework as established under North Carolina law and enforced by the NCDOI, GMICO's domestic insurance regulator, was approximately 16.4:1, compared with a risk-to-capital ratio of approximately 14.3:1 as of December 31, 2014, driven in part by the reduction in capital from the elimination of affiliate surplus notes in the fourth quarter of 2015 which reduced our concentration in affiliated assets to 15% of the total statutory assets and which had no effect on our PMIERs capital. This risk-to-capital ratio remains below the NCDOI's maximum risk-to-capital ratio of 25:1. GMICO's ongoing risk-to-capital ratio will depend principally on the magnitude of future losses incurred by GMICO, the effectiveness of ongoing loss mitigation activities, new business volume and profitability, the amount of policy lapses, the amount of additional capital that is generated within the business or capital support (if any) that we provide and changes in the value of affiliate assets. In the second half of 2015, we recorded a decrease in GMICO's statutory surplus of approximately $95 million related to the anticipated sale of our European mortgage insurance business, which impacted our statutory risk-to-capital ratio by less than one point.

Table of Contents

Segment results of operations

The following table sets forth the results of operations relating to our U.S. Mortgage Insurance segment for the periods indicated:

(Amounts in millions)	Years ended December 31,			Increase (decrease) and percentage change			
	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Revenues:							
Premiums	$602	$578	$554	$ 24	4%	$ 24	4%
Net investment income	58	59	60	(1)	(2)%	(1)	(2)%
Net investment gains (losses)	1	—	—	1	NM[1]	—	— %
Policy fees and other income	4	2	2	2	100%	—	— %
Total revenues	665	639	616	26	4%	23	4%
Benefits and expenses:							
Benefits and other changes in policy reserves	222	357	412	(135)	(38)%	(55)	(13)%
Acquisition and operating expenses, net of deferrals	155	140	144	15	11%	(4)	(3)%
Amortization of deferred acquisition costs and intangibles	10	7	6	3	43%	1	17%
Total benefits and expenses	387	504	562	(117)	(23)%	(58)	(10)%
Income from continuing operations before income taxes	278	135	54	143	106%	81	150%
Provision for income taxes	99	44	17	55	125%	27	159%
Income from continuing operations available to Genworth Financial, Inc.'s common stockholders	179	91	37	88	97%	54	146%
Adjustment to income from continuing operations available to Genworth Financial, Inc.'s common stockholders:							
Net investment (gains) losses, net	—	—	—	—	— %	—	— %
Net operating income	$179	$ 91	$ 37	$ 88	97%	$ 54	146%

(1) We define "NM" as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating income

Net operating income increased in 2015 mainly attributable to a continued decline in new delinquencies and higher premiums, partially offset a lower benefit from net cures and aging of existing delinquencies in 2015. Net operating income in 2014 also included an aggregate increase in our claim reserves of $34 million in connection with the settlement agreement with Bank of America, N.A. and discussions with another servicer in an effort to resolve pending disputes over loss mitigation activities as well as a net reserve strengthening of $11 million that did not recur.

Revenues

Premiums increased mainly attributable to higher average flow mortgage insurance in-force, partially offset by higher ceded reinsurance premiums and an accrual for premium refunds related to policy cancellations in 2015.

Net investment income decreased marginally primarily from lower intercompany dividends received of approximately $8 million as a result of the intercompany sale of U.S. mortgage insurance's ownership interest in affiliated preferred securities in July 2015. This decrease was mostly offset by higher reinvestment yields on higher average invested assets in 2015.

Benefits and expenses

Benefits and other changes in policy reserves decreased due to lower net paid claims of $104 million and a decrease in change in reserves of $31 million. The decrease was primarily driven by an aggregate increase in our claim reserves of $53 million in 2014 in connection with the settlement agreement with Bank of America, N.A. and discussions with another servicer in an effort to resolve pending disputes over loss mitigation activities as well as a net reserve strengthening of $17 million that did not recur. The decrease was also related to a continued decline in new delinquencies in 2015 primarily in our 2005 through 2008 book years. These decreases were partially offset by a lower net benefit from cures and aging of existing delinquencies in 2015.

Acquisition and operating expenses, net of deferrals, increased primarily from higher employee compensation expense that resulted from growth in sales, higher premium taxes mainly attributable to higher insurance in-force and a write-off of software in 2015.

Provision for income taxes. The effective tax rate increased to 35.6% for the year ended December 31, 2015 from 32.6% for the year ended December 31, 2014. The increase in the effective tax rate was primarily attributable to changes in tax favored investment benefits and favorable true ups in 2014, partially offset by changes in state taxes and the loss of foreign tax credits in 2014.

2014 compared to 2013

Net operating income

Net operating income increased in 2014 mainly attributable to the decline in new delinquencies, lower reserves on new delinquencies and higher premiums in 2014. Results in 2014 also included an aggregate increase in our claim reserves of $34 million in connection with the settlement agreement with Bank of America, N.A. and the resolution of a second matter involving a dispute with another servicer over loss mitigation activities as well as a net reserve strengthening of $11 million.

Revenues

Premiums increased driven by higher average flow mortgage insurance in-force and lower ceded reinsurance premiums in 2014.

Benefits and expenses

Benefits and other changes in policy reserves decreased due to lower net paid claims of $265 million, partially offset by an increase in change in reserves of $210 million. The decrease was driven by a decline in new delinquencies, as well as lower reserves on new delinquencies in 2014. These decreases were partially offset by an aggregate increase in our claim reserves in 2014 of $53 million in connection with the settlement agreement with Bank of America, N.A. and the resolution of a second matter involving a dispute with another servicer over loss mitigation activities. In addition, we recorded a net reserve strengthening of $17 million in the first quarter of 2014 to reflect the expectation in future periods of increased claim severity primarily for late-stage delinquencies, partially offset by lower claim rates for early-stage delinquencies. Overall delinquencies continued to decline from fewer new delinquencies from factors such as lower foreclosure starts and ongoing loss mitigation efforts.

Acquisition and operating expenses, net of deferrals, decreased primarily from a settlement of approximately $4 million with the CFPB to end its review of industry captive reinsurance arrangements in 2013 that did not recur.

Provision for income taxes. The effective tax rate increased to 32.6% for the year ended December 31, 2014 from 31.5% for the year ended December 31, 2013. The increase in the effective tax rate was primarily attributable to changes in tax favored investment benefits in relation to pre-tax income and changes in the state tax valuation allowance, partially offset by the non-deductibility of the CFPB settlement in 2013, favorable prior year true ups in 2014 and the loss of foreign tax credits.

Table of Contents

U.S. Mortgage Insurance selected operating performance measures

The following table sets forth selected operating performance measures regarding our U.S. Mortgage Insurance segment as of or for the dates indicated:

	As of or for the years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Primary insurance in-force	$122,400	$114,400	$109,300	$8,000	7%	$5,100	5%
Risk in-force	31,100	28,700	27,000	2,400	8%	1,700	6%
New insurance written	31,600	24,400	22,300	7,200	30%	2,100	9%
Net premiums written	682	628	567	54	9%	61	11%

2015 compared to 2014

Primary insurance in-force and risk in-force

Primary insurance in-force increased as the result of an increase in flow mortgage insurance in-force, which increased from $110.8 billion as of December 31, 2014 to $119.8 billion as of December 31, 2015 as a result of new insurance written, partially offset by lapses in 2015. This increase was further offset by cancellations and lapses in bulk mortgage insurance in-force, which decreased from $3.6 billion as of December 31, 2014 to $2.6 billion as of December 31, 2015. In addition, risk in-force increased primarily as a result of higher flow new insurance written. Flow persistency was 80% and 82% for the years ended December 31, 2015 and 2014, respectively.

New insurance written

New insurance written increased primarily driven by an increase in the mortgage insurance originations market. Mortgage refinance originations increased as a result of lower interest rates and mortgage purchase originations increased as a result of improved macroeconomic conditions, including interest rates, in 2015. We also had a higher concentration of single premium lender paid business reflecting our decision to selectively participate in the market in 2015.

Net premiums written

Net premiums written increased due to a higher volume of single premium lender paid business in 2015 reflecting our decision to selectively participate in the market. The increase was also from higher flow insurance in-force.

2014 compared to 2013

Primary insurance in-force and risk in-force

Primary insurance in-force increased as the result of an increase in flow mortgage insurance in-force, which increased from $104.8 billion as of December 31, 2013 to $110.8 billion as of December 31, 2014 as a result of new insurance written and higher persistency in 2014. This increase was partially offset by cancellations and lapses in bulk mortgage insurance in-force, which decreased from $4.5 billion as of December 31, 2013 to $3.6 billion as of December 31, 2014. In addition, risk in-force increased primarily as a result of higher flow new insurance written. Flow persistency was 82% and 81% for the years ended December 31, 2014 and 2013, respectively.

New insurance written

New insurance written increased primarily driven by an increase in our market share, partially offset by a decline in the mortgage insurance originations market. While mortgage interest rates flattened in 2014, there was a shift from refinance originations to purchase originations.

Net premiums written

Net premiums written increased due to higher average flow insurance in-force and lower ceded reinsurance premiums in 2014.

Loss and expense ratios

The following table sets forth the loss and expense ratios for our U.S. Mortgage Insurance segment for the dates indicated:

	Years ended December 31,			Increase (decrease)	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Loss ratio	37%	62%	74%	(25)%	(12)%
Expense ratio	24%	23%	27%	1%	(4)%

The loss ratio is the ratio of incurred losses and loss adjustment expenses to net earned premiums. The expense ratio is the ratio of general expenses to net premiums written. In our U.S. mortgage insurance business, general expenses consist of acquisition and operating expenses, net of deferrals, and amortization of DAC and intangibles.

2015 compared to 2014

The loss ratio decreased primarily driven by an aggregate increase in our claim reserves of $53 million in 2014 in connection with the settlement agreement with Bank of America, N.A. and discussions with another servicer in an effort to resolve pending disputes over loss mitigation activities as well as a net reserve strengthening of $17 million that did not recur. The decrease was also related to a continued decline in new delinquencies primarily in our 2005 through 2008 book years, in addition to higher net earned premiums attributable to higher average flow mortgage insurance in-force, partially offset by higher ceded reinsurance premiums and an accrual for premium refunds related to policy cancellations in 2015. These decreases were partially offset by a lower net benefit from cures and aging of existing delinquencies in 2015. The charges of $53 million increased the loss ratio by nine percentage points in 2014.

The expense ratio increased from higher employee compensation expense that resulted from growth in sales, higher premium taxes mainly attributable to higher insurance in-force and a write-off of software, partially offset by higher net premiums written in 2015.

2014 compared to 2013

The decrease in the loss ratio was primarily attributable to a decline in new delinquencies, as well as lower reserves on new delinquencies in 2014. These decreases were partially offset by an aggregate increase in our claim reserves in 2014 of $53 million in connection with the settlement agreement with Bank of America, N.A. and the resolution of a second matter involving a dispute with another servicer over loss mitigation activities. In addition, we recorded a net reserve strengthening of $17 million in the first quarter of 2014 to reflect the expectation in future periods of increased claim severity primarily for late-stage delinquencies, partially offset by lower claim rates for early-stage delinquencies. Overall delinquencies continued to decline from fewer new delinquencies from factors such as lower foreclosure starts and ongoing loss mitigation efforts. The decrease in the loss ratio was also related to an increase in net earned premiums from higher average flow mortgage insurance in-force and lower ceded reinsurance premiums in 2014. The charges of $53 million increased the loss ratio by nine percentage points in 2014.

The expense ratio decreased primarily from higher net premiums written in 2014.

Table of Contents

U.S. mortgage insurance loan portfolio

The following table sets forth selected financial information regarding our U.S. primary mortgage insurance loan portfolio as of December 31:

(Amounts in millions)	2015	2014	2013
Primary risk in-force lender concentration (by original applicant)	$30,942	$28,514	$26,775
Top 10 lenders	11,536	12,306	12,603
Top 20 lenders	14,201	14,322	14,447
Loan-to-value ratio:			
95.01% and above	$ 6,309	$ 6,763	$ 7,377
90.01% to 95.00%	14,425	12,008	9,966
80.01% to 90.00%	9,900	9,383	9,032
80.00% and below	308	360	400
Total	$30,942	$28,514	$26,775
Loan grade:			
Prime	$29,874	$27,262	$25,320
A minus and sub-prime	1,068	1,252	1,455
Total	$30,942	$28,514	$26,775

Table of Contents

Delinquent loans and claims

Our delinquency management process begins with notification by the loan servicer of a delinquency on an insured loan. “Delinquency” is defined in our master policies as the borrower’s failure to pay when due an amount equal to the scheduled monthly mortgage payment under the terms of the mortgage. Generally, the master policies require an insured to notify us of a delinquency no later than 10 days after the borrower has been in default by three monthly payments. We generally consider a loan to be delinquent and establish required reserves if the borrower has failed to make a scheduled mortgage payment. Borrowers default for a variety of reasons, including a reduction of income, unemployment, divorce, illness, inability to manage credit and interest rate levels. Borrowers may cure delinquencies by making all of the delinquent loan payments, agreeing to a loan modification, or by selling the property in full satisfaction of all amounts due under the mortgage. In most cases, delinquencies that are not cured result in a claim under our policy. The following table sets forth the number of loans insured, the number of delinquent loans and the delinquency rate for our U.S. mortgage insurance portfolio as of December 31:

	2015	2014	2013
Primary insurance:			
Insured loans in-force	651,668	630,852	624,236
Delinquent loans	31,663	39,786	51,459
Percentage of delinquent loans (delinquency rate)	4.86%	6.31%	8.24%
Flow loan in-force	627,349	599,206	586,546
Flow delinquent loans	30,416	38,177	49,255
Percentage of flow delinquent loans (delinquency rate)	4.85%	6.37%	8.40%
Bulk loans in-force	24,319	31,646	37,690
Bulk delinquent loans (1)	1,247	1,609	2,204
Percentage of bulk delinquent loans (delinquency rate)	5.13%	5.08%	5.85%
A minus and sub-prime loans in-force	28,332	33,529	39,307
A minus and sub-prime loans delinquent loans	6,448	7,851	10,023
Percentage of A minus and sub-prime delinquent loans (delinquency rate)	22.76%	23.42%	25.50%
Pool insurance:			
Insured loans in-force	6,620	8,282	11,354
Delinquent loans	386	521	628
Percentage of delinquent loans (delinquency rate)	5.83%	6.29%	5.53%

(1) Included loans where we were in a secondary loss position for which no reserve was established due to an existing deductible. Excluding these loans, bulk delinquent loans were 889, 1,109 and 1,491 as of December 31, 2015, 2014 and 2013, respectively.

Delinquency and foreclosure levels that developed principally in our 2005 through 2008 book years have declined as the United States has continued to experience improvement in its residential real estate market. We also have seen a further decline in new delinquencies and lower foreclosure starts in 2015.

The following tables set forth flow delinquencies, direct case reserves and risk in-force by aged missed payment status in our U.S. mortgage insurance portfolio as of December 31:

	2015			
(Dollar amounts in millions)	Delinquencies	Direct case reserves (1)	Risk in-force	Reserves as % of risk in-force
Payments in default:				
3 payments or less	10,103	$ 52	$ 405	13%
4 - 11 payments	7,366	180	307	59%
12 payments or more	12,947	543	638	85%
Total	30,416	$ 775	$ 1,350	57%

(1) Direct flow case reserves exclude loss adjustment expenses, incurred but not reported and reinsurance reserves.

	2014			
(Dollar amounts in millions)	Delinquencies	Direct case reserves (1)	Risk in-force	Reserves as % of risk in-force
Payments in default:				
3 payments or less	10,849	$ 76	$ 426	18%
4 - 11 payments	9,368	238	383	62%
12 payments or more	17,960	751	895	84%
Total	38,177	$ 1,065	$ 1,704	63%

(1) Direct flow case reserves exclude loss adjustment expenses, incurred but not reported and reinsurance reserves.

Primary insurance delinquency rates differ from region to region in the United States at any one time depending upon economic conditions and cyclical growth patterns. The tables below set forth our primary delinquency rates for the various regions of the United States and the 10 largest states by our risk in-force as of the dates indicated. Delinquency rates are shown by region based upon the location of the underlying property, rather than the location of the lender.

	Percent of primary risk in-force as of December 31, 2015	Percent of total reserves as of December 31, 2015 (1)	Delinquency rate as of December 31,		
			2015	2014	2013
By Region:					
Southeast (2)	19%	23%	5.78%	7.89%	11.02%
South Central (3)	16	7	3.81%	4.50%	5.85%
Northeast (4)	14	33	8.91%	10.83%	12.30%
Pacific (5)	13	9	3.01%	4.51%	6.47%
North Central (6)	12	9	3.89%	5.35%	7.39%
Great Lakes (7)	10	6	3.50%	4.48%	6.03%
New England (8)	6	6	4.71%	6.34%	7.74%
Mid-Atlantic (9)	6	5	5.05%	6.32%	8.18%
Plains (10)	4	2	3.70%	4.39%	5.46%
Total	100%	100%	4.86%	6.31%	8.24%

(1) Total reserves were $849 million as of December 31, 2015.
(2) Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee.
(3) Arizona, Colorado, Louisiana, New Mexico, Oklahoma, Texas and Utah.
(4) New Jersey, New York and Pennsylvania.
(5) Alaska, California, Hawaii, Nevada, Oregon and Washington.
(6) Illinois, Minnesota, Missouri and Wisconsin.
(7) Indiana, Kentucky, Michigan and Ohio.
(8) Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
(9) Delaware, Maryland, Virginia, Washington D.C. and West Virginia.
(10) Idaho, Iowa, Kansas, Montana, Nebraska, North Dakota, South Dakota and Wyoming.

	Percent of primary risk in-force as of December 31, 2015	Percent of total reserves as of December 31, 2015 (1)	Delinquency rate as of December 31,		
			2015	2014	2013
By State:					
California	7%	3%	2.26%	3.09%	4.27%
Texas	7%	3%	3.90%	4.55%	5.68%
New York	6%	15%	9.07%	10.88%	11.90%
Florida	6%	14%	7.71%	12.61%	19.50%
Illinois	5%	6%	4.70%	6.76%	9.67%
Pennsylvania	4%	4%	6.20%	7.78%	9.73%
New Jersey	4%	13%	12.71%	15.15%	16.76%
Ohio	4%	2%	4.14%	5.06%	6.69%
Michigan	4%	1%	2.56%	3.38%	4.98%
North Carolina	3%	2%	4.75%	5.59%	7.43%

(1) Total reserves were $849 million as of December 31, 2015.

The frequency of delinquencies may not correlate directly with the number of claims received because the rate at which delinquencies are cured is influenced by borrowers' financial resources and circumstances and regional economic differences. Whether an uncured delinquency leads to a claim principally depends upon the borrower's equity at the time of delinquency and the borrower's or the insured's ability to sell the home for an amount sufficient to satisfy all amounts due under the mortgage loan. When we receive notice of a delinquency,

we use a proprietary model to determine whether a delinquent loan is a candidate for workout. When the model identifies such a candidate, our loan workout specialists prioritize cases for loss mitigation based upon the likelihood that the loan will result in a claim. Loss mitigation actions include loan modification, extension of credit to bring a loan current, foreclosure forbearance, pre-foreclosure sale and deed-in-lieu. These loss mitigation efforts often are an effective way to reduce our claim exposure and ultimate payouts.

The following table sets forth the dispersion of our total reserves and primary insurance in-force and risk in-force by year of policy origination and average annual mortgage interest rate as of December 31, 2015:

(Amounts in millions)	Average rate (1)	Percent of total reserves (2)	Primary insurance in-force	Percent of total	Primary risk in-force	Percent of total
Policy Year						
2004 and prior	6.06%	11.9%	$ 4,004	3.3%	$ 901	2.9%
2005	5.66%	11.7	3,539	2.9	959	3.1
2006	5.86%	17.5	5,817	4.7	1,511	4.9
2007	5.77%	37.7	14,873	12.1	3,744	12.1
2008	5.30%	16.8	12,744	10.4	3,230	10.4
2009	4.95%	0.6	1,814	1.5	423	1.4
2010	4.69%	0.6	2,291	1.9	575	1.9
2011	4.52%	0.5	3,257	2.7	835	2.7
2012	3.82%	0.6	8,321	6.8	2,163	7.0
2013	4.00%	0.8	14,630	12.0	3,755	12.1
2014	4.40%	1.1	20,219	16.5	5,106	16.5
2015	4.10%	0.2	30,866	25.2	7,740	25.0
Total portfolio	4.77%	100.0%	$122,375	100.0%	$30,942	100.0%

(1) Average rate represents average annual mortgage interest rate.
(2) Total reserves were $849 million as of December 31, 2015.

Typically, claim activity is not spread evenly throughout the coverage period of a primary insurance book of business. Based upon our experience, the majority of claims on primary U.S. mortgage insurance loans occur in the third through seventh years after loan origination. Historically, few claims were paid during the first two years after loan origination. However, the pattern of claims frequency can be affected by factors such as deteriorating economic conditions that can result in increasing claims which was the case with our 2005 through 2008 book years, but we expect the pattern of claims frequency for our newer books in and after 2009 to return to that of a more traditional claim trend level. Primary insurance written for the period from January 1, 2008 through December 31, 2012 represented 23% of our primary insurance in-force as of December 31, 2015. Historically, traditional primary loans reach their expected peak claim level within a three- to seven-year period. Therefore, the primary loans written during the five-year period ended December 31, 2012, are now within or past their peak claim period. Our A minus and sub-prime loans continue to have earlier incidences of default than our prime loans. Based upon FICO at loan closing, A minus and sub-prime loans represented 4% of our primary risk in-force as of December 31, 2015 and 2014.

Primary mortgage insurance claims paid, including loss adjustment expenses, for the year ended December 31, 2015 were $531 million, compared to $634 million and $899 million for the years ended December 31, 2014 and 2013, respectively. Pool insurance claims paid were $3 million, $5 million and $5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The ratio of the claim paid to the current risk in-force for a loan is referred to as "claim severity." The current risk in-force is equal to the unpaid principal amount multiplied by the coverage percentage. The main determinants of claim severity are the age of the mortgage loan, the value of the underlying property, accrued interest on the loan, expenses advanced by the insured and foreclosure expenses. These amounts depend partly

upon the time required to complete foreclosure, which varies depending upon state laws. Pre-foreclosure sales, acquisitions and other early workout and claim administration actions help to reduce overall claim severity. Our average primary flow mortgage insurance claim severity was 114%, 111% and 102% for the years ended December 31, 2015, 2014 and 2013, respectively. The average claim severity for the year ended December 31, 2015 did not include the effects of the agreement on non-performing loans and the non-recurring payments to extinguish the risk on prior paid claims pursuant to a previously disclosed servicer settlement reached in 2014.

Canada Mortgage Insurance segment

Trends and conditions

Results of our mortgage insurance business in Canada are affected primarily by changes in the regulatory environment, employment levels, consumer borrowing behavior, lender mortgage-related strategies, including lender servicing practices, and other economic and housing market influences, including interest rate trends, home price appreciation or depreciation, mortgage origination volume, levels and aging of mortgage delinquencies and movements in foreign currency exchange rates. During 2015, the U.S. dollar strengthened against the Canadian dollar, which negatively impacted the results of our mortgage insurance business in Canada as reported in U.S. dollars. Any future movement in foreign exchange rates could impact future results.

We closely monitor economic conditions due to the impact adverse changes in economic conditions can have on our results. The Canadian gross domestic product is expected to have experienced moderate growth in 2015, although slightly lower than in 2014, as commodity prices, particularly oil, fell and reduced business investment activity. Low commodities prices, particularly oil, may continue to negatively impact economic growth, employment and housing, especially in the provinces of Alberta, Newfoundland and Labrador and Saskatchewan. We continue to monitor oil prices as part of our portfolio risk management strategy.

In 2015, new delinquencies and the average reserve per delinquency increased in our mortgage insurance business in Canada primarily due to ongoing pressure in Quebec and the Atlantic regions and some emerging activity in Alberta. Our loss ratio in Canada was 21% for the year ended December 31, 2015. We would expect the loss ratio in Canada to be higher in 2016 if low oil prices and economic volatility continue to have a negative economic impact.

The overnight interest rate in Canada was reduced by 0.25% in July 2015 to 0.50%. With the possibility of a continued decline in oil prices and economic slowdown, the low interest rate environment is expected to continue into 2016. The housing market in Canada improved in 2015 driven by continued low interest rates that maintained affordability as the national average home price increased by approximately 5%. In 2015, the housing market in Canada reflected strong home price appreciation in Toronto and Vancouver but was pressured in Alberta with home price depreciation in Calgary and Edmonton. The housing market in the rest of Canada was stable or down modestly. Despite steady job creation in 2015, the December 2015 unemployment rate was 7.1% after ending at 6.7% in 2014. Home sales in Canada increased approximately 5% in 2015 compared to 2014, with tight supply continuing to pressure prices in select urban markets with the resale market remaining at or near balanced market conditions. In 2016, national average home price growth is expected to be flat or slightly positive, and resales are expected to decrease marginally. Overall, we expect relatively stable housing markets in Ontario, Quebec and British Columbia to be partially offset by potential weakness in the oil producing provinces. Consequently, we expect a modestly smaller mortgage originations market in 2016, which may result in flat or modestly lower net premiums written from flow mortgage insurance in 2016. However, given the size of our more recent books and recent price increases, we expect earned premiums to be marginally higher in 2016 than 2015 (excluding impacts from foreign exchange movements).

Bulk new insurance written levels were higher in 2015 compared to 2014 from strong customer demand. In Canada, our new insurance written from bulk mortgage insurance varies from period to period based on a number of factors, including the amount of portfolio mortgages lenders seek to insure, the competitiveness of our pricing and our risk appetite for such mortgage insurance. On June 6, 2015, the Canadian government published draft

regulations to limit bulk mortgage insurance to only those mortgages that will be used in CMHC securitization programs and to prohibit the use of government guaranteed insured mortgages in private securitizations. The regulations will become effective on July 1, 2016. Although it is difficult to determine the full impact from this and other regulatory changes, we believe that the regulations may result in a decrease in demand for bulk mortgage insurance in Canada going forward.

On December 11, 2015, OSFI announced plans to update the regulatory capital framework for loans secured by residential real properties for both federally regulated mortgage insurers and deposit-taking institutions. For mortgage insurers, these changes include a new standardized approach that updates the capital requirements for mortgage guarantee insurance risk and will also require more capital for new business written when home prices are high relative to borrower incomes. For deposit-taking institutions using internal models for mortgage default risk, a risk-sensitive floor may be introduced (for losses in the event of default) that will be tied to increases in local property prices and/or to home prices that are high relative to borrower incomes under these changes. OSFI will consult with federally regulated financial institutions and other stakeholders before making any changes, initially through a directed consultation with the industry in 2016, followed by broader public consultation later in the year. OSFI expects to have final rules in place no later than 2017. The anticipated changes may impact the regulatory capital requirements for our mortgage insurance business in Canada.

Segment results of operations

The following table sets forth the results of operations relating to our Canada Mortgage Insurance segment for the periods indicated:

	Years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Revenues:							
Premiums	$466	$515	$560	$ (49)	(10)%	$ (45)	(8)%
Net investment income	130	155	170	(25)	(16)%	(15)	(9)%
Net investment gains (losses)	(32)	(2)	31	(30)	NM(1)	(33)	(106)%
Policy fees and other income	—	1	(1)	(1)	(100)%	2	200%
Total revenues	564	669	760	(105)	(16)%	(91)	(12)%
Benefits and expenses:							
Benefits and other changes in policy reserves	96	102	139	(6)	(6)%	(37)	(27)%
Acquisition and operating expenses, net of deferrals	66	90	93	(24)	(27)%	(3)	(3)%
Amortization of deferred acquisition costs and intangibles	36	38	37	(2)	(5)%	1	3%
Interest expense	18	21	22	(3)	(14)%	(1)	(5)%
Total benefits and expenses	216	251	291	(35)	(14)%	(40)	(14)%
Income from continuing operations before income taxes	348	418	469	(70)	(17)%	(51)	(11)%
Provision for income taxes	90	111	133	(21)	(19)%	(22)	(17)%
Income from continuing operations	258	307	336	(49)	(16)%	(29)	(9)%
Less: net income attributable to noncontrolling interests	118	140	154	(22)	(16)%	(14)	(9)%
Income from continuing operations available to Genworth Financial, Inc.'s common stockholders	140	167	182	(27)	(16)%	(15)	(8)%
Adjustments to income from continuing operations available to Genworth Financial, Inc.'s common stockholders:							
Net investment (gains) losses, net	12	1	(12)	11	NM(1)	13	108%
(Gains) losses on early extinguishment of debt, net	—	2	—	(2)	(100)%	2	NM(1)
Net operating income	$152	$170	$170	$ (18)	(11)%	$—	— %

(1) We define "NM" as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating income

Net operating income decreased driven by a $25 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, net operating income increased attributable to higher premiums and lower operating expenses and taxes, partially offset by higher losses in 2015.

Revenues

Premiums decreased driven by a $69 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, premiums increased primarily from the seasoning of our larger in-force blocks of business in 2015.

Net investment income decreased primarily from a $20 million decrease attributable to changes in foreign exchange rates and lower reinvestment yields in 2015.

Net investment losses increased driven by higher derivative losses largely from hedging non-functional currency investments, partially offset by net gains from the sale of investments and an increase of $5 million attributable to changes in foreign exchange rates in 2015.

Benefits and expenses

Benefits and other changes in policy reserves decreased due to lower net paid claims of $15 million, partially offset by an increase in change in reserves of $9 million. The decrease included a $14 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, benefits and other changes in policy reserves increased primarily from a higher average reserve per delinquency related to higher severity in certain regions and an increase in the number of new delinquencies, net of cures, in 2015.

Acquisition and operating expenses, net of deferrals, decreased mainly driven by lower stock-based compensation expense in 2015. The decrease was also attributable to an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada's senior notes that were scheduled to mature in 2015 that did not recur. The year ended December 31, 2015 also included a decrease of $7 million attributable to changes in foreign exchange rates.

Provision for income taxes. The effective tax rate decreased to 26.0% for the year ended December 31, 2015 from 26.6% for the year ended December 31, 2014. The decrease in the effective tax rate was primarily attributable to an increase in tax benefits from lower taxed foreign income. The year ended December 31, 2015 included a decrease of $13 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests was lower primarily driven by an $18 million decrease attributable to changes in foreign exchange rates.

2014 compared to 2013

Net operating income

Net operating income was flat as lower losses and taxes were offset by a $13 million decrease attributable to changes in foreign exchange rates and lower premiums in 2014.

Revenues

Premiums decreased primarily driven by a $37 million decrease attributable to changes in foreign exchange rates and the smaller in-force blocks of business.

Net investment income decreased mainly from an $11 million decrease attributable to changes in foreign exchange rates and lower reinvestment yields in 2014.

Net investment losses in 2014 were primarily driven by derivative losses largely from hedging non-functional currency transactions, mostly offset by net gains from the sale of investment securities. Net investment gains in 2013 were mainly from net gains from the sale of investment securities.

Benefits and expenses

Benefits and other changes in policy reserves decreased due to lower net paid claims of $64 million, partially offset by an increase in change in reserves of $27 million. The decrease was primarily from lower new delinquencies as a result of improved performance of our smaller in-force blocks of business and a stable economic environment. The year ended December 31, 2014 also included a decrease of $7 million attributable to changes in foreign exchange rates.

Acquisition and operating expenses, net of deferrals, decreased mainly driven by a $5 million decrease attributable to changes in foreign exchange rates. Excluding the effects of foreign exchange, operating expenses increased from an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada's senior notes that were scheduled to mature in 2015, partially offset by lower stock-based compensation expense in 2014.

Provision for income taxes. The effective tax rate decreased to 26.6% for the year ended December 31, 2014 from 28.4% for the year ended December 31, 2013. The decrease in the effective tax rate was primarily attributable to an increase in tax benefits from lower taxed foreign income. The year ended December 31, 2014 included a decrease of $8 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests was lower primarily driven by a $10 million decrease attributable to changes in foreign exchange rates.

Canada Mortgage Insurance selected operating performance measures

The following table sets forth selected operating performance measures regarding our Canada Mortgage Insurance segment as of or for the dates indicated:

	As of or for the years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Primary insurance in-force	$ 292,600	$ 306,600	$ 298,000	$ (14,000)	(5)%	$ 8,600	3%
Risk in-force	$ 102,400	$ 107,300	$ 104,300	$ (4,900)	(5)%	$ 3,000	3%
New insurance written	$ 40,400	$ 38,500	$ 34,100	$ 1,900	5%	$ 4,400	13%
Net premiums written	$ 641	$ 583	$ 499	$ 58	10%	$ 84	17%

2015 compared to 2014

Primary insurance in-force and risk in-force

Our mortgage insurance business in Canada currently provides 100% coverage on the majority of the loans we insure in that market. For the purpose of representing our risk in-force, we have computed an "effective" risk in-force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our business in Canada. For the years ended December 31, 2015 and 2014, this factor was 35%.

Primary insurance in-force and risk in-force decreased as a result of decreases of $55.9 billion and $19.6 billion, respectively, attributable to changes in foreign exchange rates. Excluding the effects of foreign exchange, primary insurance in-force and risk in-force increased primarily as a result of flow new insurance written and bulk mortgage insurance activity.

New insurance written

New insurance written increased driven by higher bulk mortgage insurance activity and higher flow new insurance written from higher market penetration in 2015. The year ended December 31, 2015 included a decrease of $6,000 million attributable to changes in foreign exchange rates.

Net premiums written

Most of our mortgage insurance policies in Canada provide for single premiums at the time that loan proceeds are advanced. We initially record the single premiums to unearned premium reserves and recognize the premiums earned over time in accordance with the expected pattern of risk emergence. As of December 31, 2015, our unearned premium reserves were $1,460 million, including a decrease of $300 million attributable to changes in foreign exchange rates, compared to $1,548 million as of December 31, 2014. Excluding the effects of foreign exchange, unearned premium reserves were higher as a result of premiums from new business volume.

Net premiums written increased primarily from higher flow volume attributable to higher market penetration, as well as higher bulk mortgage insurance activity from increased customer demand in 2015. In addition, the price increases on high loan-to-value premiums effective May 1, 2014 and June 1, 2015 resulted in higher net premiums written. The year ended December 31, 2015 included a decrease of $97 million attributable to changes in foreign exchange rates.

2014 compared to 2013

Primary insurance in-force and risk in-force

Our mortgage insurance business in Canada currently provides 100% coverage on the majority of the loans we insure in that market. For the purpose of representing our risk in-force, we have computed an "effective" risk in-force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our business in Canada. For the years ended December 31, 2014 and 2013, this factor was 35%.

Primary insurance in-force and risk in-force increased primarily as a result of bulk transactions and flow new insurance written during 2014, partially offset by decreases of $28.6 billion and $10.0 billion, respectively, attributable to changes in foreign exchange rates.

New insurance written

New insurance written increased primarily as a result of bulk mortgage insurance activity and higher flow new insurance written. The increase in flow new insurance written was driven by a larger mortgage originations market in 2014 and increased market penetration. The year ended December 31, 2014 included a decrease of $2,500 million attributable to changes in foreign exchange rates.

Net premiums written

Most of our mortgage insurance policies in Canada provide for single premiums at the time that loan proceeds are advanced. We initially record the single premiums to unearned premium reserves and recognize the premiums earned over time in accordance with the expected pattern of risk emergence. As of December 31, 2014, our unearned premium reserves were $1,548 million, including a decrease of $100 million attributable to changes in foreign exchange rates, compared to $1,622 million as of December 31, 2013. Excluding the effects of foreign exchange, unearned premium reserves were slightly higher as a result of premiums from new business volume.

Net premiums written increased primarily from higher flow volume attributable to a larger mortgage originations market, bulk activity in 2014 and increased market penetration. In addition, the price increase on high loan-to-value premiums effective May 1, 2014 resulted in higher net premiums written. The year ended December 31, 2014 included a decrease of $39 million attributable to changes in foreign exchange rates.

Loss and expense ratios

The following table sets forth the loss and expense ratios for our Canada Mortgage Insurance segment for the dates indicated:

	Years ended December 31,			Increase (decrease)	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Loss ratio	21%	20%	25%	1%	(5)%
Expense ratio	16%	22%	26%	(6)%	(4)%

The loss ratio is the ratio of incurred losses and loss adjustment expenses to net earned premiums. The expense ratio is the ratio of general expenses to net premiums written. In our Canadian mortgage insurance business, general expenses consist of acquisition and operating expenses, net of deferrals, and amortization of DAC and intangibles.

2015 compared to 2014

Loss ratio

The loss ratio increased primarily from a higher average reserve per delinquency related to higher severity in certain regions and an increase in the number of new delinquencies, net of cures, mostly offset by higher premiums in 2015.

Expense ratio

The expense ratio decreased primarily attributable to lower stock-based compensation expense in 2015 and an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada’s senior notes that were scheduled to mature in 2015 that did not recur.

2014 compared to 2013

Loss ratio

The loss ratio decreased primarily from lower new delinquencies as a result of improved performance of our smaller in-force blocks of business and a stable economic environment. Partially offsetting this decrease was lower premiums primarily driven by the smaller in-force blocks of business.

Expense ratio

The expense ratio decreased as higher net premiums written more than offset the impact of higher operating expenses from an early redemption payment of $6 million in May 2014 related to the redemption of Genworth Canada’s senior notes that were scheduled to mature in 2015, partially offset by lower stock-based compensation expense in 2014.

Canada mortgage insurance loan portfolio

The following table sets forth selected financial information regarding the loan-to-value ratio of effective risk in-force of our Canada mortgage insurance loan portfolio as of December 31:

(Amounts in millions)	2015	2014	2013
95.01% and above	$ 35,570	$ 37,991	$ 37,366
90.01% to 95.00%	22,338	24,836	25,589
80.01% to 90.00%	13,630	15,499	16,256
80.00% and below	30,873	28,999	25,085
Total	$ 102,411	$ 107,325	$ 104,296

Overall risk in-force decreased $19.6 billion attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, risk in-force increased primarily as a result of flow new insurance written. Risk in-force in the 80.00% and below category increased primarily as a result of bulk mortgage insurance activity in 2015.

Delinquent loans and claims

The claim process in our Canada Mortgage Insurance segment is similar to the process we follow in our U.S. mortgage insurance business. See "—U.S. Mortgage Insurance—Delinquent loans and claims." The following table sets forth the number of loans insured, the number of delinquent loans and the delinquency rate for our Canada mortgage insurance portfolio as of December 31:

	2015	2014	2013
Primary insured loans in-force	1,835,916	1,673,505	1,527,554
Delinquent loans	1,829	1,756	1,830
Percentage of delinquent loans (delinquency rate)	0.10%	0.10%	0.12%
Flow loan in-force	1,331,773	1,255,050	1,187,753
Flow delinquent loans	1,550	1,493	1,591
Percentage of flow delinquent loans (delinquency rate)	0.12%	0.12%	0.13%
Bulk loans in-force	504,143	418,455	339,801
Bulk delinquent loans	279	263	239
Percentage of bulk delinquent loans (delinquency rate)	0.06%	0.06%	0.07%

Flow mortgage loans in-force increased from new policies written and bulk mortgage loans in-force increased from bulk activity. The number of delinquent loans increased compared to 2014 primarily from ongoing pressure in Quebec and building economic pressures in oil producing regions.

As a part of enhanced lender reporting, we receive updated outstanding loans in-force in Canada from most of our customers on a one-quarter lag. Based on the data provided by lenders, the 2015 delinquency rate as of September 30, 2015 was approximately 0.21%, reflecting a lower number of outstanding loans and related policies in-force compared to our reported policies in-force using the original terms of the loan.

Primary insurance delinquency rates differ by the various provinces and territories of Canada at any one time depending upon economic conditions and cyclical growth patterns. The table below sets forth our primary delinquency rates for the various provinces and territories of Canada by our risk in-force as of the dates indicated. Delinquency rates are shown by region based upon the location of the underlying property, rather than the location of the lender.

	Percent of primary risk in-force as of December 31, 2015	Delinquency rate as of December 31,		
		2015	2014	2013
By province and territory:				
Ontario	47%	0.05%	0.05%	0.08%
Alberta	17	0.12%	0.10%	0.14%
British Columbia	14	0.08%	0.14%	0.17%
Quebec	13	0.19%	0.19%	0.17%
Saskatchewan	3	0.17%	0.13%	0.08%
Nova Scotia	2	0.18%	0.23%	0.19%
Manitoba	2	0.09%	0.07%	0.09%
New Brunswick	1	0.20%	0.20%	0.24%
All other	1	0.13%	0.12%	0.12%
Total	100%	0.10%	0.10%	0.12%

Delinquency rates were flat compared to 2014 with regional variation, including increases in more commodity dependent regions such as Alberta and Saskatchewan due to economic pressures related to low commodity prices, offset by lower delinquencies in British Columbia.

Australia Mortgage Insurance segment

Trends and conditions

Results of our mortgage insurance business in Australia are affected primarily by changes in regulatory environments, employment levels, consumer borrowing behavior, lender mortgage-related strategies, including lender servicing practices, and other economic and housing market influences, including interest rate trends, home price appreciation or depreciation, mortgage origination volume, levels and aging of mortgage delinquencies and movements in foreign currency exchange rates. During 2015, the U.S. dollar strengthened against the Australian dollar, which negatively impacted the results of our mortgage insurance business in Australia as reported in U.S. dollars. Any future movement in foreign exchange rates could impact future results.

In Australia, the overall economy continued to expand during 2015, though at a more modest pace than 2014, experiencing modest annual gross domestic product growth in 2015 primarily due to an increase in net exports. At the same time, housing activity improved primarily from sustained low interest rates which were reduced another 0.25% to 2.0% by the Reserve Bank of Australia in May 2015 and remained at 2.0% for the remainder of 2015. The Reserve Bank of Australia expects the interest rate reduction in 2015 to add further support to demand, to foster growth and inflation outcomes consistent with their targets. Job creation was steady in 2015 with the addition of approximately 300,000 jobs. The December 2015 unemployment rate at 5.8% as compared to 6.2% at the end of 2014.

The housing market in Australia continued to improve in 2015, with home values approximately 8% higher than a year ago. The Sydney and Melbourne housing markets continue to be the major driver with annual home price growth in 2015 of approximately 11% in each of these markets, despite modest home price declines in the fourth quarter of 2015. We expect home price appreciation for 2016 will slow compared to 2015.

In 2015, new delinquencies in our mortgage insurance business in Australia increased in certain mining-related areas within Queensland and Western Australia. China’s economic slowdown has also impacted mining

demand and investments in these areas. In addition, these regions are impacted by changes in commodity prices, which have continued to decline. If these trends continue, the loss ratio in Australia could increase in 2016 from our loss ratio of 23% for the year ended December 31, 2015. Consequently, we will continue to closely monitor these economic conditions and assess their impact on our business.

In Australia, gross written premiums were lower in 2015 partly due to the termination of a customer relationship with respect to new business effective in the second quarter of 2015. The decrease in gross written premiums was also driven by a reduction in high loan-to-value mortgage origination volume resulting from regulatory changes restricting loans originated for investment properties and high loan-to-value lending as APRA continues to focus on lending standards, investment lending and serviceability. Our average premium rate in Australia has also been impacted by the tighter lending standards resulting in a shift of our flow new insurance written to lower loan-to-value products that have a lower premium rate. Consequently, we expect high loan-to-value mortgages in proportion to total originations to be lower in 2016. This will likely result in a decrease in both gross written premiums and earned premiums in 2016 despite the price increase announced in December 2015, which will be effective in March 2016.

Segment results of operations

The following table sets forth the results of operations relating to our Australia Mortgage Insurance segment for the periods indicated:

	Years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
Revenues:							
Premiums	$357	$406	$398	$ (49)	(12)%	$ 8	2%
Net investment income	114	144	159	(30)	(21)%	(15)	(9)%
Net investment gains (losses)	6	3	(2)	3	100%	5	NM[1]
Policy fees and other income	(3)	(16)	—	13	81%	(16)	NM[1]
Total revenues	474	537	555	(63)	(12)%	(18)	(3)%
Benefits and expenses:							
Benefits and other changes in policy reserves	81	78	134	3	4%	(56)	(42)%
Acquisition and operating expenses, net of deferrals	98	97	110	1	1%	(13)	(12)%
Amortization of deferred acquisition costs and intangibles	18	21	22	(3)	(14)%	(1)	(5)%
Interest expense	10	10	11	—	— %	(1)	(9)%
Total benefits and expenses	207	206	277	1	— %	(71)	(26)%
Income from continuing operations before income taxes	267	331	278	(64)	(19)%	53	19%
Provision for income taxes	80	248	51	(168)	(68)%	197	NM[1]
Income from continuing operations	187	83	227	104	125%	(144)	(63)%
Less: net income attributable to noncontrolling interests	84	56	—	28	50%	56	NM[1]
Income from continuing operations available to Genworth Financial, Inc.'s common stockholders	103	27	227	76	NM[1]	(200)	(88)%
Adjustments to income from continuing operations available to Genworth Financial, Inc.'s common stockholders:							
Net investment (gains) losses, net	(2)	(1)	1	(1)	(100)%	(2)	(200)%
(Gains) losses on early extinguishment of debt, net	1	—	—	1	NM[1]	—	— %
Tax impact from potential business portfolio changes	—	174	—	(174)	(100)%	174	NM[1]
Net operating income	$102	$200	$228	$ (98)	(49)%	$ (28)	(12)%

(1) We define "NM" as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating income

Net operating income decreased primarily driven by the IPO of this business in May 2014, which reduced our ownership percentage to 66.2%. In May 2015, we sold additional shares of this business, which further reduced our ownership percentage to 52.0%. The decrease was also attributable to higher losses and operating expenses in 2015. The year ended December 31, 2015 also included a decrease of $21 million attributable to changes in foreign exchange rates.

Revenues

Premiums decreased driven by a $71 million decrease attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, premiums increased primarily as a result of the seasoning of our in-force blocks of business, an adjustment of $8 million in the third quarter of 2015 relating to refinements to premium recognition factors and higher premiums resulting from policy cancellations and refunds in 2015. These increases were partially offset by a decrease in premiums from lower flow volume and higher ceded reinsurance premiums in 2015.

Net investment income decreased primarily from a $22 million decrease attributable to changes in foreign exchange rates and lower reinvestment yields in 2015.

Net investment gains increased primarily driven by higher net investment gains related to sales of securities in 2015. The year ended December 31, 2015 also included a decrease of $2 million attributable to changes in foreign exchange rates.

Policy fees and other income increased primarily due to higher losses in 2014 on non-functional currency transactions attributable to changes in foreign exchange rates on remeasurement and partial payments of intercompany loans in 2014 that did not recur.

Benefits and expenses

Benefits and other changes in policy reserves increased due to an increase in change in reserves of $35 million, partially offset by lower net paid claims of $32 million. The increase was primarily from an increase in reserves of $9 million in the third quarter of 2015 mainly related to the estimate of the period of time it takes for a delinquent loan to be reported, a higher number of new delinquencies, net of cures, and an increase in the average claim payment in 2015. Partially offsetting these increases was a favorable adjustment of $7 million in the first quarter of 2015 related to the expected recovery of claims paid in prior periods. The year ended December 31, 2015 also included a decrease of $17 million attributable to changes in foreign exchange rates.

Acquisition and operating expenses, net of deferrals, increased primarily from higher operating expenses in 2015 related to contract fees and an early debt redemption payment of $2 million in July 2015 related to the redemption of AUD$90 million of Genworth Financial Mortgage Insurance Pty Limited's subordinated floating rate notes that were scheduled to mature in 2021. These increases were mostly offset by a decrease of $18 million attributable to changes in foreign exchange rates in 2015.

Amortization of deferred acquisition costs and intangibles decreased from a $3 million decrease attributable to changes in foreign exchange rates in 2015.

Provision for income taxes. The effective tax rate decreased to 30.0% for the year ended December 31, 2015 from 74.9% for the year ended December 31, 2014. The decrease in the effective tax rate was primarily

attributable to a charge of $174 million in the fourth quarter of 2014 related to a change in intent for permanent reinvestment of unremitted foreign income that did not recur. The year ended December 31, 2015 included a decrease of $17 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests increased primarily related to the IPO of this business in May 2014, which reduced our ownership percentage to 66.2%, and the sale of additional shares in May 2015, which further reduced our ownership percentage to 52.0% in 2015. The year ended December 31, 2015 included a decrease of $16 million attributable to changes in foreign exchange rates.

2014 compared to 2013

Net operating income

Net operating income decreased primarily from the IPO of this business in May 2014 which reduced our ownership percentage to 66.2%, resulting in lower net operating income of $55 million, higher taxes and a decrease of $19 million attributable to changes in foreign exchange rates in 2014. These decreases were partially offset by lower losses and higher premiums in 2014.

Revenues

Premiums increased primarily as a result of the seasoning of our in-force block of business as larger, newer books reach their peak earnings period. The increase was also attributable to higher premiums resulting from higher policy cancellations and new insurance written, partially offset by a decrease of $31 million attributable to changes in foreign exchange rates and higher ceded reinsurance premiums in 2014.

Net investment income decreased primarily from a $12 million decrease attributable to changes in foreign exchange rates and lower reinvestment yields during 2014.

Net investment gains in 2014 were mainly from net gains from the sale of investment securities. Net investment losses in 2013 were primarily driven by derivative losses largely from hedging non-functional currency transactions, mostly offset by net gains from the sale of investment securities.

Policy fees and other income decreased primarily due to non-functional currency transactions attributable to changes in foreign exchange rates on remeasurement and partial payments of intercompany loans in 2014.

Benefits and expenses

Benefits and other changes in policy reserves decreased due to lower net paid claims of $99 million, partially offset by an increase in change in reserves of $43 million. The decrease was primarily driven by improved aging on our existing delinquencies from higher home price appreciation and a lower volume of existing delinquencies converting to mortgages in possession, as well as a lower number of new delinquencies in 2014. Paid claims were also lower as a result of a decrease in both the number of claims and the average claim payment. The year ended December 31, 2014 also included a decrease of $6 million attributable to changes in foreign exchange rates.

Acquisition and operating expenses, net of deferrals, decreased primarily from a decrease of $7 million attributable to changes in foreign exchange rates and lower operating expenses related to contract fees in 2014.

Provision for income taxes. The effective tax rate increased to 74.9% for the year ended December 31, 2014 from 18.3% for the year ended December 31, 2013. The increase in the effective tax rate was primarily attributable to a charge of $174 million in the fourth quarter of 2014 as we could no longer assert our intent to permanently reinvest earnings in this business. The year ended December 31, 2014 included a decrease of $7 million attributable to changes in foreign exchange rates.

Net income attributable to noncontrolling interests increased primarily related to the IPO of our Australian mortgage insurance business in May 2014, which reduced our ownership percentage to 66.2%, resulting in lower net income of $56 million in 2014.

Australia Mortgage Insurance selected operating performance measures

The following table sets forth selected operating performance measures regarding our Australia Mortgage Insurance segment as of or for the dates indicated:

	As of or for the years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	**2015**	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
Primary insurance in-force	$233,600	$256,000	$267,900	$(22,400)	(9)%	$(11,900)	(4)%
Risk in-force	$ 81,500	$ 89,600	$ 93,800	$ (8,100)	(9)%	$ (4,200)	(4)%
New insurance written	$ 24,900	$ 32,900	$ 34,600	$ (8,000)	(24)%	$ (1,700)	(5)%
Net premiums written	$ 328	$ 509	$ 519	$ (181)	(36)%	$ (10)	(2)%

2015 compared to 2014

Primary insurance in-force and risk in-force

Our mortgage insurance business in Australia currently provides 100% coverage on the majority of the loans we insure in those markets. For the purpose of representing our risk in-force, we have computed an "effective" risk in-force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our business in Australia. For the years ended December 31, 2015 and 2014, this factor was 35%. We also we have certain risk share arrangements where we provide pro-rata coverage of certain loans rather than 100% coverage. As a result, for loans with these risk share arrangements, the applicable pro-rata coverage amount provided is used when applying the factor.

Primary insurance in-force and risk in-force decreased driven by decreases of $27.9 billion and $9.8 billion, respectively, attributable to changes in foreign exchange rates. Excluding the effects of foreign exchange, primary insurance in-force and risk in-force increased primarily from flow new insurance written during 2015.

New insurance written

New insurance written decreased mainly attributable to lower flow volume from tightening of lending standards, as well as the termination of a customer relationship with respect to new business in the second quarter of 2015, partially offset by an increase in bulk mortgage insurance activity in 2015. The year ended December 31, 2015 included a decrease of $4,800 million attributable to changes in foreign exchange rates.

Net premiums written

Most of our Australian mortgage insurance policies provide for single premiums at the time that loan proceeds are advanced. We initially record the single premiums to unearned premium reserves and recognize the premiums earned over time in accordance with the expected pattern of risk emergence. As of December 31, 2015, our unearned premium reserves were $963 million, including a decrease of $100 million attributable to changes in foreign exchange rates, compared to $1,112 million as of December 31, 2014. Unearned premium reserves decreased slightly primarily as a result of lower premiums written from lower business volume in 2015.

Net premiums written decreased primarily from lower flow volume and average price due to changes in the loan-to-value mix, as well as the termination of a customer relationship with respect to new business in the second quarter of 2015, partially offset by bulk mortgage insurance activity in 2015. The year ended December 31, 2015 included a decrease of $62 million attributable to changes in foreign exchange rates.

2014 compared to 2013

Primary insurance in-force and risk in-force

Our mortgage insurance business in Australia currently provides 100% coverage on the majority of the loans we insure in those markets. For the purpose of representing our risk in-force, we have computed an “effective” risk in-force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our business in Australia. For the years ended December 31, 2014 and 2013, this factor was 35%.

Primary insurance in-force and risk in-force decreased $24.2 billion and $8.5 billion, respectively, attributable to changes in foreign exchange rates. Excluding the effects of foreign exchange, primary insurance in-force and risk in-force increased primarily from flow new insurance written during 2014.

New insurance written

New insurance written decreased driven by a change of $2,500 million in foreign exchange rates. Excluding the effects of foreign exchange, new insurance written increased mainly attributable to improved housing market activity as interest rates remained low in 2014.

Net premiums written

Most of our Australia mortgage insurance policies provide for single premiums at the time that loan proceeds are advanced. We initially record the single premiums to unearned premium reserves and recognize the premiums earned over time in accordance with the expected pattern of risk emergence. As of December 31, 2014, our unearned premium reserves were $1,112 million, including a decrease of $100 million attributable to changes in foreign exchange rates, compared to $1,116 million as of December 31, 2013. Excluding the effects of foreign exchange, unearned premium reserves were slightly higher as a result of premiums from new business volume.

Net premiums written decreased driven by a change of $40 million in foreign exchange rates. Excluding the effects of foreign exchange, net premiums written increased primarily from higher flow average price and volume, partially offset by lower loan-to-value mortgage originations and higher ceded reinsurance premiums in 2014.

Loss and expense ratios

The following table sets forth the loss and expense ratios for our Australia Mortgage Insurance segment for the dates indicated:

	Years ended December 31,			Increase (decrease)	
	2015	**2014**	**2013**	**2015 vs. 2014**	**2014 vs. 2013**
Loss ratio	23%	19%	34%	4%	(15)%
Expense ratio	35%	23%	25%	12%	(2)%

The loss ratio is the ratio of incurred losses and loss adjustment expenses to net earned premiums. The expense ratio is the ratio of general expenses to net premiums written. In our mortgage insurance business in Australia, general expenses consist of acquisition and operating expenses, net of deferrals, and amortization of DAC and intangibles.

2015 compared to 2014

Loss ratio

The loss ratio increased primarily driven by an increase in reserves of $9 million in the third quarter of 2015 mainly related to the estimate of the period of time it takes for a delinquent loan to be reported. This increase in reserves coupled with the increase in premiums of $8 million from refinements to premium recognition factors increased the loss ratio by two percentage points for the year ended December 31, 2015. The loss ratio also increased from a higher number of new delinquencies, net of cures, and an increase in the average claim payment, partially offset by a favorable adjustment of $7 million in the first quarter of 2015 related to the expected recovery of claims paid in prior periods. The favorable adjustment decreased the loss ratio by two percentage points for the year ended December 31, 2015.

Expense ratio

The expense ratio increased primarily from lower net premiums written and higher operating expenses in 2015 related to contract fees and an early debt redemption payment of $2 million in July 2015 related to the redemption of AUD$90 million of Genworth Financial Mortgage Insurance Pty Limited's subordinated floating rate notes that were scheduled to mature in 2021.

2014 compared to 2013

Loss ratio

The loss ratio decreased primarily driven by improved aging on our existing delinquencies from higher home price appreciation and a lower volume of existing delinquencies converting to mortgages in possession, as well as a lower number of new delinquencies in 2014. Paid claims were also lower as a result of a decrease in both the number of claims and the average claim payment.

Expense ratio

The expense ratio decreased primarily from lower operating expenses related to contract fees in 2014.

Australia mortgage insurance loan portfolio

The following table sets forth selected financial information regarding the loan-to-value ratio of effective risk in-force of our Australia mortgage insurance loan portfolio as of December 31:

(Amounts in millions)	2015	2014	2013
95.01% and above	$15,055	$17,143	$17,901
90.01% to 95.00%	20,933	22,207	22,139
80.01% to 90.00%	21,510	23,482	24,290
80.00% and below	23,970	26,758	29,425
Total	$81,468	$89,590	$93,755

Overall risk in-force decreased $9.8 billion attributable to changes in foreign exchange rates in 2015. Excluding the effects of foreign exchange, risk in-force increased primarily as a result of flow new insurance written.

Table of Contents

Delinquent loans and claims

The claim process in our Australia Mortgage Insurance segment is similar to the process we follow in our U.S. mortgage insurance business. See "—U.S. Mortgage Insurance—Delinquent loans and claims." The following table sets forth the number of loans insured, the number of delinquent loans and the delinquency rate for our Australia mortgage insurance portfolio as of December 31:

	2015	2014	2013
Primary insured loans in-force	1,478,434	1,496,616	1,474,181
Delinquent loans	5,552	4,953	4,980
Percentage of delinquent loans (delinquency rate)	0.38%	0.33%	0.34%
Flow loan in-force	1,364,628	1,378,584	1,350,571
Flow delinquent loans	5,317	4,714	4,760
Percentage of flow delinquent loans (delinquency rate)	0.39%	0.34%	0.35%
Bulk loans in-force	113,806	118,032	123,610
Bulk delinquent loans	235	239	220
Percentage of bulk delinquent loans (delinquency rate)	0.21%	0.20%	0.18%

Flow loans in-force decreased compared to 2014 and bulk loans in-force decreased from policy cancellations. Flow loans in-force increased compared to 2013 from new policies written. Flow delinquent loans increased in 2015 as new delinquencies more than offset cures and paid claims primarily as a result of economic pressures in commodity dependent regions.

Primary insurance delinquency rates differ by the various states and territories of Australia at any one time depending upon economic conditions and cyclical growth patterns. The table below sets forth our primary delinquency rates for the states and territories of Australia by our risk in-force as of the dates indicated. Delinquency rates are shown by region based upon the location of the underlying property, rather than the location of the lender.

	Percent of primary risk in-force as of December 31, 2015	Delinquency rate as of December 31,		
		2015	2014	2013
By state and territory:				
New South Wales	29%	0.27%	0.27%	0.30%
Queensland	23	0.53%	0.47%	0.46%
Victoria	23	0.33%	0.30%	0.30%
Western Australia	11	0.46%	0.32%	0.29%
South Australia	6	0.51%	0.44%	0.40%
Australian Capital Territory	3	0.17%	0.16%	0.10%
Tasmania	2	0.32%	0.25%	0.31%
New Zealand	2	0.17%	0.28%	0.38%
Northern Territory	1	0.17%	0.16%	0.25%
Total	100%	0.38%	0.33%	0.34%

Delinquency rates increased primarily from higher new delinquencies, net of cures, mainly attributable to economic pressures in Queensland, Western Australia and South Australia.

U.S. Life Insurance segment

Trends and conditions

Results of our U.S. life insurance businesses depend significantly upon the extent to which our actual future experience is consistent with assumptions and methodologies we have used in calculating our reserves. Many factors can affect the reserves in our U.S. life insurance businesses and because they are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, and we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. We perform loss recognition testing to ensure that the current reserves along with the present value of future gross premiums are sufficient to cover the present value of future expected claims and expense, as well as recover the unamortized portion of DAC and, if any, PVFP. If the loss recognition test indicates a deficiency in the ability to pay all future claims and expenses, including the amortization of DAC and PVFP, a loss is recognized in earnings as an impairment of the DAC and/or PVFP balance and, if the loss is greater than the DAC and/or PVFP balance, by an increase in reserves. In our U.S. life insurance businesses, our liability for policy and contract claims is reviewed quarterly as well as with our detailed review of our claim reserve assumptions typically during the third quarter of each year. Our liability for future policy benefits is reviewed at least annually as a part of our loss recognition testing typically performed in the third or fourth quarter of each year. As part of loss recognition testing, we also review the recoverability of DAC and PVFP at least annually. In addition, we perform cash flow testing separately for each of our U.S. life insurance companies on a statutory accounting basis annually.

During the third quarter of 2015, we reviewed our assumptions and methodologies relating to our claim reserves of our long-term care insurance business but did not make any significant changes to the assumptions or methodologies, other than routine updates to investment returns and benefit utilization rates as we typically do each quarter. These updates in the third quarter of 2015 did not have a significant impact on claim reserve levels.

In the fourth quarter of 2015, we conducted our annual review of assumptions related to our liability for future policy benefits and policyholder account balances for our long-term care insurance, life insurance and annuity products. This review included updates to our assumptions based on any relevant observable trends in our experience and any changes to future expectations with respect to a variety of factors, including but not limited to, mortality, policyholder behavior and interest rates.

These updates in the fourth quarter of 2015 did not have a significant impact on the margin of our long-term care insurance block, excluding the acquired block, which was approximately $2.5 billion to $3.0 billion as of December 31, 2015. As previously disclosed, the margin on our acquired block of long-term care insurance was zero after the reserve increase in the fourth quarter of 2014; therefore, the impacts of any adverse changes in assumptions would immediately be reflected as a charge in net income (loss). In 2015, our acquired block of long-term care insurance had positive margin of approximately $10 million.

In the fourth quarter of 2015, we completed our annual review of assumptions for our universal and term universal life insurance products, which resulted in $298 million of pre-tax charges, which included $55 million of corrections related to reinsurance inputs. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements.

As of December 31, 2015, we established $198 million of additional statutory reserves resulting from updates to our universal life insurance products with secondary guarantees in our Virginia and Delaware licensed life insurance subsidiaries. Of this amount, we recorded $194 million in the fourth quarter of 2015. In addition, as a result of our annual statutory cash flow testing of our long-term care insurance business, our New York insurance subsidiary recorded $89 million of additional statutory reserves in the fourth quarter of 2015 and expects to record an aggregate of $267 million of additional statutory reserves over the next three years.

We will continue to monitor our experience and assumptions closely and make changes to our assumptions and methodologies, when appropriate. In our assumption review in 2015, we looked at a number of assumptions, including older age mortality in our life insurance products, shock lapse in our term universal life insurance

product and for our group long-term care insurance products, for which we did not make any changes at this time. We will review these and other assumptions again in 2016 with the benefit of updated experience and comparisons to industry experience, where appropriate, and we will likely make changes to at least one or more of these or other assumptions with a resulting negative impact. We do not know whether such impact would be material or whether it would be offset by impacts from other assumptions that may or may not occur. Even small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past have had, material impacts on our DAC amortization, reserve levels, results of operations and financial condition. For additional information, see "—Critical Accounting Estimates."

Long-term care insurance

Results of our long-term care insurance business are influenced primarily by sales, morbidity, mortality, persistency, investment yields, expenses, ability to achieve rate actions, changes in regulations and reinsurance. Additionally, sales of our products are impacted by the relative competitiveness of our offerings based on product features, pricing and commission levels, actions by rating agencies and the impact of in-force rate actions on distribution and consumer demand. Changes in regulations or government programs, including long-term care insurance rate action legislation, could impact our long-term care insurance business either positively or negatively.

During 2014, we updated our assumptions and methodologies primarily impacting claim termination rates and benefit utilization rates, resulting in increases to our long-term care insurance claim reserves. This update also informed the review of and changes to assumptions and methodologies used in our loss recognition testing, which indicated that a premium deficiency existed for our acquired block of long-term care insurance. Loss recognition testing for our long-term care insurance block, excluding the acquired block, indicated that although the block had positive margin overall, it had a pattern of projected profits followed by projected losses. We are required to accrue additional future policy benefit reserves in the profitable years by amounts sufficient to offset losses in later years. Given our updated assumptions and methodologies discussed above, we are currently establishing higher claim reserves on new claims, which decreases earnings in the period in which the higher reserves are recorded. Additionally, average claim reserves for new claims are higher as the mix of claims continues to evolve, with increasing numbers of policies with higher daily benefit amounts and unlimited benefit pools going on claim. Consequently, results of our long-term care insurance business have been modest in 2015 and we expect results to continue to be modest going forward with some variability period to period. We will continue to regularly review our methodologies and assumptions in light of emerging experience and may be required to make further adjustments to our long-term care insurance claim reserves in the future, which could also impact our loss recognition testing results. Any further materially adverse changes to our claim reserves or changes as a result of loss recognition testing may have a materially negative impact on our results of operations, financial condition and business.

We experience volatility in our loss ratios caused by variances in claim terminations, claim severity and claim counts. Our rate actions may also cause fluctuations in our loss ratios during the period when reserves are adjusted to reflect policyholders taking reduced benefits or non-forfeiture options within their policy coverage. In addition, we periodically review our claim reserve assumptions and methodologies based upon developing experience, which may result in changes to claim reserves and loss recognition testing results, causing volatility in our operating results and loss ratios. Our loss ratio for the year ended December 31, 2014 was 129% and was increased by 57 percentage points as a result of the increase in reserves from the changes in assumptions and methodologies mentioned above. Our loss ratio was 74% for the year ended December 31, 2015 reflecting our updated claims assumptions emerging from our review of claim reserves as well as our updated assumptions on our acquired block in 2014.

Our long-term care insurance sales decreased 62% in 2015 compared to 2014. Sales decreased due to overall market conditions, product changes in 2014 that increased premium rates and reduced benefits offered, competing industry product solutions and certain distributors suspending sales of our products as a result of market uncertainty about the outcome of our strategic review, rating agency actions and our recent financial results. The overall long-term care insurance industry sales trends were down approximately 19% for the first nine months of 2015 as compared to the same period in 2014 as companies have left the market over time and have introduced price increases and product changes and from general consumer concern tied to industry rate actions. Following the

Table of Contents

adverse rating actions after the announcement of our results for the fourth quarter of 2015, distributors, representing in excess of 20% of our 2015 individual long-term care insurance sales, suspended distribution of our long-term care insurance products. We expect that our sales will continue to be adversely impacted by our current ratings.

In the fourth quarter of 2014, we began filing for regulatory approval of an enhanced product to improve competitiveness, while meeting our targeted returns, by, among other things, reducing premium rates and adjusting coverage options. As of December 31, 2015, this enhanced product had been filed in 47 states, approved in 45 states and launched in 43 states, with an additional two states targeted to be launched in the first half of 2016. In support of this product, we are investing in targeted distribution and marketing initiatives to increase long-term care insurance sales. In addition, we are evaluating market trends and sales and investing in the development of products and distribution strategies that we believe will help expand the long-term care insurance market over time and meet broader consumer needs.

We also manage risk and capital allocated to our long-term care insurance business through utilization of external reinsurance in the form of coinsurance. We executed external reinsurance agreements to reinsure 20% of all sales of our individual long-term care insurance products that have been introduced since early 2013. External new business reinsurance levels vary and are dependent on a number of factors, including price, availability, risk tolerance and capital levels. Over time, there can be no assurance that affordable, or any, reinsurance will continue to be available. We also have external reinsurance on some older blocks of business which includes a treaty on a yearly renewable term basis on business that was written between 1998 and 2003. This yearly renewable term reinsurance provides coverage for claims on those policies for 15 years after the policy was written. After 15 years, reinsurance coverage ends for policies not on claim, while reinsurance coverage continues for policies on claim until the claim ends. Since 2013, we have seen, and may continue to see through 2018, an increase in benefit costs if and when those policies are no longer covered under this reinsurance go on claim. In addition, we have a portion of our long-term care insurance business reinsured internally by BLAIC, one of our Bermuda-domiciled captive reinsurance subsidiaries. One of our strategic priorities is to repatriate all of the existing business, including our long-term care insurance business, held in BLAIC. The timing of the repatriation is expected to occur in 2016. If we implement the repatriation (following receipt of required regulatory approvals), there will be no impact on our consolidated results of operations and financial condition prepared in accordance with U.S. GAAP as the financial impact of this reinsurance eliminates in consolidation, although there is expected to be an adverse impact on GLIC’s RBC ratio, depending on the specifics and timing of a transaction.

As a result of ongoing challenges in our long-term care insurance business, we continue pursuing initiatives to improve the risk and profitability profile of our business including: premium rate increases and benefit reductions on our in-force policies; product refinements; changes to our current product offerings in certain states; new distribution strategies; investing in care coordination capabilities and service offerings; refining underwriting requirements; managing expense levels; actively exploring additional reinsurance strategies; executing investment strategies targeting higher returns; enhancing our financial and actuarial analytical capabilities; and considering other actions to improve the performance of the overall business. These efforts include a plan for significant future in-force premium rate increases on issued policies. For an update on rate actions, refer to “—Significant Developments—U.S. Life Insurance.” In the past, we have suspended, and will consider taking similar actions in the future, in states where we are unable to obtain satisfactory rate increases on in-force policies as we did in Massachusetts, New Hampshire and Vermont. The approval process for in-force rate increases and the amount and timing of the rate increases approved vary by state. In certain states, the decision to approve or disapprove a rate increase can take several years. Upon approval, insureds are provided with written notice of the increase and increases are generally applied on the insured’s policy anniversary date. Therefore, the benefits of any rate increase are not fully realized until the implementation cycle is complete and are therefore expected to be realized over time.

Continued low interest rates have also put pressure on the profitability and returns of our long-term care insurance business as higher yielding investments have matured and been replaced with lower-yielding investments. We seek to manage the impact of low interest rates through asset-liability management and hedging strategies for a portion of our long-term care insurance product cash flows.

Life insurance

Results of our life insurance business are impacted primarily by sales, competitor actions, mortality, persistency, investment yields, expenses, reinsurance and statutory reserve requirements, among other factors.

Life insurance sales decreased 45% during 2015 compared to 2014 and decreased 17% in the fourth quarter of 2015 from the third quarter of 2015. The decrease in our sales was predominantly related to our competitive positioning in the marketplace and distributor suspensions following adverse rating actions. On February 4, 2016, we announced our decision to suspend sales of our traditional life insurance products after the first quarter of 2016.

In the fourth quarter of 2015, we completed our annual review of assumptions, which resulted in $194 million of after-tax charges, which included $36 million of corrections related to reinsurance inputs, in our universal and term universal life insurance products. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements.

In 2014, mortality experience was favorable to pricing expectations for term life insurance and unfavorable for universal and term universal life insurance, but experience fluctuated from quarter to quarter. In 2015, mortality experience was favorable to pricing expectations for our term life insurance products but unfavorable for our universal life insurance products. Mortality experience for our term universal life insurance product was consistent with pricing expectations. Mortality levels may deviate each period from historical trends. Between 1999 and 2009, we had a significant increase in term life insurance sales, as compared to 1998 and prior years. As our 15-year term life insurance policies written in 1999 and 2000 transition to their post-level guaranteed premium rate period, we have experienced lower persistency compared to our pricing and valuation assumptions. In the future, as additional 10-, 15- and 20-year level premium period blocks enter their post-level guaranteed premium rate period, we would expect DAC amortization to accelerate, premiums to decline and mortality to worsen and reduce profitability or create losses in our term life insurance products, in amounts that could be material, if persistency is lower than our original assumptions as it has been on our 10- and 15-year business written in 1999 and 2000.

A portion of our life insurance reserves are financed through captive reinsurance structures. The financing cost of certain captive reinsurance structures is determined in part by the financial strength ratings of our principal life insurance subsidiaries. As a result of the ratings downgrade of our principal life insurance subsidiaries in February 2015, the cost of financing increased for a portion of our captive-financed reserves by approximately $4 million per quarter. We are actively pursuing strategies to partially mitigate the negative impact of the increased financing cost through the use of reinsurance or the refinancing of existing reinsurance.

Fixed annuities

Results of our fixed annuities business are affected primarily by investment performance, interest rate levels, slope of the interest rate yield curve, net interest spreads, equity market conditions, mortality, persistency, expense and commission levels, product sales, competitor actions and competitiveness of our offerings.

Sales of fixed annuities decreased 38% in 2015 compared to 2014. The decrease was largely as a result of distributor actions. Following adverse rating actions after the announcement of our results for the third and fourth quarters of 2014, several of our distributors suspended distribution of our products. However, sales increased 21% in the fourth quarter of 2015 from the third quarter of 2015 due to competitive pricing. On February 4, 2016, we announced our decision to suspend sales of our traditional fixed annuity products after the first quarter of 2016.

We monitor and change prices and crediting rates on fixed annuities on a regular basis to maintain spreads and targeted returns. Equity market performance and volatility could result in additional gains or losses, although associated hedging activities are expected to partially mitigate these impacts.

[Table of Contents](#)

Segment results of operations

The following table sets forth the results of operations relating to our U.S. Life Insurance segment for the periods indicated:

(Amounts in millions)	Years ended December 31,			Increase (decrease) and percentage change			
	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Revenues:							
Premiums	$3,128	$ 3,169	$2,957	$ (41)	(1)%	$ 212	7%
Net investment income	2,701	2,665	2,621	36	1%	44	2%
Net investment gains (losses)	(10)	41	(3)	(51)	(124)%	44	NM(1)
Policy fees and other income	726	712	755	14	2%	(43)	(6)%
Total revenues	6,545	6,587	6,330	(42)	(1)%	257	4%
Benefits and expenses:							
Benefits and other changes in policy reserves	4,692	5,820	3,975	(1,128)	(19)%	1,845	46%
Interest credited	596	618	619	(22)	(4)%	(1)	— %
Acquisition and operating expenses, net of deferrals	684	658	658	26	4%	—	— %
Amortization of deferred acquisition costs and intangibles	872	345	384	527	153%	(39)	(10)%
Goodwill impairment	—	849	—	(849)	(100)%	849	NM(1)
Interest expense	92	87	97	5	6%	(10)	(10)%
Total benefits and expenses	6,936	8,377	5,733	(1,441)	(17)%	2,644	46%
Income (loss) from continuing operations before income taxes	(391)	(1,790)	597	1,399	78%	(2,387)	NM(1)
Provision (benefit) for income taxes	(138)	(385)	213	247	64%	(598)	NM(1)
Income (loss) from continuing operations available to Genworth Financial, Inc.’s common stockholders	(253)	(1,405)	384	1,152	82%	(1,789)	NM(1)
Adjustments to income (loss) from continuing operations available to Genworth Financial, Inc.’s common stockholders:							
Net investment (gains) losses, net	(3)	(27)	1	24	89%	(28)	NM(1)
Goodwill impairment, net	—	791	—	(791)	(100)%	791	NM(1)
(Gains) losses from life block transactions, net	296	—	—	296	NM(1)	—	— %
Expenses related to restructuring, net	3	—	9	3	NM(1)	(9)	(100)%
Net operating income (loss)	$ 43	$ (641)	$ 394	$ 684	107%	$(1,035)	NM(1)

(1) We define “NM” as not meaningful for increases or decreases greater than 200%.

Table of Contents

The following table sets forth net operating income (loss) for the businesses included in our U.S. Life Insurance segment for the periods indicated:

(Amounts in millions)	Years ended December 31, 2015	2014	2013	Increase (decrease) and percentage change 2015 vs. 2014		2014 vs. 2013	
Net operating income (loss):							
Long-term care insurance	$ 29	$(815)	$129	$ 844	104%	$ (944)	NM[1]
Life insurance	(80)	74	173	(154)	NM[1]	(99)	(57)%
Fixed annuities	94	100	92	(6)	(6)%	8	9%
Total net operating income (loss)	$ 43	$(641)	$394	$ 684	107%	$(1,035)	NM[1]

(1) We define "NM" as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating income (loss)

- Our long-term care insurance business had net operating income of $29 million in 2015 compared to a net operating loss of $815 million in 2014. The net loss in the prior year was driven by our annual loss recognition testing in the fourth quarter of 2014 resulting in an increase of $478 million of reserves and amortization of PVFP and the completion of a comprehensive review of our claim reserves in the third quarter of 2014 resulting in increased claim reserves of $345 million. In 2014, we also recorded a $44 million unfavorable correction related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review and a $35 million unfavorable correction related to a calculation of benefit utilization for policies with a benefit inflation option, partially offset by a $28 million favorable refinement of assumptions for claim termination rates. We also had $69 million of higher premiums and reduced benefits from in-force rate actions approved and implemented in 2015. These increases were partially offset by higher severity and frequency on new claims.
- Our life insurance business had a net operating loss of $80 million in 2015 compared to net operating income of $74 million in 2014. The decrease was predominantly related to the completion of our annual review of assumptions in the fourth quarter of 2015, which resulted in $194 million of charges, which included $36 million of corrections related to reinsurance inputs, in our universal and term universal life insurance products. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements. These decreases were partially offset by our term life insurance products largely due to an unfavorable reserve correction of $32 million related to reserves on a reinsurance transaction in 2014 that did not recur and favorable mortality in 2015.
- Our fixed annuities business decreased $6 million primarily related to lower investment income, partially offset by lower interest credited in 2015.

Revenues

Premiums

- Our long-term care insurance business increased $101 million largely from $96 million of higher premiums in 2015 from in-force rate actions approved and implemented.
- Our life insurance business decreased $52 million primarily related to higher ceded reinsurance, lapse experience and lower production in 2015.
- Our fixed annuities business decreased $90 million principally from lower sales of our life-contingent products in 2015.

Net investment income

- Our long-term care insurance business increased $107 million largely from higher average invested assets due to growth of our in-force block, higher gains of $12 million from bond calls and mortgage loan prepayments and an $8 million unfavorable prepayment speed adjustment on structured securities in 2014 that did not recur. These increases were partially offset by lower reinvestment yields and an $8 million favorable correction to investment amortization for preferred stock in 2014 that did not recur.
- Our life insurance business decreased $16 million largely from lower reinvestment yields and average invested assets in 2015.
- Our fixed annuities business decreased $55 million largely due to lower reinvestment yields and average invested assets. The decrease was also attributable to lower gains of $6 million from limited partnerships and a decrease of $4 million in bond calls and mortgage loan prepayments in 2015.

Net investment gains (losses)

- Net investment gains in our long-term care insurance business increased $20 million largely from higher derivative gains, partially offset by net losses from the sale of investment securities in 2015 compared to net gains in 2014.
- Net investment gains in our life insurance business decreased $21 million primarily from lower net gains from the sale of investment securities and higher impairments in 2015.
- Net investment losses in our fixed annuities business increased $50 million largely related to derivative losses in 2015 compared to gains in 2014. The increase was also attributable to net losses from the sale of investment securities in 2015 compared to gains in 2014 and higher impairments, partially offset by lower losses on embedded derivatives related to our fixed indexed annuities in 2015.

Policy fees and other income. The increase was primarily attributable to our life insurance business largely related to our universal life insurance products driven by a $12 million favorable impact associated with the completion of our annual review of assumptions in the fourth quarter of 2015, which included $5 million of corrections related to reinsurance inputs. The increase was also attributable to higher income from certain older universal life insurance in-force policies and a $4 million unfavorable correction in 2014 that did not recur. These increases were partially offset by lower production, a decrease in our term universal and universal life insurance in-force blocks and higher terminations in our term universal life insurance product in 2015.

Benefits and expenses

Benefits and other changes in policy reserves

- Our long-term care insurance business decreased $1,089 million. The decrease was largely related to our annual loss recognition testing in the fourth quarter of 2014 that resulted in an increase of $729 million of reserves and the completion of a comprehensive review of our claim reserves in the third quarter of 2014 that resulted in an increase in claim reserves of $531 million, net of reinsurance. During the third quarter of 2014, we also recorded a $54 million unfavorable correction, net of reinsurance, related to a calculation of benefit utilization for policies with a benefit inflation option. During the fourth quarter of 2014, we recorded a $67 million unfavorable correction, net of reinsurance, related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $43 million favorable refinement, net of reinsurance, of assumptions for claim termination rates. The decrease was also attributable to reduced benefits of $18 million in 2015 related to in-force rate actions approved and implemented. These decreases were partially offset by aging and growth of the in-force block, higher severity and frequency on new claims and incremental reserves of $13 million recorded in connection with an accrual for profits followed by losses in 2015.

- Our life insurance business increased $64 million primarily related to our universal and term universal life insurance products largely from the completion of our annual review of assumptions in the fourth quarter of 2015 that resulted in an increase in reserves of $187 million. The increase was also attributable to unfavorable mortality in our term universal life insurance product and a favorable unlocking of $23 million in our term universal and universal life insurance products in 2014. These increases were partially offset by our term life insurance products principally from a $49 million unfavorable correction related to reserves on a reinsurance transaction recorded in the fourth quarter of 2014 and the recapture of a reinsurance agreement in 2014 and favorable mortality and higher ceded reinsurance in 2015.
- Our fixed annuities business decreased $103 million predominantly attributable to lower sales of our life-contingent products and lower interest credited in 2015.

Interest credited. The decrease was mainly related to our fixed annuities business driven by lower crediting rates and a decrease in average account values in 2015.

Acquisition and operating expenses, net of deferrals

- Our long-term care insurance business increased $16 million primarily from an unfavorable correction of $12 million related to premium taxes, growth of our in-force block and a restructuring charge, partially offset by lower marketing costs in 2015.
- Our life insurance business increased $9 million largely from higher net commissions due to lower deferrals on older in-force blocks and higher variable compensation costs, partially offset by lower production in 2015.

Amortization of deferred acquisition costs and intangibles

- Our long-term care insurance business decreased $13 million largely related to the write-off of PVFP in connection with our annual loss recognition testing completed in the fourth quarter of 2014 which also resulted in lower amortization in 2015.
- Our life insurance business increased $560 million largely from a DAC impairment of $455 million as a result of loss recognition testing of certain term life insurance policies in 2015 as part of a life block transaction. In the fourth quarter of 2015, as part of our annual review of assumptions, we recorded an unfavorable unlocking in our universal life insurance products of $123 million, which included $63 million of corrections related to reinsurance inputs. In 2014, we recorded an unfavorable unlocking of $12 million in our term universal and universal life insurance products.
- Our fixed annuities business decreased $20 million largely attributable to higher net investment losses and a decrease in account values in 2015.

Goodwill impairment

- We recorded goodwill impairments of $354 million in our long-term care insurance business in 2014.
- We recorded goodwill impairments of $495 million in our life insurance business in 2014.

Interest expense. Interest expense increased driven by our life insurance business principally from the impact of credit rating downgrades of our life insurance subsidiaries which increased the cost of financing term life insurance reserves, partially offset by a refinancing transaction executed in 2015.

Provision (benefit) for income taxes. The effective tax rate increased to 35.3% for the year ended December 31, 2015 from 21.5% for the year ended December 31, 2014. The increase in the effective tax rate was primarily attributable to non-deductible goodwill impairments in 2014.

2014 compared to 2013

Net operating income (loss)

- Our long-term care insurance business had a net operating loss of $815 million in 2014 compared to net operating income of $129 million in 2013. In the fourth quarter of 2014, we completed our annual loss recognition testing which resulted in an increase of $478 million of reserves and amortization of PVFP driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. In the third quarter of 2014, we completed a comprehensive review of our claim reserves, which increased claim reserves by $345 million. As a result of this review, we made changes to our assumptions and methodologies relating to our long-term care insurance claim reserves primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates, reflecting that claims are not terminating as quickly and claimants are utilizing more of their available benefits in aggregate than had previously been assumed in our reserve calculations. During the third quarter of 2014, we also recorded a $35 million unfavorable correction related to a calculation of benefit utilization for policies with a benefit inflation option. During the fourth quarter of 2014, we also recorded a $44 million unfavorable correction related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $28 million favorable refinement of assumptions for claim termination rates. These increases were partially offset by $102 million of increased premiums and reduced benefits in 2014 from in-force rate actions.
- Our life insurance business decreased $99 million principally due to higher mortality experience, an unfavorable reserve correction of $32 million in our term life insurance products related to reserves on a reinsurance transaction recorded in the fourth quarter of 2014 compared to an $18 million favorable reserve correction in our term universal life insurance product in 2013. The decrease was also attributable to lower investment income driven largely by unfavorable prepayment speed adjustments on structured securities in 2014 compared to favorable adjustments in 2013. These decreases were partially offset by slower reserve growth in our term universal life insurance reserves and a $12 million unfavorable tax valuation allowance in 2013 that did not recur.
- Our fixed annuities business increased $8 million primarily related to higher customer account values and lower operating expenses, partially offset by unfavorable mortality in 2014.

Revenues

Premiums

- Our long-term care insurance business increased $127 million largely from $90 million of increased premiums from in-force rate actions, growth of our in-force block from new sales in 2014 and unfavorable adjustments of $14 million in 2013 that did not recur.
- Our life insurance business increased $38 million primarily related to our term life insurance products due to the recapture of a reinsurance agreement and higher sales in 2014.
- Our fixed annuities business increased $47 million principally driven by higher sales of our life-contingent products in 2014.

Net investment income

- Our long-term care insurance business increased $64 million largely related to higher average invested assets due to growth of our in-force block and a favorable correction of $8 million to investment amortization for preferred stock in 2014. These increases were partially offset by unfavorable prepayment speed adjustments of $5 million on structured securities in 2014 compared to favorable prepayment speed adjustments of $9 million in 2013.

- Our life insurance business decreased $20 million largely from unfavorable prepayment speed adjustments of $6 million on structured securities in 2014 compared to favorable prepayment speed adjustments of $7 million in 2013 and lower gains of $8 million from limited partnerships.
- Our fixed annuities business was flat as higher bond calls and mortgage loan prepayments of $7 million and higher gains of $2 million from limited partnerships were offset by unfavorable prepayment speed adjustments of $2 million on structured securities in 2014 compared to favorable prepayment speed adjustments of $6 million in 2013.

Net investment gains (losses)

- Our long-term care insurance business had $8 million of net investment gains in 2014 primarily from derivative gains. Net investment losses of $11 million in 2013 were mainly from impairments and net losses from the sale of investment securities, partially offset by derivative gains.
- Net investment gains in our life insurance business increased $21 million largely attributable to higher net gains from the sale of investment securities, a gain on a previously impaired financial hybrid security that was called by the issuer and lower impairments in 2014.
- Net investment losses in our fixed annuities business decreased $4 million predominantly as a result of lower impairments and higher derivative gains, partially offset by higher losses on embedded derivatives related to our fixed indexed annuities and a gain on a call of an investment security in 2013 that did not recur.

Policy fees and other income. The decrease was primarily attributable to our life insurance business largely related to mortality experience in our universal life insurance products, a less favorable unlocking of $7 million related to interest assumptions and a $4 million unfavorable correction in 2014.

Benefits and expenses

Benefits and other changes in policy reserves

- Our long-term care insurance business increased $1,606 million. In the fourth quarter of 2014, we completed our annual loss recognition testing which resulted in an increase of $729 million of reserves, net of reinsurance, driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. In the third quarter of 2014, we completed a comprehensive review of our claim reserves, which increased claim reserves by $531 million, net of reinsurance. As a result of this review, we made changes to our assumptions and methodologies relating to our long-term care insurance claim reserves primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates, reflecting that claims are not terminating as quickly and claimants are utilizing more of their available benefits in aggregate than had previously been assumed in our reserve calculations. During the third quarter of 2014, we also recorded a $54 million unfavorable correction, net of reinsurance, related to a calculation of benefit utilization for policies with a benefit inflation option. During the fourth quarter of 2014, we also recorded a $67 million unfavorable correction, net of reinsurance, related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $43 million favorable refinement, net of reinsurance, of assumptions for claim termination rates. The increase was also attributable to $15 million of net favorable adjustments in 2013 that did not recur, aging and growth of the in-force block, higher severity and frequency on new claims and higher benefits paid on existing claims. These increases were partially offset by reduced benefits of $75 million from in-force rate actions in 2014.
- Our life insurance business increased $201 million primarily related to unfavorable mortality in 2014 and an unfavorable correction of $49 million in our term life insurance products related to reserves on a

reinsurance transaction recorded in the fourth quarter of 2014 compared to a $28 million favorable reserve correction in our term universal life insurance product in 2013. The increase was also attributable to a less favorable unlocking of $47 million in our term universal and universal life insurance products related to mortality and interest assumptions and the recapture of a reinsurance agreement related to our term life insurance products in 2014. These increases were partially offset by slower reserve growth related to our term universal life insurance reserves and higher lapses of our older term life insurance products in 2014.

- Our fixed annuities business increased $38 million predominantly attributable to higher sales of our life-contingent products and unfavorable mortality, partially offset by lower interest credited on reserves in 2014.

Acquisition and operating expenses, net of deferrals

- Our long-term care insurance business increased $14 million primarily from growth of our in-force block and higher marketing costs, partially offset by a $7 million restructuring charge in 2013 that did not recur and lower production in 2014.
- Our life insurance business decreased $2 million largely from an unfavorable adjustment to reflect lower deferrals on our term universal life insurance product that we no longer offer, mostly offset by a restructuring charge of $3 million in 2013 that did not recur.
- Our fixed annuities business decreased $12 million predominantly as a result of a favorable adjustment related to guarantee funds in 2014 and a restructuring charge in 2013 that did not recur.

Amortization of deferred acquisition costs and intangibles

- Our long-term care insurance business increased $5 million largely related to the write-off of $6 million of PVFP in connection with our annual loss recognition testing completed in the fourth quarter of 2014.
- Our life insurance business decreased $52 million largely from a less unfavorable unlocking of $47 million in our term universal and universal life insurance products related to mortality and interest assumptions and from mortality experience in our universal life insurance products, partially offset by higher lapses in our term life insurance products in 2014.
- Our fixed annuities business increased $8 million largely from growth of our fixed indexed annuities account values in 2014.

Goodwill impairment

- We recorded goodwill impairments of $354 million in our long-term care insurance business in 2014.
- We recorded goodwill impairments of $495 million in our life insurance business in 2014.

Interest expense. Interest expense decreased driven by our life insurance business principally from lower fees related to refinancing the funding of a portion of our life insurance reserves.

Provision (benefit) for income taxes. The effective tax rate decreased to 21.5% for the year ended December 31, 2014 from 35.7% for the year ended December 31, 2013. The decrease in the effective tax rate was primarily attributable to non-deductible goodwill impairments in 2014 and a valuation allowance on a deferred tax asset on a specific separate tax return net operating loss that was no longer expected to be realized in 2013.

U.S. Life Insurance selected operating performance measures

Long-term care insurance

The following table sets forth selected operating performance measures regarding our individual and group long-term care insurance products for the periods indicated:

(Amounts in millions)	Years ended December 31, 2015	2014	2013	Increase (decrease) and percentage change 2015 vs. 2014		2014 vs. 2013	
Net earned premiums:							
Individual long-term care insurance	$2,330	$2,234	$2,115	$ 96	4%	$119	6%
Group long-term care insurance	107	102	94	5	5%	8	9%
Total	$2,437	$2,336	$2,209	$101	4%	$127	6%
Annualized first-year premiums and deposits:							
Individual long-term care insurance	$ 33	$ 90	$ 134	$ (57)	(63)%	$ (44)	(33)%
Group long-term care insurance	5	10	15	(5)	(50)%	(5)	(33)%
Total	$ 38	$ 100	$ 149	$ (62)	(62)%	$ (49)	(33)%
Loss ratio	74%	129%	66%	(55)	%	63	%

The loss ratio is the ratio of benefits and other changes in reserves less tabular interest on reserves less loss adjustment expenses to net earned premiums.

2015 compared to 2014

Net earned premiums increased mainly attributable to higher premiums of $96 million in 2015 from in-force rate actions approved and implemented.

Annualized first-year premiums and deposits decreased principally from higher pricing on the product launched in 2014 and certain distributor suspensions driven by rating agency actions in the fourth quarter of 2014.

The loss ratio decreased largely related to the significant decrease in benefits and other changes in reserves in 2015 compared to 2014 as discussed above. The decrease was also attributable to $96 million of higher premiums in 2015 from in-force rate actions approved and implemented.

2014 compared to 2013

Net earned premiums increased mainly attributable to higher premiums of $90 million from in-force rate actions approved and implemented, growth of our in-force block from new sales in 2014 and net unfavorable adjustments of $14 million in 2013 that did not recur.

Annualized first-year premiums and deposits decreased principally from the impact of the overall long-term care insurance industry, which has experienced decreased sales in 2014 largely the result of companies leaving the market, the introduction of higher prices, product changes and consumer concerns tied to industry rate actions. The decrease was also attributable to higher pricing on the new product introduced in 2014 and certain distributor suspensions driven by rating agency actions in the fourth quarter of 2014.

The loss ratio increased largely as a result of the significant increase in benefits and other changes in reserves in 2014 compared to 2013 as discussed above. These increases were partially offset by $90 million of increased premiums from in-force rate actions in 2014.

Life insurance

The following table sets forth selected operating performance measures regarding our life insurance business as of or for the dates indicated:

	As of or for years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Term and whole life insurance							
Net earned premiums	$ 670	$ 722	$ 684	$ (52)	(7)%	$ 38	6%
Sales	31	51	22	(20)	(39)%	29	132%
Life insurance in-force, net of reinsurance	312,226	353,631	336,015	(41,405)	(12)%	17,616	5%
Life insurance in-force before reinsurance	510,529	522,761	523,694	(12,232)	(2)%	(933)	— %
Term universal life insurance							
Net deposits	$ 259	$ 269	$ 280	$ (10)	(4)%	$ (11)	(4)%
Sales	—	—	1	—	— %	(1)	(100)%
Life insurance in-force, net of reinsurance	125,001	128,289	132,293	(3,288)	(3)%	(4,004)	(3)%
Life insurance in-force before reinsurance	125,928	129,296	133,348	(3,368)	(3)%	(4,052)	(3)%
Universal life insurance							
Net deposits	$ 486	$ 561	$ 528	$ (75)	(13)%	$ 33	6%
Sales:							
Universal life insurance	13	31	24	(18)	(58)%	7	29%
Linked-benefits	10	16	10	(6)	(38)%	6	60%
Life insurance in-force, net of reinsurance	40,376	41,959	43,150	(1,583)	(4)%	(1,191)	(3)%
Life insurance in-force before reinsurance	46,582	48,570	49,790	(1,988)	(4)%	(1,220)	(2)%
Total life insurance							
Net earned premiums and deposits	$ 1,415	$ 1,552	$ 1,492	$ (137)	(9)%	$ 60	4%
Sales:							
Term life insurance	31	51	22	(20)	(39)%	29	132%
Term universal life insurance	—	—	1	—	— %	(1)	(100)%
Universal life insurance	13	31	24	(18)	(58)%	7	29%
Linked-benefits	10	16	10	(6)	(38)%	6	60%
Life insurance in-force, net of reinsurance	477,603	523,879	511,458	(46,276)	(9)%	12,421	2%
Life insurance in-force before reinsurance	683,039	700,627	706,832	(17,588)	(3)%	(6,205)	(1)%

2015 compared to 2014

Term and whole life insurance

Net earned premiums decreased primarily due to higher ceded reinsurance, lapse experience and lower production in 2015. Sales of our term life insurance product decreased predominantly related to changes in our competitive position in the marketplace in 2015. The decrease in life insurance in-force was principally related to a reinsurance transaction and higher lapses in 2015.

Term universal life insurance

We no longer solicit sales of term universal life insurance products; however, we continue to service our existing block of business.

Universal life insurance

Net deposits decreased in 2015 primarily related to changes in our competitive positioning in the marketplace and distributor suspensions following adverse rating actions in the fourth quarter of 2014. Our life insurance in-force decreased primarily from higher lapses of older issued policies and lower deposits in 2015.

2014 compared to 2013

Term and whole life insurance

Net earned premiums increased primarily due to the recapture of a reinsurance agreement related to our term life insurance products in 2014. Sales of our term life insurance product increased in 2014 from growth of reintroduced term life insurance products that we began offering in the fourth quarter of 2012.

Term universal life insurance

We no longer solicit sales of term universal life insurance products; however, we continue to service our existing block of business.

Universal life insurance

Net deposits and sales increased during 2014 primarily from higher sales of our new indexed universal life insurance product and our linked-benefits product consistent with our focus on reducing term life insurance products with higher capital requirements in favor of a broader portfolio of competitive universal life insurance products. Our life insurance in-force decreased primarily from higher lapses of older issued policies, partially offset by an increase in deposits and sales in 2014.

Table of Contents

Fixed annuities

The following table sets forth selected operating performance measures regarding our fixed annuities as of or for the dates indicated:

(Amounts in millions)	As of or for years ended December 31, 2015	2014	2013	Increase (decrease) and percentage change 2015 vs. 2014		2014 vs. 2013	
Single Premium Deferred Annuities							
Account value, beginning of period	$12,437	$11,807	$11,038	$ 630	5%	$ 769	7%
Deposits	1,080	1,699	1,634	(619)	(36)%	65	4%
Surrenders, benefits and product charges [(1)]	(1,339)	(1,410)	(1,194)	71	5%	(216)	(18)%
Net flows	(259)	289	440	(548)	(190)%	(151)	(34)%
Interest credited and investment performance [(1)]	302	341	329	(39)	(11)%	12	4%
Account value, end of period	$12,480	$12,437	$11,807	$ 43	— %	$ 630	5%
Single Premium Immediate Annuities							
Account value, beginning of period	$ 5,763	$ 5,837	$ 6,442	$ (74)	(1)%	$(605)	(9)%
Premiums and deposits	152	274	307	(122)	(45)%	(33)	(11)%
Surrenders, benefits and product charges	(791)	(852)	(898)	61	7%	46	5%
Net flows	(639)	(578)	(591)	(61)	(11)%	13	2%
Interest credited	249	266	285	(17)	(6)%	(19)	(7)%
Effect of accumulated net unrealized investment gains (losses)	(193)	238	(299)	(431)	(181)%	537	180%
Account value, end of period	$ 5,180	$ 5,763	$ 5,837	$(583)	(10)%	$ (74)	(1)%
Structured Settlements							
Account value, net of reinsurance, beginning of period	$ 1,078	$ 1,093	$ 1,101	$ (15)	(1)%	$ (8)	(1)%
Surrenders, benefits and product charges	(69)	(72)	(66)	3	4%	(6)	(9)%
Net flows	(69)	(72)	(66)	3	4%	(6)	(9)%
Interest credited	57	57	58	—	— %	(1)	(2)%
Account value, net of reinsurance, end of period	$ 1,066	$ 1,078	$ 1,093	$ (12)	(1)%	$ (15)	(1)%
Total premiums from fixed annuities	$ 21	$ 111	$ 64	$ (90)	(81)%	$ 47	73%
Total deposits on fixed annuities	$ 1,211	$ 1,862	$ 1,877	$(651)	(35)%	$ (15)	(1)%

(1) Amounts for prior periods have been re-presented as a result of classification differences between surrenders, benefits and product charges and interest credited and investment performance. There was no impact on total account value from the classification changes.

2015 compared to 2014

Single Premium Deferred Annuities

Account value of our single premium deferred annuities increased as deposits and interest credited outpaced surrenders and benefits. Sales declined in 2015 primarily related to suspension of our products by distributors driven by the rating actions in the fourth quarter of 2014 and from pressured current market conditions and continued low interest rates.

Single Premium Immediate Annuities

Account value of our single premium immediate annuities decreased as benefits and net unrealized investment losses exceeded premiums and deposits and interest credited. Sales declined in 2015 primarily related

to suspension of our products by distributors driven by the rating actions in the fourth quarter of 2014 and from pressured current market conditions and continued low interest rates.

Structured Settlements

We no longer solicit sales of structured settlements; however, we continue to service our existing block of business.

2014 compared to 2013

Single Premium Deferred Annuities

Account value of our single premium deferred annuities increased as deposits and interest credited outpaced surrenders. Sales increased driven by competitive pricing while maintaining targeted returns.

Single Premium Immediate Annuities

Account value of our single premium immediate annuities decreased as benefits exceeded premiums and deposits, interest credited and net unrealized investment gains. Sales continued to be pressured under current market conditions and from continued low interest rates.

Structured Settlements

We no longer solicit sales of structured settlements; however, we continue to service our existing block of business.

Valuation systems and processes

Our U.S. Life Insurance segment will continue to migrate to a new valuation and projection platform for certain lines of business, while we upgrade platforms for other lines of business. The migration and upgrades are part of our ongoing efforts to improve the infrastructure and capabilities of our information systems and our routine assessment and refinement of financial, actuarial, investment and risk management capabilities enterprise wide. These efforts will also provide our U.S. Life Insurance segment with improved platforms to support emerging accounting guidance and ongoing changes in capital regulations. Concurrently, valuation processes and methodologies will be reviewed. Any material changes in balances, margins or income trends that may result from these activities will be disclosed accordingly.

Runoff segment

Trends and conditions

Results of our Runoff segment are affected primarily by investment performance, interest rate levels, net interest spreads, equity market conditions, mortality, policyholder loan activity, policyholder surrenders and scheduled maturities. In addition, the results of our Runoff segment can significantly impact our operating performance, regulatory capital requirements, distributable earnings and liquidity.

We discontinued sales of our individual and group variable annuities in 2011; however, we continue to service our existing block of business and accept additional deposits on existing contracts. Since then, equity market volatility has caused fluctuations in the results of our variable annuity products and regulatory capital requirements. In the future, equity and interest rate market performance and volatility could result in additional gains or losses in our variable annuity products although associated hedging activities are expected to partially mitigate these impacts. Volatility in the results of our variable annuity products can result in favorable or unfavorable impacts on earnings and statutory capital. In addition to the use of hedging activities to help mitigate impacts related to equity market volatility and interest rate risks, in the future, we may consider reinsurance opportunities to further mitigate volatility in results and manage capital.

The results of our institutional products are impacted by scheduled maturities, as well as liquidity levels. However, we believe our liquidity planning and our asset-liability management will mitigate this risk. While we do not actively sell institutional products, we may periodically issue funding agreements for asset-liability matching purposes.

Several factors may impact the time period for these products to runoff including the specific policy types, economic conditions and management strategies.

Segment results of operations

The following table sets forth the results of operations relating to our Runoff segment for the periods indicated:

(Amounts in millions)	Years ended December 31, 2015	2014	2013	Increase (decrease) and percentage change 2015 vs. 2014		2014 vs. 2013	
Revenues:							
Premiums	$ 1	$ 3	$ 5	$ (2)	(67)%	$ (2)	(40)%
Net investment income	138	129	139	9	7%	(10)	(7)%
Net investment gains (losses)	(69)	(66)	(58)	(3)	(5)%	(8)	(14)%
Policy fees and other income	189	209	216	(20)	(10)%	(7)	(3)%
Total revenues	259	275	302	(16)	(6)%	(27)	(9)%
Benefits and expenses:							
Benefits and other changes in policy reserves	44	37	32	7	19%	5	16%
Interest credited	124	119	119	5	4%	—	— %
Acquisition and operating expenses, net of deferrals	76	84	81	(8)	(10)%	3	4%
Amortization of deferred acquisition costs and intangibles	29	39	6	(10)	(26)%	33	NM(1)
Interest expense	1	1	2	—	— %	(1)	(50)%
Total benefits and expenses	274	280	240	(6)	(2)%	40	17%
Income (loss) from continuing operations before income taxes	(15)	(5)	62	(10)	(200)%	(67)	(108)%
Provision (benefit) for income taxes	(10)	(19)	13	9	47%	(32)	NM(1)
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders	(5)	14	49	(19)	(136)%	(35)	(71)%
Adjustment to income from continuing operations available to Genworth Financial, Inc.'s common stockholders:							
Net investment (gains) losses, net	32	34	17	(2)	(6)%	17	100%
Net operating income	$ 27	$ 48	$ 66	$ (21)	(44)%	$ (18)	(27)%

(1) We define "NM" as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating income

Net operating income decreased primarily driven by our variable annuity products from lower account values due to policy surrenders, unfavorable equity market performance and unfavorable mortality in 2015.

Revenues

Net investment income increased predominantly driven by higher gains of $5 million from limited partnerships in 2015.

Policy fees and other income decreased mainly attributable to lower account values in our variable annuity products in 2015.

Benefits and expenses

Benefits and other changes in policy reserves increased primarily attributable to unfavorable mortality and an increase in our GMWB reserves in our variable annuity products due to unfavorable equity market performance in 2015.

Interest credited increased largely related to higher loan cash values in our corporate-owned life insurance products in 2015.

Acquisition and operating expenses, net of deferrals, decreased largely related to lower commissions in 2015 as a result of the runoff of our variable annuity products.

Amortization of deferred acquisition costs and intangibles decreased related to our variable annuity products principally attributable to lower account values and higher net investment losses, partially offset by less favorable unlockings of $4 million in 2015.

Provision (benefit) for income taxes. The effective tax rate was 67.5% for the year ended December 31, 2015 and was primarily attributable to changes in tax favored investment benefits in relation to pre-tax results, true ups in 2014 and changes in the valuation allowance in 2014. The effective tax rate was not meaningful for the year ended December 31, 2014.

2014 compared to 2013

Net operating income decreased primarily related to our variable annuity products largely driven by less favorable equity market performance and lower investment income, partially offset by favorable taxes in 2014.

Revenues

The decrease in net investment income was predominantly driven by lower average invested assets in 2014.

The increase in net investment losses was primarily related to losses on embedded derivatives associated with our variable annuity products with GMWBs in 2014 compared to gains in 2013, partially offset by derivative gains and net gains from the sale of investment securities in 2014 compared to derivative losses and net losses from the sale of investment securities in 2013.

Policy fees and other income decreased mainly attributable to lower average account values in our variable annuity products in 2014.

Benefits and expenses

Benefits and other changes in policy reserves increased primarily attributable to an increase in our GMDB reserves in our variable annuity products due to less favorable equity market performance in 2014.

Amortization of deferred acquisition costs and intangibles increased related to our variable annuity products primarily from higher net investment gains and less favorable equity market performance, partially offset by higher net investment losses on embedded derivatives associated with our variable annuity products with GMWBs and $9 million in favorable unlockings in 2014 compared to $1 million in unfavorable unlockings in 2013.

Provision (benefit) for income taxes. The effective tax rate was not meaningful for the year ended December 31, 2014. The effective tax rate was 21.0% for the year ended December 31, 2013 and was primarily related to changes in tax favored investment benefits and changes in uncertain tax positions in 2013.

Runoff selected operating performance measures

Variable annuity products

The following table sets forth selected operating performance measures regarding our variable annuity products as of or for the dates indicated:

(Amounts in millions)	As of or for the years ended December 31,			Increase (decrease) and percentage change			
	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Variable Annuities—Income Distribution Series[1]							
Account value, beginning of period	$5,666	$6,061	$6,141	$(395)	(7)%	$ (80)	(1)%
Deposits	33	50	76	(17)	(34)%	(26)	(34)%
Surrenders, benefits and product charges	(699)	(820)	(754)	121	15%	(66)	(9)%
Net flows	(666)	(770)	(678)	104	14%	(92)	(14)%
Interest credited and investment performance	(58)	375	598	(433)	(115)%	(223)	(37)%
Account value, end of period	$4,942	$5,666	$6,061	$(724)	(13)%	$(395)	(7)%
Traditional Variable Annuities							
Account value, net of reinsurance, beginning of period	$1,455	$1,643	$1,662	$(188)	(11)%	$ (19)	(1)%
Deposits	9	10	13	(1)	(10)%	(3)	(23)%
Surrenders, benefits and product charges	(259)	(309)	(299)	50	16%	(10)	(3)%
Net flows	(250)	(299)	(286)	49	16%	(13)	(5)%
Interest credited and investment performance	36	111	267	(75)	(68)%	(156)	(58)%
Account value, net of reinsurance, end of period	$1,241	$1,455	$1,643	$(214)	(15)%	$(188)	(11)%
Variable Life Insurance							
Account value, beginning of period	$ 313	$ 316	$ 292	$ (3)	(1)%	$ 24	8%
Deposits	8	8	9	—	— %	(1)	(11)%
Surrenders, benefits and product charges	(38)	(38)	(39)	—	— %	1	3%
Net flows	(30)	(30)	(30)	—	— %	—	— %
Interest credited and investment performance	8	27	54	(19)	(70)%	(27)	(50)%
Account value, end of period	$ 291	$ 313	$ 316	$ (22)	(7)%	$ (3)	(1)%

(1) The Income Distribution Series products are comprised of our deferred and immediate variable annuity products, including those variable annuity products with rider options that provide guaranteed income benefits, including GMWBs and certain types of guaranteed annuitization benefits. These products do not include fixed single premium immediate annuities or deferred annuities, which may also serve income distribution needs.

2015 compared to 2014

Variable Annuities—Income Distribution Series

Account value related to our Income Distribution Series products decreased primarily related to surrenders and unfavorable equity market performance in 2015. We no longer solicit sales of our variable annuities; however, we continue to service our existing block of business and accept additional deposits on existing contracts.

Traditional Variable Annuities

In our traditional variable annuities, the decrease in account value was primarily the result of surrenders and unfavorable equity market performance in 2015. We no longer solicit sales of our variable annuities; however, we continue to service our existing block of business and accept additional deposits on existing contracts.

Variable Life Insurance

We no longer solicit sales of variable life insurance; however, we continue to service our existing block of business.

2014 compared to 2013

Variable Annuities—Income Distribution Series

Account value related to our Income Distribution Series products decreased mainly attributable to surrenders outpacing favorable equity market performance during 2014 and interest credited. We no longer solicit sales of our variable annuities; however, we continue to service our existing block of business and accept additional deposits on existing contracts.

Traditional Variable Annuities

In our traditional variable annuities, the decrease in account value was primarily the result of surrenders outpacing favorable equity market performance during 2014. We no longer solicit sales of our variable annuities; however, we continue to service our existing block of business and accept additional deposits on existing contracts.

Variable Life Insurance

We no longer solicit sales of variable life insurance; however, we continue to service our existing block of business.

Institutional products

The following table sets forth selected operating performance measures regarding our institutional products as of or for the dates indicated:

	As of or for the years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
GICs, FABNs and Funding Agreements							
Account value, beginning of period	$493	$ 896	$ 2,153	$(403)	(45)%	$(1,257)	(58)%
Surrenders and benefits	(86)	(408)	(1,252)	322	79%	844	67%
Net flows	(86)	(408)	(1,252)	322	79%	844	67%
Interest credited	3	5	26	(2)	(40)%	(21)	(81)%
Foreign currency translation	—	—	(31)	—	— %	31	100%
Account value, end of period	$410	$ 493	$ 896	$ (83)	(17)%	$ (403)	(45)%

2015 compared to 2014

Account value related to our institutional products decreased mainly attributable to scheduled maturities of these products.

2014 compared to 2013

Account value related to our institutional products decreased mainly attributable to scheduled maturities of these products. Interest credited declined due to a decrease in average outstanding liabilities.

Corporate and Other Activities

Results of operations

The following table sets forth the results of operations relating to Corporate and Other activities for the periods indicated:

	Years ended December 31,			Increase (decrease) and percentage change			
(Amounts in millions)	2015	2014	2013	2015 vs. 2014		2014 vs. 2013	
Revenues:							
Premiums	$ 25	$ 29	$ 42	$ (4)	(14)%	$ (13)	(31)%
Net investment income	(3)	(10)	6	7	70%	(16)	NM[(1)]
Net investment gains (losses)	29	2	(32)	27	NM[(1)]	34	106%
Policy fees and other income	(10)	1	46	(11)	NM[(1)]	(45)	(98)%
Total revenues	41	22	62	19	86%	(40)	(65)%
Benefits and expenses:							
Benefits and other changes in policy reserves	14	24	45	(10)	(42)%	(21)	(47)%
Acquisition and operating expenses, net of deferrals	230	69	158	161	NM[(1)]	(89)	(56)%
Amortization of deferred acquisition costs and intangibles	1	3	8	(2)	(67)%	(5)	(63)%
Interest expense	298	314	318	(16)	(5)%	(4)	(1)%
Total benefits and expenses	543	410	529	133	32%	(119)	(22)%
Loss from continuing operations before income taxes	(502)	(388)	(467)	(114)	(29)%	79	17%
Benefit for income taxes	(130)	(93)	(114)	(37)	(40)%	21	18%
Loss from continuing operations available to Genworth Financial, Inc.’s common stockholders	(372)	(295)	(353)	(77)	(26)%	58	16%
Adjustments to loss from continuing operations available to Genworth Financial, Inc.’s common stockholders:							
Net investment (gains) losses, net	(20)	(2)	22	(18)	NM[(1)]	(24)	(109)%
(Gains) losses on sale of businesses, net	141	—	—	141	NM[(1)]	—	— %
(Gains) losses on early extinguishment of debt, net	1	—	20	1	NM[(1)]	(20)	(100)%
Expenses related to restructuring, net	2	—	1	2	NM[(1)]	(1)	(100)%
Tax impact from potential business portfolio changes	—	31	—	(31)	(100)%	31	NM[(1)]
Net operating loss	$(248)	$(266)	$(310)	$ 18	7%	$ 44	14%

(1) We define “NM” as not meaningful for increases or decreases greater than 200%.

2015 compared to 2014

Net operating loss

The net operating loss decreased primarily attributable to higher tax benefits and lower interest expense, partially offset by higher operating expenses and losses from non-functional currency transactions in 2015.

Revenues

Premiums decreased primarily related to our European mortgage insurance business as a result of a $4 million decrease attributable to changes in foreign exchange rates in 2015.

Net investment income increased from affiliate preferred stock dividends of approximately $8 million in 2015 that were previously included in the U.S. Mortgage Insurance segment.

Net investment gains increased mainly driven by derivative gains in 2015.

Policy fees and other income decreased mainly as a result of losses in 2015 from non-functional currency transactions attributable to changes in foreign exchange rates related to intercompany transactions.

Benefits and expenses

Benefits and other changes in policy reserves decreased primarily related to our European mortgage insurance business driven by lower new delinquencies and improved aging on our existing delinquencies, partially offset by lower cures in 2015 mainly attributable to a lender settlement in the fourth quarter of 2014. The year ended December 31, 2015 included a $3 million decrease attributable to changes in foreign exchange rates in 2015.

Acquisition and operating expenses, net of deferrals, increased mainly from an estimated loss on sale related to our mortgage insurance business in Europe of $140 million recorded in the fourth quarter of 2015 and higher legal accruals and expenses of $30 million in 2015. These increases were partially offset by lower net expenses after allocations to our operating segments in 2015.

Interest expense decreased largely driven by the repayment of $485 million of senior notes in June 2014.

The increase in the income tax benefit was primarily attributable to changes in our uncertain tax positions, partially offset by stock-based compensation expense in 2015.

2014 compared to 2013

Net operating loss

We reported a lower net operating loss primarily attributable to lower operating expenses in 2014.

Revenues

Premiums decreased mainly related to our European mortgage insurance business as a result of lower premiums attributable to lender settlements in 2013 and higher ceded reinsurance premiums in 2014.

Net investment income decreased primarily from the sale of our reverse mortgage business on April 1, 2013 and lower average invested assets in 2014.

We had net investment gains primarily attributable to gains from the sale of investment securities in 2014 compared to losses in 2013, partially offset by derivative losses in 2014 compared to derivative gains in 2013.

Policy fees and other income decreased largely as a result of the sale of our reverse mortgage business on April 1, 2013.

Benefits and expenses

Benefits and other changes in policy reserves decreased primarily related to our European mortgage insurance business driven by lender settlements in 2013 and a lower number of new delinquencies, net of cures, in 2014.

Acquisition and operating expenses, net of deferrals, decreased $46 million as a result of the sale of our reverse mortgage business on April 1, 2013, make-whole expenses of $30 million paid related to the debt redemption in 2013 that did not recur and lower net expenses after allocations to our operating segments in 2014.

Amortization of deferred acquisition costs and intangibles decreased mainly related to higher software allocations to our operating segments in 2014.

Interest expense decreased largely driven by the repayment of $485 million of senior notes in June 2014 and the repurchase of $350 million of senior notes in August 2013, partially offset by debt issuances in August and December of 2013.

The increase in the income tax benefit was mainly attributable to an adjustment related to non-deductible stock compensation expense resulting from cancellations in 2013 that did not recur.

Investments and Derivative Instruments

Trends and conditions

Investments—credit and investment markets

U.S. Treasury yields increased in the fourth quarter of 2015 on strong employment growth and a 25 basis point increase in the Federal Reserve policy rate, after seven years with no increase. The Federal Reserve Open Market Committee indicated any future rate increases would be gradual and data dependent. Oil and metals prices continued to decline sharply, pressured by oversupply, the strong U.S. dollar and intensifying concerns around global growth.

Credit spreads, excluding the energy and metals sectors, tightened modestly during the fourth quarter of 2015. Commodity exposed credits saw spreads widen materially as underlying fundamentals deteriorated.

Prolonged weakness in oil and other commodity prices could continue to pressure credits in those sectors, particularly those with speculative grade ratings. Our $4.2 billion energy portfolio is predominantly investment grade and our metals and mining sector holdings are 1% of our total investment portfolio. We expect ongoing ratings pressure on these sectors given commodity price levels, but we believe our energy portfolio is well-positioned and we would expect manageable capital impact on our U.S. life insurance subsidiaries.

Derivatives

Throughout 2015, we continued to monitor the risk to our derivatives portfolio arising from our counterparties right to terminate their derivatives transactions with us following ratings downgrades. As of December 31, 2015, the then-current ratings of Genworth Holdings and our life insurance subsidiaries were at least one-notch above the level at which counterparties could terminate the transactions under our master swap agreements. As of December 31, 2015, $7.9 billion notional of our derivatives portfolio is cleared through the Chicago Mercantile Exchange ("CME"), which has required us to post initial margin of $80 million to CME through our clearing agents. The customer agreements that govern our cleared derivatives contain provisions that enable our clearing agents to request initial margin in excess of CME requirements. So far, they have not done so, but may do so in the future. Because our clearing agents serve as guarantors of our obligations to the CME, the customer agreements contain broad termination provisions that are not specifically dependent on ratings. As December 31, 2015, we had no positions in bilateral OTC derivatives agreements where the counterparty had the right to terminate its transactions with us based on our then-current ratings.

In early February 2016, Moody's and S&P downgraded the ratings of Genworth Holdings and our life insurance subsidiaries such that our counterparties have a right to terminate their derivatives transactions with us under almost all of our master swap agreements. We are currently in negotiations with those counterparties to determine whether they will exercise their rights to terminate the transactions, agree to maintain the transactions with us and forego their rights to terminate them or whether they will permit us to move the transactions to clearing, subject to available capacity from our clearing agents. Based on their current positive value, if the counterparties were to terminate all of the derivative transactions with us, we would be entitled to receive cash equal to their value. Given our current ratings, our ability to enter into new derivatives transactions will be more limited.

[Table of Contents](#)

Investment results

The following table sets forth information about our investment income, excluding net investment gains (losses), for each component of our investment portfolio for the years ended December 31:

	2015		2014		2013		Increase (decrease)			
							2015 vs. 2014		2014 vs. 2013	
(Amounts in millions)	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount
Fixed maturity securities— taxable	4.6%	$ 2,558	4.7%	$ 2,598	4.8%	$ 2,603	(0.1)%	$ (40)	(0.1)%	$ (5)
Fixed maturity securities— non-taxable	3.5%	12	3.5%	12	3.1%	9	— %	—	0.4%	3
Commercial mortgage loans	5.5%	337	5.6%	333	5.7%	335	(0.1)%	4	(0.1)%	(2)
Restricted commercial mortgage loans related to securitization entities (1)	8.0%	14	6.6%	14	7.6%	23	1.4%	—	(1.0)%	(9)
Equity securities	5.2%	15	5.0%	14	4.3%	17	0.2%	1	0.7%	(3)
Other invested assets (2)	24.7%	135	20.3%	105	14.3%	108	4.4%	30	6.0%	(3)
Restricted other invested assets related to securitization entities (1)	1.3%	5	1.3%	5	1.1%	4	— %	—	0.2%	1
Policy loans	8.9%	137	8.7%	129	8.1 %	129	0.2%	8	0.6%	—
Cash, cash equivalents and short-term investments	0.3%	13	0.6%	24	0.5%	19	(0.3)%	(11)	0.1%	5
Gross investment income before expenses and fees	4.6%	3,226	4.7%	3,234	4.8%	3,247	(0.1)%	(8)	(0.1)%	(13)
Expenses and fees	(0.1)%	(88)	(0.1)%	(92)	(0.1)%	(92)	— %	4	— %	—
Net investment income	4.5%	$ 3,138	4.6%	$ 3,142	4.7%	$ 3,155	(0.1)%	$ (4)	(0.1)%	$ (13)
Average invested assets and cash		$69,976		$68,498		$67,217		$ 1,478		$ 1,281

(1) See note 17 to our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for additional information related to consolidated securitization entities.

(2) Included in other invested assets was $3 million of net investment income related to reinsurance arrangements accounted for under the deposit method in 2013.

Yields are based on net investment income as reported under U.S. GAAP and are consistent with how we measure our investment performance for management purposes. Yields are annualized, for interim periods, and are calculated as net investment income as a percentage of average quarterly asset carrying values except for fixed maturity and equity securities, derivatives and derivative counterparty collateral, which exclude unrealized fair value adjustments and securities lending activity, which is included in other invested assets and is calculated net of the corresponding securities lending liability.

The decrease in overall weighted-average investment yields in 2015 was primarily attributable to lower reinvestment yields on higher average invested assets and lower gains of $3 million related to limited partnerships in 2015. These decreases were partially offset by higher gains of $9 million related to bond calls and mortgage prepayments and a $7 million lower unfavorable prepayment speed adjustment on structured securities in 2015. The year ended December 31, 2015 included a decrease of $43 million attributable to changes in foreign exchange rates.

The decrease in overall weighted-average investment yields in 2014 was primarily attributable to lower reinvestment yields on higher average invested assets, $14 million unfavorable prepayment speed adjustment on structured securities and $4 million of lower gains related to limited partnerships. These decreases were partially offset by $5 million of higher gains related to bond calls and mortgage loan prepayments in 2014 compared to 2013. The year ended December 31, 2014 included a decrease of $23 million attributable to changes in foreign exchange rates.

The following table sets forth net investment gains (losses) for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Available-for-sale securities:			
Realized gains	$102	$ 72	$ 149
Realized losses	(82)	(46)	(184)
Net realized gains (losses) on available-for-sale securities	20	26	(35)
Impairments:			
Total other-than-temporary impairments	(28)	(9)	(16)
Portion of other-than-temporary impairments included in other comprehensive income (loss)	1	—	(9)
Net other-than-temporary impairments	(27)	(9)	(25)
Trading securities	(7)	39	(23)
Commercial mortgage loans	7	11	4
Net gains (losses) related to securitization entities (1)	5	16	69
Derivative instruments	(76)	(103)	(49)
Contingent consideration adjustment	2	(2)	—
Other	1	—	(5)
Net investment gains (losses)	$ (75)	$ (22)	$ (64)

(1) See note 17 to our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for additional information related to consolidated securitization entities.

2015 compared to 2014

- We recorded $18 million of higher net other-than-temporary impairments in 2015. Total impairments included $21 million related to corporate securities and $2 million related to other asset-backed securities in 2015. During 2015 and 2014, we recorded impairments of $4 million and $3 million, respectively, related to commercial mortgage loans. Impairments related to financial hybrid securities as a result of certain banks being downgraded to below investment grade were $4 million in 2014.
- Net investment losses related to derivatives of $76 million in 2015 were primarily associated with hedging programs for our runoff variable annuity products, including decreases in the values of instruments used to protect statutory surplus from equity market fluctuation. We also had losses related to derivatives used to hedge foreign currency risk associated with assets held and losses related to hedging programs for our fixed indexed annuity products. These losses were partially offset by gains related to derivatives to hedge foreign currency risk associated with expected dividend payments from certain foreign subsidiaries and gains from amounts reclassified from other comprehensive income (loss) due to sales of previously hedged bond purchases.

  Net investment losses related to derivatives of $103 million in 2014 were primarily associated with hedging programs for our runoff variable annuity products, including decreases in the values of instruments used to protect statutory surplus from equity market fluctuation. We also had losses related to derivatives used to hedge foreign currency risk associated with assets held and proceeds from the IPO of our Australian mortgage insurance business and losses related to a non-qualified derivative strategy to mitigate interest rate risk with our statutory capital positions. These losses were partially offset by gains related to hedge ineffectiveness from our cash flow hedge programs for our long-term care insurance business due to a decrease in long-term interest rates. We also had gains related to derivatives used to hedge foreign currency risk associated with expected dividend payments from certain foreign subsidiaries.
- During 2015, we recorded $7 million of losses related to trading securities compared to $39 million of gains in 2014 resulting from changes in the long-term interest rate environment. We recorded $11

million of lower net gains related to securitization entities in 2015 primarily due to losses on trading securities in 2015 compared to gains in 2014 and lower gains on derivatives in 2015. We recorded lower net gains of $6 million related to the sale of available-for-sale securities in 2015.

2014 compared to 2013

- We recorded $16 million of lower net other-than-temporary impairments in 2014. Impairments related to financial hybrid securities as a result of certain banks being downgraded to below investment grade were $4 million in 2014. Impairments related to corporate fixed maturity securities which were a result of bankruptcies, receivership or concerns about the issuer's ability to continue to make contractual payments or intent to sell were $6 million in 2013. In 2014 and 2013, we recorded $3 million and $4 million, respectively, of impairments related to commercial mortgage loans. We also recorded $2 million and $15 million, respectively, related to structured securities, including $1 million and $6 million, respectively, related to sub-prime and Alt-A residential mortgage-backed and asset-backed securities in 2014 and 2013.
- Net investment losses related to derivatives of $103 million in 2014 were primarily associated with hedging programs for our runoff variable annuity products, including decreases in the values of instruments used to protect statutory surplus from equity market fluctuation. We also had losses related to derivatives used to hedge foreign currency risk associated with assets held and proceeds from the IPO of our Australian mortgage insurance business and losses related to a non-qualified derivative strategy to mitigate interest rate risk with our statutory capital positions. These losses were partially offset by gains related to hedge ineffectiveness from our cash flow hedge programs for our long-term care insurance business due to a decrease in long-term interest rates. We also had gains related to derivatives used to hedge foreign currency risk associated with expected dividend payments from certain foreign subsidiaries.

  Net investment losses related to derivatives of $49 million in 2013 were primarily associated with derivatives used to protect statutory surplus from equity market fluctuation on embedded derivatives related to variable annuity products with GMWB riders. We also had net losses on the change in derivatives and GMWB embedded derivatives as a result of adjustments to the GMWB embedded derivative related to updating our lapse and mortality assumptions and policyholder funds underperforming as compared to market indices. In addition, there were losses related to hedge ineffectiveness from our cash flow hedge programs for our long-term care insurance business due to an increase in long-term interest rates and losses related to derivatives used to hedge foreign currency risk associated with assets held and derivatives used to hedge macroeconomic conditions in foreign markets. These losses were partially offset by gains driven by tightening credit spreads on credit default swaps where we sold protection to improve diversification and portfolio yield, gains related to a non-qualified derivative strategy to mitigate interest rate risk associated with our statutory capital positions and gains related to derivatives used to hedge foreign currency risk associated with near-term expected dividend payments from certain subsidiaries.
- We recorded net gains of $26 million related to the sale of available-for-sale securities in 2014 compared to net losses of $35 million in 2013. During 2014, we recorded a gain on a previously impaired financial hybrid security that was called by the issuer. During 2014, we also recorded $39 million of gains related to trading securities compared to $23 million of losses in 2013 due to higher unrealized gains resulting from changes in the long-term interest rate environment. We recorded $53 million of lower net gains related to securitization entities during 2014 primarily due to lower gains on derivatives, partially offset by gains on trading securities in 2014 compared to losses in 2013. In 2013, we recorded $4 million of net losses related to limited partnerships.

Table of Contents

Investment portfolio

The following table sets forth our cash, cash equivalents and invested assets as of December 31:

	2015		2014	
(Amounts in millions)	**Carrying value**	**% of total**	**Carrying value**	**% of total**
Fixed maturity securities, available-for-sale:				
Public	$ 43,136	58%	$ 45,940	60%
Private	15,061	20	15,137	20
Commercial mortgage loans	6,170	8	6,100	8
Other invested assets	2,309	3	2,208	3
Policy loans	1,568	2	1,501	2
Restricted other invested assets related to securitization entities(1)	413	1	411	1
Equity securities, available-for-sale	310	—	275	—
Restricted commercial mortgage loans related to securitization entities(1)	161	—	201	—
Cash and cash equivalents	5,965	8	4,645	6
Total cash, cash equivalents and invested assets	$ 75,093	100%	$ 76,418	100%

(1) See note 17 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to consolidated securitization entities.

For a discussion of the change in cash, cash equivalents and invested assets, see the comparison for this line item under "—Consolidated Balance Sheets." See note 4 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to our investment portfolio.

We hold fixed maturity, equity and trading securities, derivatives, embedded derivatives, securities held as collateral and certain other financial instruments, which are carried at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As of December 31, 2015, approximately 9% of our investment holdings recorded at fair value was based on significant inputs that were not market observable and were classified as Level 3 measurements. See note 16 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to fair value.

Fixed maturity and equity securities

As of December 31, 2015, the amortized cost or cost, gross unrealized gains (losses) and fair value of our fixed maturity and equity securities classified as available-for-sale were as follows:

		Gross unrealized gains		Gross unrealized losses		
(Amounts in millions)	**Amortized cost or cost**	**Not other-than-temporarily impaired**	**Other-than-temporarily impaired**	**Not other-than-temporarily impaired**	**Other-than-temporarily impaired**	**Fair value**
Fixed maturity securities:						
U.S. government, agencies and government-sponsored enterprises	$ 5,487	$ 732	$ —	$ (16)	$ —	$ 6,203
State and political subdivisions	2,287	181	—	(30)	—	2,438
Non-U.S. government (1)	1,910	110	—	(5)	—	2,015
U.S. corporate:						
Utilities	3,355	364	—	(26)	—	3,693
Energy	2,560	103	—	(162)	—	2,501
Finance and insurance	5,268	392	15	(43)	—	5,632
Consumer—non-cyclical	3,755	371	—	(30)	—	4,096
Technology and communications	2,108	123	—	(38)	—	2,193
Industrial	1,164	53	—	(44)	—	1,173
Capital goods	1,774	188	—	(12)	—	1,950
Consumer—cyclical	1,602	95	—	(22)	—	1,675
Transportation	1,023	75	—	(12)	—	1,086
Other	385	22	—	(5)	—	402
Total U.S. corporate (1)	22,994	1,786	15	(394)	—	24,401
Non-U.S. corporate:						
Utilities	815	37	—	(9)	—	843
Energy	1,700	64	—	(78)	—	1,686
Finance and insurance	2,327	152	2	(8)	—	2,473
Consumer—non-cyclical	746	24	—	(18)	—	752
Technology and communications	978	36	—	(26)	—	988
Industrial	1,063	19	—	(96)	—	986
Capital goods	602	19	—	(17)	—	604
Consumer—cyclical	522	8	—	(4)	—	526
Transportation	559	52	—	(6)	—	605
Other	2,574	187	—	(25)	—	2,736
Total non-U.S. corporate (1)	11,886	598	2	(287)	—	12,199
Residential mortgage-backed (2)	4,777	330	11	(17)	—	5,101
Commercial mortgage-backed	2,492	84	3	(20)	—	2,559
Other asset-backed (2)	3,328	11	1	(59)	—	3,281
Total fixed maturity securities	55,161	3,832	32	(828)	—	58,197
Equity securities	325	8	—	(23)	—	310
Total available-for-sale securities	$ 55,486	$ 3,840	$ 32	$ (851)	$ —	$58,507

(1) Fair value included European periphery exposure of $361 million in Ireland, $244 million in Spain, $103 million in Italy and $15 million in Portugal.

(2) Fair value included $32 million collateralized by sub-prime residential mortgage loans and $69 million collateralized by Alt-A residential mortgage loans.

Table of Contents

As of December 31, 2014, the amortized cost or cost, gross unrealized gains (losses) and fair value of our fixed maturity and equity securities classified as available-for-sale were as follows:

		Gross unrealized gains		Gross unrealized losses		
(Amounts in millions)	Amortized cost or cost	Not other-than-temporarily impaired	Other-than-temporarily impaired	Not other-than-temporarily impaired	Other-than-temporarily impaired	Fair value
Fixed maturity securities:						
U.S. government, agencies and government-sponsored enterprises	$ 5,006	$ 995	$ —	$ (1)	$ —	$ 6,000
State and political subdivision	2,013	236	—	(27)	—	2,222
Non-U.S. government (1)	1,761	143	—	(2)	—	1,902
U.S. corporate:						
Utilities	3,292	577	—	(5)	—	3,864
Energy	2,498	265	—	(21)	—	2,742
Finance and insurance	5,102	537	20	(13)	—	5,646
Consumer—non-cyclical	3,483	538	—	(8)	—	4,013
Technology and communications	2,112	217	—	(4)	—	2,325
Industrial	1,195	100	—	(8)	—	1,287
Capital goods	1,748	263	—	(5)	—	2,006
Consumer—cyclical	1,750	158	—	(8)	—	1,900
Transportation	929	114	—	(4)	—	1,039
Other	370	31	—	—	—	401
Total U.S. corporate (1)	22,479	2,800	20	(76)	—	25,223
Non-U.S. corporate:						
Utilities	857	48	—	(2)	—	903
Energy	1,911	163	—	(38)	—	2,036
Finance and insurance	2,757	203	—	(3)	—	2,957
Consumer—non-cyclical	764	41	—	(9)	—	796
Technology and communications	986	71	—	(4)	—	1,053
Industrial	1,166	65	—	(18)	—	1,213
Capital goods	592	31	—	(5)	—	618
Consumer—cyclical	520	14	—	—	—	534
Transportation	521	70	—	(1)	—	590
Other	3,153	257	—	(15)	—	3,395
Total non-U.S. corporate (1)	13,227	963	—	(95)	—	14,095
Residential mortgage-backed (2)	4,871	362	13	(17)	(1)	5,228
Commercial mortgage-backed	2,564	143	4	(9)	—	2,702
Other asset-backed (2)	3,735	23	1	(54)	—	3,705
Total fixed maturity securities	55,656	5,665	38	(281)	(1)	61,077
Equity securities	250	32	—	(7)	—	275
Total available-for-sale securities	$ 55,906	$ 5,697	$ 38	$ (288)	$ (1)	$61,352

(1) Fair value included European periphery exposure of $230 million in Ireland, $170 million in Spain, $118 million in Italy and $16 million in Portugal.
(2) Fair value included $56 million collateralized by sub-prime residential mortgage loans and $86 million collateralized by Alt-A residential mortgage loans.

Fixed maturity securities decreased $2.9 billion principally from lower net unrealized gains attributable to the change in interest rates as well as changes in foreign exchange rates from the strengthening of the U.S. dollar in 2015. These decreases were partially offset by purchases exceeding sales and maturities in 2015.

Our exposure in peripheral European countries consists of fixed maturity securities in Portugal, Ireland, Italy and Spain. Investments in these countries are primarily made to support our international businesses and to diversify our U.S. corporate fixed maturity securities with European bonds denominated in U.S. dollars. During

2015, we increased our exposure to the peripheral European countries by $189 million to $723 million with unrealized gains of $28 million. As of December 31, 2015, our exposure was diversified with direct exposure to local economies of $165 million, indirect exposure through debt issued by subsidiaries outside of the European periphery of $100 million and exposure to multi-national companies where the majority of revenues come from outside of the country of domicile of $458 million.

Commercial mortgage loans

The following tables set forth additional information regarding our commercial mortgage loans as of December 31:

(Dollar amounts in millions)	2015				
	Total recorded investment	Number of loans	Loan-to-value [(1)]	Delinquent principal balance	Number of delinquent loans
Loan Year					
2004 and prior	$ 609	361	32%	$ —	—
2005	542	146	49%	5	1
2006	709	177	51%	1	1
2007	540	146	59%	6	1
2008	145	27	56%	—	—
2009	—	—	— %	—	—
2010	93	17	48%	—	—
2011	226	48	49%	—	—
2012	626	92	55%	—	—
2013	822	138	58%	—	—
2014	935	150	66%	—	—
2015	940	142	67%	—	—
Total	$ 6,187	1,444	56%	$ 12	3

(1) Represents weighted-average loan-to-value as of December 31, 2015.

(Dollar amounts in millions)	2014				
	Total recorded investment	Number of loans	Loan-to-value [(1)]	Delinquent principal balance	Number of delinquent loans
Loan Year					
2004 and prior	$ 722	393	37%	$ —	—
2005	875	225	53%	—	—
2006	802	215	59%	2	1
2007	664	148	68%	—	—
2008	230	51	63%	6	1
2009	—	—	— %	—	—
2010	115	54	44%	—	—
2011	264	53	56%	—	—
2012	647	94	60%	—	—
2013	845	138	64%	—	—
2014	959	150	69%	—	—
Total	$ 6,123	1,521	59%	$ 8	2

(1) Represents weighted-average loan-to-value as of December 31, 2014.

Table of Contents

Restricted commercial mortgage loans related to securitization entities

See notes 4 and 17 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to restricted commercial mortgage loans related to securitization entities.

Other invested assets

The following table sets forth the carrying values of our other invested assets as of December 31:

	2015		2014	
(Amounts in millions)	Carrying value	% of total	Carrying value	% of total
Derivatives	$ 1,112	48%	$ 1,132	51%
Trading securities	447	19	241	11
Securities lending collateral	347	15	289	13
Short-term investments	197	9	238	11
Limited partnerships	188	8	252	11
Other investments	18	1	56	3
Total other invested assets	$ 2,309	100%	$ 2,208	100%

Our investments in trading securities increased from higher net purchases, partially offset by maturities and lower net unrealized gains in 2015. Securities lending collateral also increased driven by market demand. Short-term investments decreased from higher net sales and maturities.

Derivatives

The activity associated with derivative instruments can generally be measured by the change in notional value over the periods presented. However, for GMWB and fixed index annuity embedded derivatives, the change between periods is best illustrated by the number of policies. The following tables represent activity associated with derivative instruments as of the dates indicated:

(Notional in millions)	Measurement	December 31, 2014	Additions	Maturities/ terminations	December 31, 2015
Derivatives designated as hedges					
Cash flow hedges:					
Interest rate swaps	Notional	$ 11,961	$ —	$ (747)	$ 11,214
Inflation indexed swaps	Notional	571	13	(13)	571
Foreign currency swaps	Notional	35	—	—	35
Total cash flow hedges		12,567	13	(760)	11,820
Total derivatives designated as hedges		12,567	13	(760)	11,820
Derivatives not designated as hedges					
Interest rate swaps	Notional	5,074	2,100	(2,242)	4,932
Interest rate swaps related to securitization entities (1)	Notional	77	—	(10)	67
Credit default swaps	Notional	394	—	(250)	144
Credit default swaps related to securitization entities (1)	Notional	312	—	—	312
Equity index options	Notional	994	1,455	(1,369)	1,080
Financial futures	Notional	1,331	5,700	(5,700)	1,331
Equity return swaps	Notional	108	386	(360)	134
Foreign currency swaps	Notional	104	58	—	162
Forward bond purchase commitments	Notional	—	1,140	(1,140)	—
Other foreign currency contracts	Notional	425	2,516	(1,285)	1,656
Total derivatives not designated as hedges		8,819	13,355	(12,356)	9,818
Total derivatives		$ 21,386	$ 13,368	$ (13,116)	$ 21,638

(1) See note 17 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to consolidated securitization entities.

(Number of policies)	Measurement	December 31, 2014	Additions	Maturities/ terminations	December 31, 2015
Derivatives not designated as hedges					
GMWB embedded derivatives	Policies	39,015	—	(2,869)	36,146
Fixed index annuity embedded derivatives	Policies	13,901	3,939	(358)	17,482
Indexed universal life embedded derivatives	Policies	421	595	(34)	982

The increase in the notional value of derivatives was primarily attributable to a $1.2 billion notional increase in our non-qualified swaptions, partially offset by a $0.9 billion notional decrease in our qualified interest rate swaps related to our hedging strategy associated with long-term care insurance products.

The number of policies related to our GMWB embedded derivatives decreased as variable annuity products are no longer being offered. The number of policies related to our fixed index annuity and indexed universal life embedded derivatives increased as a result of product sales in 2015.

Consolidated Balance Sheets

Total assets. Total assets decreased $4,885 million from $111,316 million as of December 31, 2014 to $106,431 million as of December 31, 2015.

- Cash, cash equivalents and invested assets decreased $1,325 million primarily from a decrease of $2,645 million in invested assets, partially offset by an increase of $1,320 million in cash and cash equivalents. Our fixed maturity securities decreased $2,880 million principally from lower net unrealized gains attributable to changes in interest rates as well as changes in foreign exchange rates from the strengthening of the U.S. dollar in 2015. These decreases were partially offset by purchases exceeding sales and maturities in 2015. Other invested assets increased $101 million attributable to an increase in trading securities and securities lending collateral, partially offset by a decrease in short-term investments from higher net sales and maturities in 2015.
- Deferred acquisition costs decreased $454 million primarily attributable to an impairment of $455 million as a result of loss recognition testing of certain term life insurance policies in 2015 as part of a life block transaction.
- Deferred tax asset increased $155 million related to a decrease in the liabilities related to net unrealized net investment gains and an increase in foreign tax credit carryforwards in 2015.
- Separate account assets decreased $1,325 million driven by surrenders and benefits as well as unfavorable market performance in 2015.
- Assets held for sale decreased $2,016 million primarily as a result of the sale of our lifestyle protection insurance business, which closed on December 1, 2015.

Total liabilities. Total liabilities decreased $2,725 million from $94,519 million as of December 31, 2014 to $91,794 million as of December 31, 2015.

- Future policy benefits increased $560 million primarily driven by an increase of $1,253 million in our long-term care insurance business largely from the aging and growth of the in-force block in 2015. This increase was partially offset by a decrease of $598 million in our fixed annuities business as surrenders and benefits exceeded deposits as a result of lower production in 2015.
- Policyholder account balances increased $177 million primarily related to an increase of $355 million in our life insurance business. In the fourth quarter of 2015, as part of our annual review of assumptions, we increased our liability for policyholder account balances by $175 million for our universal and term universal life insurance products, reflecting updated assumptions for long-term

interest rates, persistency and other refinements. The increase was also attributable to the aging and growth of the universal life insurance in-force block. These increases were partially offset by a decrease of $220 million in our fixed annuities business as a result of the runoff of our structured settlements and as benefits exceeded deposits in our immediate annuity products.

- Liability for policy and contract claims increased $214 million primarily attributable to an increase of $533 million in our long-term care insurance business largely as a result of aging and growth of the in-force block and higher severity and frequency of new claims in 2015. This was partially offset by a decrease of $331 million in our U.S. mortgage insurance business principally from a decline in new delinquencies and favorable aging on existing delinquencies in 2015.
- Unearned premiums decreased $177 million primarily driven by our mortgage insurance businesses in Canada and Australia largely attributable to changes in foreign exchange rates in 2015.
- Other liabilities decreased $230 million largely as a result of a decrease in our repurchase program from pay downs.
- Deferred tax liability decreased $834 million primarily from a decrease in the liabilities related to net unrealized net investment gains and amounts related to investments in foreign subsidiaries in 2015.
- Separate account liabilities decreased $1,325 million by surrenders and benefits as well as unfavorable market performance in 2015.
- Liabilities held for sale decreased $967 million primarily as a result of the sale of our lifestyle protection insurance business, which closed on December 1, 2015.

Total equity. Total equity decreased $2,160 million from $16,797 million as of December 31, 2014 to $14,637 million as of December 31, 2015.

- We reported a net loss available to Genworth Financial, Inc.'s common stockholders of $615 million in 2015.
- Accumulated other comprehensive income (loss) decreased $1,436 million predominantly attributable to lower net unrealized investment gains mainly related to changes in the long-term interest rate environment in 2015. Foreign currency translation was also unfavorable related to the strengthening of the U.S. dollar in 2015.

Liquidity and Capital Resources

Liquidity and capital resources represent our overall financial strength and our ability to generate cash flows from our businesses, borrow funds at competitive rates and raise new capital to meet our operating and growth needs.

Genworth and subsidiaries

The following table sets forth our condensed consolidated cash flows for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Net cash from operating activities	$1,591	$ 2,438	$1,399
Net cash from investing activities	(404)	(1,836)	(580)
Net cash from financing activities	(42)	205	(149)
Net increase in cash before foreign exchange effect	$1,145	$ 807	$ 670

Our principal sources of cash include sales of our products and services, income from our investment portfolio and proceeds from sales of investments. As an insurance business, we typically generate positive cash

flows from operating activities, as premiums collected from our insurance products and income received from our investments exceed policy acquisition costs, benefits paid, redemptions and operating expenses. Our cash flows from operating activities are affected by the timing of premiums, fees and investment income received and benefits and expenses paid. Positive cash flows from operating activities are then invested to support the obligations of our insurance and investment products and required capital supporting these products. In analyzing our cash flow, we focus on the change in the amount of cash available and used in investing activities. Changes in cash from financing activities primarily relate to the issuance of, and redemptions and benefit payments on, universal life insurance and investment contracts; the issuance and acquisition of debt and equity securities; the issuance and repayment or repurchase of borrowings and non-recourse funding obligations; and dividends to our stockholders and other capital transactions.

Cash inflows from operating activities in 2015 decreased compared to 2014 primarily from purchases of trading securities in 2015 compared to sales of trading securities in 2014. In addition, there was a decrease in cash collateral received from counterparties primarily as a result of the change in derivatives in 2015 compared to an increase in 2014. These decreases were partially offset by lower tax payments in 2015.

Cash outflows from investing activities in 2015 decreased compared to 2014 from higher sales and maturities, net of purchases, of fixed maturity securities in 2015 as well as net maturities and sales of short-term investments in 2015 compared to net purchases of short-term investments in 2014. Net cash from investing activities in 2015 also included net proceeds from the sale of our lifestyle protection insurance business completed in December 2015.

We had net cash outflows from financing activities in 2015 primarily from share repurchases of our Australian mortgage insurance business in the fourth quarter of 2015. In 2015, the proceeds from the sale of additional shares of our Australian mortgage insurance business in May 2015 were mostly offset cash dividends paid to noncontrolling interests and the redemption and repurchase of non-recourse funding obligations. We had net cash inflows from financing activities in 2014 as deposits exceeded withdrawals of our investment contracts. In addition, the proceeds from the IPO of 33.8% of our Australian mortgage insurance business were mostly offset by the repayment of senior notes in 2014. See "—Capital resources and financing activities" for further discussion of the uses of proceeds from our long-term debt issuances.

In the United States and Canada, we engage in certain securities lending transactions for the purpose of enhancing the yield on our investment securities portfolio. We maintain effective control over all loaned securities and, therefore, continue to report such securities as fixed maturity securities on the consolidated balance sheets. We are currently indemnified against counterparty credit risk by the intermediary. See note 12 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to our securities lending program.

We also have a repurchase program in which we sell an investment security at a specified price and agree to repurchase that security at another specified price at a later date. See note 12 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for additional information related to our repurchase program.

Genworth—holding company

Genworth Financial and Genworth Holdings each acts as a holding company for their respective subsidiaries and do not have any significant operations of their own. Dividends from their respective subsidiaries, payments to them under tax sharing and expense reimbursement arrangements with their subsidiaries and proceeds from borrowings or securities issuances are their principal sources of cash to meet their obligations. Insurance laws and regulations regulate the payment of dividends and other distributions to Genworth Financial and Genworth Holdings by their insurance subsidiaries. We expect dividends paid by the insurance subsidiaries will vary depending on strategic objectives, regulatory requirements and business performance.

The primary uses of funds at Genworth Financial and Genworth Holdings include payment of holding company general operating expenses (including taxes), payment of principal, interest and other expenses on current and any future borrowings, payments under current and any future guarantees (including guarantees of certain subsidiary obligations), payment of amounts owed to GE under the Tax Matters Agreement, payments to subsidiaries (and, in the case of Genworth Holdings, to Genworth Financial) under tax sharing agreements, contributions to subsidiaries, repurchases of debt and equity securities and, in the case of Genworth Holdings, loans, dividends or other distributions to Genworth Financial. In deploying future capital, important current priorities include focusing on our operating businesses so they remain appropriately capitalized, and accelerating progress on reducing overall indebtedness. We may from time to time seek to repurchase or redeem outstanding notes for cash (with cash on hand, proceeds from the issuance of new debt and/or the proceeds from asset or stock sales) in open market purchases, tender offers, privately negotiated transactions or otherwise. We currently seek to reduce our indebtedness over time through repurchases, redemptions and/or repayments at maturity.

Our Board of Directors has suspended the payment of dividends on our common stock indefinitely. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will be dependent on many factors including the receipt of dividends from our operating subsidiaries, our financial condition and operating results, the capital requirements of our subsidiaries, legal requirements, regulatory constraints, our credit and financial strength ratings and such other factors as the Board of Directors deems relevant. In addition, our Board of Directors has suspended repurchases of our common stock under our stock repurchase program indefinitely. The resumption of our stock repurchase program will be at the discretion of our Board of Directors.

Genworth Holdings had $1,124 million and $953 million of cash and cash equivalents as of December 31, 2015 and 2014, respectively. As of December 31, 2015, cash and cash equivalents of Genworth Holdings included approximately $89 million of restricted cash. Genworth Holdings also held $250 million and $150 million in U.S. government securities as of December 31, 2015 and 2014, respectively.

During the years ended December 31, 2015, 2014 and 2013, Genworth Holdings received cash dividends from its subsidiaries of $522 million, $630 million and $497 million, respectively. Genworth Holdings' international subsidiaries paid dividends of $522 million, $630 million and $317 million during the years ended December 31, 2015, 2014 and 2013, respectively. Dividends from our international subsidiaries in 2015 included $173 million of proceeds from the sale of additional shares in our Australian mortgage insurance business in May 2015 and approximately $50 million of the remaining proceeds were distributed to Genworth Holdings through payments made under tax sharing agreements in the third quarter of 2015. Dividends from our international subsidiaries in 2014 included approximately $500 million from the net proceeds of the IPO of our Australian mortgage insurance business. There were no dividends paid to Genworth Holdings by its domestic subsidiaries during the years ended December 31, 2015 or 2014. Genworth Holdings' domestic subsidiaries paid dividends of $180 million during the year ended December 31, 2013. We expect our international subsidiaries to be the sole source of cash dividends paid to us in 2016 as we continue to strengthen the capital position of our U.S. mortgage insurance and U.S. life insurance businesses.

Genworth Holdings also made capital contributions to one of its life subsidiaries of $25 million during 2015. In December 2015, Genworth Holdings also received cash of approximately $325 million of proceeds from the sale of the lifestyle protection insurance business through intercompany payments.

In July 2015, Genworth Holdings purchased for approximately $200 million preferred securities of one of our life insurance subsidiaries that were previously held by our U.S. mortgage insurance subsidiaries. Genworth Holdings received dividends of approximately $8 million from these preferred securities in the third quarter of 2015.

The life block transaction completed in January 2016 is estimated to generate in excess of $200 million of tax benefits to the holding company in the third quarter of 2016. We have committed $200 million of holding company cash to contribute to GLIC in executing the restructuring plan for our U.S. life insurance businesses, utilizing these tax benefits.

Genworth Holdings provided capital support to some of its insurance subsidiaries in the form of guarantees of certain obligations, in some cases subject to annual scheduled adjustments, totaling up to $594 million as of December 31, 2015. We believe Genworth Holdings' insurance subsidiaries have adequate reserves to cover the underlying obligations. This capital support primarily included:

- A capital support agreement of up to $205 million with one of Genworth Holdings' insurance subsidiaries domiciled in Bermuda relating to an intercompany reinsurance agreement;
- A capital support agreement of up to $260 million with one of Genworth Holdings' insurance subsidiaries to fund claims to support its mortgage insurance business in Mexico;
- A capital support agreement of up to $100 million, as part of the capital plan for the U.S. mortgage insurance subsidiaries, to be provided to GMICO in the future in the event that certain adverse events occur.

Genworth Holdings provides a limited guarantee to Rivermont Life Insurance Company I ("Rivermont I"), an indirect subsidiary, which is accounted for as a derivative carried at fair value and is eliminated in consolidation. As of December 31, 2015, the fair value of this derivative was $4 million.

Genworth Holdings provides a guarantee for the benefit of policyholders for the payment of valid claims by our mortgage insurance subsidiary located in the United Kingdom. This guarantee is unlimited while we own the business. As of December 31, 2015, the risk in-force of the business subject to the Genworth Holdings guarantee was approximately $2.0 billion. Following the sale of this U.K. subsidiary to AmTrust Financial Services, Inc., the guarantee would be limited to the payment of valid claims on policies in-force prior to the sale date and those written approximately 90 days subsequent to the date of the sale and AmTrust Financial Services, Inc. has agreed to provide us with a limited indemnification in the event there is any exposure under the guarantee. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals.

Genworth Holdings has a Tax Matters Agreement with GE, our former parent company, which represents an obligation of Genworth Holdings to GE. The balance of this obligation was $188 million as of December 31, 2015.

Genworth Financial provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding senior notes and the holders of the senior notes, on an unsecured unsubordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, each outstanding series of senior notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the senior notes indenture in respect of such senior notes. Genworth Financial also provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding subordinated notes and the holders of the subordinated notes, on an unsecured subordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, the outstanding subordinated notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the subordinated notes indenture in respect of the subordinated notes. Genworth Financial also provides a full and unconditional guarantee of Genworth Holdings' obligations associated with Rivermont I and the Tax Matters Agreement.

Any obligations under Genworth Holdings' credit agreement are unsecured and payment of Genworth Holdings' obligations is fully and unconditionally guaranteed by Genworth Financial.

We also provided guarantees to third parties for the performance of certain obligations of our subsidiaries. We estimate that our potential obligations under such guarantees were $25 million as of December 31, 2015.

Genworth Financial is party to the previously-disclosed litigation *In re Genworth Financial, Inc. Securities Litigations,* in which the court has scheduled a trial to begin on May 9, 2016, and the parties are currently engaging in a mediation process. The plaintiffs have recently taken the position that the class is entitled to

recover per share and per bond amounts that, if the plaintiffs were to prevail, would, in the aggregate, be material. There can be no assurance that the mediation will result in a settlement and, if it does not, we intend to continue to vigorously defend the lawsuit. At this stage of the litigation, we are unable to determine or predict the ultimate outcome of this litigation or provide an estimate or range of reasonably possible losses arising from this litigation. Nevertheless, we believe that it is reasonably possible we will incur additional losses in resolving this litigation beyond the amounts already accrued and, if so, that it is reasonably possible the amount of such losses would be material. Any settlement or unfavorable judgment that requires us to pay a material amount would have a material adverse effect on our results of operations in the near term (based on the currently scheduled timing of the mediation process and trial), and could materially reduce, or in the case of a judgment exceed, our available liquidity, which would have a material adverse effect on our financial condition and business.

Regulated insurance subsidiaries

Insurance laws and regulations regulate the payment of dividends and other distributions to us by our insurance subsidiaries. In general, dividends in excess of prescribed limits are deemed “extraordinary” and require insurance regulatory approval. Based on estimated statutory results as of December 31, 2015, in accordance with applicable dividend restrictions, our subsidiaries could pay dividends of approximately $140 million to us in 2016 without obtaining regulatory approval. However, our insurance subsidiaries may not pay dividends to us in 2016 at this level if they need to retain capital for growth and to meet capital requirements.

Our international insurance subsidiaries paid dividends of $640 million, $630 million and $317 million during the years ended December 31, 2015, 2014 and 2013, respectively. Our domestic insurance subsidiaries paid dividends of $41 million (none of which were deemed “extraordinary”), $108 million (none of which were deemed “extraordinary”) and $418 million (none of which were deemed “extraordinary”), respectively, during the years ended December 31, 2015, 2014 and 2013.

The liquidity requirements of our regulated insurance subsidiaries principally relate to the liabilities associated with their various insurance and investment products, operating costs and expenses, the payment of dividends to us, contributions to their subsidiaries, payment of principal and interest on their outstanding debt obligations and income taxes. Liabilities arising from insurance and investment products include the payment of benefits, as well as cash payments in connection with policy surrenders and withdrawals, policy loans and obligations to redeem funding agreements.

Our insurance subsidiaries have used cash flows from operations and investment activities to fund their liquidity requirements. Our insurance subsidiaries’ principal cash inflows from operating activities are derived from premiums, annuity deposits and insurance and investment product fees and other income, including commissions, cost of insurance, mortality, expense and surrender charges, contract underwriting fees, investment management fees and dividends and distributions from their subsidiaries. The principal cash inflows from investment activities result from repayments of principal, investment income and, as necessary, sales of invested assets.

Our insurance subsidiaries maintain investment strategies intended to provide adequate funds to pay benefits without forced sales of investments. Products having liabilities with longer durations, such as certain life insurance and long-term care insurance policies, are matched with investments having similar duration such as long-term fixed maturity securities and commercial mortgage loans. Shorter-term liabilities are matched with fixed maturity securities that have short- and medium-term fixed maturities. In addition, our insurance subsidiaries hold highly liquid, high quality short-term investment securities and other liquid investment grade fixed maturity securities to fund anticipated operating expenses, surrenders and withdrawals. In June 2014, one of our U.S. life insurance subsidiaries completed a life reinsurance transaction that generated approximately $90 million in additional unassigned surplus on a U.S. statutory basis. As of December 31, 2015, our total cash, cash equivalents and invested assets were $75.1 billion. Our investments in privately placed fixed maturity securities, commercial mortgage loans, policy loans, limited partnership investments and select mortgage-backed and asset-

backed securities are relatively illiquid. These asset classes represented approximately 31% of the carrying value of our total cash, cash equivalents and invested assets as of December 31, 2015.

As of December 31, 2015, each of our life insurance subsidiaries exceeded the minimum required RBC levels. The consolidated RBC ratio of our U.S. domiciled life insurance subsidiaries was approximately 393% of the company action level as of December 31, 2015.

To address the capital needs of our U.S. life insurance businesses, we currently intend to continue, among other things, to not to pay dividends from our life insurance subsidiaries to the holding company.

Fifty percent of our in-force long-term care insurance business (excluding policies assumed from a non-affiliate third-party reinsurer) of GLIC, a Delaware insurance company and our indirect wholly-owned subsidiary, is reinsured to BLAIC, a Bermuda insurance company and our indirect wholly-owned subsidiary. GFIH, our indirect wholly-owned subsidiary, has entered into a capital maintenance agreement whereby GFIH has agreed to provide capital to BLAIC to fund payment obligations of BLAIC to GLIC or GLAIC, as applicable, under certain reinsurance agreements, including the one covering our long-term care insurance business. As of December 31, 2015, GFIH directly or indirectly owns 52.0% of our Australian mortgage insurance subsidiaries and 40.6% of our Canadian mortgage insurance subsidiary. As a result of GFIH's capital maintenance agreement, adverse developments in our reinsured long-term care insurance business (including the increases in our reserves of that business in 2014) have adversely impacted BLAIC's financial condition, which could, in turn, adversely impact GFIH's willingness or ability to pay dividends to Genworth Holdings.

As of December 31, 2015 and 2014, one of our wholly-owned life insurance subsidiaries provided security in an aggregate amount of $583 million for the benefit of certain of its wholly-owned life insurance subsidiaries that have issued non-recourse funding obligations to collateralize the obligation to make future payments on their behalf under certain tax sharing agreements.

In April 2015, Genworth Canada announced acceptance by the TSX of its Notice of Intention to Make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, Genworth Canada may purchase from time to time through May 2016, up to an aggregate of 4.7 million of its issued and outstanding common shares. In May 2015, Genworth Canada repurchased 1.4 million of its shares for CAD$50 million through the NCIB. We participated in the NCIB in order to maintain our overall ownership percentage at 57.3% and received $23 million in cash. During 2014, Genworth Canada repurchased 1.9 million shares for CAD$75 million through a NCIB authorized by its board for up to 4.7 million shares. We participated in the NCIB in order to maintain our overall ownership percentage at its then current level and received $38 million in cash.

On October 30, 2015, Genworth Australia announced its intention to commence an on-market share buy-back program. Pursuant to the program, in November and December 2015, Genworth Australia repurchased 54.6 million of its shares for AUD$150 million. As the majority shareholder, we participated in on-market sales transactions during the buy-back period to maintain our ownership position of 52.0% and received $55 million in cash.

As of December 31, 2015, our U.S. mortgage insurance business was compliant with the PMIERs capital requirements, with a prudent buffer. Our U.S. mortgage insurance business generated a total of approximately $535 million in PMIERs capital credit in 2015 from three GSE approved reinsurance transactions covering our 2009 through 2015 book years as well as the intercompany sale of its ownership of affiliated preferred securities for approximately $200 million and an internal restructuring of legal entities. Our U.S. mortgage insurance business may execute future capital transactions to maintain a prudent level of financial flexibility in excess of the PMIERs capital requirements given the dynamic nature of asset and requirement valuations over time, including additional reinsurance transactions and contributions of holding company cash.

In May 2014, our U.S. mortgage holding company contributed $300 million to GMICO.

Capital resources and financing activities

In January 2016, Genworth Holdings redeemed $298 million of its 2016 Notes and paid accrued and unpaid interest and a make-whole premium of approximately $23 million pre-tax.

During the third quarter of 2015, Genworth Holdings repurchased $50 million aggregate principal amount of its senior notes for a pre-tax loss of $1 million and paid accrued and unpaid interest thereon.

In July 2015, Genworth Financial Mortgage Insurance Pty Limited, our indirect majority-owned subsidiary, issued AUD$200 million of subordinated floating rate notes due 2025 with an interest rate of three-month Bank Bill Swap reference rate plus a margin of 3.50%. Genworth Financial Mortgage Insurance Pty Limited used the proceeds it received from this transaction to redeem AUD$90 million of its outstanding debt and for general corporate purposes and incurred a $2 million pre-tax early redemption payment.

Genworth Holdings repaid $485 million of its 5.75% senior notes due 2014 issued in June 2004 in June 2014 from cash on hand.

In April 2014, Genworth Canada, our indirect majority-owned subsidiary, issued CAD$160 million aggregate principal amount of 4.24% senior notes (the “2024 Canada Notes”). The net proceeds of the offering of the 2024 Canada Notes were used to redeem, in full, the CAD$150 million outstanding principal on its existing 4.59% senior notes due 2015. In conjunction with the redemption, Genworth Canada made an early redemption payment to existing noteholders of approximately CAD$7 million and accrued interest of approximately CAD$2 million in the second quarter of 2014.

During 2015 and 2014, River Lake Insurance Company, our indirect wholly-owned subsidiary, repaid $30 million and $26 million, respectively, of its total outstanding floating rate subordinated notes due in 2033.

During 2015 and 2014, River Lake Insurance Company II (“River Lake II”), our indirect wholly-owned subsidiary, repaid $31 million and $16 million, respectively, of its total outstanding floating rate subordinated notes due in 2035.

In connection with the life block transaction with Protective Life discussed in note 6 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data,” River Lake Insurance Company and River Lake II will redeem their outstanding floating rate subordinated notes in the first quarter of 2016.

For further information about our borrowings, refer to note 12 in our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data.”

We believe existing cash held at Genworth Holdings combined with dividends from subsidiaries, payments under tax sharing and expense reimbursement arrangements with subsidiaries and proceeds from borrowings or securities issuances will provide us with sufficient capital flexibility and liquidity to meet our future operating requirements. We actively monitor our liquidity position, liquidity generation options and the credit markets given changing market conditions. We manage liquidity at Genworth Holdings to maintain a minimum balance one and one-half times expected annual debt interest payments plus the additional excess of $350 million, although the excess amount may be lower during the quarter due to the timing of cash inflows and outflows. We will evaluate the target level of the excess amount as circumstances warrant. In light of market influences and the impact of recent ratings downgrades on the valuation of our senior debt, we may evaluate the level of cash buffer we maintain at the holding company as we consider opportunities to repurchase our debt over time. We cannot predict with any certainty the impact to us from any future disruptions in the credit markets or the recent or any further downgrades by one or more of the rating agencies of the financial strength ratings of our insurance company subsidiaries and/or the credit ratings of our holding companies. The availability of additional funding will depend on a variety of factors such as market conditions, regulatory considerations, the general availability of credit, the overall availability of credit to the financial services industry, the level of activity and availability

of reinsurance, our credit ratings and credit capacity and the performance of and outlook for our business. See "Item 1A—Risk Factors—Our internal sources of liquidity may be insufficient to meet our needs and our access to capital may be limited or unavailable. Under such conditions, we may seek additional capital but may be unable to obtain it."

Contractual obligations and commercial commitments

We enter into obligations with third parties in the ordinary course of our operations. These obligations, as of December 31, 2015, are set forth in the table below. However, we do not believe that our cash flow requirements can be assessed based upon this analysis of these obligations as the funding of these future cash obligations will be from future cash flows from premiums, deposits, fees and investment income that are not reflected in the following table. Future cash outflows, whether they are contractual obligations or not, also will vary based upon our future needs. Although some outflows are fixed, others depend on future events. Examples of fixed obligations include our obligations to pay principal and interest on fixed rate borrowings. Examples of obligations that will vary include obligations to pay interest on variable rate borrowings and insurance liabilities that depend on future interest rates and market performance. Many of our obligations are linked to cash-generating contracts. These obligations include payments to contractholders that assume those contractholders will continue to make deposits in accordance with the terms of their contracts. In addition, our operations involve significant expenditures that are not based upon "commitments."

	Payments due by period				
(Amounts in millions)	**Total**	**2016**	**2017-2018**	**2019-2020**	**2021 and thereafter**
Borrowings and interest [1]	$ 9,300	$ 586	$ 1,113	$ 1,031	$ 6,570
Operating lease obligations	67	15	27	12	13
Other purchase liabilities [2]	56	32	20	4	—
Securities lending and repurchase obligations [3]	575	575	—	—	—
Commercial mortgage loan commitments [4]	17	17	—	—	—
Limited partnership commitments [4]	131	51	25	12	43
Private placement commitments [4]	23	23	—	—	—
Insurance liabilities [5]	114,111	2,570	5,373	4,522	101,616
Tax matters agreement [6]	210	46	80	39	45
Unrecognized tax benefits [7]	28	2	1	—	25
Total contractual obligations	$124,518	$3,917	$ 6,639	$ 5,650	$108,312

(1) Includes payments of principal and interest on our long-term borrowings and non-recourse funding obligations, as described in note 12 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data." For our U.S. domiciled insurance companies, any payment of principal, including by redemption, or interest on our non-recourse funding obligations are subject to regulatory approval. The total amount for borrowings and interest in this table does not equal the amounts on our consolidated balance sheet as it excludes debt issuance costs and includes interest that is expected to be payable in future years. In addition, the total amount does not include borrowings related to securitization entities. See note 17 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data" for information related to the timing of payments and the maturity dates of these borrowings. In January 2016, Genworth Holdings redeemed $298 million of its 8.625% senior notes due 2016 issued in December 2009 (the "2016 Notes") and paid accrued interest and make-whole premium of approximately $23 million pre-tax. In connection with the life block transaction with Protective Life discussed in note 6 to our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data," River Lake Insurance Company and River Lake II intend to redeem their outstanding floating rate subordinated notes of $975 million due in 2033 and $645 million due in 2035, respectively, in the first quarter of 2016.

(2) Includes contractual purchase commitments for goods and services entered into in the ordinary course of business and includes obligations under our pension liabilities.
(3) The timing for the return of the collateral associated with our securities lending program is uncertain; therefore, the return of collateral is reflected as being due in 2016.
(4) Includes amounts we are committed to fund for U.S. commercial mortgage loans, interests in limited partnerships and private placement investments.
(5) Includes estimated claim and benefit, policy surrender and commission obligations offset by expected future deposits and premiums on in-force insurance policies and investment contracts. Also includes amounts established for recourse and indemnification related to our U.S. mortgage insurance contract underwriting business. Estimated claim and benefit obligations are based on mortality, morbidity, lapse and other assumptions. The obligations in this table have not been discounted at present value. In contrast to this table, our obligations reported in our consolidated balance sheet are recorded in accordance with U.S. GAAP where the liabilities are discounted consistent with the present value concept under accounting guidance related to accounting and reporting by insurance enterprises, as applicable. Therefore, the estimated obligations for insurance liabilities presented in this table significantly exceed the liabilities recorded in reserves for future policy benefits and the liability for policy and contract claims. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results. We have not included separate account obligations as these obligations are legally insulated from general account obligations and will be fully funded by cash flows from separate account assets. We expect to fully fund the obligations for insurance liabilities from cash flows from general account investments and future deposits and premiums.
(6) Because their future cash outflows are uncertain, the following non-current liabilities are excluded from this table: deferred taxes (except the Tax Matters Agreement, which is included, as described in note 13 to our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data”), derivatives, unearned premiums and certain other items.
(7) Includes the settlement of uncertain tax positions, with related interest, based on the estimated timing of the resolution of income tax examinations in multiple jurisdictions. See notes 2 and 13 to our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for a discussion of uncertain tax positions.

Off-Balance Sheet Transactions

We have used off-balance sheet securitization transactions to mitigate and diversify our asset risk position and to adjust the asset class mix in our investment portfolio by reinvesting securitization proceeds in accordance with our approved investment guidelines. The transactions we have used involved securitizations of some of our receivables and investments that were secured by commercial mortgage loans, fixed maturity securities or other receivables, consisting primarily of policy loans. Total securitized assets remaining as of December 31, 2015 and 2014 were $403 million and $442 million, respectively, including $267 million and $300 million, respectively, of securitized assets required to be consolidated.

Securitization transactions typically result in gains or losses that are included in net investment gains (losses) in our consolidated financial statements. There were no off-balance sheet securitization transactions executed in 2015, 2014 or 2013.

We have arranged for the assets that we have transferred in securitization transactions to be serviced by us directly, or pursuant to arrangements with a third-party service provider. Servicing activities include ongoing review, credit monitoring, reporting and collection activities.

Financial support for certain securitization entities was provided under credit support agreements that remain in place throughout the life of the related entities. Assets with credit support were funded by demand notes that were further enhanced with support provided by a third party. See note 17 to our consolidated financial statements under “Item 8—Financial Statements and Supplementary Data” for additional information related to securitization entities.

Seasonality

In general, our business as a whole is not seasonal in nature. However, in our U.S. mortgage insurance business, the level of delinquencies, which increases the likelihood of losses, generally tends to decrease in mid-first quarter and continue through second quarter while increasing in the third and fourth quarters of the calendar year. Therefore, we typically experience lower levels of losses resulting from delinquencies in the first and second quarters, as compared with those in the third and fourth quarters. However, as a result of the downturn in the U.S. housing market that began in 2008, delinquencies have remained elevated above historical levels in each of the calendar quarters through 2015. Currently, as the U.S. housing market continues to show signs of stabilization and recovery, delinquency levels have been trending downward and returning to more normal seasonal trends. While the U.S. economy continues recovering, we may see higher than usual delinquencies as the housing market returns to a more normal development pattern long-term. See "—U.S. Mortgage Insurance segment—Trends and conditions" for additional information related to our U.S. mortgage insurance business.

There is also modest delinquency seasonality in our mortgage insurance businesses in Australia and Canada. In Australia, we generally experience higher new delinquencies and lower cure rates in the first and second quarters of each calendar year. In Canada, we generally experience modestly higher delinquencies in the winter months. See "—Canada Mortgage Insurance segment—Trends and conditions" and "—Australia Mortgage Insurance segment—Trends and conditions" for additional information related to these businesses.

Inflation

We do not believe that inflation has had a material effect on our results of operations, except insofar as inflation may affect interest rates or foreign exchange rates.

New Accounting Standards

For a discussion of recently adopted and not yet adopted accounting standards, see note 2 in our consolidated financial statements under "Item 8—Financial Statements and Supplementary Data."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and equity prices. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. The following is a discussion of our market risk exposures and our risk management practices.

During 2015, credit spreads generally widened but tightened in the fourth quarter of 2015, excluding the energy and mining sectors. In 2015, U.S. Treasury yields remained at historically low levels bunt increased in the fourth quarter of 2015. See "—Investments and Derivative Instruments" in "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion of recent market conditions.

In 2015 compared to 2014, the U.S. dollar strengthened against currencies in Australia, Canada and the United Kingdom, as well as the Euro. The overall strengthening of the U.S. dollar in 2015 has generally resulted in lower levels of reported revenues and net income (loss), assets, liabilities and accumulated other comprehensive income (loss) in our U.S. dollar consolidated financial statements. See "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion on the impact changes in foreign currency exchange rates have had during the year.

While we enter into derivatives to mitigate certain market risks, our agreements with derivative counterparties and futures commission merchants require that we provide collateral as initial margin as well as variation margin to reflect changes in the fair value of our derivatives. We may hold more high-quality securities

to ensure we have sufficient collateral to post to derivative counterparties or futures commission merchants in the event of adverse changes in the fair value of our derivative instruments. If we do not have sufficient high quality securities to provide as collateral, we may need to sell certain other securities to purchase assets that would be eligible for collateral posting, which could adversely impact our future investment income.

Interest Rate Risk

We enter into market-sensitive instruments primarily for purposes other than trading. Our life insurance, long-term care insurance and deferred annuity products have significant interest rate risk and are associated with our U.S. life insurance subsidiaries. Our mortgage insurance businesses in Canada and Australia and immediate annuity products have moderate interest rate risk, while our U.S. mortgage insurance business has relatively low interest rate risk.

The significant interest rate risk that is present in our life insurance, long-term care insurance and deferred annuity products is a result of longer duration liabilities where a significant portion of cash flows to pay benefits comes from investment returns. Additionally, certain of these products have implicit and explicit rate guarantees or optionality that is significantly impacted by changes in interest rates. We seek to minimize interest rate risk by purchasing assets to better align the duration of our assets with the duration of the liabilities or utilizing derivatives to mitigate interest rate risk for product lines where asset durations are not sufficient to align with the related liability. Additionally, we also minimize certain of these risks through product design features.

Our insurance and investment products are sensitive to interest rate fluctuations and expose us to the risk that falling interest rates or tightening credit spreads will reduce our interest rate margin (the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must pay to policyholders and contractholders). Because we may reduce the interest rates we credit on most of these products only at limited, pre-established intervals, and because some contracts have guaranteed minimum interest crediting rates, declines in earned investment returns can impact the profitability of these products. As of December 31, 2015, of our $12.5 billion deferred annuity products, $0.9 billion have guaranteed minimum interest crediting rate floors greater than or equal to 3.5%, with less than $2 million guaranteed minimum interest crediting rate floors greater than 5.5%. Most of these products were sold prior to 1999. Our universal life insurance products also have guaranteed minimum interest crediting rate floors, with no guaranteed minimum interest crediting rate floors greater than 6.0%. Of our $6.9 billion of universal life insurance products as of December 31, 2015, $4.2 billion have guaranteed minimum interest crediting rate floors ranging between 3% and 4%.

During periods of increasing market interest rates, we may offer higher crediting rates on interest-sensitive products, such as universal life insurance and fixed annuities, and we may increase crediting rates on in-force products to keep these products competitive. In addition, rapidly rising interest rates may cause increased unrealized losses on our investment portfolios, increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders shift assets into higher yielding investments. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations, including the requirement to liquidate fixed-income investments in an unrealized loss position to satisfy surrenders or withdrawals.

Our life and long-term care insurance products as well as our guaranteed benefits on variable annuities also expose us to the risk of interest rate fluctuations. The pricing and expected future profitability of these products are based in part on expected investment returns. Over time, life and long-term care insurance products are expected to generally produce positive cash flows as customers pay periodic premiums, which we invest as they are received. Low interest rates increase reinvestment risk and reduce our ability to achieve our targeted investment margins and may adversely affect the profitability of our life insurance, fixed annuity and long-term care insurance products and may increase hedging costs on our in-force block of variable annuity products. A prolonged low interest rate environment may negatively impact the sufficiency of our margins on our DAC and

PVFP, which could result in an impairment. In addition, certain statutory capital requirements are based on models that consider interest rates. Prolonged periods of low interest rates may increase the statutory capital we are required to hold as well as the amount of assets we must maintain to support statutory reserves.

The carrying value of our investment portfolio as of December 31, 2015 and 2014 was $69.1 billion and $71.8 billion, respectively, of which 84% and 85%, respectively, was invested in fixed maturity securities. The primary market risk to our investment portfolio is interest rate risk associated with investments in fixed maturity securities. We mitigate the market risk associated with our fixed maturity securities portfolio by matching the duration of our fixed maturity securities with the duration of the liabilities that those securities are intended to support.

Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed-income securities may also decide to prepay their obligations in order to borrow at lower market rates, which exacerbates the risk that we may have to invest the cash proceeds of these securities in lower-yielding or lower-credit instruments. During periods of increasing interest rates, market values of lower-yielding assets will decline. In addition, our interest rate hedges will decline which will require us to post additional collateral with our derivative counterparties.

The primary market risk for our long-term borrowings is interest rate risk at the time of maturity or early redemption, when we may be required to refinance these obligations. We continue to monitor the interest rate environment and to evaluate refinancing opportunities as maturity dates approach. While we are exposed to interest rate risk from certain variable rate long-term borrowings and non-recourse funding obligations, in certain instances we invest in variable rate assets to back those obligations to mitigate the interest rate risk from the variable interest payments.

We use derivative instruments, such as interest rate swaps, financial futures and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate certain interest rate risk by:

- reducing the risk between the timing of the receipt of cash and its investment in the market;
- extending or shortening the duration of assets to better align with the duration of the liabilities; and
- protecting against the early termination of an asset or liability.

As a matter of policy, we have not and will not engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

Assuming investment yields remain at the 2015 year end levels and based on our existing policies and investment portfolio as of December 31, 2015, the impact from investing in that lower interest rate environment could reduce our investment income by approximately $5 million, $15 million and $40 million in 2016, 2017 and 2018, respectively, compared to our 2015 investment income before considering the impact from taxes, noncontrolling interests or DAC and other adjustments. The impact includes additional expected benefits from qualifying interest rate hedges for our U.S. Life Insurance segment but not potential changes in crediting rates to policyholders. The above impacts do not contemplate any evaluation of reserve adequacy or unlocking of DAC.

Equity Market Risk

Our exposure to equity market risk within our insurance companies primarily relates to variable annuities and life products and certain equity linked products. Certain variable annuity products have living benefit guarantees that expose us to equity market risk if the performance of the underlying mutual funds in the separate

account products experience downturns and volatility for an extended period of time potentially resulting in more payments from general account assets than from contractholder separate account investments. Additionally, continued equity market volatility could result in additional losses in our variable annuity products and associated hedging program which will further challenge our ability to recover DAC on these products and could lead to write-offs of DAC, as well as increased hedging costs. Downturns in equity markets could also lead to an increase in liabilities associated with secondary guarantee features, such as guaranteed minimum benefits on separate account products, where we have equity market risk exposure.

We are exposed to equity risk on our holdings of common stocks and other equities, as well as risk on products where we have equity market risk exposure. We manage equity price risk through industry and issuer diversification, asset allocation techniques and hedging strategies.

We use derivative instruments, such as financial futures and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate equity risk by reducing our exposure to fluctuations in equity market indices that underlie some of our products.

Foreign Currency Risk

We also have exposure to foreign currency exchange risk. Our international operations generate revenues denominated in local currencies, and we invest cash generated outside the United States in non-U.S.-denominated securities. As of December 31, 2015 and 2014, approximately 9% and 15%, respectively, of our invested assets were held by our international operations and we invest cash generated in those operations in securities denominated in the same local currencies. Although investing in securities denominated in local currencies limits the effect of currency exchange rate fluctuation on local operating results, we remain exposed to the impact of fluctuations in exchange rates as we translate the operating results of our foreign operations in our consolidated financial statements. We currently do not hedge the translation of operating results for our international operations. For the years ended December 31, 2015, 2014 and 2013, our international operations generated $441 million, $364 million and $506 million, respectively, of our income (loss) from continuing operations, excluding net investment gains (losses). Our investments in non-U.S.-denominated securities are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. Non- U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the United States.

We use derivative instruments, such as foreign currency swaps, financial futures and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate certain foreign currency risks by:

- matching the currency of invested assets with the liabilities they support;
- converting certain non-functional currency investments into functional currency; and
- hedging certain near-term foreign currency dividends or cash flows expected from international subsidiaries.

Sensitivity Analysis

Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments.

The following discussion about the potential effects of changes in interest rates, foreign currency exchange rates and equity market prices is based on so-called “shock-tests,” which model the effects of interest rate, foreign currency exchange rate and equity market price shifts on our financial condition and results of operations. Although we believe shock-tests provide the most meaningful analysis permitted by the rules and regulations of the SEC, they are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by their inability to include the extraordinarily complex market reactions that normally would

arise from the market shifts modeled. Although the following results of shock-tests for changes in interest rates, foreign currency exchange rates and equity market prices may have some limited use as benchmarks, they should not be viewed as forecasts. These forward-looking disclosures also are selective in nature and address only the potential impacts on our financial instruments. For the purpose of this sensitivity analysis, we excluded the potential impacts on our insurance liabilities that are not considered financial instruments, with the exception of those insurance liabilities that have embedded derivatives that are required to be bifurcated in accordance with U.S. GAAP. In addition, this sensitivity analysis does not include a variety of other potential factors that could affect our business as a result of these changes in interest rates, foreign currency exchange rates and equity market prices.

Interest Rate Risk

One means of assessing exposure to interest rate changes is a duration-based analysis that measures the potential changes in fair value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is referred to as a parallel shift in the yield curve. Note that all impacts noted below exclude any effects of deferred taxes, DAC and PVFP unless otherwise noted.

Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would cause the fair value of our fixed-income securities portfolio to decrease by approximately $4.0 billion based on our securities positions as of December 31, 2015, as compared to an estimated decrease of $4.4 billion under this model as of December 31, 2014. The decrease in the impact of the parallel shift in the yield curve in 2015 was due to the decrease in the fair value of our investment portfolio as well as the decrease in duration of fixed maturity securities to better align with the liabilities being backed by these investments. Additionally, the results of this parallel shift in the yield curve would cause the fair value of our commercial mortgage loans to decrease by approximately $342 million based on our commercial mortgage loans as of December 31, 2015, as compared to an estimated decrease of $334 million as of December 31, 2014.

We performed a similar sensitivity analysis on our derivatives portfolio and noted that a 100 basis point increase in interest rates resulted in a decrease in fair value of $709 million based on our derivatives portfolio as of December 31, 2015, as compared to an estimated decline of $773 million under this model as of December 31, 2014. The estimated decrease in fair value of our derivatives portfolio would also require us to post collateral to certain derivative counterparties of approximately $644 million and would require us to post cash margin related to our futures contracts of $40 million based on our derivatives portfolio as of December 31, 2015. Of the $709 million estimated decrease in fair value on our derivatives portfolio as of December 31, 2015, $66 million related to non-qualified derivatives used to mitigate interest rate risk associated with our GMWB embedded derivative liabilities as of December 31, 2015. We also performed a similar sensitivity analysis on our embedded derivatives associated with our GMWB liabilities and noted that a 100 basis point increase in interest rates resulted in a decrease of $105 million based on our GMWB embedded derivative liabilities as of December 31, 2015, as compared to an estimated decline of $103 million under this model as of December 31, 2014. As of December 31, 2015, we performed a similar sensitivity analysis and noted that a 100 basis point increase in interest rates resulted in an increase of $7 million on our fixed index annuity embedded derivatives and a decrease of $1 million on our indexed universal life embedded derivatives.

The impact on our insurance liabilities is not included in the sensitivities above.

Table of Contents

The principal amount, weighted-average interest rate and fair value by maturity of our variable rate debt were as follows as of December 31, 2015:

(Amounts in millions)	Principal amount	Weighted-average interest rate	Fair value [2]
Maturity: [1]			
Non-recourse funding obligations:			
River Lake Insurance Company, 2033	$ 975	1.65%	$ 741
River Lake Insurance Company II, 2035	645	1.12%	493
Rivermont Life Insurance Company I, 2050	315	2.42%	182
Total non-recourse funding obligations	1,935	1.73%	1,416
Floating rate junior notes, 2021 [3]	36	7.17%	37
Floating rate junior notes, 2025 [3]	146	5.66%	142
Total floating rate debt	$ 2,117		$1,595

(1) There are no maturities over the next five years. However, in connection with the life block transaction with Protective Life, River Lake Insurance Company and River Lake II intend to redeem their outstanding floating rate subordinated notes of $975 million due in 2033 and $645 million due in 2035, respectively, in the first quarter of 2016.

(2) The valuation methodology used is based on the then-current coupon, revalued based on the London Interbank Offered Rate set and current spread assumption based on commercially available data. The model is a floating rate coupon model using the spread assumption to derive the valuation.

(3) Subordinated floating rate notes issued by Genworth Financial Mortgage Insurance Pty Limited, our indirect wholly-owned subsidiary. The notes due in 2021 have an interest rate of three-month Bank Bill Swap reference rate plus a margin of 4.75% and the notes due in 2025 have an interest rate of three-month Bank Bill Swap reference rate plus a margin of 3.50%.

As of December 31, 2014, the weighted-average interest rate on our non-recourse funding obligations was 1.51% based on $1,996 million of principal. The weighted-average interest rate on subordinated floating rate notes issued by Genworth Financial Mortgage Insurance Pty Limited was 7.49% based on $114 million of principal as of December 31, 2014.

Equity Market Risk

One means of assessing exposure to changes in equity market prices is to estimate the potential changes in market values on our equity investments resulting from a hypothetical broad-based decline in equity market prices of 10%. Under this model, with all other factors constant, we estimated that such a decline in equity market prices would cause the fair value of our equity investments to decline by approximately $4 million based on our equity positions as of December 31, 2015, as compared to an estimated decline of $19 million under this model for the year ended December 31, 2014.

We performed a similar sensitivity analysis on our equity market derivatives and noted that a 10% decline in equity market prices would result in an increase in fair value of $50 million based on our equity market derivatives as of December 31, 2015, as compared to an estimated increase of $39 million under this model as of December 31, 2014. The estimated increase in fair value primarily relates to non-qualified derivatives used to mitigate equity market risk associated with our GMWB and fixed index annuity embedded derivative liabilities. We also performed a similar sensitivity analysis on our embedded derivatives associated with our GMWB liabilities and noted that a 10% decline in equity market prices would result in an estimated increase in fair value of $64 million based on our GMWB embedded derivative liabilities as of December 31, 2015, as compared to an estimated increase of $60 million under this model as of December 31, 2014. As of December 31, 2015, we performed a similar sensitivity analysis on our fixed index annuity and indexed universal life embedded derivatives and noted that a 10% decline in equity market prices would result in an estimated decrease in fair value of $28 million and $1 million, respectively.

Foreign Currency Risk

One means of assessing exposure to changes in foreign currency exchange rates is to model effects on reported income using a sensitivity analysis. We analyzed our combined currency exposure for the year ended December 31, 2015, and remeasured our pre-tax earnings assuming a 10% decrease in foreign currency exchange rates compared to the U.S. dollar. Under this model, with all other factors constant, we estimated that such a decrease would reduce our results, before taxes and noncontrolling interests, by approximately $54 million and $69 million under this model for the years ended December 31, 2015 and 2014, respectively.

We also performed a similar sensitivity analysis on our foreign currency derivative portfolio and noted that a 10% decrease in currency exchange rates resulted in a decrease in fair value of $5 million as of December 31, 2015, as compared to an estimated decrease of $8 million under this model for the year ended December 31, 2014. The change in fair value of derivatives may not result in a direct impact to our income as a result of certain derivatives that may be designated as qualifying hedge relationships.

Derivative Counterparty Credit Risk

For all derivative instruments except for derivatives associated with our consolidated securitization entities, a counterparty (or its guarantor, as applicable) may not have a long-term unsecured debt rating below “A-/A3” as rated by S&P and Moody’s, respectively, at the date of execution of the derivative instrument. The same requirement applies where a Credit Support Annex (“CSA”) to an International Swaps and Derivatives Association, Inc. (“ISDA”) Master Agreement has been obtained such that the counterparty is obligated to provide collateral. In the case of a split or single rating, the lowest or the single rating will apply.

In the case of foreign exchange transactions with a tenor of exposure of less than one year, a counterparty must have short-term credit rating of “A-1/P-1” or its equivalent. In the case of a split or single rating, the lowest or the single rating will apply.

All counterparty exposure is measured on a net mark-to-market basis where the valuation of a derivative is adjusted to reflect current market values. This is achieved by estimating the net present value of derivatives positions contracted and outstanding with each counterparty and calculating the gross loss (excluding recoveries) that would be sustained in the event of a counterparty bankruptcy (taking into account netting and pledged collateral under the applicable ISDA Master Agreement and CSA). Investment exposure limits to counterparties take into account all exposures (through derivatives, bond investments, repurchase transactions or otherwise).

We also engage in derivatives transactions traded on regulated exchanges or clearinghouses where the exchanges or clearinghouse ensure the performance of the contracts.

Item 8. Financial Statements and Supplementary Data

Genworth Financial, Inc.

Index to Consolidated Financial Statements

	Page
Annual Financial Statements:	
Report of KPMG LLP, Independent Registered Public Accounting Firm	199
Financial Statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013:	
Consolidated Balance Sheets	200
Consolidated Statements of Income	201
Consolidated Statements of Comprehensive Income	202
Consolidated Statements of Changes in Equity	203
Consolidated Statements of Cash Flows	204
Notes to Consolidated Financial Statements:	
Note 1—Nature of Business and Formation of Genworth	205
Note 2—Summary of Significant Accounting Policies	206
Note 3—Earnings (Loss) Per Share	223
Note 4—Investments	224
Note 5—Derivative Instruments	242
Note 6—Deferred Acquisition Costs	250
Note 7—Intangible Assets and Goodwill	251
Note 8—Reinsurance	253
Note 9—Insurance Reserves	255
Note 10—Liability for Policy and Contract Claims	257
Note 11—Employee Benefit Plans	259
Note 12—Borrowings and Other Financings	261
Note 13—Income Taxes	269
Note 14—Supplemental Cash Flow Information	272
Note 15—Stock-Based Compensation	273
Note 16—Fair Value of Financial Instruments	277
Note 17—Variable Interest and Securitization Entities	301
Note 18—Insurance Subsidiary Financial Information and Regulatory Matters	304
Note 19—Segment Information	308
Note 20—Quarterly Results of Operations (unaudited)	317
Note 21—Commitments and Contingencies	319
Note 22—Changes In Accumulated Other Comprehensive Income (Loss)	324
Note 23—Noncontrolling Interests	326
Note 24—Sale of Businesses	328
Note 25—Condensed Consolidating Financial Information	331
Report of KPMG LLP, Independent Registered Public Accounting Firm, on Financial Statement Schedules	344
Financial Statement Schedules as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013:	
Schedule I, Summary of Investments—Other Than Investments in Related Parties	345
Schedule II, Financial Statements of Genworth Financial, Inc. (Parent Only)	346
Schedule III, Supplemental Insurance Information	352

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

We have audited the accompanying consolidated balance sheets of Genworth Financial, Inc. (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Genworth Financial, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2016, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Richmond, Virginia
February 26, 2016

GENWORTH FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except per share amounts)

	December 31, 2015	December 31, 2014
Assets		
Investments:		
Fixed maturity securities available-for-sale, at fair value	$ 58,197	$ 61,077
Equity securities available-for-sale, at fair value	310	275
Commercial mortgage loans	6,170	6,100
Restricted commercial mortgage loans related to securitization entities	161	201
Policy loans	1,568	1,501
Other invested assets	2,309	2,208
Restricted other invested assets related to securitization entities, at fair value	413	411
Total investments	69,128	71,773
Cash and cash equivalents	5,965	4,645
Accrued investment income	653	660
Deferred acquisition costs	4,398	4,852
Intangible assets and goodwill	357	265
Reinsurance recoverable	17,245	17,291
Other assets	520	479
Deferred tax asset	155	—
Separate account assets	7,883	9,208
Assets held for sale	127	2,143
Total assets	$ 106,431	$ 111,316
Liabilities and equity		
Liabilities:		
Future policy benefits	$ 36,475	$ 35,915
Policyholder account balances	26,209	26,032
Liability for policy and contract claims	8,095	7,881
Unearned premiums	3,308	3,485
Other liabilities ($46 and $45 of other liabilities are related to securitization entities)	3,004	3,234
Borrowings related to securitization entities ($81 and $85 are carried at fair value)	179	219
Non-recourse funding obligations	1,920	1,981
Long-term borrowings	4,570	4,612
Deferred tax liability	24	858
Separate account liabilities	7,883	9,208
Liabilities held for sale	127	1,094
Total liabilities	91,794	94,519
Commitments and contingencies		
Equity:		
Class A common stock, $0.001 par value; 1.5 billion shares authorized; 586 million and 585 million shares issued as of December 31, 2015 and 2014, respectively; 498 million and 497 million shares outstanding as of December 31, 2015 and 2014, respectively	1	1
Additional paid-in capital	11,949	11,997
Accumulated other comprehensive income (loss):		
Net unrealized investment gains (losses):		
Net unrealized gains (losses) on securities not other-than-temporarily impaired	1,236	2,431
Net unrealized gains (losses) on other-than-temporarily impaired securities	18	22
Net unrealized investment gains (losses)	1,254	2,453
Derivatives qualifying as hedges	2,045	2,070
Foreign currency translation and other adjustments	(289)	(77)
Total accumulated other comprehensive income (loss)	3,010	4,446
Retained earnings	564	1,179
Treasury stock, at cost (88 million shares as of December 31, 2015 and 2014)	(2,700)	(2,700)
Total Genworth Financial, Inc.'s stockholders' equity	12,824	14,923
Noncontrolling interests	1,813	1,874
Total equity	14,637	16,797
Total liabilities and equity	$ 106,431	$ 111,316

See Notes to Consolidated Financial Statements

Table of Contents

GENWORTH FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in millions, except per share amounts)

	Years ended December 31,		
	2015	2014	2013
Revenues:			
Premiums	$4,579	$ 4,700	$4,516
Net investment income	3,138	3,142	3,155
Net investment gains (losses)	(75)	(22)	(64)
Policy fees and other income	906	909	1,018
Total revenues	8,548	8,729	8,625
Benefits and expenses:			
Benefits and other changes in policy reserves	5,149	6,418	4,737
Interest credited	720	737	738
Acquisition and operating expenses, net of deferrals	1,309	1,138	1,244
Amortization of deferred acquisition costs and intangibles	966	453	463
Goodwill impairment	—	849	—
Interest expense	419	433	450
Total benefits and expenses	8,563	10,028	7,632
Income (loss) from continuing operations before income taxes	(15)	(1,299)	993
Provision (benefit) for income taxes	(9)	(94)	313
Income (loss) from continuing operations	(6)	(1,205)	680
Income (loss) from discontinued operations, net of taxes	(407)	157	34
Net income (loss)	(413)	(1,048)	714
Less: net income attributable to noncontrolling interests	202	196	154
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (615)	$ (1,244)	$ 560
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders per common share:			
Basic	$ (0.42)	$ (2.82)	$ 1.07
Diluted	$ (0.42)	$ (2.82)	$ 1.05
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:			
Basic	$ (1.24)	$ (2.51)	$ 1.13
Diluted	$ (1.24)	$ (2.51)	$ 1.12
Weighted-average common shares outstanding:			
Basic	497.4	496.4	493.6
Diluted	497.4	496.4	498.7
Supplemental disclosures:			
Total other-than-temporary impairments	$ (28)	$ (9)	$ (16)
Portion of other-than-temporary impairments included in other comprehensive income (loss)	1	—	(9)
Net other-than-temporary impairments	(27)	(9)	(25)
Other investment gains (losses)	(48)	(13)	(39)
Total net investment gains (losses)	$ (75)	$ (22)	$ (64)

See Notes to Consolidated Financial Statements

GENWORTH FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in millions)

	Years ended December 31,		
	2015	2014	2013
Net income (loss)	$ (413)	$(1,048)	$ 714
Other comprehensive income (loss), net of taxes:			
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(1,209)	1,573	(1,817)
Net unrealized gains (losses) on other-than-temporarily impaired securities	(4)	10	66
Derivatives qualifying as hedges	(25)	751	(590)
Foreign currency translation and other adjustments	(530)	(537)	(442)
Total other comprehensive income (loss)	(1,768)	1,797	(2,783)
Total comprehensive income (loss)	(2,181)	749	(2,069)
Less: comprehensive income attributable to noncontrolling interests	(106)	32	31
Total comprehensive income (loss) available to Genworth Financial, Inc.'s common stockholders	$(2,075)	$ 717	$(2,100)

See Notes to Consolidated Financial Statements

GENWORTH FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in millions)

	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Treasury stock, at cost	Total Genworth Financial, Inc.'s stockholders' equity	Noncontrolling interests	Total equity
Balances as of December 31, 2012	$ 1	$ 12,127	$ 5,202	$ 1,863	$ (2,700)	$ 16,493	$ 1,288	$17,781
Repurchase of subsidiary shares	—	—	—	—	—	—	(43)	(43)
Comprehensive income (loss):								
Net income	—	—	—	560	—	560	154	714
Other comprehensive income (loss), net of taxes	—	—	(2,660)	—	—	(2,660)	(123)	(2,783)
Total comprehensive income (loss)						(2,100)	31	(2,069)
Dividends to noncontrolling interests	—	—	—	—	—	—	(52)	(52)
Stock-based compensation expense and exercises and other	—	—	—	—	—	—	3	3
Balances as of December 31, 2013	1	12,127	2,542	2,423	(2,700)	14,393	1,227	15,620
Initial sale of subsidiary shares to noncontrolling interests	—	(145)	(57)	—	—	(202)	713	511
Repurchase of subsidiary shares	—	—	—	—	—	—	(28)	(28)
Comprehensive income (loss):								
Net income (loss)	—	—	—	(1,244)	—	(1,244)	196	(1,048)
Other comprehensive income (loss), net of taxes	—	—	1,961	—	—	1,961	(164)	1,797
Total comprehensive income (loss)						717	32	749
Dividends to noncontrolling interests	—	—	—	—	—	—	(75)	(75)
Stock-based compensation expense and exercises and other	—	15	—	—	—	15	5	20
Balances as of December 31, 2014	1	11,997	4,446	1,179	(2,700)	14,923	1,874	16,797
Additional sale of subsidiary shares to noncontrolling interests	—	(65)	24	—	—	(41)	267	226
Repurchase of subsidiary shares	—	—	—	—	—	—	(68)	(68)
Comprehensive income (loss):								
Net income (loss)	—	—	—	(615)	—	(615)	202	(413)
Other comprehensive income (loss), net of taxes	—	—	(1,460)	—	—	(1,460)	(308)	(1,768)
Total comprehensive income (loss)						(2,075)	(106)	(2,181)
Dividends to noncontrolling interests	—	—	—	—	—	—	(157)	(157)
Stock-based compensation expense and exercises and other	—	17	—	—	—	17	3	20
Balances as of December 31, 2015	$ 1	$ 11,949	$ 3,010	$ 564	$ (2,700)	$ 12,824	$ 1,813	$14,637

See Notes to Consolidated Financial Statements

GENWORTH FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)

	Years ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	$ (413)	$(1,048)	$ 714
Less (income) loss from discontinued operations, net of taxes	407	(157)	(34)
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Loss on sale of subsidiary	141	—	—
Amortization of fixed maturity discounts and premiums and limited partnerships	(106)	(111)	(105)
Net investment (gains) losses	75	22	64
Charges assessed to policyholders	(788)	(777)	(812)
Acquisition costs deferred	(293)	(383)	(363)
Amortization of deferred acquisition costs and intangibles	966	453	463
Goodwill impairment	—	849	—
Deferred income taxes	(196)	(341)	(100)
Net increase (decrease) in trading securities, held-for-sale investments and derivative instruments	(239)	206	(59)
Stock-based compensation expense	16	28	39
Change in certain assets and liabilities:			
Accrued investment income and other assets	(106)	(163)	(53)
Insurance reserves	1,847	2,497	1,644
Current tax liabilities	(15)	(196)	341
Other liabilities, policy and contract claims and other policy-related balances	293	1,517	(361)
Cash from operating activities—held for sale	2	42	21
Net cash from operating activities	1,591	2,438	1,399
Cash flows from investing activities:			
Proceeds from maturities and repayments of investments:			
Fixed maturity securities	4,541	5,198	4,891
Commercial mortgage loans	882	765	896
Restricted commercial mortgage loans related to securitization entities	41	32	60
Proceeds from sales of investments:			
Fixed maturity and equity securities	4,391	2,386	4,147
Purchases and originations of investments:			
Fixed maturity and equity securities	(9,750)	(9,188)	(10,458)
Commercial mortgage loans	(956)	(967)	(873)
Other invested assets, net	175	(35)	65
Policy loans, net	25	12	242
Proceeds from sale of a subsidiary, net of cash transferred	273	—	365
Cash from investing activities—held for sale	(26)	(39)	85
Net cash from investing activities	(404)	(1,836)	(580)
Cash flows from financing activities:			
Deposits to universal life and investment contracts	2,257	2,993	2,999
Withdrawals from universal life and investment contracts	(2,144)	(2,588)	(3,269)
Redemption and repurchase of non-recourse funding obligations	(61)	(42)	(28)
Proceeds from issuance of long-term debt	150	144	793
Repayment and repurchase of long-term debt	(120)	(621)	(365)
Repayment of borrowings related to securitization entities	(36)	(32)	(108)
Repurchase of subsidiary shares	(68)	(28)	(43)
Dividends paid to noncontrolling interests	(157)	(75)	(52)
Proceeds from sale of subsidiary shares to noncontrolling interests	226	517	—
Other, net	(98)	(30)	(53)
Cash from financing activities—held for sale	9	(33)	(23)
Net cash from financing activities	(42)	205	(149)
Effect of exchange rate changes on cash and cash equivalents (includes $(35), $(39) and $—related to businesses held for sale	(70)	(103)	(109)
Net change in cash and cash equivalents	1,075	704	561
Cash and cash equivalents at beginning of period	4,918	4,214	3,653
Cash and cash equivalents at end of period	5,993	4,918	4,214
Less cash and cash equivalents held for sale at end of period	28	273	557
Cash and cash equivalents of continuing operations at end of period	$ 5,965	$ 4,645	$ 3,657

See Notes to Consolidated Financial Statements

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(1) Nature of Business and Formation of Genworth

Genworth Holdings, Inc. ("Genworth Holdings") (formerly known as Genworth Financial, Inc.) was incorporated in Delaware in 2003 in preparation for an initial public offering ("IPO") of Genworth common stock, which was completed on May 28, 2004. On April 1, 2013, Genworth Holdings completed a holding company reorganization pursuant to which Genworth Holdings became a direct, 100% owned subsidiary of a new public holding company that it had formed. The new public holding company was incorporated in Delaware on December 5, 2012, in connection with the reorganization, under the name Sub XLVI, Inc., and was renamed Genworth Financial, Inc. ("Genworth Financial") upon the completion of the reorganization.

References to "Genworth," the "Company," "we" or "our" in the accompanying consolidated financial statements and these notes thereto have the following meanings, unless the context otherwise requires:

- For periods prior to April 1, 2013: Genworth Holdings and its subsidiaries
- For periods from and after April 1, 2013: Genworth Financial and its subsidiaries

The accompanying financial statements include on a consolidated basis the accounts of Genworth and our affiliate companies in which we hold a majority voting interest or where we are the primary beneficiary of a variable interest entity ("VIE"). All intercompany accounts and transactions have been eliminated in consolidation.

We operate our business through the following five operating segments:

- ***U.S. Mortgage Insurance.*** In the United States, we offer mortgage insurance products predominantly insuring prime-based, individually underwritten residential mortgage loans ("flow mortgage insurance"). We selectively provide mortgage insurance on a bulk basis ("bulk mortgage insurance") with essentially all of our bulk writings being prime-based.
- ***Canada Mortgage Insurance.*** We offer flow mortgage insurance and also provide bulk mortgage insurance that aids in the sale of mortgages to the capital markets and helps lenders manage capital and risk in Canada.
- ***Australia Mortgage Insurance.*** In Australia, we offer flow mortgage insurance and selectively provide bulk mortgage insurance that aids in the sale of mortgages to the capital markets and helps lenders manage capital and risk.
- ***U.S. Life Insurance.*** We offer long-term care insurance products as well as service traditional life insurance and fixed annuity products in the United States.
- ***Runoff.*** The Runoff segment includes the results of non-strategic products which are no longer actively sold. Our non-strategic products primarily include our variable annuity, variable life insurance, institutional, corporate-owned life insurance and other accident and health insurance products. Institutional products consist of: funding agreements, funding agreements backing notes ("FABNs") and guaranteed investment contracts ("GICs"). We no longer offer retail and group variable annuities but continue to service our existing blocks of business.

In addition to our five operating business segments, we also have Corporate and Other activities which include debt financing expenses that are incurred at the Genworth Holdings level, unallocated corporate income and expenses, eliminations of inter-segment transactions and the results of other businesses that are managed outside of our operating segments, including certain smaller international mortgage insurance businesses and discontinued operations.

On December 1, 2015, we completed the sale of our lifestyle protection insurance business, which had previously been designated as a non-core business. Our lifestyle protection insurance business, previously the only business in the International Protection segment, has been reported as discontinued operations and its financial position, results of operations and cash flows are separately reported for all periods presented. All prior periods reflected herein have been re-presented on this basis. See note 24 for additional information related to discontinued operations.

On October 27, 2015, we announced that Genworth Mortgage Insurance Company ("GMICO"), our wholly-owned indirect subsidiary, entered into an agreement to sell our European mortgage insurance business. As the held-for-sale criteria were satisfied during the fourth quarter of 2015, our European mortgage insurance business, included in Corporate and Other activities, has been reported as held for sale and its financial position is separately reported for all periods presented. All prior periods reflected herein have been re-presented on this basis. See note 24 for additional information.

(2) Summary of Significant Accounting Policies

Our consolidated financial statements have been prepared on the basis of U.S. generally accepted accounting principles ("U.S. GAAP"). Preparing financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

a) Premiums

For traditional long-duration insurance contracts, we report premiums as earned when due. For short-duration insurance contracts, we report premiums as revenue over the terms of the related insurance policies on a pro-rata basis or in proportion to expected claims.

For single premium mortgage insurance contracts, we report premiums over the estimated policy life in accordance with the expected pattern of risk emergence as further described in our accounting policy for unearned premiums. In addition, we have a practice of refunding the post-delinquent premiums in our U.S. mortgage insurance business to the insured party if the delinquent loan goes to claim. We record a liability for premiums received on the delinquent loans where our practice is to refund post-delinquent premiums.

Premiums received under annuity contracts without significant mortality risk and premiums received on investment and universal life insurance products are not reported as revenues but rather as deposits and are included in liabilities for policyholder account balances.

b) Net Investment Income and Net Investment Gains and Losses

Investment income is recognized when earned. Income or losses upon call or prepayment of available-for-sale fixed maturity securities is recognized in net investment income, except for hybrid securities where the income or loss upon call is recognized in net investment gains and losses. Investment gains and losses are calculated on the basis of specific identification on the trade date.

Investment income on mortgage-backed and asset-backed securities is initially based upon yield, cash flow and prepayment assumptions at the date of purchase. Subsequent revisions in those assumptions are recorded

using the retrospective or prospective method. Under the retrospective method used for mortgage-backed and asset-backed securities of high credit quality (ratings equal to or greater than "AA" or that are backed by a U.S. agency) which cannot be contractually prepaid in such a manner that we would not recover a substantial portion of the initial investment, amortized cost of the security is adjusted to the amount that would have existed had the revised assumptions been in place at the date of purchase. The adjustments to amortized cost are recorded as a charge or credit to net investment income. Under the prospective method, which is used for all other mortgage-backed and asset-backed securities, future cash flows are estimated and interest income is recognized going forward using the new internal rate of return.

c) Policy Fees and Other Income

Policy fees and other income consists primarily of insurance charges assessed on universal and term universal life insurance contracts and fees assessed against customer account values. For universal and term universal life insurance contracts, charges to policyholder accounts for cost of insurance are recognized as revenue when due. Variable product fees are charged to variable annuity contractholders and variable life insurance policyholders based upon the daily net assets of the contractholder's and policyholder's account values and are recognized as revenue when charged. Policy surrender fees are recognized as income when the policy is surrendered.

d) Investment Securities

At the time of purchase, we designate our investment securities as either available-for-sale or trading and report them in our consolidated balance sheets at fair value. Our portfolio of fixed maturity securities comprises primarily investment grade securities. Changes in the fair value of available-for-sale investments, net of the effect on deferred acquisition costs ("DAC"), present value of future profits ("PVFP"), benefit reserves and deferred income taxes, are reflected as unrealized investment gains or losses in a separate component of accumulated other comprehensive income (loss). Realized and unrealized gains and losses related to trading securities are reflected in net investment gains (losses). Trading securities are included in other invested assets in our consolidated balance sheets and primarily represent fixed maturity securities where we utilized the fair value option.

Other-Than-Temporary Impairments On Available-For-Sale Securities

As of each balance sheet date, we evaluate securities in an unrealized loss position for other-than-temporary impairments. For debt securities, we consider all available information relevant to the collectability of the security, including information about past events, current conditions, and reasonable and supportable forecasts, when developing the estimate of cash flows expected to be collected. More specifically for mortgage-backed and asset-backed securities, we also utilize performance indicators of the underlying assets including default or delinquency rates, loan to collateral value ratios, third-party credit enhancements, current levels of subordination, vintage and other relevant characteristics of the security or underlying assets to develop our estimate of cash flows. Estimating the cash flows expected to be collected is a quantitative and qualitative process that incorporates information received from third-party sources along with certain internal assumptions and judgments regarding the future performance of the underlying collateral. Where possible, this data is benchmarked against third-party sources.

We recognize other-than-temporary impairments on debt securities in an unrealized loss position when one of the following circumstances exists:

- we do not expect full recovery of our amortized cost basis,

- the present value of cash flows expected to be collected is less than our amortized cost basis,
- we intend to sell a security or
- it is more likely than not that we will be required to sell a security prior to recovery.

For other-than-temporary impairments recognized during the period, we present the total other-than-temporary impairments, the portion of other-than-temporary impairments included in other comprehensive income (loss) ("OCI") and the net other-than-temporary impairments as supplemental disclosure presented on the face of our consolidated statements of income.

Total other-than-temporary impairments that emerged in the current period are calculated as the difference between the amortized cost and fair value. For other-than-temporarily impaired securities where we do not intend to sell the security and it is not more likely than not that we will be required to sell the security prior to recovery, total other-than-temporary impairments are adjusted by the portion of other-than-temporary impairments recognized in OCI ("non-credit"). Net other-than-temporary impairments recorded in net income (loss) represent the credit loss on the other-than-temporarily impaired securities with the offset recognized as an adjustment to the amortized cost to determine the new amortized cost basis of the securities.

For securities that were deemed to be other-than-temporarily impaired and a non-credit loss was recorded in OCI, the amount recorded as an unrealized gain (loss) represents the difference between the current fair value and the new amortized cost for each period presented. The unrealized gain (loss) on an other-than-temporarily impaired security is recorded as a separate component in OCI until the security is sold or until we record an other-than-temporary impairment where we intend to sell the security or will be required to sell the security prior to recovery.

To estimate the amount of other-than-temporary impairment attributed to credit losses on debt securities where we do not intend to sell the security and it is not more likely than not that we will be required to sell the security prior to recovery, we determine our best estimate of the present value of the cash flows expected to be collected from a security using the effective yield on the security prior to recording any other-than-temporary impairment. If the present value of the discounted cash flows is lower than the amortized cost of the security, the difference between the present value and amortized cost represents the credit loss associated with the security with the remaining difference between fair value and amortized cost recorded as a non-credit other-than-temporary impairment in OCI.

The evaluation of other-than-temporary impairments is subject to risks and uncertainties and is intended to determine the appropriate amount and timing for recognizing an impairment charge. The assessment of whether such impairment has occurred is based on management's best estimate of the cash flows expected to be collected at the individual security level. We regularly monitor our investment portfolio to ensure that securities that may be other-than-temporarily impaired are identified in a timely manner and that any impairment charge is recognized in the proper period.

While the other-than-temporary impairment model for debt securities generally includes fixed maturity securities, there are certain hybrid securities that are classified as fixed maturity securities where the application of a debt impairment model depends on whether there has been any evidence of deterioration in credit of the issuer, such as a downgrade to below investment grade. Under certain circumstances, evidence of deterioration in credit of the issuer may result in the application of the equity securities impairment model.

For equity securities, we recognize an impairment charge in the period in which we determine that the security will not recover to book value within a reasonable period. We determine what constitutes a reasonable period on a security-by-security basis based upon consideration of all the evidence available to us, including the magnitude of an unrealized loss and its duration. In any event, this period does not exceed 18 months for common equity securities. We measure other-than-temporary impairments based upon the difference between the amortized cost of a security and its fair value.

e) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We have fixed maturity, equity and trading securities, derivatives, embedded derivatives, securities held as collateral, separate account assets and certain other financial instruments, which are carried at fair value.

Fair value measurements are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. All assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1—Quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3—Instruments whose significant value drivers are unobservable.

Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded derivatives and actively traded mutual fund investments.

Level 2 includes those financial instruments that are valued using industry-standard pricing methodologies, models or other valuation methodologies. These models are primarily industry-standard models that consider various inputs, such as interest rate, credit spread and foreign exchange rates for the underlying financial instruments. All significant inputs are observable, or derived from observable, information in the marketplace or are supported by observable levels at which transactions are executed in the marketplace. Financial instruments in this category primarily include: certain public and private corporate fixed maturity and equity securities; government or agency securities; certain mortgage-backed and asset-backed securities; securities held as collateral; and certain non-exchange-traded derivatives such as interest rate or cross currency swaps.

Level 3 comprises financial instruments whose fair value is estimated based on industry-standard pricing methodologies and internally developed models utilizing significant inputs not based on, nor corroborated by, readily available market information. In certain instances, this category may also utilize non-binding broker quotes. This category primarily consists of certain less liquid fixed maturity, equity and trading securities and certain derivative instruments or embedded derivatives where we cannot corroborate the significant valuation inputs with market observable data.

As of each reporting period, all assets and liabilities recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the

significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability, such as the relative impact on the fair value as a result of including a particular input. We review the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at the beginning fair value for the reporting period in which the changes occur. See note 16 for additional information related to fair value measurements.

f) Commercial Mortgage Loans

The carrying value of commercial mortgage loans is stated at original cost, net of principal payments, amortization and allowance for loan losses. Interest on loans is recognized on an accrual basis at the applicable interest rate on the principal amount outstanding. Loan origination fees and direct costs, as well as premiums and discounts, are amortized as level yield adjustments over the respective loan terms. Unamortized net fees or costs are recognized upon early repayment of the loans. Loan commitment fees are deferred and amortized on an effective yield basis over the term of the loan. Commercial mortgage loans are considered past due when contractual payments have not been received from the borrower by the required payment date.

"Impaired" loans are defined by U.S. GAAP as loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. In determining whether it is probable that we will be unable to collect all amounts due, we consider current payment status, debt service coverage ratios, occupancy levels and current loan-to-value. Impaired loans are carried on a non-accrual status. Loans are placed on non-accrual status when, in management's opinion, the collection of principal or interest is unlikely, or when the collection of principal or interest is 90 days or more past due. Income on impaired loans is not recognized until the loan is sold or the cash received exceeds the carrying amount recorded.

We evaluate the impairment of commercial mortgage loans first on an individual loan basis. If an individual loan is not deemed impaired, then we evaluate the remaining loans collectively to determine whether an impairment should be recorded.

For individually impaired loans, we record an impairment charge when it is probable that a loss has been incurred. The impairment is recorded as an increase in the allowance for loan losses. All losses of principal are charged to the allowance for loan losses in the period in which the loan is deemed to be uncollectible.

For loans that are not individually impaired where we evaluate the loans collectively, the allowance for loan losses is maintained at a level that we determine is adequate to absorb estimated probable incurred losses in the loan portfolio. Our process to determine the adequacy of the allowance utilizes an analytical model based on historical loss experience adjusted for current events, trends and economic conditions that would result in a loss in the loan portfolio over the next 12 months. Key inputs into our evaluation include debt service coverage ratios, loan-to-value, property-type, occupancy levels, geographic region, and probability weighting of the scenarios generated by the model. The actual amounts realized could differ in the near term from the amounts assumed in arriving at the allowance for loan losses reported in the consolidated financial statements. Additions and reductions to the allowance through periodic provisions or benefits are recorded in net investment gains (losses).

For commercial mortgage loans classified as held-for-sale, each loan is carried at the lower of cost or market and is included in commercial mortgage loans in our consolidated balance sheets. See note 4 for additional disclosures related to commercial mortgage loans.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

g) Repurchase Agreements

We have a repurchase program in which we sell an investment security at a specified price and agree to repurchase that security at another specified price at a later date. Repurchase agreements are treated as collateralized financing transactions and are carried at the amounts at which the securities will be subsequently reacquired, including accrued interest, as specified in the respective agreement. The fair value of securities to be repurchased is monitored and collateral levels are adjusted where appropriate to protect the counterparty against credit exposure. Cash received is invested in fixed maturity securities. See note 12 for additional information related to our repurchase agreements.

h) Securities Lending Activity

In the United States and Canada, we engage in certain securities lending transactions for the purpose of enhancing the yield on our investment securities portfolio. We maintain effective control over all loaned securities and, therefore, continue to report such securities as fixed maturity securities on the consolidated balance sheets. We are currently indemnified against counterparty credit risk by the intermediary. See note 12 for additional information related to our securities lending activity.

i) Cash and Cash Equivalents

Certificates of deposit, money market funds and other time deposits with original maturities of 90 days or less are considered cash equivalents in the consolidated balance sheets and consolidated statements of cash flows. Items with maturities greater than 90 days but less than one year at the time of acquisition are considered short-term investments.

j) Deferred Acquisition Costs

Acquisition costs include costs that are directly related to the successful acquisition of new or renewal insurance contracts. Acquisition costs are deferred and amortized to the extent they are recoverable from future profits.

Long-Duration Contracts. Acquisition costs include commissions in excess of ultimate renewal commissions and for contracts issued, certain other costs such as underwriting, medical inspection and issuance expenses. DAC for traditional long-duration insurance contracts, including term life and long-term care insurance, is amortized as a level percentage of premiums based on assumptions, including, investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured life expectancy or longevity, insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses, established when the contract is issued. Amortization is adjusted each period to reflect actual lapse or termination rates.

Amortization for deferred annuity and universal life insurance contracts is based on expected gross profits. Expected gross profits are adjusted quarterly to reflect actual experience to date or for changes in underlying assumptions relating to future gross profits. Estimates of gross profits for DAC amortization are based on assumptions including interest rates, policyholder persistency or lapses, insured life expectancy or longevity and expenses.

Short-Duration Contracts. Acquisition costs primarily consist of commissions and premium taxes and are amortized ratably over the terms of the underlying policies.

We regularly review our assumptions and test DAC for recoverability at least annually. For deferred annuity and universal life insurance contracts, if the present value of expected future gross profits is less than the unamortized DAC for a line of business, a charge to income is recorded for additional DAC amortization. For traditional long-duration and short-duration contracts, if the benefit reserve plus anticipated future premiums and interest income for a line of business are less than the current estimate of future benefits and expenses (including any unamortized DAC), a charge to income is recorded for additional DAC amortization or for increased benefit reserves. See note 6 for additional information related to DAC including loss recognition and recoverability.

k) Intangible Assets

Present Value of Future Profits. In conjunction with the acquisition of a block of insurance policies or investment contracts, a portion of the purchase price is assigned to the right to receive future gross profits arising from existing insurance and investment contracts. This intangible asset, called PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. PVFP is amortized, net of accreted interest, in a manner similar to the amortization of DAC.

We regularly review our PVFP assumptions and periodically test PVFP for recoverability similar to our treatment of DAC. See note 7 for additional information related to PVFP including loss recognition and recoverability.

Deferred Sales Inducements to Contractholders. We defer sales inducements to contractholders for features on variable annuities that entitle the contractholder to an incremental amount to be credited to the account value upon making a deposit, and for fixed annuities with crediting rates higher than the contract's expected ongoing crediting rates for periods after the inducement. Deferred sales inducements to contractholders are reported as a separate intangible asset and amortized in benefits and other changes in policy reserves using the same methodology and assumptions used to amortize DAC.

Other Intangible Assets. We amortize the costs of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows, which requires the use of estimates and judgment, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested at least annually for impairment using a qualitative or quantitative assessment and are written down to fair value as required.

l) Goodwill

Goodwill is not amortized but is tested for impairment annually or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The determination of fair value requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment, or a business, one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by management at the component level. If the reporting unit's fair value is below its carrying value, we must determine the amount of implied goodwill that would be established if the reporting unit was hypothetically purchased on the impairment assessment date. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds the amount of implied goodwill.

See note 7 for additional information related to goodwill and impairments recorded.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

m) Reinsurance

Premium revenue, benefits and acquisition and operating expenses, net of deferrals, are reported net of the amounts relating to reinsurance ceded to and assumed from other companies. Amounts due from reinsurers for incurred and estimated future claims are reflected in the reinsurance recoverable asset. Amounts received from reinsurers that represent recovery of acquisition costs are netted against DAC so that the net amount is capitalized. The cost of reinsurance is accounted for over the terms of the related treaties using assumptions consistent with those used to account for the underlying reinsured policies. Premium revenue, benefits and acquisition and operating expenses, net of deferrals, for reinsurance contracts that do not qualify for reinsurance accounting are accounted for under the deposit method of accounting.

n) Derivatives

Derivative instruments are used to manage risk through one of four principal risk management strategies including: (i) liabilities; (ii) invested assets; (iii) portfolios of assets or liabilities; and (iv) forecasted transactions.

On the date we enter into a derivative contract, management designates the derivative as a hedge of the identified exposure (fair value, cash flow or foreign currency). If a derivative does not qualify for hedge accounting, the changes in its fair value and all scheduled periodic settlement receipts and payments are reported in income.

We formally document all relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking various hedge transactions. In this documentation, we specifically identify the asset, liability or forecasted transaction that has been designated as a hedged item, state how the hedging instrument is expected to hedge the risks related to the hedged item, and set forth the method that will be used to retrospectively and prospectively assess the hedging instrument’s effectiveness and the method that will be used to measure hedge ineffectiveness. We generally determine hedge effectiveness based on total changes in fair value of the hedged item attributable to the hedged risk and the total changes in fair value of the derivative instrument.

We discontinue hedge accounting prospectively when: (i) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is sold, terminated or exercised; (iii) the derivative is de-designated as a hedge instrument; or (iv) it is no longer probable that the forecasted transaction will occur.

For all qualifying and highly effective cash flow hedges, the effective portion of changes in fair value of the derivative instrument is reported as a component of OCI. The ineffective portion of changes in fair value of the derivative instrument is reported as a component of income. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative continues to be carried in the consolidated balance sheets at its fair value, and gains and losses that were accumulated in OCI are recognized immediately in income. When the hedged forecasted transaction is no longer probable, but is reasonably possible, the accumulated gain or loss remains in OCI and is recognized when the transaction affects income; however, prospective hedge accounting for the transaction is terminated. In all other situations in which hedge accounting is discontinued on a cash flow hedge, amounts previously deferred in OCI are reclassified into income when income is impacted by the variability of the cash flow of the hedged item.

For all qualifying and highly effective fair value hedges, the changes in fair value of the derivative instrument are reported in income. In addition, changes in fair value attributable to the hedged portion of the

underlying instrument are reported in income. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative continues to be carried in the consolidated balance sheets at its fair value, but the hedged asset or liability will no longer be adjusted for changes in fair value. In all other situations in which hedge accounting is discontinued, the derivative is carried at its fair value in the consolidated balance sheets, with changes in its fair value recognized in current period income.

We may enter into contracts that are not themselves derivative instruments but contain embedded derivatives. For each contract, we assess whether the economic characteristics of the embedded derivative are clearly and closely related to those of the host contract and determine whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument.

If it is determined that the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and that a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative. Such embedded derivatives are recorded in the consolidated balance sheets at fair value and are classified consistent with their host contract. Changes in their fair value are recognized in current period income. If we are unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried in the consolidated balance sheets at fair value, with changes in fair value recognized in current period income.

Changes in the fair value of non-qualifying derivatives, including embedded derivatives, changes in fair value of certain derivatives and related hedged items in fair value hedge relationships and hedge ineffectiveness on cash flow hedges are reported in net investment gains (losses).

The majority of our derivative arrangements require the posting of collateral upon meeting certain net exposure thresholds. The amounts recognized for derivative counterparty collateral received by us was recorded in cash and cash equivalents with a corresponding amount recorded in other liabilities to represent our obligation to return the collateral retained by us. We also receive non-cash collateral that is not recognized in our balance sheet unless we exercise our right to sell or re-pledge the underlying asset. As of December 31, 2015 and 2014, the fair value of non-cash collateral received was $86 million and $287 million, respectively, and the underlying assets were not sold or re-pledged. Additionally, we have pledged $263 million and $49 million of fixed maturity securities as of December 31, 2015 and 2014, respectively. We have not pledged any cash as collateral to derivative counterparties. Fixed maturity securities that we pledge as collateral remain on our balance sheet within fixed maturity securities available-for-sale. Any cash collateral pledged to a derivative counterparty is derecognized with a receivable recorded in other assets for the right to receive our cash collateral back from the counterparty.

o) Separate Accounts and Related Insurance Obligations

Separate account assets represent funds for which the investment income and investment gains and losses accrue directly to the contractholders and are reflected in our consolidated balance sheets at fair value, reported as summary total separate account assets with an equivalent summary total reported for liabilities. Amounts assessed against the contractholders for mortality, administrative and other services are included in revenues. Changes in liabilities for minimum guarantees are included in benefits and other changes in policy reserves. Net investment income, net investment gains (losses) and the related liability changes associated with the separate account are offset within the same line item in the consolidated statements of income. There were no gains or losses on transfers of assets from the general account to the separate account.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

We offer certain minimum guarantees associated with our variable annuity contracts. Our variable annuity contracts usually contain a basic guaranteed minimum death benefit ("GMDB") which provides a minimum benefit to be paid upon the annuitant's death equal to the larger of account value and the return of net deposits. Some variable annuity contracts permit contractholders to purchase through riders, at an additional charge, enhanced death benefits such as the highest contract anniversary value ("ratchets"), accumulated net deposits at a stated rate ("rollups"), or combinations thereof.

Additionally, some of our variable annuity contracts provide the contractholder with living benefits such as a guaranteed minimum withdrawal benefit ("GMWB") or certain types of guaranteed annuitization benefits. The GMWB allows contractholders to withdraw a pre-defined percentage of account value or benefit base each year, either for a specified period of time or for life. The guaranteed annuitization benefit generally provides for a guaranteed minimum level of income upon annuitization accompanied by the potential for upside market participation.

Most of our reserves for additional insurance and annuitization benefits are calculated by applying a benefit ratio to accumulated contractholder assessments, and then deducting accumulated paid claims. The benefit ratio is equal to the ratio of benefits to assessments, accumulated with interest and considering both past and anticipated future experience. The projections utilize stochastic scenarios of separate account returns incorporating reversion to the mean, as well as assumptions for mortality and lapses. Some of our minimum guarantees, mainly GMWBs, are accounted for as embedded derivatives; see notes 5 and 16 for additional information on these embedded derivatives and related fair value measurement disclosures.

p) Insurance Reserves

Future Policy Benefits

The liability for future policy benefits is equal to the present value of expected benefits and expenses less the present value of expected future net premiums based on assumptions, including, investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured life expectancy or longevity, insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses, all of which are locked-in at the time the policies are issued or acquired. Claim termination rates refer to the expected rates at which claims end. Benefit utilization rates estimate how much of the available policy benefits are expected to be used.

The liability for future policy benefits is evaluated at least annually to determine if a premium deficiency exists. Loss recognition testing is generally performed at the line of business level, with acquired blocks and certain reinsured blocks tested separately. If the liability for future policy benefits plus the current present value of expected future premiums are less than the current present value of expected future benefits and expenses (including any unamortized DAC), a charge to income is recorded for accelerated DAC amortization and, if necessary, a premium deficiency reserve is established. If a charge is recorded, DAC amortization and the liability for future policy benefits are measured using updated assumptions, which become the new locked-in assumptions utilized going forward unless another premium deficiency charge is recorded. Our estimates of future premiums used in loss recognition testing for our long-term care insurance business include assumptions for significant premium rate increases that have been filed and approved or are anticipated to be approved. Beginning in the fourth quarter of 2014, estimates of future premiums also include significant anticipated (but not yet filed) future rate increases or benefit reductions. These anticipated future increases are based on our best estimate of the rate increases we expect to obtain, considering, among other factors, our historical experience from prior rate increase approvals and based on our best estimate of expected claim costs.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

We are also required to accrue additional future policy benefit reserves when the overall reserve is adequate, but profits are projected in early periods followed by losses projected in later periods. When this pattern of profits followed by losses exists, we ratably accrue this additional profits followed by losses liability over time, increasing reserves in the profitable periods to offset estimated losses expected during the periods that follow. We calculate and adjust the additional reserves using our current best estimate of the amount necessary to offset the losses in future periods, based on the pattern of expected income and current best estimate assumptions consistent with our loss recognition testing. We adjust the accrual rate prospectively, going forward over the remaining profit periods, without any catch-up adjustment.

For long-term care insurance products, benefit reductions are treated as partial lapse of coverage with the balance of our future policy benefits and DAC both reduced in proportion to the reduced coverage. For level premium term life insurance products, we floor the liability for future policy benefits on each policy at zero.

Estimates and actuarial assumptions used for establishing the liability for future policy benefits and in loss recognition testing involve the exercise of significant judgment, and changes in assumptions or deviations of actual experience from assumptions can have material impacts on our liability for future policy benefits and net income (loss). Because these assumptions relate to factors that are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past have had, material impacts on our reserves, results of operations and financial condition. The risk that our claims experience may differ significantly from our pricing and valuation assumptions is particularly significant for our long-term care insurance products. Long-term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years after pricing and locked-in valuation assumptions have been established.

Policyholder Account Balances

The liability for policyholder account balances represents the contract value that has accrued to the benefit of the policyholder as of the balance sheet date for investment-type and universal life insurance contracts. We are also required to establish additional benefit reserves for guarantees or product features in addition to the contract value where the additional benefit reserves are calculated by applying a benefit ratio to accumulated contractholder assessments, and then deducting accumulated paid claims. The benefit ratio is equal to the ratio of benefits to assessments, accumulated with interest and considering both past and anticipated future experience.

Investment-type contracts are broadly defined to include contracts without significant mortality or morbidity risk. Payments received from sales of investment contracts are recognized by providing a liability equal to the current account value of the policyholders' contracts. Interest rates credited to investment contracts are guaranteed for the initial policy term with renewal rates determined as necessary by management.

q) Liability for Policy and Contract Claims

The liability for policy and contract claims, or claim reserves, represents the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. The estimated liability includes requirements for future payments of: (a) claims that have been reported to the insurer; (b) claims related to insured events that have occurred but that have not

been reported to the insurer as of the date the liability is estimated; and (c) claim adjustment expenses. Claim adjustment expenses include costs incurred in the claim settlement process such as legal fees and costs to record, process and adjust claims.

Our liability for policy and contract claims is reviewed regularly, with changes in our estimates of future claims recorded through net income (loss). Estimates and actuarial assumptions used for establishing the liability for policy and contract claims involve the exercise of significant judgment, and changes in assumptions or deviations of actual experience from assumptions can have material impacts on our liability for policy and contract claims and net income (loss). Because these assumptions relate to factors that are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past have had, material impacts on our reserves, results of operations and financial condition.

The liability for policy and contract claims for our long-term care insurance products represents the present value of the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the end of the respective reporting period. Key assumptions include investment returns, health care experience (including type of care and cost of care), policyholder persistency or lapses (i.e., the probability that a policy or contract will remain in-force from one period to the next), insured mortality (i.e., life expectancy or longevity), insured morbidity (i.e., frequency and severity of claim, including claim termination rates and benefit utilization rates) and expenses. Claim termination rates refer to the expected rates at which claims end. Benefit utilization rates estimate how much of the available policy benefits are expected to be used. Both claim termination rates and benefit utilization rates are influenced by, among other things, gender, age at claim, diagnosis, type of care needed, benefit period, and daily benefit amount. Because these assumptions relate to factors that are not known in advance, change over time, are difficult to accurately predict and are inherently uncertain, we cannot determine with precision the ultimate amounts we will pay for actual claims or the timing of those payments. Small changes in assumptions or small deviations of actual experience from assumptions can have, and in the past have had, material impacts on our reserves, results of operations and financial condition.

The liabilities for our mortgage insurance policies represent our best estimates of the liabilities at the time based on known facts, trends and other external factors, including economic conditions, housing prices and employment rates. For our mortgage insurance policies, reserves for losses and loss adjustment expenses are based on notices of mortgage loan defaults and estimates of defaults that have been incurred but have not been reported by loan servicers, using assumptions of claim rates for loans in default and the average amount paid for loans that result in a claim. As is common accounting practice in the mortgage insurance industry and in accordance with U.S. GAAP, we begin to provide for the ultimate claim payment relating to a potential claim on a defaulted loan when the status of that loan first goes delinquent. Over time, as the status of the underlying delinquent loans move toward foreclosure and the likelihood of the associated claim loss increases, the amount of the loss reserves associated with the potential claims may also increase.

Management considers the liability for policy and contract claims provided to be satisfactory to cover the losses that have occurred. Management monitors actual experience, and where circumstances warrant, will revise its assumptions. The methods of determining such estimates and establishing the reserves are reviewed periodically and any adjustments are reflected in operations in the period in which they become known. Future developments may result in losses and loss expenses greater or less than the liability for policy and contract claims provided.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

r) Unearned Premiums

For single premium insurance contracts, we recognize premiums over the policy life in accordance with the expected pattern of risk emergence. We recognize a portion of the revenue in premiums earned in the current period, while the remaining portion is deferred as unearned premiums and earned over time in accordance with the expected pattern of risk emergence. If single premium policies are cancelled and the premium is non-refundable, then the remaining unearned premium related to each cancelled policy is recognized to earned premiums upon notification of the cancellation. Expected pattern of risk emergence on which we base premium recognition is inherently judgmental and is based on actuarial analysis of historical experience. We periodically review our premium earnings recognition models with any adjustments to the estimates reflected in current period income. For the years ended December 31, 2015, 2014 and 2013, we updated our premium recognition factors for our international mortgage insurance businesses. These updates included the consideration of recent and projected loss experience, policy cancellation experience and refinement of actuarial methods. In 2015, 2014 and 2013, adjustments associated with this update resulted in an increase in earned premiums of $8 million, $6 million and $12 million, respectively.

s) Stock-Based Compensation

We determine a grant date fair value and recognize the related compensation expense, adjusted for expected forfeitures, through the income statement over the respective vesting period of the awards.

t) Employee Benefit Plans

We provide employees with a defined contribution pension plan and recognize expense throughout the year based on the employee's age, service and eligible pay. We make an annual contribution to the plan. We also provide employees with defined contribution savings plans. We recognize expense for our contributions to the savings plans at the time employees make contributions to the plans.

Some employees participate in defined benefit pension and postretirement benefit plans. We recognize expense for these plans based upon actuarial valuations performed by external experts. We estimate aggregate benefits by using assumptions for employee turnover, future compensation increases, rates of return on pension plan assets and future health care costs. We recognize an expense for differences between actual experience and estimates over the average future service period of participants. We recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in our consolidated balance sheets and recognize changes in that funded status in the year in which the changes occur through OCI.

u) Income Taxes

We determine deferred tax assets and/or liabilities by multiplying the differences between the financial reporting and tax reporting bases for assets and liabilities by the enacted tax rates expected to be in effect when such differences are recovered or settled if there is no change in law. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances on deferred tax assets are estimated based on our assessment of the realizability of such amounts.

We do not record U.S. deferred taxes on foreign income that we do not expect to remit or repatriate to U.S. corporations within our consolidated group. Under U.S. GAAP, we are generally required to record U.S. deferred taxes on the anticipated repatriation of foreign income as the income is recognized for financial reporting purposes. An exception under certain accounting guidance permits us not to record a U.S. deferred tax liability for foreign income that we expect to reinvest in our foreign operations and for which remittance will be

postponed indefinitely. If it becomes apparent that we cannot positively assert that some or all undistributed income will be reinvested indefinitely, the related deferred taxes are recorded in that period. In determining indefinite reinvestment, we regularly evaluate the capital needs of our domestic and foreign operations considering all available information, including operating and capital plans, regulatory capital requirements, parent company financing and cash flow needs, as well as the applicable tax laws to which our domestic and foreign subsidiaries are subject. Our estimates are based on our historical experience and our expectation of future performance. Our judgments and assumptions are subject to change given the inherent uncertainty in predicting future capital needs, which are impacted by such things as regulatory requirements, policyholder behavior, competitor pricing, new product introductions, and specific industry and market conditions.

Similarly, under another exception to the recognition of deferred taxes under U.S. GAAP, we do not record deferred taxes on U.S. domestic subsidiary entities for the excess of the financial statement carrying amount over the tax basis in the stock of the subsidiary (commonly referred to as "outside basis difference") if we have the ability under the tax law and intent to recover the basis difference in a tax free manner. Deferred taxes would be recognized in the period of a change to our ability or intent.

Our companies have elected to file a single U.S. consolidated income tax return (the "life/non-life consolidated return"). All companies domesticated in the United States and our Bermuda and Guernsey subsidiaries, which have elected to be taxed as U.S. domestic companies, are included in the life/non-life consolidated return as allowed by the tax law and regulations. We have a tax sharing agreement (the "life/non-life tax sharing agreement") in place and all intercompany balances related to this agreement are settled at least annually.

Our subsidiaries based in Bermuda and Guernsey are treated as U.S. insurance companies under provisions of the U.S. Internal Revenue Code, are included in the life/non-life consolidated return, and have adopted the life-non/life tax sharing agreement. Jurisdictions outside the United States in which our various subsidiaries incur significant taxes include Australia and Canada.

v) Foreign Currency Translation

The determination of the functional currency is made based on the appropriate economic and management indicators. The assets and liabilities of foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Translation adjustments are included as a separate component of accumulated other comprehensive income (loss). Revenues and expenses of the foreign operations are translated into U.S. dollars at the average rates of exchange during the period of the transaction. Gains and losses from foreign currency transactions are reported in income and have not been material in any years presented in our consolidated statements of income.

w) Variable Interest Entities

We are involved in certain entities that are considered VIEs as defined under U.S. GAAP, and, accordingly, we evaluate the VIE to determine whether we are the primary beneficiary and are required to consolidate the assets and liabilities of the entity. The primary beneficiary of a VIE is the enterprise that has the power to direct the activities of a VIE that most significantly impacts the VIE's economic performance and has the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. The determination of the primary beneficiary for a VIE can be complex and requires management judgment regarding the expected results of the entity and how those results are absorbed by beneficial interest holders, as well as which party has the power to direct activities that most significantly impact the performance of the VIEs.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Our primary involvement related to VIEs includes securitization transactions, certain investments and certain mortgage insurance policies.

We have retained interests in VIEs where we are the servicer and transferor of certain assets that were sold to a newly created VIE. Additionally, for certain securitization transactions, we were the transferor of certain assets that were sold to a newly created VIE but did not retain any beneficial interest in the VIE other than acting as the servicer of the underlying assets.

We hold investments in certain structures that are considered VIEs. Our investments represent beneficial interests that are primarily in the form of structured securities or alternative investments. Our involvement in these structures typically represent a passive investment in the returns generated by the VIE and typically do not result in having significant influence over the economic performance of the VIE.

We also provide mortgage insurance on certain residential mortgage loans originated and securitized by third parties using VIEs to issue mortgage-backed securities. While we provide mortgage insurance on the underlying loans, we do not typically have any ongoing involvement with the VIE other than our mortgage insurance coverage and do not act in a servicing capacity for the underlying loans held by the VIE.

See note 17 for additional information related to these consolidated entities.

x) Accounting Changes

Debt Issuance Costs

On December 31, 2015, we early adopted new accounting guidance related to the presentation of debt issuance costs. The new guidance requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. This guidance was applied on a retrospective basis. Upon adoption, in our consolidated balance sheet as of December 31, 2014, we recorded a reduction in other assets and total assets of $42 million, with a related reduction in long-term debt of $27 million, a reduction in non-recourse funding obligations of $15 million and a reduction in total liabilities of $42 million. We also adopted new guidance that allows debt issuance costs related to revolving credit facilities to be presented as either an asset or as a direct deduction from the carrying amount of that debt liability. We elected to continue to present debt issuance costs related to revolving credit facilities in other assets in our consolidated balance sheet. See note 12 for more information related to our long-term debt and non-recourse funding obligations.

Financial Assets and Liabilities of a Collateralized Financing Entity

On January 1, 2015, we early adopted new accounting guidance related to measuring the financial assets and financial liabilities of a consolidated collateralized financing entity. The guidance addresses the accounting for the measurement difference between the fair value of financial assets and the fair value of financial liabilities of a collateralized financing entity. The new guidance provides an alternative whereby a reporting entity could measure the financial assets and financial liabilities of the collateralized financing entity in its consolidated financial statements using the more observable of the fair values. There was no impact on our consolidated financial statements.

Repurchase Financings

On January 1, 2015, we adopted new accounting guidance related to the accounting for repurchase-to-maturity transactions and repurchase financings. The new guidance changed the accounting for repurchase-to-maturity transactions and repurchase financing such that they were consistent with secured borrowing accounting. In addition, the guidance required new disclosures for all repurchase agreements and securities

lending transactions which were effective beginning in the second quarter of 2015. We do not have repurchase-to-maturity transactions, but have repurchase agreements and securities lending transactions that are subject to additional disclosures. This new guidance did not have an impact on our consolidated financial statements but did impact our disclosures.

Investments In Affordable Housing Projects

On January 1, 2015, we adopted new accounting guidance related to the accounting for investments in affordable housing projects that qualify for the low-income housing tax credit. The new guidance permits reporting entities to make an accounting policy election to account for investments in qualified affordable housing projects by amortizing the initial cost of the investment in proportion to the tax benefits received and recognize the net investment performance as a component of income tax expense (called the proportional amortization method) if certain conditions are met. The new guidance requires use of the equity method or cost method for investments in qualified affordable housing projects not accounted for using the proportional amortization method. The adoption of this new guidance did not have a material impact on our consolidated financial statements.

Share-Based Payment Awards

On January 1, 2015, we early adopted new accounting guidance related to the accounting for share-based payment awards when the terms of an award provide that a performance target can be achieved after the requisite service period. The guidance requires that such performance targets should not be reflected in estimating the grant-date fair value of an award, and that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved. We have performance stock unit grants where awards for employees who are retirement eligible can vest on a pro-rata basis upon retirement even if retirement occurs before the performance target is achieved. There was no impact on our consolidated financial statements from the adoption of this accounting guidance.

Investment Companies

On January 1, 2014, we adopted new accounting guidance on the scope, measurement and disclosure requirements for investment companies. The new guidance clarified the characteristics of an investment company, provided comprehensive guidance for assessing whether an entity is an investment company, required investment companies to measure noncontrolling ownership interest in other investment companies at fair value rather than using the equity method of accounting and required additional disclosures. The adoption of this accounting guidance did not have any impact on our consolidated financial statements.

Benchmarking Interest Rates Used When Applying Hedge Accounting

In July 2013, we adopted new accounting guidance to provide additional flexibility in the benchmark interest rates used when applying hedge accounting. The new guidance permits the use of the Federal Funds Effective Swap Rate as a benchmark interest rate for hedge accounting purposes and removes certain restrictions on being able to apply hedge accounting for similar hedges using different benchmark interest rates. The adoption of this accounting guidance did not have a material impact on our consolidated financial statements.

y) Accounting Pronouncements Not Yet Adopted

In January 2016, the Financial Accounting Standards Board (the "FASB") issued new accounting guidance related to the recognition and measurement of financial assets and financial liabilities. Changes to the current

financial instruments accounting primarily affects equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Under the new guidance, equity investments with readily determinable fair value, except those accounted for under the equity method of accounting, will be measured at fair value with changes in fair value recognized in net income. The new guidance also clarifies that the need for a valuation allowance on a deferred tax asset related to available-for-sale securities should be evaluated in combination with other deferred tax assets. This new guidance will be effective for us on January 1, 2018. We are still in process of evaluating the impact the guidance may have on our consolidated financial statements.

In May 2015, the FASB issued new disclosure requirements for short-duration insurance contracts. The new guidance requires additional disclosures on short-duration policy and contract claims liabilities for incurred and paid claims development, unpaid claims and claims frequency. These new disclosures will be effective for us on December 31, 2016 with early adoption permitted and will only impact our disclosures.

In February 2015, the FASB issued new accounting guidance related to consolidation. This guidance primarily impacts limited partnerships and similar legal entities, evaluation of fees paid to a decision maker as a variable interest, the effect of fee arrangements and related parties on the primary beneficiary determination and certain investment funds. This guidance is effective for us on January 1, 2016, with early adoption permitted. We do not expect any significant impact on our consolidated financial statements.

In May 2014, the FASB issued new accounting guidance related to revenue from contracts with customers, effective for us on January 1, 2018. The key principle of the new guidance is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for such goods or services. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Insurance contracts are specifically excluded from this new guidance. The FASB has proposed a technical correction to clarify the scope that both insurance and investment contracts are excluded from the scope of this new guidance. In addition, we believe that mortgage insurance, although excluded from insurance revenue guidance, is not within scope of the new revenue recognition rules and will continue to follow existing industry revenue practices. As such, while we are still evaluating the full impact, at this time we do not expect any significant impacts from this new guidance on our consolidated financial statements.

z) Cash Flow Statement Reclassification

We have revised our consolidated statements of cash flows previously reported in our 2014 Annual Report on Form 10-K for the years ended December 31, 2014 and 2013 to reflect a correction related to the calculation of the change in reinsurance recoverable that impacted the lines “insurance reserves” and “other liabilities, policy and contract claims and other policy-related balances.” As a result, the change in insurance reserves decreased by $720 million and $613 million, respectively, and the change in other liabilities, policy and contract claims and other policy-related balances increased by $720 million and $613 million, respectively, for the years ended December 31, 2014 and 2013. The revisions had no impact on net cash flows from operating activities or the total change in cash and cash equivalents within our consolidated statements of cash flows. Additionally, there was no impact on our consolidated balance sheets or consolidated statements of income.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(3) Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are calculated by dividing each income (loss) category presented below by the weighted-average basic and diluted common shares outstanding for the years ended December 31:

(Amounts in millions, except per share amounts)	2015	2014	2013
Weighted-average common shares used in basic earnings (loss) per common share calculations	497.4	496.4	493.6
Potentially dilutive securities:			
Stock options, restricted stock units and stock appreciation rights	—	—	5.1
Weighted-average common shares used in diluted earnings (loss) per common share calculations (1)	497.4	496.4	498.7
Income (loss) from continuing operations:			
Income (loss) from continuing operations	$ (6)	$(1,205)	$ 680
Less: income from continuing operations attributable to noncontrolling interests	202	196	154
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders	$ (208)	$(1,401)	$ 526
Basic per common share	$ (0.42)	$ (2.82)	$ 1.07
Diluted per common share	$ (0.42)	$ (2.82)	$ 1.05
Income (loss) from discontinued operations:			
Income (loss) from discontinued operations, net of taxes	$ (407)	$ 157	$ 34
Less: income from discontinued operations, net of taxes, attributable to noncontrolling interests	—	—	—
Income (loss) from discontinued operations, net of taxes, available to Genworth Financial, Inc.'s common stockholders	$ (407)	$ 157	$ 34
Basic per common share	$ (0.82)	$ 0.32	$ 0.07
Diluted per common share	$ (0.82)	$ 0.32	$ 0.07
Net income (loss):			
Income (loss) from continuing operations	$ (6)	$(1,205)	$ 680
Income (loss) from discontinued operations, net of taxes	(407)	157	34
Net income (loss)	(413)	(1,048)	714
Less: net income attributable to noncontrolling interests	202	196	154
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (615)	$(1,244)	$ 560
Basic per common share	$ (1.24)	$ (2.51)	$ 1.13
Diluted per common share	$ (1.24)	$ (2.51)	$ 1.12

(1) Under applicable accounting guidance, companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of our loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the years ended December 31, 2015 and 2014, we were required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

for the years ended December 31, 2015 and 2014, as the inclusion of shares for stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs") of 1.6 million and 5.6 million, respectively, would have been antidilutive to the calculation. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the years ended December 31, 2015 and 2014, dilutive potential weighted-average common shares outstanding would have been 499.0 million and 502.0 million, respectively.

(4) Investments

(a) Net Investment Income

Sources of net investment income were as follows for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Fixed maturity securities—taxable	$2,558	$2,598	$2,603
Fixed maturity securities—non-taxable	12	12	9
Commercial mortgage loans	337	333	335
Restricted commercial mortgage loans related to securitization entities(1)	14	14	23
Equity securities	15	14	17
Other invested assets (2)	135	105	108
Restricted other invested assets related to securitization entities(1)	5	5	4
Policy loans	137	129	129
Cash, cash equivalents and short-term investments	13	24	19
Gross investment income before expenses and fees	3,226	3,234	3,247
Expenses and fees	(88)	(92)	(92)
Net investment income	$3,138	$3,142	$3,155

(1) See note 17 for additional information related to consolidated securitization entities.

(2) Included in other invested assets was $9 million, $8 million and $13 million of net investment income related to trading securities for the years ended December 31, 2015, 2014 and 2013, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(b) Net Investment Gains (Losses)

The following table sets forth net investment gains (losses) for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Available-for-sale securities:			
Realized gains	$102	$ 72	$ 149
Realized losses	(82)	(46)	(184)
Net realized gains (losses) on available-for-sale securities	20	26	(35)
Impairments:			
Total other-than-temporary impairments	(28)	(9)	(16)
Portion of other-than-temporary impairments included in other comprehensive income (loss)	1	—	(9)
Net other-than-temporary impairments	(27)	(9)	(25)
Trading securities	(7)	39	(23)
Commercial mortgage loans	7	11	4
Net gains (losses) related to securitization entities (1)	5	16	69
Derivative instruments (2)	(76)	(103)	(49)
Contingent consideration adjustment	2	(2)	—
Other	1	—	(5)
Net investment gains (losses)	$ (75)	$ (22)	$ (64)

(1) See note 17 for additional information related to consolidated securitization entities.
(2) See note 5 for additional information on the impact of derivative instruments included in net investment gains (losses).

We generally intend to hold securities in unrealized loss positions until they recover. However, from time to time, our intent on an individual security may change, based upon market or other unforeseen developments. In such instances, we sell securities in the ordinary course of managing our portfolio to meet diversification, credit quality, yield and liquidity requirements. If a loss is recognized from a sale subsequent to a balance sheet date due to these unexpected developments, the loss is recognized in the period in which we determined that we have the intent to sell the securities or it is more likely than not that we will be required to sell the securities prior to recovery. The aggregate fair value of securities sold at a loss during the years ended December 31, 2015, 2014 and 2013 was $1,827 million, $857 million and $1,743 million, respectively, which was approximately 96%, 95% and 91%, respectively, of book value.

The following represents the activity for credit losses recognized in net income (loss) on debt securities where an other-than-temporary impairment was identified and a portion of other-than-temporary impairments was included in OCI as of and for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Beginning balance	$ 83	$101	$ 387
Additions:			
Other-than-temporary impairments not previously recognized	—	1	4
Increases related to other-than-temporary impairments previously recognized	—	1	11
Reductions:			
Securities sold, paid down or disposed	(19)	(20)	(301)
Ending balance	$ 64	$ 83	$ 101

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(c) Unrealized Investment Gains and Losses

Net unrealized gains and losses on available-for-sale investment securities reflected as a separate component of accumulated other comprehensive income (loss) were as follows as of December 31:

(Amounts in millions)	2015	2014	2013
Net unrealized gains (losses) on investment securities:			
Fixed maturity securities	$ 3,140	$ 5,560	$2,346
Equity securities	(10)	32	23
Other invested assets	—	(2)	(4)
Subtotal	3,130	5,590	2,365
Adjustments to DAC, PVFP, sales inducements and benefit reserves	(1,070)	(1,656)	(869)
Income taxes, net	(711)	(1,372)	(517)
Net unrealized investment gains (losses)	1,349	2,562	979
Less: net unrealized investment gains (losses) attributable to noncontrolling interests	95	109	53
Net unrealized investment gains (losses) attributable to Genworth Financial, Inc.	$ 1,254	$ 2,453	$ 926

The change in net unrealized gains (losses) on available-for-sale investment securities reported in accumulated other comprehensive income (loss) was as follows as of and for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Beginning balance	$ 2,453	$ 926	$ 2,638
Unrealized gains (losses) arising during the period:			
Unrealized gains (losses) on investment securities	(2,467)	3,244	(3,780)
Adjustment to DAC	177	(172)	248
Adjustment to PVFP	89	(66)	95
Adjustment to sales inducements	30	(15)	40
Adjustment to benefit reserves	290	(534)	673
Provision for income taxes	663	(862)	952
Change in unrealized gains (losses) on investment securities	(1,218)	1,595	(1,772)
Reclassification adjustments to net investment (gains) losses, net of taxes of $(2), $7 and $(12)	5	(12)	21
Change in net unrealized investment gains (losses)	(1,213)	1,583	(1,751)
Less: change in net unrealized investment gains (losses) attributable to noncontrolling interests	(14)	56	(39)
Ending balance	$ 1,254	$2,453	$ 926

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(d) Fixed Maturity and Equity Securities

As of December 31, 2015, the amortized cost or cost, gross unrealized gains (losses) and fair value of our fixed maturity and equity securities classified as available-for-sale were as follows:

(Amounts in millions)	Amortized cost or cost	Gross unrealized gains: Not other-than-temporarily impaired	Gross unrealized gains: Other-than-temporarily impaired	Gross unrealized losses: Not other-than-temporarily impaired	Gross unrealized losses: Other-than-temporarily impaired	Fair value
Fixed maturity securities:						
U.S. government, agencies and government-sponsored enterprises	$ 5,487	$ 732	$ —	$ (16)	$ —	$ 6,203
State and political subdivisions	2,287	181	—	(30)	—	2,438
Non-U.S. government	1,910	110	—	(5)	—	2,015
U.S. corporate:						
Utilities	3,355	364	—	(26)	—	3,693
Energy	2,560	103	—	(162)	—	2,501
Finance and insurance	5,268	392	15	(43)	—	5,632
Consumer—non-cyclical	3,755	371	—	(30)	—	4,096
Technology and communications	2,108	123	—	(38)	—	2,193
Industrial	1,164	53	—	(44)	—	1,173
Capital goods	1,774	188	—	(12)	—	1,950
Consumer—cyclical	1,602	95	—	(22)	—	1,675
Transportation	1,023	75	—	(12)	—	1,086
Other	385	22	—	(5)	—	402
Total U.S. corporate	22,994	1,786	15	(394)	—	24,401
Non-U.S. corporate:						
Utilities	815	37	—	(9)	—	843
Energy	1,700	64	—	(78)	—	1,686
Finance and insurance	2,327	152	2	(8)	—	2,473
Consumer—non-cyclical	746	24	—	(18)	—	752
Technology and communications	978	36	—	(26)	—	988
Industrial	1,063	19	—	(96)	—	986
Capital goods	602	19	—	(17)	—	604
Consumer—cyclical	522	8	—	(4)	—	526
Transportation	559	52	—	(6)	—	605
Other	2,574	187	—	(25)	—	2,736
Total non-U.S. corporate	11,886	598	2	(287)	—	12,199
Residential mortgage-backed	4,777	330	11	(17)	—	5,101
Commercial mortgage-backed	2,492	84	3	(20)	—	2,559
Other asset-backed	3,328	11	1	(59)	—	3,281
Total fixed maturity securities	55,161	3,832	32	(828)	—	58,197
Equity securities	325	8	—	(23)	—	310
Total available-for-sale securities	$ 55,486	$ 3,840	$ 32	$ (851)	$ —	$58,507

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

As of December 31, 2014, the amortized cost or cost, gross unrealized gains (losses) and fair value of our fixed maturity and equity securities classified as available-for-sale were as follows:

		Gross unrealized gains		Gross unrealized losses		
(Amounts in millions)	Amortized cost or cost	Not other-than-temporarily impaired	Other-than-temporarily impaired	Not other-than-temporarily impaired	Other-than-temporarily impaired	Fair value
Fixed maturity securities:						
U.S. government, agencies and government-sponsored enterprises	$ 5,006	$ 995	$ —	$ (1)	$ —	$ 6,000
State and political subdivisions	2,013	236	—	(27)	—	2,222
Non-U.S. government	1,761	143	—	(2)	—	1,902
U.S. corporate:						
Utilities	3,292	577	—	(5)	—	3,864
Energy	2,498	265	—	(21)	—	2,742
Finance and insurance	5,102	537	20	(13)	—	5,646
Consumer—non-cyclical	3,483	538	—	(8)	—	4,013
Technology and communications	2,112	217	—	(4)	—	2,325
Industrial	1,195	100	—	(8)	—	1,287
Capital goods	1,748	263	—	(5)	—	2,006
Consumer—cyclical	1,750	158	—	(8)	—	1,900
Transportation	929	114	—	(4)	—	1,039
Other	370	31	—	—	—	401
Total U.S. corporate	22,479	2,800	20	(76)	—	25,223
Non-U.S. corporate:						
Utilities	857	48	—	(2)	—	903
Energy	1,911	163	—	(38)	—	2,036
Finance and insurance	2,757	203	—	(3)	—	2,957
Consumer—non-cyclical	764	41	—	(9)	—	796
Technology and communications	986	71	—	(4)	—	1,053
Industrial	1,166	65	—	(18)	—	1,213
Capital goods	592	31	—	(5)	—	618
Consumer—cyclical	520	14	—	—	—	534
Transportation	521	70	—	(1)	—	590
Other	3,153	257	—	(15)	—	3,395
Total non-U.S. corporate	13,227	963	—	(95)	—	14,095
Residential mortgage-backed	4,871	362	13	(17)	(1)	5,228
Commercial mortgage-backed	2,564	143	4	(9)	—	2,702
Other asset-backed	3,735	23	1	(54)	—	3,705
Total fixed maturity securities	55,656	5,665	38	(281)	(1)	61,077
Equity securities	250	32	—	(7)	—	275
Total available-for-sale securities	$ 55,906	$ 5,697	$ 38	$ (288)	$ (1)	$61,352

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the gross unrealized losses and fair values of our investment securities, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, as of December 31, 2015:

(Dollar amounts in millions)	Less than 12 months			12 months or more			Total		
	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities
Description of Securities									
Fixed maturity securities:									
U.S. government, agencies and government-sponsored enterprises	$ 883	$ (16)	32	$ —	$ —	—	$ 883	$ (16)	32
State and political subdivisions	464	(15)	81	163	(15)	17	627	(30)	98
Non-U.S. government	366	(5)	49	—	—	—	366	(5)	49
U.S. corporate	5,836	(332)	817	466	(62)	83	6,302	(394)	900
Non-U.S. corporate	3,016	(170)	400	486	(117)	87	3,502	(287)	487
Residential mortgage-backed	756	(10)	88	103	(7)	38	859	(17)	126
Commercial mortgage-backed	780	(19)	116	39	(1)	13	819	(20)	129
Other asset-backed	1,944	(22)	349	336	(37)	55	2,280	(59)	404
Subtotal, fixed maturity securities	14,045	(589)	1,932	1,593	(239)	293	15,638	(828)	2,225
Equity securities	153	(23)	64	—	—	—	153	(23)	64
Total for securities in an unrealized loss position	$14,198	$ (612)	1,996	$1,593	$ (239)	293	$15,791	$ (851)	2,289
% Below cost—fixed maturity securities:									
<20% Below cost	$13,726	$ (472)	1,877	$1,259	$ (78)	238	$14,985	$ (550)	2,115
20%-50% Below cost	319	(116)	54	316	(139)	50	635	(255)	104
>50% Below cost	—	(1)	1	18	(22)	5	18	(23)	6
Total fixed maturity securities	14,045	(589)	1,932	1,593	(239)	293	15,638	(828)	2,225
% Below cost—equity securities:									
<20% Below cost	133	(18)	56	—	—	—	133	(18)	56
20%-50% Below cost	20	(5)	8	—	—	—	20	(5)	8
Total equity securities	153	(23)	64	—	—	—	153	(23)	64
Total for securities in an unrealized loss position	$14,198	$ (612)	1,996	$1,593	$ (239)	293	$15,791	$ (851)	2,289
Investment grade	$13,342	$ (524)	1,834	$1,245	$ (135)	225	$14,587	$ (659)	2,059
Below investment grade	856	(88)	162	348	(104)	68	1,204	(192)	230
Total for securities in an unrealized loss position	$14,198	$ (612)	1,996	$1,593	$ (239)	293	$15,791	$ (851)	2,289

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the gross unrealized losses and fair values of our corporate securities, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, based on industry, as of December 31, 2015:

(Dollar amounts in millions)	Less than 12 months			12 months or more			Total		
	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities
Description of Securities									
U.S. corporate:									
Utilities	$ 485	$ (25)	74	$ 14	$ (1)	7	$ 499	$ (26)	81
Energy	1,162	(134)	163	131	(28)	22	1,293	(162)	185
Finance and insurance	1,142	(35)	160	94	(8)	15	1,236	(43)	175
Consumer—non-cyclical	836	(26)	107	51	(4)	10	887	(30)	117
Technology and communications	658	(36)	95	23	(2)	5	681	(38)	100
Industrial	476	(33)	64	44	(11)	9	520	(44)	73
Capital goods	293	(10)	48	26	(2)	4	319	(12)	52
Consumer—cyclical	427	(18)	60	63	(4)	10	490	(22)	70
Transportation	273	(10)	38	20	(2)	1	293	(12)	39
Other	84	(5)	8	—	—	—	84	(5)	8
Subtotal, U.S. corporate securities	5,836	(332)	817	466	(62)	83	6,302	(394)	900
Non-U.S. corporate:									
Utilities	130	(6)	20	32	(3)	6	162	(9)	26
Energy	589	(48)	71	127	(30)	20	716	(78)	91
Finance and insurance	478	(7)	77	30	(1)	8	508	(8)	85
Consumer—non-cyclical	261	(14)	27	37	(4)	4	298	(18)	31
Technology and communications	324	(15)	37	33	(11)	9	357	(26)	46
Industrial	495	(54)	67	110	(42)	18	605	(96)	85
Capital goods	154	(8)	22	41	(9)	9	195	(17)	31
Consumer—cyclical	155	(4)	20	—	—	—	155	(4)	20
Transportation	147	(6)	17	—	—	—	147	(6)	17
Other	283	(8)	42	76	(17)	13	359	(25)	55
Subtotal, non-U.S. corporate securities	3,016	(170)	400	486	(117)	87	3,502	(287)	487
Total for corporate securities in an unrealized loss position	$8,852	$ (502)	1,217	$952	$ (179)	170	$9,804	$ (681)	1,387

As indicated in the tables above, the majority of the securities in a continuous unrealized loss position for less than 12 months were investment grade and less than 20% below cost. These unrealized losses were primarily attributable to the increase in interest rates, mostly concentrated in our corporate securities. For securities that have been in a continuous unrealized loss position for less than 12 months, the average fair value percentage below cost was approximately 4% as of December 31, 2015.

Table of Contents

Fixed Maturity Securities In A Continuous Unrealized Loss Position For 12 Months Or More

Of the $78 million of unrealized losses on fixed maturity securities in a continuous unrealized loss for 12 months or more that were less than 20% below cost, the weighted-average rating was "BBB+" and approximately 75% of the unrealized losses were related to investment grade securities as of December 31, 2015. These unrealized losses were predominantly attributable to corporate securities and state and political subdivision securities including fixed rate securities purchased in a lower rate environment and variable rate securities purchased in a higher rate and lower spread environment. The average fair value percentage below cost for these securities was approximately 6% as of December 31, 2015. See below for additional discussion related to fixed maturity securities that have been in a continuous unrealized loss position for 12 months or more with a fair value that was more than 20% below cost.

The following tables present the concentration of gross unrealized losses and fair values of fixed maturity securities that were more than 20% below cost and in a continuous unrealized loss position for 12 months or more by asset class as of December 31, 2015:

	Investment Grade							
	20% to 50%				Greater than 50%			
(Dollar amounts in millions)	Fair value	Gross unrealized losses	% of total gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	% of total gross unrealized losses	Number of securities
Fixed maturity securities:								
State and political subdivisions	$ 9	$ (3)	— %	1	$—	$ —	— %	—
U.S. corporate:								
Energy	23	(8)	1	4	—	—	—	—
Industrial	18	(9)	1	3	—	—	—	—
Total U.S. corporate	41	(17)	2	7	—	—	—	—
Non-U.S. corporate:								
Utilities	8	(2)	—	1	—	—	—	—
Energy	21	(8)	1	2	—	—	—	—
Industrial	29	(14)	2	4	—	—	—	—
Capital goods	6	(5)	1	2	—	—	—	—
Other	5	(2)	—	1	—	—	—	—
Total non-U.S. corporate	69	(31)	4	10	—	—	—	—
Structured securities:								
Other asset-backed	66	(25)	3	4	—	—	—	—
Total structured securities	66	(25)	3	4	—	—	—	—
Total	$185	$ (76)	9%	22	$—	$ —	— %	—

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

	Below Investment Grade							
	20% to 50%				Greater than 50%			
(Dollar amounts in millions)	Fair value	Gross unrealized losses	% of total gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	% of total gross unrealized losses	Number of securities
Fixed maturity securities:								
U.S. corporate:								
Energy	$ 21	$ (9)	1%	6	$—	$ —	— %	—
Finance and insurance	7	(3)	1	1	—	—	—	—
Technology and communications	5	(2)	—	1	—	—	—	—
Industrial	4	(1)	—	1	—	—	—	—
Total U.S. corporate	37	(15)	2	9	—	—	—	—
Non-U.S. corporate:								
Energy	44	(20)	2	8	—	—	—	—
Technology and communications	5	(4)	1	2	4	(5)	1	1
Industrial	10	(6)	1	2	14	(17)	2	4
Capital goods	3	(2)	1	1	—	—	—	—
Other	24	(10)	—	5	—	—	—	—
Total non-U.S. corporate	86	(42)	5	18	18	(22)	3	5
Structured securities:								
Other asset-backed	8	(6)	1	1	—	—	—	—
Total structured securities	8	(6)	1	1	—	—	—	—
Total	$131	$ (63)	8%	28	$ 18	$ (22)	3%	5

For all securities in an unrealized loss position, we expect to recover the amortized cost based on our estimate of the amount and timing of cash flows to be collected. We do not intend to sell nor do we expect that we will be required to sell these securities prior to recovering our amortized cost. See below for further discussion of gross unrealized losses by asset class.

Non-U.S. corporate

As indicated above, $95 million of gross unrealized losses were related to non-U.S. corporate fixed maturity securities that have been in an unrealized loss position for more than 12 months and were more than 20% below cost. Of the total unrealized losses for non-U.S. corporate fixed maturity securities, $37 million, or 39%, related to the industrial sector and $28 million, or 29%, related to the energy sector. Reduced overseas demand for metals, particularly copper and oil, has led to a decline in commodities pricing, adversely impacting the fair value of these securities.

We expect that our investments in non-U.S. corporate securities will continue to perform in accordance with our expectations about the amount and timing of estimated cash flows. Although we do not anticipate such events, it is reasonably possible that issuers of our investments in non-U.S. corporate securities may perform worse than current expectations. Such events may lead us to recognize write-downs within our portfolio of non-U.S. corporate securities in the future.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

While we considered the length of time each security had been in an unrealized loss position, the extent of the unrealized loss position and any significant declines in fair value subsequent to the balance sheet date in our evaluation of impairment for each of these individual securities, the primary factor in our evaluation of impairment is the expected performance for each of these securities. Our evaluation of expected performance is based on the historical performance of the associated securitization trust as well as the historical performance of the underlying collateral. Our examination of the historical performance of the securitization trust included consideration of the following factors for each class of securities issued by the trust: i) the payment history, including failure to make scheduled payments; ii) current payment status; iii) current and historical outstanding balances; iv) current levels of subordination and losses incurred to date; and v) characteristics of the underlying collateral. Our examination of the historical performance of the underlying collateral included: i) historical default rates, delinquency rates, voluntary and involuntary prepayments and severity of losses, including recent trends in this information; ii) current payment status; iii) loan to collateral value ratios, as applicable; iv) vintage; and v) other underlying characteristics such as current financial condition.

We used our assessment of the historical performance of both the securitization trust and the underlying collateral for each security, along with third-party sources, when available, to develop our best estimate of cash flows expected to be collected. These estimates reflect projections for future delinquencies, prepayments, defaults and losses for the assets that collateralize the securitization trust and are used to determine the expected cash flows for our security, based on the payment structure of the trust. Our projection of expected cash flows is primarily based on the expected performance of the underlying assets that collateralize the securitization trust and is not directly impacted by the rating of our security. While we consider the rating of the security as an indicator of the financial condition of the issuer, this factor does not have a significant impact on our expected cash flows for each security. In limited circumstances, our expected cash flows include expected payments from reliable financial guarantors where we believe the financial guarantor will have sufficient assets to pay claims under the financial guarantee when the cash flows from the securitization trust are not sufficient to make scheduled payments. We then discount the expected cash flows using the effective yield of each security to determine the present value of expected cash flows.

Based on this evaluation, the present value of expected cash flows was greater than or equal to the amortized cost for each security. Accordingly, we determined that the unrealized losses on each of our structured securities represented temporary impairments as of December 31, 2015.

Despite the considerable analysis and rigor employed on our structured securities, it is reasonably possible that the underlying collateral of these investments will perform worse than current market expectations. Such events may lead to adverse changes in cash flows on our holdings of structured securities and future write-downs within our portfolio of structured securities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the gross unrealized losses and fair values of our investment securities, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, as of December 31, 2014:

	Less than 12 months			12 months or more			Total		
(Dollar amounts in millions)	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses [(1)]	Number of securities	Fair value	Gross unrealized losses [(1)]	Number of securities
Description of Securities									
Fixed maturity securities:									
U.S. government, agencies and government-sponsored enterprises	$ —	$ —	—	$ 75	$ (1)	10	$ 75	$ (1)	10
State and political subdivision	9	—	7	267	(27)	45	276	(27)	52
Non-U.S. government	64	(1)	15	22	(1)	4	86	(2)	19
U.S. corporate	1,639	(33)	231	1,201	(43)	174	2,840	(76)	405
Non-U.S. corporate	1,456	(67)	199	504	(28)	67	1,960	(95)	266
Residential mortgage-backed	180	(1)	24	249	(17)	87	429	(18)	111
Commercial mortgage-backed	163	—	21	362	(9)	49	525	(9)	70
Other asset-backed	1,551	(12)	215	487	(42)	55	2,038	(54)	270
Subtotal, fixed maturity securities	5,062	(114)	712	3,167	(168)	491	8,229	(282)	1,203
Equity securities	30	(3)	46	48	(4)	6	78	(7)	52
Total for securities in an unrealized loss position	$5,092	$ (117)	758	$3,215	$ (172)	497	$8,307	$ (289)	1,255
% Below cost—fixed maturity securities:									
<20% Below cost	$5,025	$ (103)	708	$3,036	$ (114)	470	$8,061	$ (217)	1,178
20%-50% Below cost	37	(11)	4	131	(53)	15	168	(64)	19
>50% Below cost	—	—	—	—	(1)	6	—	(1)	6
Total fixed maturity securities	5,062	(114)	712	3,167	(168)	491	8,229	(282)	1,203
% Below cost—equity securities:									
<20% Below cost	26	(2)	40	48	(4)	6	74	(6)	46
20%-50% Below cost	4	(1)	6	—	—	—	4	(1)	6
Total equity securities	30	(3)	46	48	(4)	6	78	(7)	52
Total for securities in an unrealized loss position	$5,092	$ (117)	758	$3,215	$ (172)	497	$8,307	$ (289)	1,255
Investment grade	$4,501	$ (75)	631	$2,918	$ (145)	424	$7,419	$ (220)	1,055
Below investment grade [(2)]	591	(42)	127	297	(27)	73	888	(69)	200
Total for securities in an unrealized loss position	$5,092	$ (117)	758	$3,215	$ (172)	497	$8,307	$ (289)	1,255

(1) Amounts included $1 million of unrealized losses on other-than-temporarily impaired securities.

(2) Amounts that have been in a continuous unrealized loss position for 12 months or more included $1 million of unrealized losses on other-than-temporarily impaired securities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the gross unrealized losses and fair values of our corporate securities, aggregated by investment type and length of time that individual investment securities have been in a continuous unrealized loss position, based on industry, as of December 31, 2014:

	Less than 12 months			12 months or more			Total		
(Dollar amounts in millions)	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities	Fair value	Gross unrealized losses	Number of securities
Description of Securities									
U.S. corporate:									
Utilities	$ 55	$ —	10	$ 164	$ (5)	23	$ 219	$ (5)	33
Energy	404	(16)	56	96	(5)	15	500	(21)	71
Finance and insurance	399	(3)	56	257	(10)	35	656	(13)	91
Consumer—non-cyclical	160	(3)	20	182	(5)	32	342	(8)	52
Technology and communications	181	(3)	27	97	(1)	15	278	(4)	42
Industrial	151	(4)	21	80	(4)	11	231	(8)	32
Capital goods	85	—	13	122	(5)	18	207	(5)	31
Consumer—cyclical	132	(2)	17	139	(6)	18	271	(8)	35
Transportation	52	(2)	9	57	(2)	6	109	(4)	15
Other	20	—	2	7	—	1	27	—	3
Subtotal, U.S. corporate securities	1,639	(33)	231	1,201	(43)	174	2,840	(76)	405
Non-U.S. corporate:									
Utilities	79	—	13	43	(2)	5	122	(2)	18
Energy	442	(33)	57	58	(5)	13	500	(38)	70
Finance and insurance	237	(2)	32	29	(1)	6	266	(3)	38
Consumer—non-cyclical	134	(6)	10	83	(3)	9	217	(9)	19
Technology and communications	77	(2)	13	81	(2)	8	158	(4)	21
Industrial	214	(9)	30	116	(9)	15	330	(18)	45
Capital goods	63	(2)	7	38	(3)	4	101	(5)	11
Consumer—cyclical	8	—	1	—	—	—	8	—	1
Transportation	30	—	6	14	(1)	1	44	(1)	7
Other	172	(13)	30	42	(2)	6	214	(15)	36
Subtotal, non-U.S. corporate securities	1,456	(67)	199	504	(28)	67	1,960	(95)	266
Total for corporate securities in an unrealized loss position	$3,095	$ (100)	430	$1,705	$ (71)	241	$4,800	$ (171)	671

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The scheduled maturity distribution of fixed maturity securities as of December 31, 2015 is set forth below. Actual maturities may differ from contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

(Amounts in millions)	Amortized cost or cost	Fair value
Due one year or less	$ 1,729	$ 1,744
Due after one year through five years	9,814	10,192
Due after five years through ten years	11,772	11,917
Due after ten years	21,249	23,403
Subtotal	44,564	47,256
Residential mortgage-backed	4,777	5,101
Commercial mortgage-backed	2,492	2,559
Other asset-backed	3,328	3,281
Total	$ 55,161	$58,197

As of December 31, 2015, $7,730 million of our investments (excluding mortgage-backed and asset-backed securities) were subject to certain call provisions.

As of December 31, 2015, securities issued by finance and insurance, consumer—non-cyclical , utilities and energy industry groups represented approximately 22%, 13%, 12% and 11%, respectively, of our domestic and foreign corporate fixed maturity securities portfolio. No other industry group comprised more than 10% of our investment portfolio.

As of December 31, 2015, we did not hold any fixed maturity securities in any single issuer, other than securities issued or guaranteed by the U.S. government, which exceeded 10% of stockholders' equity.

As of December 31, 2015 and 2014, $44 million and $49 million, respectively, of securities were on deposit with various state or foreign government insurance departments in order to comply with relevant insurance regulations.

(e) Commercial Mortgage Loans

Our mortgage loans are collateralized by commercial properties, including multi-family residential buildings. The carrying value of commercial mortgage loans is stated at original cost net of principal payments, amortization and allowance for loan losses.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

We diversify our commercial mortgage loans by both property type and geographic region. The following tables set forth the distribution across property type and geographic region for commercial mortgage loans as of December 31:

	2015		2014	
(Amounts in millions)	Carrying value	% of total	Carrying value	% of total
Property type:				
Retail	$ 2,355	38%	$ 2,150	35%
Industrial	1,562	25	1,597	26
Office	1,516	24	1,643	27
Apartments	465	8	494	8
Mixed use/other	289	5	239	4
Subtotal	6,187	100%	6,123	100%
Unamortized balance of loan origination fees and costs	(2)		(1)	
Allowance for losses	(15)		(22)	
Total	$ 6,170		$ 6,100	

	2015		2014	
(Amounts in millions)	Carrying value	% of total	Carrying value	% of total
Geographic region:				
Pacific	$ 1,581	26%	$ 1,636	27%
South Atlantic	1,574	25	1,673	27
Middle Atlantic	890	14	826	14
Mountain	585	10	536	9
West North Central	416	7	382	6
East North Central	386	6	397	7
West South Central	294	5	268	4
New England	268	4	264	4
East South Central	193	3	141	2
Subtotal	6,187	100%	6,123	100%
Unamortized balance of loan origination fees and costs	(2)		(1)	
Allowance for losses	(15)		(22)	
Total	$ 6,170		$ 6,100	

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following tables set forth the aging of past due commercial mortgage loans by property type as of December 31:

	2015					
(Amounts in millions)	31 - 60 days past due	61 - 90 days past due	Greater than 90 days past due	Total past due	Current	Total
Property type:						
Retail	$ —	$ —	$ —	$ —	$ 2,355	$2,355
Industrial	—	—	—	—	1,562	1,562
Office	6	—	5	11	1,505	1,516
Apartments	—	—	—	—	465	465
Mixed use/other	—	—	—	—	289	289
Total recorded investment	$ 6	$ —	$ 5	$ 11	$ 6,176	$6,187
% of total commercial mortgage loans	— %	— %	— %	— %	100%	100%

	2014					
(Amounts in millions)	31 - 60 days past due	61 - 90 days past due	Greater than 90 days past due	Total past due	Current	Total
Property type:						
Retail	$ —	$ —	$ —	$ —	$ 2,150	$2,150
Industrial	—	—	2	2	1,595	1,597
Office	—	—	6	6	1,637	1,643
Apartments	—	—	—	—	494	494
Mixed use/other	—	—	—	—	239	239
Total recorded investment	$ —	$ —	$ 8	$ 8	$ 6,115	$6,123
% of total commercial mortgage loans	— %	— %	— %	— %	100%	100%

As of December 31, 2015 and 2014, we had no commercial mortgage loans that were past due for more than 90 days and still accruing interest. We also did not have any commercial mortgage loans that were past due for less than 90 days on non-accrual status as of December 31, 2015 and 2014.

We evaluate the impairment of commercial mortgage loans on an individual loan basis. As of December 31, 2015 and 2014, our commercial mortgage loans greater than 90 days past due included loans with appraised values in excess of the recorded investment and the current recorded investment of these loans was expected to be recoverable.

During the years ended December 31, 2015 and 2014, we modified or extended 21 and 28 commercial mortgage loans, respectively, with a total carrying value of $110 million and $254 million, respectively. All of these modifications or extensions were based on current market interest rates, did not result in any forgiveness in the outstanding principal amount owed by the borrower and were not considered troubled debt restructurings.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table sets forth the allowance for credit losses and recorded investment in commercial mortgage loans as of or for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Allowance for credit losses:			
Beginning balance	$ 22	$ 33	$ 42
Charge-offs	(4)	(1)	(2)
Recoveries	—	—	—
Provision	(3)	(10)	(7)
Ending balance	$ 15	$ 22	$ 33
Ending allowance for individually impaired loans	$ —	$ —	$ —
Ending allowance for loans not individually impaired that were evaluated collectively for impairment	$ 15	$ 22	$ 33
Recorded investment:			
Ending balance	$ 6,187	$ 6,123	$ 5,932
Ending balance of individually impaired loans	$ 19	$ 15	$ 2
Ending balance of loans not individually impaired that were evaluated collectively for impairment	$ 6,168	$ 6,108	$ 5,930

As of December 31, 2015, we had an individually impaired commercial mortgage loan included within the office property type with a recorded investment of $5 million, an unpaid principal balance of $6 million and charge-offs of $1 million. As of December 31, 2014, we had an individually impaired commercial mortgage loan included within the industrial property type with a recorded investment of $15 million, an unpaid principal balance of $16 million and charge-offs of $1 million. As of December 31, 2015, this loan had a recorded investment of $14 million, an unpaid principal balance of $15 million and interest income of $1 million.

In evaluating the credit quality of commercial mortgage loans, we assess the performance of the underlying loans using both quantitative and qualitative criteria. Certain risks associated with commercial mortgage loans can be evaluated by reviewing both the loan-to-value and debt service coverage ratio to understand both the probability of the borrower not being able to make the necessary loan payments as well as the ability to sell the underlying property for an amount that would enable us to recover our unpaid principal balance in the event of default by the borrower. The average loan-to-value ratio is based on our most recent estimate of the fair value for the underlying property which is evaluated at least annually and updated more frequently if necessary to better indicate risk associated with the loan. A lower loan-to-value indicates that our loan value is more likely to be recovered in the event of default by the borrower if the property was sold. The debt service coverage ratio is based on “normalized” annual net operating income of the property compared to the payments required under the terms of the loan. Normalization allows for the removal of annual one-time events such as capital expenditures, prepaid or late real estate tax payments or non-recurring third-party fees (such as legal, consulting or contract fees). This ratio is evaluated at least annually and updated more frequently if necessary to better indicate risk associated with the loan. A higher debt service coverage ratio indicates the borrower is less likely to default on the loan. The debt service coverage ratio should not be used without considering other factors associated with the borrower, such as the borrower’s liquidity or access to other resources that may result in our expectation that the borrower will continue to make the future scheduled payments.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following tables set forth the loan-to-value of commercial mortgage loans by property type as of December 31:

	2015					
(Amounts in millions)	0%-50%	51%-60%	61%-75%	76%-100%	Greater than 100% (1)	Total
Property type:						
Retail	$ 846	$ 465	$ 924	$ 106	$ 14	$2,355
Industrial	515	478	499	65	5	1,562
Office	493	341	580	83	19	1,516
Apartments	196	66	182	21	—	465
Mixed use/other	49	55	185	—	—	289
Total recorded investment	$2,099	$1,405	$2,370	$ 275	$ 38	$6,187
% of total	34%	23%	38%	4%	1%	100%
Weighted-average debt service coverage ratio	2.13	1.82	1.57	1.12	0.55	1.79

(1) Included $38 million of loans in good standing, where borrowers continued to make timely payments, with a total weighted-average loan-to-value of 123%.

	2014					
(Amounts in millions)	0%-50%	51%-60%	61%-75%	76%-100%	Greater than 100% (1)	Total
Property type:						
Retail	$ 671	$ 419	$ 967	$ 75	$ 18	$2,150
Industrial	451	285	778	60	23	1,597
Office	383	278	782	164	36	1,643
Apartments	211	76	199	8	—	494
Mixed use/other	45	43	145	6	—	239
Total recorded investment	$1,761	$1,101	$2,871	$ 313	$ 77	$6,123
% of total	29%	18%	47%	5%	1%	100%
Weighted-average debt service coverage ratio	2.27	1.75	1.61	1.02	0.72	1.78

(1) Included $15 million of impaired loans, $6 million of loans past due and not individually impaired and $56 million of loans in good standing, where borrowers continued to make timely payments, with a total weighted-average loan-to-value of 120%.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following tables set forth the debt service coverage ratio for fixed rate commercial mortgage loans by property type as of December 31:

	2015					
(Amounts in millions)	Less than 1.00	1.00-1.25	1.26-1.50	1.51-2.00	Greater than 2.00	Total
Property type:						
Retail	$ 70	$ 232	$ 466	$ 1,017	$ 570	$2,355
Industrial	94	181	208	672	407	1,562
Office	85	114	265	699	346	1,509
Apartments	6	41	74	199	145	465
Mixed use/other	—	58	141	60	30	289
Total recorded investment	$ 255	$ 626	$ 1,154	$ 2,647	$ 1,498	$6,180
% of total	4%	10%	19%	43%	24%	100%
Weighted-average loan-to-value	74%	64%	58%	58%	43%	56%

	2014					
(Amounts in millions)	Less than 1.00	1.00-1.25	1.26-1.50	1.51-2.00	Greater than 2.00	Total
Property type:						
Retail	$ 80	$ 253	$ 524	$ 870	$ 423	$2,150
Industrial	158	142	246	706	343	1,595
Office	119	101	247	780	389	1,636
Apartments	1	48	88	186	171	494
Mixed use/other	6	1	61	135	36	239
Total recorded investment	$ 364	$ 545	$ 1,166	$ 2,677	$ 1,362	$6,114
% of total	6%	9%	19%	44%	22%	100%
Weighted-average loan-to-value	77%	64%	64%	59%	45%	59%

As of December 31, 2015 and 2014, we had floating rate commercial mortgage loans of $7 million and $9 million, respectively.

(f) Restricted Commercial Mortgage Loans Related To Securitization Entities

We have a consolidated securitization entity that holds commercial mortgage loans that are recorded as restricted commercial mortgage loans related to securitization entities. See note 17 for additional information related to consolidated securitization entities.

(g) Restricted Other Invested Assets Related To Securitization Entities

We have consolidated securitization entities that hold certain investments that are recorded as restricted other invested assets related to securitization entities. The consolidated securitization entities hold certain investments as trading securities whereby the changes in fair value are recorded in current period income (loss). The trading securities comprise asset-backed securities, including residual interest in certain policy loan securitization entities and highly rated bonds that are primarily backed by credit card receivables. See note 17 for additional information related to consolidated securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(5) Derivative Instruments

Our business activities routinely deal with fluctuations in interest rates, equity prices, currency exchange rates and other asset and liability prices. We use derivative instruments to mitigate or reduce certain of these risks. We have established policies for managing each of these risks, including prohibitions on derivatives market-making and other speculative derivatives activities. These policies require the use of derivative instruments in concert with other techniques to reduce or mitigate these risks. While we use derivatives to mitigate or reduce risks, certain derivatives do not meet the accounting requirements to be designated as hedging instruments and are denoted as "derivatives not designated as hedges" in the following disclosures. For derivatives that meet the accounting requirements to be designated as hedges, the following disclosures for these derivatives are denoted as "derivatives designated as hedges," which include both cash flow and fair value hedges.

The following table sets forth our positions in derivative instruments as of December 31:

	Derivative assets			Derivative liabilities		
	Balance sheet classification	Fair value		Balance sheet classification	Fair value	
(Amounts in millions)		2015	2014		2015	2014
Derivatives designated as hedges						
Cash flow hedges:						
Interest rate swaps	Other invested assets	$ 629	$ 639	Other liabilities	$ 37	$ 27
Inflation indexed swaps	Other invested assets	—	—	Other liabilities	33	42
Foreign currency swaps	Other invested assets	8	6	Other liabilities	—	—
Total cash flow hedges		637	645		70	69
Total derivatives designated as hedges		637	645		70	69
Derivatives not designated as hedges						
Interest rate swaps	Other invested assets	425	452	Other liabilities	183	177
Interest rate swaps related to securitization entities (1)	Restricted other invested assets	—	—	Other liabilities	30	26
Credit default swaps	Other invested assets	1	4	Other liabilities	—	—
Credit default swaps related to securitization entities (1)	Restricted other invested assets	—	—	Other liabilities	14	17
Foreign currency swaps	Other invested assets	—	—	Other liabilities	27	7
Equity index options	Other invested assets	30	17	Other liabilities	—	—
Financial futures	Other invested assets	—	—	Other liabilities	—	—
Equity return swaps	Other invested assets	2	—	Other liabilities	1	1
Other foreign currency contracts	Other invested assets	17	14	Other liabilities	34	13
GMWB embedded derivatives	Reinsurance recoverable (2)	17	13	Policyholder account balances (3)	352	291
Fixed index annuity embedded derivatives	Other assets	—	—	Policyholder account balances (4)	342	276
Indexed universal life embedded derivatives	Reinsurance recoverable	—	—	Policyholder account balances (5)	10	7
Total derivatives not designated as hedges		492	500		993	815
Total derivatives		$1,129	$1,145		$1,063	$884

(1) See note 17 for additional information related to consolidated securitization entities.
(2) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.
(3) Represents the embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.
(4) Represents the embedded derivatives associated with our fixed index annuity liabilities.
(5) Represents the embedded derivatives associated with our indexed universal life liabilities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The fair value of derivative positions presented above was not offset by the respective collateral amounts received or provided under these agreements.

The activity associated with derivative instruments can generally be measured by the change in notional value over the periods presented. However, for GMWB, fixed index annuity embedded derivatives and indexed universal life embedded derivatives, the change between periods is best illustrated by the number of policies. The following tables represent activity associated with derivative instruments as of the dates indicated:

(Notional in millions)	Measurement	December 31, 2014	Additions	Maturities/ terminations	December 31, 2015
Derivatives designated as hedges					
Cash flow hedges:					
Interest rate swaps	Notional	$ 11,961	$ —	$ (747)	$ 11,214
Inflation indexed swaps	Notional	571	13	(13)	571
Foreign currency swaps	Notional	35	—	—	35
Total cash flow hedges		12,567	13	(760)	11,820
Total derivatives designated as hedges		12,567	13	(760)	11,820
Derivatives not designated as hedges					
Interest rate swaps	Notional	5,074	2,100	(2,242)	4,932
Interest rate swaps related to securitization entities (1)	Notional	77	—	(10)	67
Credit default swaps	Notional	394	—	(250)	144
Credit default swaps related to securitization entities (1)	Notional	312	—	—	312
Equity index options	Notional	994	1,455	(1,369)	1,080
Financial futures	Notional	1,331	5,700	(5,700)	1,331
Equity return swaps	Notional	108	386	(360)	134
Foreign currency swaps	Notional	104	58	—	162
Forward bond purchase commitments	Notional	—	1,140	(1,140)	—
Other foreign currency contracts	Notional	425	2,516	(1,285)	1,656
Total derivatives not designated as hedges		8,819	13,355	(12,356)	9,818
Total derivatives		$ 21,386	$ 13,368	$ (13,116)	$ 21,638

(1) See note 17 for additional information related to consolidated securitization entities.

(Number of policies)	Measurement	December 31, 2014	Additions	Maturities/ terminations	December 31, 2015
Derivatives not designated as hedges					
GMWB embedded derivatives	Policies	39,015	—	(2,869)	36,146
Fixed index annuity embedded derivatives	Policies	13,901	3,939	(358)	17,482
Indexed universal life embedded derivatives	Policies	421	595	(34)	982

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Cash Flow Hedges

Certain derivative instruments are designated as cash flow hedges. The changes in fair value of these instruments are recorded as a component of OCI. We designate and account for the following as cash flow hedges when they have met the effectiveness requirements: (i) various types of interest rate swaps to convert floating rate investments to fixed rate investments; (ii) various types of interest rate swaps to convert floating rate liabilities into fixed rate liabilities; (iii) receive U.S. dollar fixed on foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated investments; (iv) forward starting interest rate swaps to hedge against changes in interest rates associated with future fixed rate bond purchases and/or interest income; (v) forward bond purchase commitments to hedge against the variability in the anticipated cash flows required to purchase future fixed rate bonds; and (vi) other instruments to hedge the cash flows of various forecasted transactions.

The following table provides information about the pre-tax income (loss) effects of cash flow hedges for the year ended December 31, 2015:

(Amounts in millions)	Gain (loss) recognized in OCI	Gain (loss) reclassified into net income (loss) from OCI	Classification of gain (loss) reclassified into net income (loss)	Gain (loss) recognized in net income (loss) (1)	Classification of gain (loss) recognized in net income (loss)
Interest rate swaps hedging assets	$ 78	$ 85	Net investment income	$ —	Net investment gains (losses)
Interest rate swaps hedging liabilities	(10)	—	Interest expense	—	Net investment gains (losses)
Inflation indexed swaps	9	—	Net investment income	—	Net investment gains (losses)
Foreign currency swaps	2	—	Net investment income	—	Net investment gains (losses)
Forward bond purchase commitments	—	1	Net investment income	—	Net investment gains (losses)
Forward bond purchase commitments	—	32	Net investment gains (losses)	—	Net investment gains (losses)
Total	$ 79	$ 118		$ —	

(1) Represents ineffective portion of cash flow hedges as there were no amounts excluded from the measurement of effectiveness.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table provides information about the pre-tax income (loss) effects of cash flow hedges for the year ended December 31, 2014:

(Amounts in millions)	Gain (loss) recognized in OCI	Gain (loss) reclassified into net income (loss) from OCI	Classification of gain (loss) reclassified into net income (loss)	Gain (loss) recognized in net income (loss) [(1)]	Classification of gain (loss) recognized in net income (loss)
Interest rate swaps hedging assets	$ 1,229	$ 63	Net investment income	$ 15	Net investment gains (losses)
Interest rate swaps hedging assets	—	2	Net investment gains (losses)	—	Net investment gains (losses)
Interest rate swaps hedging liabilities	(69)	1	Interest expense	—	Net investment gains (losses)
Inflation indexed swaps	17	(9)	Net investment income	—	Net investment gains (losses)
Foreign currency swaps	4	—	Interest expense	—	Net investment gains (losses)
Forward bond purchase commitments	34	—	Net investment income	—	Net investment gains (losses)
Total	$ 1,215	$ 57		$ 15	

(1) Represents ineffective portion of cash flow hedges, as there were no amounts excluded from the measurement of effectiveness.

The following table provides information about the pre-tax income (loss) effects of cash flow hedges for the year ended December 31, 2013:

(Amounts in millions)	Gain (loss) recognized in OCI	Gain (loss) reclassified into net income (loss) from OCI	Classification of gain (loss) reclassified into net income (loss)	Gain (loss) recognized in net income (loss) [(1)]	Classification of gain (loss) recognized in net income (loss)
Interest rate swaps hedging assets	$ (892)	$ 47	Net investment income	$ (14)	Net investment gains (losses)
Interest rate swaps hedging assets	—	1	Net investment gains (losses)	—	Net investment gains (losses)
Interest rate swaps hedging liabilities	42	2	Interest expense	—	Net investment gains (losses)
Inflation indexed swaps	45	(5)	Net investment income	—	Net investment gains (losses)
Foreign currency swaps	(1)	—	Interest expense	—	Net investment gains (losses)
Forward bond purchase commitments	(60)	—	Net investment income	—	Net investment gains (losses)
Total	$ (866)	$ 45		$ (14)	

(1) Represents ineffective portion of cash flow hedges, as there were no amounts excluded from the measurement of effectiveness.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table provides a reconciliation of current period changes, net of applicable income taxes, for these designated derivatives presented in the separate component of stockholders' equity labeled "derivatives qualifying as hedges," for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Derivatives qualifying as effective accounting hedges as of January 1	$ 2,070	$ 1,319	$ 1,909
Current period increases (decreases) in fair value, net of deferred taxes of $(29), $(427) and $305	50	788	(561)
Reclassification to net (income) loss, net of deferred taxes of $43, $20 and $16	(75)	(37)	(29)
Derivatives qualifying as effective accounting hedges as of December 31	$ 2,045	$ 2,070	$ 1,319

The total of derivatives designated as cash flow hedges of $2,045 million, net of taxes, recorded in stockholders' equity as of December 31, 2015 is expected to be reclassified to net income (loss) in the future, concurrently with and primarily offsetting changes in interest expense and interest income on floating rate instruments and interest income on future fixed rate bond purchases. Of this amount, $70 million, net of taxes, is expected to be reclassified to net income (loss) in the next 12 months. Actual amounts may vary from this amount as a result of market conditions. All forecasted transactions associated with qualifying cash flow hedges are expected to occur by 2047. There were immaterial amounts reclassified to net income (loss) during the years ended December 31, 2015, 2014 and 2013 in connection with forecasted transactions that were no longer considered probable of occurring.

Fair Value Hedges

Certain derivative instruments are designated as fair value hedges. The changes in fair value of these instruments are recorded in net income (loss). In addition, changes in the fair value attributable to the hedged portion of the underlying instrument are reported in net income (loss). We designate and account for the following as fair value hedges when they have met the effectiveness requirements: (i) interest rate swaps to convert fixed rate liabilities into floating rate liabilities; (ii) cross currency swaps to convert non-U.S. dollar fixed rate liabilities to floating rate U.S. dollar liabilities; and (iii) other instruments to hedge various fair value exposures of investments.

There were no pre-tax income (loss) effects of fair value hedges and related hedged items for the years ended December 31, 2015 and 2014.

The following table provides information about the pre-tax income (loss) effects of fair value hedges and related hedged items for the year ended December 31, 2013:

	Derivative instrument				Hedged item	
(Amounts in millions)	Gain (loss) recognized in net income (loss)	Classification of gain (losses) recognized in net income (loss)	Other impacts to net income (loss)	Classification of other impacts to net income (loss)	Gain (loss) recognized in net income (loss)	Classification of gain (losses) recognized in net income (loss)
Interest rate swaps hedging liabilities	$ (11)	Net investment gains (losses)	$ 13	Interest credited	$ 11	Net investment gains (losses)
Foreign currency swaps	(31)	Net investment gains (losses)	—	Interest credited	31	Net investment gains (losses)
Total	$ (42)		$ 13		$ 42	

Table of Contents

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The difference between the gain (loss) recognized for the derivative instrument and the hedged item presented above represents the net ineffectiveness of the fair value hedging relationships. The other impacts presented above represent the net income (loss) effects of the derivative instruments that are presented in the same location as the income (loss) activity from the hedged item. There were no amounts excluded from the measurement of effectiveness.

Derivatives Not Designated As Hedges

We also enter into certain non-qualifying derivative instruments such as: (i) interest rate swaps and financial futures to mitigate interest rate risk as part of managing regulatory capital positions; (ii) credit default swaps to enhance yield and reproduce characteristics of investments with similar terms and credit risk; (iii) equity index options, equity return swaps, interest rate swaps and financial futures to mitigate the risks associated with liabilities that have guaranteed minimum benefits, fixed index annuities and indexed universal life; (iv) interest rate swaps where the hedging relationship does not qualify for hedge accounting; (v) credit default swaps to mitigate loss exposure to certain credit risk; (vi) foreign currency swaps, options and forward contracts to mitigate currency risk associated with non-functional currency investments held by certain foreign subsidiaries and future dividends or other cash flows from certain foreign subsidiaries to our holding company; and (vii) equity index options to mitigate certain macroeconomic risks associated with certain foreign subsidiaries. Additionally, we provide GMWBs on certain variable annuities that are required to be bifurcated as embedded derivatives. We also offer fixed index annuity and indexed universal life products and have reinsurance agreements with certain features that are required to be bifurcated as embedded derivatives.

We also have derivatives related to securitization entities where we were required to consolidate the related securitization entity as a result of our involvement in the structure. The counterparties for these derivatives typically only have recourse to the securitization entity. The interest rate swaps used for these entities are typically used to effectively convert the interest payments on the assets of the securitization entity to the same basis as the interest rate on the borrowings issued by the securitization entity. Credit default swaps are utilized in certain securitization entities to enhance the yield payable on the borrowings issued by the securitization entity and also include a settlement feature that allows the securitization entity to provide the par value of assets in the securitization entity for the amount of any losses incurred under the credit default swap.

The following table provides the pre-tax gain (loss) recognized in net income (loss) for the effects of derivatives not designated as hedges for the years ended December 31:

(Amounts in millions)	2015	2014	2013	Classification of gain (loss) recognized in net income (loss)
Interest rate swaps	$ (11)	$ 1	$ (7)	Net investment gains (losses)
Interest rate swaps related to securitization entities (1)	(4)	(9)	9	Net investment gains (losses)
Credit default swaps	1	1	14	Net investment gains (losses)
Credit default swaps related to securitization entities (1)	7	19	77	Net investment gains (losses)
Equity index options	(25)	(31)	(43)	Net investment gains (losses)
Financial futures	(34)	90	(232)	Net investment gains (losses)
Equity return swaps	(3)	5	(33)	Net investment gains (losses)
Other foreign currency contracts	10	(4)	6	Net investment gains (losses)
Foreign currency swaps	(22)	(7)	—	Net investment gains (losses)
Forward bond purchase commitments	2	—	—	Net investment gains (losses)
GMWB embedded derivatives	(25)	(147)	277	Net investment gains (losses)
Fixed index annuity embedded derivatives	(7)	(27)	(18)	Net investment gains (losses)
Indexed universal life embedded derivatives	6	(1)	—	Net investment gains (losses)
Total derivatives not designated as hedges	$(105)	$(110)	$ 50	

(1) See note 17 for additional information related to consolidated securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Derivative Counterparty Credit Risk

Most of our derivative arrangements with counterparties require the posting of collateral upon meeting certain net exposure thresholds. For derivatives related to securitization entities, there are no arrangements that require either party to provide collateral and the recourse of the derivative counterparty is typically limited to the assets held by the securitization entity and there is no recourse to any entity other than the securitization entity.

The following table presents additional information about derivative assets and liabilities subject to an enforceable master netting arrangement as of December 31:

	2015			2014		
(Amounts in millions)	Derivatives assets [1]	Derivatives liabilities [2]	Net derivatives	Derivatives assets [1]	Derivatives liabilities [2]	Net derivatives
Amounts presented in the balance sheet:						
Gross amounts recognized	$ 1,135	$ 320	$ 815	$ 1,157	$ 273	$ 884
Gross amounts offset in the balance sheet	—	—	—	—	—	—
Net amounts presented in the balance sheet	1,135	320	815	1,157	273	884
Gross amounts not offset in the balance sheet:						
Financial instruments [3]	(231)	(231)	—	(227)	(227)	—
Collateral received	(642)	—	(642)	(884)	—	(884)
Collateral pledged	—	(263)	263	—	(49)	49
Over collateralization	3	174	(171)	1	5	(4)
Net amount	$ 265	$ —	$ 265	$ 47	$ 2	$ 45

(1) Included $24 million and $25 million of accruals on derivatives classified as other assets and does not include amounts related to embedded derivatives as of December 31, 2015 and 2014, respectively.

(2) Included $6 million of accruals on derivatives classified as other liabilities and does not include amounts related to embedded derivatives and derivatives related to securitization entities as of December 31, 2015 and 2014.

(3) Amounts represent derivative assets and/or liabilities that are presented gross within the balance sheet but are held with the same counterparty where we have a master netting arrangement. This adjustment results in presenting the net asset and net liability position for each counterparty.

Except for derivatives related to securitization entities, almost all of our master swap agreements contain credit downgrade provisions that allow either party to assign or terminate derivative transactions if the other party's long-term unsecured debt rating or financial strength rating is below the limit defined in the applicable agreement. If the downgrade provisions had been triggered as of December 31, 2015 and 2014, we could have been allowed to claim $265 million and $47 million, respectively, or required to disburse up to $2 million as of December 31, 2014. The chart above excludes embedded derivatives and derivatives related to securitization entities as those derivatives are not subject to master netting arrangements.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Credit Derivatives

We sell protection under single name credit default swaps and credit default swap index tranches in combination with purchasing securities to replicate characteristics of similar investments based on the credit quality and term of the credit default swap. Credit default triggers for both indexed reference entities and single name reference entities follow the Credit Derivatives Physical Settlement Matrix published by the International Swaps and Derivatives Association. Under these terms, credit default triggers are defined as bankruptcy, failure to pay or restructuring, if applicable. Our maximum exposure to credit loss equals the notional value for credit default swaps. In the event of default for credit default swaps, we are typically required to pay the protection holder the full notional value less a recovery rate determined at auction.

In addition to the credit derivatives discussed above, we also have credit derivative instruments related to securitization entities that we consolidate. These derivatives represent a customized index of reference entities with specified attachment points for certain derivatives. The credit default triggers are similar to those described above. In the event of default, the securitization entity will provide the counterparty with the par value of assets held in the securitization entity for the amount of incurred loss on the credit default swap. The maximum exposure to loss for the securitization entity is the notional value of the derivatives. Certain losses on these credit default swaps would be absorbed by the third-party noteholders of the securitization entity and the remaining losses on the credit default swaps would be absorbed by our portion of the notes issued by the securitization entity.

The following table sets forth our credit default swaps where we sell protection on single name reference entities and the fair values as of December 31:

	2015			2014		
(Amounts in millions)	Notional value	Assets	Liabilities	Notional value	Assets	Liabilities
Investment grade						
Matures in less than one year	$ —	$ —	$ —	$ —	$ —	$ —
Matures after one year through five years	39	—	—	39	1	—
Total credit default swaps on single name reference entities	$ 39	$ —	$ —	$ 39	$ 1	$ —

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table sets forth our credit default swaps where we sell protection on credit default swap index tranches and the fair values as of December 31:

	2015			2014		
(Amounts in millions)	Notional value	Assets	Liabilities	Notional value	Assets	Liabilities
Original index tranche attachment/detachment point and maturity:						
7% - 15% matures in less than one year (1)	$ 100	$ 1	$ —	$ —	$ —	$ —
7% - 15% matures after one year through five years (1)	—	—	—	100	1	—
9% - 12% matures in less than one year (2)	—	—	—	250	2	—
Total credit default swap index tranches	100	1	—	350	3	—
Customized credit default swap index tranches related to securitization entities:						
Portion backing third-party borrowings maturing 2017 (3)	12	—	2	12	—	—
Portion backing our interest maturing 2017 (4)	300	—	12	300	—	17
Total customized credit default swap index tranches related to securitization entities	312	—	14	312	—	17
Total credit default swaps on index tranches	$ 412	$ 1	$ 14	$ 662	$ 3	$ 17

(1) The current attachment/detachment as of December 31, 2015 and 2014 was 7% – 15%.
(2) The current attachment/detachment as of December 31, 2015 and 2014 was 9% – 12%.
(3) Original notional value was $39 million.
(4) Original notional value was $300 million.

(6) Deferred Acquisition Costs

The following table presents the activity impacting DAC as of and for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Unamortized balance as of January 1	$5,200	$5,214	$5,220
Impact of foreign currency translation	(23)	(15)	(16)
Costs deferred	295	385	365
Amortization, net of interest accretion	(448)	(384)	(355)
Impairment	(455)	—	—
Unamortized balance as of December 31	4,569	5,200	5,214
Accumulated effect of net unrealized investment (gains) losses	(171)	(348)	(176)
Balance as of December 31	$4,398	$4,852	$5,038

We regularly review DAC to determine if it is recoverable from future income. In the fourth quarter of 2015, as part of our annual review of assumptions, we increased DAC amortization by $109 million in our universal life insurance products, reflecting updated assumptions for persistency, long-term interest rates, mortality and other refinements as well as corrections related to reinsurance inputs.

On September 30, 2015, Genworth Life and Annuity Insurance Company ("GLAIC"), our indirect wholly-owned subsidiary, entered into a Master Agreement (the "Master Agreement") for a life block transaction with Protective Life Insurance Company ("Protective Life"). Pursuant to the Master Agreement, GLAIC and

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Protective Life agreed to enter into a reinsurance agreement (the “Reinsurance Agreement”), under the terms of which Protective Life would coinsure certain term life insurance business of GLAIC, net of third-party reinsurance. The Reinsurance Agreement was entered into in January 2016. In connection with entering into the Master Agreement, we recorded a DAC impairment of $455 million as a result of loss recognition testing of certain term life insurance policies as part of this life block transaction.

As of December 31, 2015, we believe all of our other businesses had sufficient future income and therefore the related DAC was recoverable. As of December 31, 2014, all of our businesses had sufficient future income and therefore the related DAC was recoverable.

(7) Intangible Assets and Goodwill

The following table presents our intangible assets as of December 31:

	2015		2014	
(Amounts in millions)	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
PVFP	$ 2,084	$ (1,941)	$ 1,995	$ (1,917)
Capitalized software	665	(571)	641	(532)
Deferred sales inducements to contractholders	268	(178)	209	(153)
Other	66	(50)	55	(49)
Total	$ 3,083	$ (2,740)	$ 2,900	$ (2,651)

Amortization expense related to PVFP, capitalized software and other intangible assets for the years ended December 31, 2015, 2014 and 2013 was $64 million, $70 million and $109 million, respectively. Amortization expense related to deferred sales inducements of $25 million, $30 million and $24 million, respectively, for the years ended December 31, 2015, 2014 and 2013 was included in benefits and other changes in policy reserves.

Present Value of Future Profits

The following table presents the activity in PVFP as of and for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Unamortized balance as of January 1	$229	$ 246	$297
Interest accreted at 6.45%, 5.89% and 5.52%	14	14	15
Amortization	(38)	(31)	(66)
Unamortized balance as of December 31	205	229	246
Accumulated effect of net unrealized investment (gains) losses	(62)	(151)	(85)
Balance as of December 31	$143	$ 78	$161

We regularly review our assumptions and periodically test PVFP for recoverability in a manner similar to our treatment of DAC. In the fourth quarter of 2015, as part of our annual review of assumptions, we increased PVFP amortization for our universal life insurance products by $14 million. The updated assumptions largely reflected changes to persistency, long-term interest rates, mortality and other refinements. As of December 31, 2015, we believe all of our other businesses have sufficient future income and therefore the related PVFP is recoverable.

For the years ended December 31, 2015 and 2013, there were no charges to income as a result of our PVFP recoverability testing. During the fourth quarter of 2014, the loss recognition testing for our acquired block of long-term care insurance business resulted in a premium deficiency. As a result, we wrote off the entire PVFP balance for our long-term care insurance business of $6 million through amortization with a corresponding change to net unrealized investment gains (losses). The results of the test were driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates.

The percentage of the December 31, 2015 PVFP balance net of interest accretion, before the effect of unrealized investment gains or losses, estimated to be amortized over each of the next five years is as follows:

2016	15.1%
2017	13.7%
2018	11.7%
2019	10.0%
2020	8.7%

Amortization expense for PVFP in future periods will be affected by acquisitions, dispositions, net investment gains (losses) or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expense for other intangibles will depend on future acquisitions, dispositions and other business transactions.

Goodwill

As of December 31, 2015 and 2014, our goodwill balance was $14 million and $16 million, respectively, which changed due to foreign currency translation. Of those amounts as of December 31, 2015 and 2014, our Canada Mortgage Insurance segment has goodwill of $8 million and $10 million, respectively, and our Australia Mortgage Insurance segment has goodwill of $6 million.

No goodwill impairment charges were recorded in 2015 or 2013. During 2014, we wrote off the entire goodwill balance of our U.S. Life Insurance segment and recorded goodwill impairments of $849 million, including $354 million for our long-term care insurance reporting unit and $495 million for our life insurance reporting unit.

Based on the fair value of projected new business for our long-term care insurance and life insurance reporting units, we recorded goodwill impairments of $200 million and $350 million, respectively, during the third quarter of 2014. The remaining goodwill balances for our long-term care insurance and life insurance reporting units of $154 million and $145 million, respectively, were deemed recoverable as of September 30, 2014 based on our determination of implied goodwill.

During the fourth quarter of 2014 and in connection with the preparation of the financial statements, due to negative actions taken by rating agencies and suspension of sales by certain distributors, we performed an interim goodwill impairment analysis for our long-term care and life insurance businesses. As a result of market conditions, decreases in sales projections from negative rating actions and overall uncertainty created as a result of the long-term care insurance reserve increases, we recorded a goodwill impairment of $154 million in our long-term care insurance business and $145 million in our life insurance business. The uncertainty associated with the level and value of new business that a market participant would place on our long-term care and life insurance businesses resulted in concluding the goodwill balances were no longer recoverable.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(8) Reinsurance

We reinsure a portion of our policy risks to other insurance companies in order to reduce our ultimate losses, diversify our exposures and provide capital flexibility. We also assume certain policy risks written by other insurance companies. Reinsurance accounting is followed for assumed and ceded transactions when there is adequate risk transfer. Otherwise, the deposit method of accounting is followed.

Reinsurance does not relieve us from our obligations to policyholders. In the event that the reinsurers are unable to meet their obligations, we remain liable for the reinsured claims. We monitor both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers to lessen the risk of default by such reinsurers. Other than the relationship discussed below with Union Fidelity Life Insurance Company ("UFLIC"), we do not have significant concentrations of reinsurance with any one reinsurer that could have a material impact on our financial position.

As of December 31, 2015, the maximum amount of individual ordinary life insurance normally retained by us on any one individual life policy was $5 million.

We have several significant reinsurance transactions ("Reinsurance Transactions") with UFLIC. In these transactions, we ceded to UFLIC in-force blocks of structured settlements issued prior to 2004, substantially all of our in-force blocks of variable annuities issued prior to 2004 and a block of long-term care insurance policies that we reinsured in 2000 from MetLife Insurance Company USA. Although we remain directly liable under these contracts and policies as the ceding insurer, the Reinsurance Transactions have the effect of transferring the financial results of the reinsured blocks to UFLIC. As of December 31, 2015 and 2014, we had a reinsurance recoverable of $14,363 million and $14,494 million, respectively, associated with those Reinsurance Transactions.

To secure the payment of its obligations to us under the reinsurance agreements governing the Reinsurance Transactions, UFLIC has established trust accounts to maintain an aggregate amount of assets with a statutory book value at least equal to the statutory general account reserves attributable to the reinsured business less an amount required to be held in certain claims paying accounts. A trustee administers the trust accounts and we are permitted to withdraw from the trust accounts amounts due to us pursuant to the terms of the reinsurance agreements that are not otherwise paid by UFLIC. In addition, pursuant to a Capital Maintenance Agreement, General Electric Capital Corporation, an indirect subsidiary of General Electric Company ("GE"), previously agreed to maintain sufficient capital in UFLIC to maintain UFLIC's risk-based capital ("RBC") at not less than 150% of its company action level, as defined from time to time by the National Association of Insurance Commissioners ("NAIC"). In connection with its announced realignment and reorganization of the business of General Electric Capital Corporation in December 2015, General Electric Capital Corporation merged with and into GE. As a result, GE is the successor obligor under the Capital Maintenance Agreement.

Under the terms of certain reinsurance agreements that our life insurance subsidiaries have with external parties, we pledged assets in either separate portfolios or in trust for the benefit of external reinsurers. These assets support the reserves ceded to those external reinsurers. We had pledged fixed maturity securities and commercial mortgage loans of $8,324 million and $347 million, respectively, as of December 31, 2015 and $8,737 million and $544 million, respectively, as of December 31, 2014 in connection with these reinsurance agreements. However, we maintain the ability to substitute these pledged assets for other qualified collateral, and may use, commingle, encumber or dispose of any portion of the collateral as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

As of December 31, 2014, under the terms of certain reinsurance agreements that our international insurance subsidiaries had with external parties, we deposited $33 million of assets in an authorized account for the benefit of the external reinsurers. These pledged assets supported the reserves and certain expenses in accordance with the reinsurance agreement. In 2015, these reinsurance agreements were terminated and the related assets previously held on deposit were no longer pledged.

The following table sets forth net domestic life insurance in-force as of December 31:

(Amounts in millions)	2015	2014	2013
Direct life insurance in-force	$ 686,446	$ 701,797	$ 708,271
Amounts assumed from other companies	899	935	1,070
Amounts ceded to other companies (1)	(411,340)	(393,244)	(313,593)
Net life insurance in-force	$ 276,005	$ 309,488	$ 395,748
Percentage of amount assumed to net	— %	— %	— %

(1) Includes amounts accounted for under the deposit method.

The following table sets forth the effects of reinsurance on premiums written and earned for the years ended December 31:

	Written			Earned		
(Amounts in millions)	2015	2014	2013	2015	2014	2013
Direct:						
Life insurance	$ 1,030	$ 1,131	$ 1,088	$ 1,030	$ 1,131	$ 1,088
Accident and health insurance	2,764	2,706	2,584	2,778	2,697	2,565
Mortgage insurance	1,754	1,814	1,682	1,514	1,588	1,608
Total direct	5,548	5,651	5,354	5,322	5,416	5,261
Assumed:						
Life insurance	34	34	3	34	34	3
Accident and health insurance	342	343	345	347	348	350
Mortgage insurance	10	20	19	22	31	33
Total assumed	386	397	367	403	413	386
Ceded:						
Life insurance	(372)	(332)	(340)	(372)	(332)	(340)
Accident and health insurance	(682)	(708)	(709)	(688)	(706)	(700)
Mortgage insurance	(86)	(95)	(92)	(86)	(91)	(91)
Total ceded	(1,140)	(1,135)	(1,141)	(1,146)	(1,129)	(1,131)
Net premiums	$ 4,794	$ 4,913	$ 4,580	$ 4,579	$ 4,700	$ 4,516
Percentage of amount assumed to net				9%	9%	9%

Reinsurance recoveries recognized as a reduction of benefits and other changes in policy reserves amounted to $2,771 million, $2,846 million and $2,641 million during 2015, 2014 and 2013, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(9) Insurance Reserves

Future Policy Benefits

The following table sets forth our recorded liabilities and the major assumptions underlying our future policy benefits as of December 31:

(Amounts in millions)	Mortality/ morbidity assumption	Interest rate assumption	2015	2014
Long-term care insurance contracts	(a)	3.50% - 7.50%	$20,563	$19,310
Structured settlements with life contingencies	(b)	1.50% - 8.00%	8,991	9,133
Annuity contracts with life contingencies	(b)	1.50% - 8.00%	4,010	4,470
Traditional life insurance contracts	(c)	3.00% - 7.50%	2,638	2,733
Supplementary contracts with life contingencies	(b)	1.50% - 8.00%	269	265
Accident and health insurance contracts	(d)	3.50% - 7.00%	4	4
Total future policy benefits			$36,475	$35,915

(a) The 1983 Individual Annuitant Mortality Table or 2000 U.S. Annuity Table, or 1983 Group Annuitant Mortality Table or 1994 Group Annuitant Mortality Table and company experience.

(b) Assumptions for limited-payment contracts come from either the U.S. Population Table, 1983 Group Annuitant Mortality Table, 1983 Individual Annuitant Mortality Table, Annuity 2000 Mortality Table or 2012 Individual Annuity Reserving Table.

(c) Principally modifications based on company experience of the Society of Actuaries 1965-70 or 1975-80 Select and Ultimate Tables, 1941, 1958, 1980 and 2001 Commissioner's Standard Ordinary Tables, 1980 Commissioner's Extended Term table and (IA) Standard Table 1996 (modified).

(d) The 1958 and 1980 Commissioner's Standard Ordinary Tables, or 2000 U.S. Annuity Table, or 1983 Group Annuitant Mortality.

We regularly review our assumptions and perform loss recognition testing at least annually. During the fourth quarter of 2014, loss recognition testing for our acquired block of long-term care insurance business resulted in a premium deficiency. As a result, we wrote off the PVFP balance of $6 million and increased reserves $710 million. The results of the test in 2014 were driven by changes to assumptions and methodologies primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates. The 2015 test did not result in a charge. The liability for future policy benefits for our acquired block of long-term care insurance business represents our current best estimate; however, there may be future adjustments to this estimate and related assumptions. Such adjustments, reflecting any variety of new and adverse trends, could possibly be significant and result in further increases in the related future policy benefit reserves for this block of business by an amount that could be material to our results of operations and financial condition and liquidity.

As of December 31, 2015, we recorded additional future policy benefit reserves of $13 million on our consolidated balance sheet to accrue for profits followed by losses in our long-term care insurance business and increased benefits and other changes in policy reserves in our consolidated income statement for the same amount for the year ended December 31, 2015. Given there were no profits in our long-term care insurance business in 2014, no accrual was recorded in that year. The current present value of expected losses was approximately $500 million as of December 31, 2015. However, there may be future adjustments to this estimate reflecting any variety of new and adverse trends that could result in increases to future policy benefit reserves for profits followed by losses accrual, and such future increases could possibly be material to our results of operations and financial condition and liquidity.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Policyholder Account Balances

The following table sets forth our recorded liabilities for policyholder account balances as of December 31:

(Amounts in millions)	2015	2014
Annuity contracts	$14,376	$14,406
GICs, funding agreements and FABNs	410	493
Structured settlements without life contingencies	1,694	1,828
Supplementary contracts without life contingencies	762	742
Other	16	17
Total investment contracts	17,258	17,486
Universal life insurance contracts	8,951	8,546
Total policyholder account balances	$26,209	$26,032

In the fourth quarter of 2015, as part of our annual review of assumptions, we increased our liability for policyholder account balances by $175 million for our universal and term universal life insurance products, reflecting updated assumptions for persistency, long-term interest rates, mortality and other refinements.

Certain of our U.S. life insurance companies are members of the Federal Home Loan Bank (the "FHLB") system in their respective regions. As of December 31, 2015 and 2014, we held $30 million and $33 million, respectively, of FHLB common stock related to those memberships which was included in equity securities. We have outstanding funding agreements with the FHLBs and also have letters of credit which have not been drawn upon. The FHLBs have been granted a lien on certain of our invested assets to collateralize our obligations; however, we maintain the ability to substitute these pledged assets for other qualified collateral, and may use, commingle, encumber or dispose of any portion of the collateral as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level. Upon any event of default by us, the FHLB's recovery on the collateral is limited to the amount of our funding agreement liabilities to the FHLB. The amount of funding agreements outstanding with the FHLB was $105 million and $199 million, respectively, as of December 31, 2015 and 2014 which was included in policyholder account balances. We had letters of credit related to the FHLB of $583 million as of December 31, 2015 and 2014. These funding agreements and letters of credit were collateralized by fixed maturity securities with a fair value of $742 million and $854 million, respectively, as of December 31, 2015 and 2014.

Certain Non-traditional Long-Duration Contracts

The following table sets forth information about our variable annuity products with death and living benefit guarantees as of December 31:

(Dollar amounts in millions)	2015	2014
Account values with death benefit guarantees (net of reinsurance):		
Standard death benefits (return of net deposits) account value	$2,512	$2,877
Net amount at risk	$ 5	$ 5
Average attained age of contractholders	73	72
Enhanced death benefits (ratchet, rollup) account value	$2,866	$3,443
Net amount at risk	$ 188	$ 119
Average attained age of contractholders	73	73
Account values with living benefit guarantees:		
GMWBs	$3,111	$3,675
Guaranteed annuitization benefits	$1,181	$1,362

Variable annuity contracts may contain more than one death or living benefit; therefore, the amounts listed above are not mutually exclusive. Substantially all of our variable annuity contracts have some form of GMDB.

As of December 31, 2015 and 2014, our total liability associated with variable annuity contracts with minimum guarantees was approximately $6,170 million and $7,108 million, respectively. The liability, net of reinsurance, for our variable annuity contracts with GMDB and guaranteed annuitization benefits was $72 million and $55 million as of December 31, 2015 and 2014, respectively.

The contracts underlying the lifetime benefits such as GMWB and guaranteed annuitization benefits are considered "in the money" if the contractholder's benefit base, or the protected value, is greater than the account value. As of December 31, 2015 and 2014, our exposure related to GMWB and guaranteed annuitization benefit contracts that were considered "in the money" was $745 million and $532 million, respectively. For GMWBs and guaranteed annuitization benefits, the only way the contractholder can monetize the excess of the benefit base over the account value of the contract is through lifetime withdrawals or lifetime income payments after annuitization.

Account balances of variable annuity contracts with death or living benefit guarantees were invested in separate account investment options as follows as of December 31:

(Amounts in millions)	2015	2014
Balanced funds	$3,304	$3,848
Equity funds	1,387	1,639
Bond funds	576	707
Money market funds	85	96
Total	$5,352	$6,290

(10) Liability for Policy and Contract Claims

The following table sets forth our recorded liability for policy and contract claims by business as of December 31:

(Amounts in millions)	2015	2014
Long-term care insurance	$6,749	$6,216
U.S. mortgage insurance	849	1,180
Life insurance	202	197
Australia mortgage insurance	165	152
Canada mortgage insurance	87	91
Fixed annuities	18	21
Runoff	18	15
Other mortgage insurance	7	9
Total liability for policy and contract claims	$8,095	$7,881

The liability for policy and contract claims represents our current best estimate; however, there may be future adjustments to this estimate and related assumptions. Such adjustments, reflecting any variety of new and adverse trends, could possibly be significant, and result in increases in reserves by an amount that could be material to our results of operations and financial condition and liquidity.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Long-term care insurance

The following table sets forth changes in the liability for policy and contract claims for our long-term care insurance business for the dates indicated:

(Amounts in millions)	2015	2014	2013
Beginning balance as of January 1	$ 6,216	$ 4,999	$ 4,655
Less reinsurance recoverables	(1,926)	(1,707)	(1,574)
Net balance as of January 1	4,290	3,292	3,081
Incurred related to insured events of:			
Current year	1,655	1,474	1,323
Prior years	39	726	3
Total incurred	1,694	2,200	1,326
Paid related to insured events of:			
Current year	(151)	(134)	(131)
Prior years	(1,371)	(1,263)	(1,160)
Total paid	(1,522)	(1,397)	(1,291)
Interest on liability for policy and contract claims	232	195	176
Net balance as of December 31	4,694	4,290	3,292
Add reinsurance recoverables	2,055	1,926	1,707
Ending balance as of December 31	$ 6,749	$ 6,216	$ 4,999

In 2015, the incurred amount of $39 million related to insured events of prior years increased primarily from lower claim termination rates, partially offset by $25 million of net favorable corrections and adjustments in 2015.

In 2014, the incurred amount of $726 million related to insured events of prior years increased largely as a result of the completion of a comprehensive review of our long-term care insurance claim reserves conducted during the third quarter of 2014 which resulted in recording higher reserves of $604 million and an increase in reinsurance recoverables of $73 million. This review was commenced as a result of adverse claims experience during the second quarter of 2014 and in connection with our regular review of our claim reserves assumptions during the third quarter of each year. As a result of this review, we made changes to our assumptions and methodologies relating to our long-term care insurance claim reserves primarily impacting claim termination rates, most significantly in later-duration claims, and benefit utilization rates, reflecting that claims are not terminating as quickly and claimants are utilizing more of their available benefits in aggregate than had previously been assumed in our reserve calculations. In conducting the review, we increased the population of claims reviewed, utilizing more of our recent data. During the third quarter of 2014, we also recorded a $61 million unfavorable correction to claim reserves related to a calculation of benefit utilization for policies with a benefit inflation option. This error arose prior to 2011 and was not material to earnings in any interim or annual period. During the fourth quarter of 2014, we recorded an $81 million unfavorable correction to claim reserves primarily related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014 and a $21 million unfavorable adjustment related to a revised interest rate assumption, partially offset by a $49 million favorable refinement of assumptions for claim termination rates. As a result of these items, we also recorded an increase in reinsurance recoverables of $17 million in 2014. The remaining increase was attributable to aging and growth of the in-force block.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

In 2013, the incurred amount of $3 million related to insured events of prior years increased predominantly from growth and aging of the in-force block.

U.S. mortgage insurance

The following table sets forth changes in the liability for policy and contract claims for our U.S. mortgage insurance business for the dates indicated:

(Amounts in millions)	2015	2014	2013
Beginning balance as of January 1	$ 1,180	$ 1,482	$ 2,009
Less reinsurance recoverables	(24)	(44)	(80)
Net balance as of January 1	1,156	1,438	1,929
Incurred related to insured events of:			
Current year	236	328	476
Prior years	(14)	29	(63)
Total incurred	222	357	413
Paid related to insured events of:			
Current year	(13)	(21)	(45)
Prior years	(521)	(618)	(859)
Total paid	(534)	(639)	(904)
Net balance as of December 31	844	1,156	1,438
Add reinsurance recoverables	5	24	44
Ending balance as of December 31	$ 849	$ 1,180	$ 1,482

In 2015, the incurred amount of $14 million related to insured events of prior years decreased largely related to favorable aging of existing delinquencies.

In 2014, the incurred amount of $29 million related to insured events of prior years increased primarily related to an aggregate increase in our claim reserves of $53 million in connection with the settlement agreement with Bank of America, N.A. and discussions with another servicer in an effort to resolve pending disputes over loss mitigation activities. This increase was partially offset by favorable aging on existing delinquencies in 2014.

In 2013, the incurred amount of $63 million related to insured events of prior years decreased primarily from improvements in net cures.

(11) Employee Benefit Plans

(a) Pension and Retiree Health and Life Insurance Benefit Plans

Essentially all of our employees are enrolled in a qualified defined contribution pension plan. The plan is 100% funded by Genworth. We make annual contributions to each employee’s pension plan account based on the employee’s age, service and eligible pay. Employees are vested in the plan after three years of service. As of December 31, 2015 and 2014, we recorded a liability related to these benefits of $13 million.

In addition, certain employees also participate in non-qualified defined contribution plans and in qualified and non-qualified defined benefit pension plans. The plan assets, projected benefit obligation and accumulated

benefit obligation liabilities of these plans were not material to our consolidated financial statements individually or in the aggregate. As of December 31, 2015 and 2014, we recorded a liability related to these plans of $78 million and $71 million, respectively, which we accrued in other liabilities in the consolidated balance sheets. In 2015, we recognized an increase of $30 million in OCI. In 2014, we recognized a decrease of $34 million in OCI related to these plans.

In connection with the sale of our lifestyle protection insurance business in December 2015, we wrote off our pension benefit assets of $17 million and recognized all of the unrealized actuarial losses of $15 million related to the U.K. pension plan. In addition, related to the settlement of the U.K. pension plan, we agreed to purchase a group annuity contract. To fully fund this group annuity contract, we incurred $69 million of expense in 2015, of which $58 million was paid in 2015. These items resulted in $101 million of pension settlement costs related to the sale. The amounts associated with the group annuity contract are held in a third-party trust for the benefit of the participants. It is our intent to completely settle the U.K. pension plan in 2016. See note 24 for additional details related to the sale of our lifestyle protection insurance business.

We provide retiree health benefits to domestic employees hired prior to January 1, 2005 who meet certain service requirements. Under this plan, retirees over 65 years of age receive a subsidy towards the purchase of a Medigap policy, and retirees under 65 years of age receive medical benefits similar to our employees' medical benefits. In December 2009, we announced that eligibility for retiree medical benefits will be limited to associates who are within 10 years of retirement eligibility as of January 1, 2010. This resulted in a negative plan amendment which will be amortized over the average future service of the participants. We also provide retiree life and long-term care insurance benefits. The plans are funded as claims are incurred. As of December 31, 2015 and 2014, the accumulated postretirement benefit obligation associated with these benefits was $78 million and $90 million, respectively, which we accrued in other liabilities in the consolidated balance sheets. In 2015, we recognized an increase of $13 million in OCI. In 2014, we recognized a decrease of $10 million in OCI.

Our cost associated with our pension, retiree health and life insurance benefit plans was $25 million, $21 million and $22 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(b) Savings Plans

Our domestic employees participate in qualified and non-qualified defined contribution savings plans that allow employees to contribute a portion of their pay to the plan on a pre-tax basis. We match these contributions, which vest immediately, up to 6% of the employee's pay. Employees hired on or after January 1, 2011 will not vest immediately in Genworth matching contributions but will fully vest in the matching contributions after two complete years of service. One option available to employees in the defined contribution savings plan is the ClearCourse® variable annuity option offered by certain of our life insurance subsidiaries. The amount of deposits recorded by our life insurance subsidiaries in 2015 and 2014 in relation to this plan option was $1 million for each year. Employees also have the option of purchasing a fund which invests primarily in Genworth stock as part of the defined contribution savings plan. Our cost associated with these plans was $17 million, $16 million and $17 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(c) Health and Welfare Benefits for Active Employees

We provide health and welfare benefits to our employees, including health, life, disability, dental and long-term care insurance. Our long-term care insurance is provided through our group long-term care insurance products. The premiums recorded by this business related to these benefits were insignificant during 2015, 2014 and 2013.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(12) Borrowings and Other Financings

(a) Short-Term Borrowings

Revolving Credit Facility

In September 2013, Genworth Financial and Genworth Holdings entered into a Credit Agreement (the "Credit Agreement") which provides Genworth Holdings with a $300 million multi-currency revolving credit facility, with a $100 million sublimit for letters of credit. The credit facility is available on a revolving basis until September 26, 2016, unless the commitments are terminated earlier either at the request of Genworth Holdings or by the lenders as a result of any event of default. The proceeds of the loans may be used for working capital and general corporate purposes. As of December 31, 2015 and 2014, there was no amount outstanding under the credit facility. The obligations under the Credit Agreement are unsecured and payment of Genworth Holdings' obligations is fully and unconditionally guaranteed by Genworth Financial.

Any borrowings under the revolving credit facility will bear interest at a rate per annum equal to, at the option of Genworth Holdings, (i) a rate based on the greater of JPMorgan Chase Bank N.A.'s prime rate, the federal funds rate and the one-month adjusted London Interbank Offered Rate ("LIBOR") from time to time, or (ii) with respect to euro currency borrowings, a rate based on the LIBOR from time to time, plus in each case a margin that fluctuates based upon the ratings assigned from time to time by Moody's Investors Service, Inc. and Standard & Poor's Rating Group to Genworth Holdings' senior unsecured long-term indebtedness for borrowed money that is not guaranteed by any other person other than Genworth Financial or subject to any other credit enhancement. Genworth Holdings will also pay a commitment fee at a rate that varies with Genworth Holdings' senior unsecured long-term indebtedness ratings and that is calculated on the average daily unused amount of the commitments, payable quarterly in arrears.

The Credit Agreement contains representations, warranties, covenants, terms and conditions customary for transactions of this type. These include negative covenants limiting the ability of Genworth Holdings and its subsidiaries, to: (1) create liens other than permitted liens; (2) in the case of Genworth Holdings and Genworth Life Insurance Company ("GLIC"), merge into or consolidate with any other person or permit any person to merge into or consolidate with them unless Genworth Holdings or GLIC, as applicable, is the surviving person; (3) sell, transfer, lease, or otherwise dispose of all or substantially all of the assets of Genworth Holdings and its subsidiaries, taken as a whole, and the equity interest in or assets of GLIC, subject to certain excluded transactions; (4) enter into certain transactions with affiliates; and (5) enter into certain restrictive agreements. In addition, Genworth Financial agrees not to permit Priority Indebtedness (as defined in the Credit Agreement) to exceed 7.5% of its consolidated total capitalization (as defined in the Credit Agreement) as of the end of any fiscal quarter ending on and after September 30, 2013.

The Credit Agreement also contains financial covenants that require Genworth Financial not to permit (i) its capitalization ratio (as defined in the Credit Agreement) to be greater than 0.35 to 1.00, and (ii) its consolidated net worth (as defined in the Credit Agreement) to be less than the sum of $8.9 billion plus 50% of its consolidated net income (as defined in the Credit Agreement), in each case as of the end of each fiscal quarter ending on and after September 30, 2013.

The Credit Agreement contains certain customary events of default, subject to customary grace periods, including, among others: (1) failure to pay when due principal, interest or any other amounts due and payable under the Credit Agreement; (2) incorrectness in any material respect of representations and warranties when

made or deemed made; (3) breach of specified covenants; (4) cross-defaults with other material indebtedness (as defined in the Credit Agreement) exceeding an aggregate principal amount of $100 million; (5) certain ERISA (Employee Retirement Income Security Act of 1974) events, (6) bankruptcy and insolvency events, (7) occurrence of a change in control of either Genworth Financial or Genworth Holdings; (8) inability to pay debts as they become due; (9) certain undischarged judgments; (10) Genworth Financial's guarantee ceases to be valid, binding and enforceable in accordance with its terms; or (11) issuance by any insurance regulatory official of any material corrective order or initiation by any such official of any material regulatory proceeding to oversee or direct management, if such order of proceeding continues undismissed for a period of 30 days.

(b) Long-Term Borrowings

The following table sets forth total long-term borrowings as of December 31:

(Amounts in millions)	2015	2014
Genworth Holdings		
8.625% Senior Notes, due 2016	$ 298	$ 300
6.52% Senior Notes, due 2018	598	600
7.70% Senior Notes, due 2020	397	400
7.20% Senior Notes, due 2021	389	399
7.625% Senior Notes, due 2021	724	758
4.90% Senior Notes, due 2023	399	399
4.80% Senior Notes, due 2024	400	400
6.50% Senior Notes, due 2034	297	297
6.15% Fixed-to-Floating Rate Junior Subordinated Notes, due 2066	598	598
Subtotal	4,100	4,151
Deferred borrowing charges	(21)	(24)
Total Genworth Holdings	4,079	4,127
Canada		
5.68% Senior Notes, due 2020	199	236
4.24% Senior Notes, due 2024	116	138
Subtotal	315	374
Deferred borrowing charges	(2)	(2)
Total Canada	313	372
Australia		
Floating Rate Junior Notes, due 2021	36	114
Floating Rate Junior Notes, due 2025	146	—
Subtotal	182	114
Deferred borrowing charges	(4)	(1)
Total Australia	178	113
Total	$4,570	$4,612

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Genworth Holdings

Long-Term Senior Notes

As of December 31, 2015, Genworth Holdings had outstanding eight series of fixed rate senior notes with varying interest rates between 4.80% and 8.625% and maturity dates between 2016 and 2034. The senior notes are Genworth Holdings' direct, unsecured obligations and rank equally in right of payment with all of its existing and future unsecured and unsubordinated obligations. Genworth Financial provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding senior notes and the holders of the senior notes, on an unsecured unsubordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, each outstanding series of senior notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the senior notes indenture in respect of such senior notes. We have the option to redeem all or a portion of each series of senior notes at any time with notice to the noteholders at a price equal to the greater of 100% of principal or the sum of the present value of the remaining scheduled payments of principal and interest discounted at the then-current treasury rate plus an applicable spread.

In January 2016, Genworth Holdings redeemed $298 million of its 8.625% senior notes due 2016 issued in December 2009 (the "2016 Notes") and paid accrued and unpaid interest and a make-whole premium of approximately $23 million pre-tax.

During the third quarter of 2015, Genworth Holdings repurchased $50 million aggregate principal amount of its senior notes for a pre-tax loss of $1 million and paid accrued and unpaid interest thereon.

Genworth Holdings repaid $485 million of its 5.75% senior notes due 2014 issued in June 2004 (the "2014 Notes") in June 2014 from cash on hand.

In December 2013, Genworth Holdings issued $400 million aggregate principal amount of senior notes, with an interest rate of 4.80% per year payable semi-annually, and maturing in 2024 ("2024 Notes"). The net proceeds of $397 million from the issuance of the 2024 Notes, together with cash on hand at Genworth Financial, were used to contribute $100 million to GMICO, our primary U.S. mortgage insurance subsidiary, and an additional $300 million was contributed to a U.S. mortgage holding company to be used to satisfy all or part of the higher capital requirements expected to be imposed by the government-sponsored enterprises ("GSEs") as part of the anticipated revisions to their asset-and capital-related requirements. In May 2014, our U.S. mortgage holding company contributed the additional $300 million to GMICO.

In August 2013, Genworth Holdings issued $400 million aggregate principal amount of 4.90% senior notes due 2023 (the "2023 Notes"). The net proceeds of $396 million from the issuance of the 2023 Notes, together with cash on hand at Genworth Holdings, were used to redeem all $346 million of the remaining outstanding aggregate principal amount of Genworth Holdings' 4.95% senior notes due 2015 (the "2015 Notes") and pay accrued and unpaid interest on such notes and pay a make-whole payment of approximately $30 million pre-tax.

During 2013, Genworth Holdings repurchased $15 million aggregate principal amount of the 2014 Notes, and paid accrued and unpaid interest thereon. In June 2013, Genworth Holdings repurchased $4 million aggregate principal amount of the 2015 Notes, and paid accrued and unpaid interest thereon.

Long-Term Junior Subordinated Notes

As of December 31, 2015, Genworth Holdings had outstanding fixed-to-floating rate junior notes having an aggregate principal amount of $598 million, with an annual interest rate equal to 6.15% payable semi-annually,

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

until November 15, 2016, at which point the annual interest rate will be equal to the three-month LIBOR plus 2.0025% payable quarterly, until the notes mature in November 2066 ("2066 Notes"). Subject to certain conditions, Genworth Holdings has the right, on one or more occasions, to defer the payment of interest on the 2066 Notes during any period of up to 10 years without giving rise to an event of default and without permitting acceleration under the terms of the 2066 Notes. Genworth Holdings will not be required to settle deferred interest payments until it has deferred interest for five years or made a payment of current interest. In the event of our bankruptcy, holders will have a limited claim for deferred interest.

Genworth Holdings may redeem the 2066 Notes on November 15, 2036, the "scheduled redemption date," but only to the extent that it has received net proceeds from the sale of certain qualifying capital securities. Genworth Holdings may redeem the 2066 Notes (i) in whole or in part, at any time on or after November 15, 2016 at their principal amount plus accrued and unpaid interest to the date of redemption or (ii) in whole or in part, prior to November 15, 2016 at their principal amount plus accrued and unpaid interest to the date of redemption or, if greater, a make-whole price.

The 2066 Notes will be subordinated to all existing and future senior, subordinated and junior subordinated debt of Genworth Holdings, except for any future debt that by its terms is not superior in right of payment, and will be effectively subordinated to all liabilities of our subsidiaries. Genworth Financial provides a full and unconditional guarantee to the trustee of the 2066 Notes and the holders of the 2066 Notes, on an unsecured subordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, the outstanding 2066 Notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the 2066 Notes indenture in respect of the 2066 Notes.

In connection with the issuance of the 2066 Notes, we entered into a Replacement Capital Covenant (the "Replacement Capital Covenant"), whereby we agreed, for the benefit of holders of our 6.5% Senior Notes due 2034, that Genworth Holdings will not repay, redeem or repurchase all or any part of the 2066 Notes on or before November 15, 2046, unless such repayment, redemption or repurchase is made from the proceeds of the issuance of certain replacement capital securities and pursuant to the other terms and conditions set forth in the Replacement Capital Covenant.

Canada

As of December 31, 2015, Genworth MI Canada Inc. ("Genworth Canada"), our indirect majority-owned subsidiary, had outstanding two series of fixed rate senior notes with interest rates of 5.68% and 4.24% and maturity dates of 2020 and 2024, respectively. The senior notes are redeemable at the option of Genworth Canada, in whole or in part, at any time.

In April 2014, Genworth Canada issued CAD$160 million aggregate principal amount of 4.24% senior notes (the "2024 Canada Notes"). The net proceeds of the offering of the 2024 Canada Notes were used to redeem, in full, the CAD$150 million outstanding principal on its existing 4.59% senior notes due 2015. In conjunction with the redemption, Genworth Canada made an early redemption payment to existing noteholders of approximately CAD$7 million and accrued interest of approximately CAD$2 million in the second quarter of 2014.

Australia

As of December 31, 2015, Genworth Financial Mortgage Insurance Pty Limited, our indirect majority-owned subsidiary, had outstanding two series of subordinated floating rate notes with an interest rate of three-month Bank Bill Swap reference rate plus a margin of 4.75% and 3.50% and maturity dates of 2021 and 2025, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

In July 2015, Genworth Financial Mortgage Insurance Pty Limited issued AUD$200 million of subordinated floating rate notes due 2025 (the "2025 Australia Notes") with an interest rate of three-month Bank Bill Swap reference rate plus a margin of 3.50%. Genworth Financial Mortgage Insurance Pty Limited used the proceeds it received from this transaction to redeem AUD$90 million of its outstanding debt and for general corporate purposes and incurred a $2 million pre-tax early redemption payment.

(c) Non-Recourse Funding Obligations

The following table sets forth the non-recourse funding obligations (surplus notes) of our wholly-owned, special purpose consolidated captive insurance subsidiaries as of December 31:

(Amounts in millions) Issuance	2015	2014
River Lake Insurance Company [a], due 2033	$ 570	$ 570
River Lake Insurance Company [b], due 2033	405	435
River Lake Insurance Company II [a], due 2035	192	192
River Lake Insurance Company II [b], due 2035	453	484
Rivermont Life Insurance Company I [a], due 2050	315	315
Subtotal	1,935	1,996
Deferred borrowing charges	(15)	(15)
Total	$1,920	$1,981

(a) Accrual of interest based on one-month LIBOR that resets every 28 days plus a fixed margin.
(b) Accrual of interest based on one-month LIBOR that resets on a specified date each month plus a contractual margin.

These surplus notes bear a floating rate of interest and have been deposited into a series of trusts that have issued money market or term securities. Both principal and interest payments on the money market and term securities are guaranteed by a third-party insurance company. The holders of the money market or term securities cannot require repayment from us or any of our subsidiaries, other than the River Lake and Rivermont Insurance Companies, as applicable, the direct issuers of the notes. We have provided a limited guarantee to Rivermont Life Insurance Company I ("Rivermont I"), where under adverse interest rate, mortality or lapse scenarios (or combination thereof), we may be required to provide additional funds to Rivermont I. GLAIC, our wholly-owned subsidiary, has agreed to indemnify the issuers and the third-party insurer for certain limited costs related to the issuance of these obligations.

Any payment of principal, including by redemption, or interest on the notes may only be made with the prior approval of the Director of Insurance of the State of South Carolina in accordance with the terms of its licensing orders and in accordance with applicable law. The holders of the notes have no rights to accelerate payment of principal of the notes under any circumstances, including without limitation, for non-payment or breach of any covenant. Each issuer reserves the right to repay the notes that it has issued at any time, subject to prior regulatory approval.

During 2015, 2014 and 2013, River Lake Insurance Company, our indirect wholly-owned subsidiary, repaid $30 million, $26 million and $28 million, respectively, of its total outstanding floating rate subordinated notes due in 2033.

During 2015 and 2014, River Lake Insurance Company II ("River Lake II"), our indirect wholly-owned subsidiary, repaid $31 million and $16 million, respectively, of its total outstanding floating rate subordinated notes due in 2035.

The weighted-average interest rates on the non-recourse funding obligations as of December 31, 2015 and 2014 were 1.73% and 1.51%, respectively.

In connection with the life block transaction with Protective Life discussed in note 6, River Lake Insurance Company and River Lake II will redeem their outstanding floating rate subordinated notes in the first quarter of 2016.

(d) Liquidity

Principal amounts under our long-term borrowings (including senior notes) and non-recourse funding obligations by maturity were as follows as of December 31, 2015:

(Amounts in millions)	Amount
2016	$ 298
2017	—
2018	598
2019	—
2020 and thereafter (1)	5,636
Total	$ 6,532

(1) Repayment of $1.9 billion of our non-recourse funding obligations requires regulatory approval.

Our liquidity requirements are principally met through cash flows from operations.

(e) Repurchase agreements and securities lending activity

Repurchase agreements

As of December 31, 2015 and 2014, the fair value of securities pledged under the repurchase program was $231 million and $592 million, respectively, and the repurchase obligation of $229 million and $553 million, respectively, was included in other liabilities in the consolidated balance sheets.

Securities lending activity

Under our securities lending program in the United States, the borrower is required to provide collateral, which can consist of cash or government securities, on a daily basis in amounts equal to or exceeding 102% of the value of the loaned securities. Currently, we only accept cash collateral from borrowers under the program. Cash collateral received by us on securities lending transactions is reflected in other invested assets with an offsetting liability recognized in other liabilities for the obligation to return the collateral. Any cash collateral received is reinvested by our custodian based upon the investment guidelines provided within our agreement. In the United States, the reinvested cash collateral is primarily invested in a money market fund approved by the NAIC, U.S. and foreign government securities, U.S. government agency securities, asset-backed securities and corporate debt securities. As of December 31, 2015 and 2014, the fair value of securities loaned under our securities lending program in the United States was $334 million and $288 million, respectively. As of

December 31, 2015 and 2014, the fair value of collateral held under our securities lending program in the United States was $347 million and $289 million, respectively, and the offsetting obligation to return collateral of $347 million and $299 million, respectively, was included in other liabilities in the consolidated balance sheets. We did not have any non-cash collateral provided by the borrowers in our securities lending program in the United States as of December 31, 2015 and 2014.

Under our securities lending program in Canada, the borrower is required to provide collateral consisting of government securities on a daily basis in amounts equal to or exceeding 105% of the fair value of the applicable securities loaned. Securities received from counterparties as collateral are not recorded on our consolidated balance sheet given that the risk and rewards of ownership is not transferred from the counterparties to us in the course of such transactions. Additionally, there was no cash collateral because it is not permitted as an acceptable form of collateral under the program. In Canada, the lending institution must be included on the approved Securities Lending Borrowers List with the Canadian regulator and the intermediary must be rated at least "AA-" by Standard & Poor's Financial Services LLC. As of December 31, 2015 and 2014, the fair value of securities loaned under our securities lending program in Canada was $340 million and $371 million, respectively.

Risks associated with repurchase agreements and securities lending programs

Our repurchase agreement and securities lending programs expose us to liquidity risk if we did not have enough cash or collateral readily available to return to the counterparty when required to do so under the agreements. We manage this risk by regularly monitoring our available sources of cash and collateral to ensure we can meet short-term liquidity demands under normal and stressed scenarios.

We are also exposed to credit risk in the event of default of our counterparties or changes in collateral values. This risk is significantly reduced because our programs require over collateralization and collateral exposures are trued up on a daily basis. We manage this risk by using multiple counterparties and ensuring that changes in required collateral are monitored and adjusted daily. We also monitor the creditworthiness, including credit ratings, of our counterparties on a regular basis.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Contractual maturity

The following tables present the remaining contractual maturity of the agreements as of December 31:

	2015				
(Amounts in millions)	Overnight and continuous	Up to 30 days	31 - 90 days	Greater than 90 days	Total
Repurchase agreements:					
U.S. government, agencies and government-sponsored enterprises	$ —	$ 58	$ 25	$ 146	$229
Securities lending:					
Fixed maturity securities:					
U.S. government, agencies and government-sponsored enterprises	18	—	—	—	18
Non-U.S. government	39	—	—	—	39
U.S. corporate	95	—	—	—	95
Non-U.S. corporate	190	—	—	—	190
Subtotal, fixed maturity securities	342	—	—	—	342
Equity securities	5	—	—	—	5
Total securities lending	347	—	—	—	347
Total repurchase agreements and securities lending	$ 347	$ 58	$ 25	$ 146	$576

	2014				
(Amounts in millions)	Overnight and continuous	Up to 30 days	31 - 90 days	Greater than 90 days	Total
Repurchase agreements:					
U.S. government, agencies and government-sponsored enterprises	$ —	$ 129	$ 123	$ 301	$553
Securities lending:					
Fixed maturity securities:					
U.S. government, agencies and government-sponsored enterprises	36	—	—	—	36
Non-U.S. government	32	—	—	—	32
U.S. corporate	66	—	—	—	66
Non-U.S. corporate	163	—	—	—	163
Subtotal, fixed maturity securities	297	—	—	—	297
Equity securities	2	—	—	—	2
Total securities lending	299	—	—	—	299
Total repurchase agreements and securities lending	$ 299	$ 129	$ 123	$ 301	$852

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(13) Income Taxes

Income (loss) from continuing operations before income taxes included the following components for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Domestic	$(468)	$(2,022)	$283
Foreign	453	723	710
Income (loss) from continuing operations before income taxes	$ (15)	$(1,299)	$993

The total provision (benefit) for income taxes was as follows for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Current federal income taxes	$ 1	$ (3)	$ (12)
Deferred federal income taxes	(199)	(305)	137
Total federal income taxes	(198)	(308)	125
Current state income taxes	—	4	(1)
Deferred state income taxes	4	(4)	(9)
Total state income taxes	4	—	(10)
Current foreign income taxes	186	246	426
Deferred foreign income taxes	(1)	(32)	(228)
Total foreign income taxes	185	214	198
Total provision (benefit) for income taxes	$ (9)	$ (94)	$ 313

Our current income tax payable was $10 million and $35 million as of December 31, 2015 and 2014, respectively.

The reconciliation of the federal statutory tax rate to the effective income tax rate was as follows for the years ended December 31:

(Amounts in millions)	2015		2014		2013	
Pre-tax income (loss)	$ (15)		$(1,299)		$993	
Statutory U.S. federal income tax rate	$ (5)	35.0%	$ (455)	35.0%	$348	35.0%
Increase (reduction) in rate resulting from:						
State income tax, net of federal income tax effect	2	(18.0)	—	—	(2)	(0.2)
Benefit on tax favored investments	(14)	93.3	(19)	1.4	(18)	(1.8)
Effect of foreign operations	(20)	129.2	(66)	5.1	(66)	(6.6)
Net impact of repatriating foreign earnings	—	—	205	(15.8)	—	—
Interest on uncertain tax positions	—	—	(2)	0.1	(1)	(0.1)
Non-deductible expenses	(3)	22.0	4	(0.3)	2	0.2
Non-deductible goodwill	—	—	245	(18.8)	—	—
Valuation allowance	25	(165.0)	(6)	0.5	16	1.6
Stock-based compensation	5	(31.7)	4	(0.3)	25	2.5
Other, net	1	(6.8)	(4)	0.3	9	0.9
Effective rate	$ (9)	58.0%	$ (94)	7.2%	$313	31.5%

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

For the year ended December 31, 2015, the increase in the effective tax rate was primarily attributable to tax benefits on lower taxed foreign income, changes in uncertain tax positions and tax favored investments in relation to pre-tax results in 2015 as well as non-deductible goodwill impairments in 2014. These increases were partially offset by a valuation allowance established on a specific capital loss, tax expense related to our agreement to sell our European mortgage insurance business and stock-based compensation expense in 2015.

For the year ended December 31, 2014, the decrease in the effective tax rate was primarily attributable to non-deductible goodwill impairments in 2014 and a charge of $174 million in the fourth quarter of 2014 associated with our Australian mortgage insurance business as we can no longer assert our intent to permanently reinvest earnings in that business and $31 million in connection with our plans to sell our lifestyle protection insurance business from a change to the permanent reinvestment assertion on one of its legal entities.

The components of the net deferred income tax liability were as follows as of December 31:

(Amounts in millions)	2015	2014
Assets:		
Foreign tax credit carryforwards	$ 787	$ 666
Accrued commission and general expenses	199	203
State income taxes	302	275
Net operating loss carryforwards	1,727	1,797
Other	51	21
Gross deferred income tax assets	3,066	2,962
Valuation allowance	(353)	(296)
Total deferred income tax assets	2,713	2,666
Liabilities:		
Investments	29	86
Net unrealized gains on investment securities	639	1,260
Net unrealized gains on derivatives	218	222
Insurance reserves	751	491
DAC	863	1,115
PVFP and other intangibles	20	3
Investment in foreign subsidiaries	10	310
Other	52	37
Total deferred income tax liabilities	2,582	3,524
Net deferred income tax asset (liability)	$ 131	$ (858)

The above valuation allowances of $353 million and $296 million, respectively, related to state deferred tax assets, foreign net operating losses, capital losses, a specific federal separate tax return net operating loss deferred tax asset and foreign tax credits as of December 31, 2015 and 2014, respectively. The state deferred tax assets related primarily to the future deductions associated with the Section 338 elections and non-insurance net operating loss (“NOL”) carryforwards. The net increase in the valuation allowance during 2015 related to current year operations and changes in judgments regarding the future realization of deferred tax assets. Based on our analysis, we believe it is more likely than not that the results of future operations will generate sufficient taxable income to enable us to realize the deferred tax assets for which we have not established valuation allowances.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

NOL carryforwards amounted to $4,972 million as of December 31, 2015, and, if unused, will expire beginning in 2021. Foreign tax credit carryforwards amounted to $787 million as of December 31, 2015, and, if unused will begin to expire in 2019.

As a result of the losses incurred in 2015, we are in a three-year cumulative pre-tax loss position in our U.S. jurisdiction as of December 31, 2015. A cumulative loss position is considered significant negative evidence in assessing the realizability of our deferred tax assets. Our ability to realize our net U.S. deferred tax asset of $137 million, which includes deferred tax assets of $2,514 million related to net operating loss and foreign tax credit carryforwards, is primarily dependent upon generating sufficient taxable income in future years. Management has concluded that there is sufficient positive evidence to overcome this negative evidence. This positive evidence includes the fact that: (i) our three-year cumulative pre-tax loss position includes significant charges that are not expected to recur in the future, including goodwill impairments, long-term care acquired block loss recognition testing in our U.S. Life Insurance segment in 2014 that did not recur in 2015, a loss on the sale of our lifestyle protection insurance business in 2015 and an estimated loss recorded in 2015 related to the planned sale of our mortgage insurance business in Europe; (ii) our profitable U.S. operating forecasts, exclusive of tax planning strategies, result in full utilization of the net deferred tax assets within the U.S. federal carryforward periods based on our current projections, including already obtained and expected in-force premium rate actions in our long-term care insurance business and the lack of future sales for our traditional life insurance and fixed annuity products given our suspension of new sales included in these forecasts; and (iii) overall domestic losses that we have incurred are allowed to be reclassified as foreign source income to the extent of 50% of domestic source income produced in subsequent years, and such resulting foreign source income is sufficient to cover the foreign tax credits being carried forward. If our actual results do not validate the current projections of pre-tax income, we may be required to record a valuation allowance that could have a material impact on our consolidated financial statements in future periods.

As a consequence of our separation from GE, and our joint election with GE to treat that separation as an asset sale under Section 338 of the Internal Revenue Code, we became entitled to additional tax deductions in post IPO periods. As of December 31, 2015 and 2014, we have recorded in our consolidated balance sheets our estimates of the remaining deferred tax benefits associated with these deductions of $599 million. We are obligated, pursuant to our Tax Matters Agreement with GE, to make fixed payments to GE, over the next eight years, on an after-tax basis and subject to a cumulative maximum of $640 million, which is 80% of the projected tax savings associated with the Section 338 deductions. We recorded net interest expense of $11 million, $13 million and $15 million for the years ended December 31, 2015, 2014 and 2013, respectively, reflecting accretion of our liability at the Tax Matters Agreement rate of 5.72%. As of December 31, 2015 and 2014, we have recorded the estimated present value of our remaining obligation to GE of $188 million and $216 million, respectively, as a liability in our consolidated balance sheets. Both our IPO-related deferred tax assets and our obligation to GE are estimates that are subject to change.

In 2014 and 2013, we increased our deferred tax liability by $6 million and $17 million, respectively, with an offset to additional paid-in capital related to an unsupported tax balance that arose prior to our IPO.

U.S. deferred income taxes are not provided on unremitted foreign income that is considered permanently reinvested, which as of December 31, 2015, amounted to approximately $1,712 million related to our Canadian mortgage insurance business. It is not practicable to determine the income tax liability that might be incurred if all such income was remitted to the United States due to the inherent complexities associated with any hypothetical calculation. We will record deferred taxes in the period in which we are no longer able to assert unremitted earnings of foreign operations are permanently reinvested. Our Canadian mortgage insurance

business held cash and short-term investments of $178 million related to the unremitted earnings of foreign operations considered to be permanently reinvested as of December 31, 2015.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

(Amounts in millions)	2015	2014	2013
Balance as of January 1	$ 49	$ 41	$ 55
Tax positions related to the current period:			
Gross additions	5	7	3
Gross reductions	—	(3)	—
Tax positions related to the prior years:			
Gross additions	—	17	4
Gross reductions	(26)	(13)	(21)
Balance as of December 31	$ 28	$ 49	$ 41

The total amount of unrecognized tax benefits was $28 million as of December 31, 2015, of which $21 million, if recognized, would affect the effective rate on continuing operations. These unrecognized tax benefits included the impact of foreign currency translation from our international operations.

We recognize accrued interest and penalties related to unrecognized tax benefits as components of income tax expense. We recorded $1 million, $3 million and $1 million, respectively, of benefits related to interest and penalties during 2015, 2014 and 2013. We had no interest and penalties accrued as of December 31, 2015 and 2014.

Our companies have elected to file a single U.S. consolidated income tax return (the "life/non-life consolidated return"). All companies domesticated in the United States and our Bermuda and Guernsey subsidiaries, which have elected to be taxed as U.S. domestic companies, are included in the life/non-life consolidated return as allowed by the tax law and regulations. We have a tax sharing agreement in place and all intercompany balances related to this agreement are settled at least annually. With possible exceptions, we are no longer subject to U.S. Federal tax examinations for years through 2010. Any exposure with respect to these pre-2011 years has been sufficiently recorded in the financial statements. Potential state and local examinations for those years are generally restricted to results that are based on closed U.S. Federal examinations. For our life and non-life consolidated company federal income tax returns, all tax years prior to 2011 have been examined or reviewed. We are also responsible for any tax liability of any separate U.S. Federal and state pre-disposition period returns of former life insurance and non-insurance subsidiaries sold in the years 2011 to 2013. With respect to our foreign affiliates, there are various examinations ongoing by foreign jurisdictions with any material exposure liability related thereto being duly recorded in the financial statements.

We believe it is reasonably possible that in 2016 as a result of our open audits and appeals, up to approximately $11 million of unrecognized tax benefits will be recognized. These tax benefits are related to certain insurance tax attributes in the United States and in foreign jurisdictions.

(14) Supplemental Cash Flow Information

Net cash paid for taxes was $153 million, $645 million and $125 million and cash paid for interest was $424 million, $437 million and $453 million for the years ended December 31, 2015, 2014 and 2013, respectively.

(15) Stock-Based Compensation

Prior to May 2012, we granted share-based awards to employees and directors, including stock options, SARs, RSUs and deferred stock units ("DSUs") under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (the "2004 Omnibus Incentive Plan"). In May 2012, the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (the "2012 Omnibus Incentive Plan," together with the 2004 Omnibus Incentive Plan, the "Omnibus Incentive Plans") was approved by stockholders. Under the 2012 Omnibus Incentive Plan, we are authorized to grant 16 million equity awards, plus a number of additional shares not to exceed 25 million underlying awards outstanding under the prior Plan. From and after May 2012, no further awards have been or will be granted under the 2004 Omnibus Incentive Plan and the 2004 Omnibus Incentive Plan will remain in effect only as long as awards granted thereunder remain outstanding.

We recorded stock-based compensation expense under the Omnibus Incentive Plans of $17 million, $20 million and $28 million, respectively, for the years ended December 31, 2015, 2014 and 2013. For awards issued prior to January 1, 2006, stock-based compensation expense was recognized on a graded vesting attribution method over the awards' respective vesting schedule. For awards issued after January 1, 2006, stock-based compensation expense was recognized evenly on a straight-line attribution method over the awards' respective vesting period.

For purposes of determining the fair value of stock-based payment awards on the date of grant, we typically use the Black-Scholes Model. The Black-Scholes Model requires the input of certain assumptions that involve judgment. Management periodically evaluates the assumptions and methodologies used to calculate fair value of share-based compensation. Circumstances may change and additional data may become available over time, which could result in changes to these assumptions and methodologies.

The following table contains the stock option and SAR weighted-average grant-date fair value information and related valuation assumptions for the years ended December 31:

	Stock Options and SARs			
	2015	2014	2013	
	Black-Scholes Model	Black-Scholes Model	Black-Scholes Model	Monte-Carlo Simulation (1)
Awards granted (in thousands)	1,378	2,960	3,404	1,200
Maximum share value at exercise of SARs	$ 75.00	$ 75.00	$ 75.00	$ 75.00
Fair value per options and SARs	$ 3.43	$ 3.05	$ 2.53	$ 5.88
Valuation assumptions:				
Expected term (years)	6.0	6.0	5.9	NA
Expected volatility	66.0%	100.2%	100.7%	102.5%
Expected dividend yield	— %	0.5%	0.5%	0.5%
Risk-free interest rate	1.9%	1.9%	1.1%	1.1%

(1) For purposes of determining the fair value of 1.2 million shares of performance-accelerated SARs that were issued in January 2013, we used a Monte-Carlo Simulation technique. Monte-Carlo Simulation is a method used to simulate future stock price movements in order to determine the fair value due to unique vesting and exercising provisions. The performance-accelerated SARs have a derived service period of one year on average and have a grant price of $7.90. The performance-accelerated SARs vest on the third anniversary of the grant date but are subject to earlier vesting on or after the one year anniversary of the grant date based on the closing price of our Class A Common Stock exceeding certain specified amounts ($12.00, $16.00 and $20.00, respectively) for 45 consecutive trading days. Based on the closing price of our Class A Common Stock, the first tranche at $12.00 vested in January 2014 and the second tranche at $16.00 vested in June 2014.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

During 2015 and 2014, we granted SARs with exercise prices ranging from $4.96 to $7.99 and $14.30 to $17.89, respectively. These SARs have a feature that places a cap on the amount of gain that can be recognized upon exercise of the SARs. Specifically, if the price of our Class A Common Stock reaches $75.00, any vested portion of the SAR will be automatically exercised. The SAR grant price equaled the closing market prices of our Class A Common Stock on the date of the grant and the awards have an exercise term of 10 years. The SARs granted in 2015 have an average vesting period of three years, while the SARs granted in 2014 and 2013 have average vesting periods of four years. Vesting occurs in annual increments commencing on the first anniversary of the grant date. Additionally, during 2015 and 2014, we issued RSUs with average restriction periods of four years and a fair value of $4.96 to $7.99 and $9.19 to $17.89, respectively, which were measured at the market price of a share of our Class A Common Stock on the grant date. In 2015 and 2014, we granted performance stock units ("PSUs") with a fair value of $7.75 and fair value ranges of $15.23 to $17.89, respectively. The PSUs were granted at market price as of the grant date. PSUs may be earned over a three-year period based upon the achievement of certain performance goals. The performance goals for the PSUs granted in 2015 are based upon the average daily closing price of our Class A Common Stock during the fourth quarter of 2017 and the two point average of our book value per share, excluding accumulated other comprehensive income (loss), during the close of the third and fourth quarters of 2017. The PSUs will be payable in Genworth Class A Common Stock in March 2018 provided we have attained or exceeded threshold levels related to the performance goals. Our book value per share is divided into the average daily closing price of our Class A Common Stock to calculate the book value multiplier, which determines the potential number of shares to be paid out. If the respective levels have not been achieved by December 31, 2017, no payout will occur and all the related expenses recorded to date will be reversed. The performance goals for the PSUs granted in 2014 were based upon the achievement of goals related to our 2016 annual operating return on equity and book value per share, excluding accumulated other comprehensive income (loss). We do not expect to achieve the respective threshold levels for the PSUs granted in 2014 by the December 31, 2016 deadline; therefore, all the related expenses recorded to date were reversed in 2015.

In 2015, we granted $10 million in cash retention awards with a fair value of $1.00. During 2015, approximately $1 million awards were forfeited due to employees leaving Genworth prior to the vesting date. The remaining cash awards vest over two years, with half of the payout occurring per year, beginning on the first anniversary of the grant date.

No stock options were granted in 2015, 2014 or 2013.

The following table summarizes stock option activity as of December 31, 2015 and 2014:

(Shares in thousands)	Shares subject to option	Weighted-average exercise price
Balance as of January 1, 2014	4,310	$ 13.17
Granted	—	$ —
Exercised	(921)	$ 8.10
Expired and forfeited	(885)	$ 19.32
Balance as of January 1, 2015	2,504	$ 12.86
Granted	—	$ —
Exercised	(47)	$ 4.39
Expired and forfeited	(317)	$ 17.62
Balance as of December 31, 2015	2,140	$ 12.34
Exercisable as of December 31, 2015	2,140	$ 12.34

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table summarizes information about stock options outstanding as of December 31, 2015:

	Outstanding and Exercisable		
Exercise price range	Shares in thousands	Average life (1)	Average exercise price
$2.00 - $2.46(2)	362	3.04	$ 2.43
$7.36 - $7.80	433	1.77	$ 7.79
$9.10 - $14.18	1,119	3.95	$ 14.14
$14.92 - $22.80	100	2.33	$ 21.80
$30.52 - $34.13	126	0.99	$ 32.86
	2,140		$ 12.34

(1) Average contractual life remaining in years.
(2) These shares have an aggregate intrinsic value of $1 million each for total options outstanding and exercisable.

The following tables summarize the status of our other equity-based awards as of December 31, 2015 and 2014:

	RSUs		PSUs		DSUs		SARs	
(Awards in thousands)	Number of awards	Weighted-average grant date fair value	Number of awards	Weighted-average fair value	Number of awards	Weighted-average fair value	Number of awards	Weighted-average grant date fair value
Balance as of January 1, 2014	2,887	$ 10.21	—	$ —	579	$ 9.43	12,365	$ 4.00
Granted	1,226	$ 15.00	343	$ 15.31	113	$ 12.98	2,960	$ 3.05
Exercised	(938)	$ 10.06	—	$ —	(58)	$ 6.65	(1,353)	$ 3.88
Terminated	(262)	$ 12.16	(39)	$ 15.23	—	$ —	(1,905)	$ 5.23
Balance as of January 1, 2015	2,913	$ 12.09	304	$ 15.32	634	$ 9.96	12,067	$ 3.62
Granted	2,087	$ 7.50	535	$ 7.75	256	$ 3.90	1,378	$ 3.43
Exercised	(1,390)	$ 11.60	—	$ —	(10)	$ 2.14	(59)	$ 1.28
Terminated	(355)	$ 10.10	(129)	$ 9.72	—	$ —	(1,238)	$ 4.05
Balance as of December 31, 2015	3,255	$ 9.22	710	$ 10.63	880	$ 8.18	12,148	$ 3.56

As of December 31, 2015 and 2014, total unrecognized stock-based compensation expense related to non-vested awards not yet recognized was $29 million and $35 million, respectively. This expense is expected to be recognized over a weighted-average period of approximately two years.

In 2015, there was less than $1 million in cash received from stock options exercised. There was $20 million in cash received from stock options exercised 2014. New shares were issued to settle all exercised awards. The actual tax benefit realized for the tax deductions from the exercise of share-based awards was $4 million and $11 million as of December 31, 2015 and 2014, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Genworth Canada, our indirect subsidiary and a public company, grants stock options and other equity-based awards to its Canadian employees. The following table summarizes the status of Genworth Canada's stock option activity and other equity-based awards as of December 31, 2015 and 2014:

(Shares and awards in thousands)	Stock options Shares subject to option	RSUs and PSUs Number of awards	DSUs Number of awards	Executive deferred stock units ("EDSUs") Number of awards
Balance as of January 1, 2014	987	177	45	20
Granted	114	93	9	1
Exercised	(93)	(67)	—	—
Terminated	(6)	—	—	—
Balance as of January 1, 2015	1,002	203	54	21
Granted	53	78	14	10
Exercised	(88)	(60)	(14)	—
Terminated	(12)	(27)	—	—
Balance as of December 31, 2015	955	194	54	31

As of December 31, 2015 and 2014, the DSUs were fully vested and the stock options, RSUs, PSUs and EDSUs were partially vested. The EDSUs were introduced in 2013 as part of a share-based compensation plan intended for executive level employees entitling them to receive an amount equal to the fair value of Genworth Canada stock. For the years ended December 31, 2015, 2014 and 2013, we recorded an increase (decrease) to stock-based compensation expense of $(3) million, $6 million and $11 million, respectively. For the years ended December 31, 2015, 2014 and 2013, we estimated total unrecognized expense of $2 million, $3 million and $3 million, respectively, related to these awards.

In connection with the IPO of Genworth Mortgage Insurance Australia Limited ("Genworth Australia") in May 2014, our indirect subsidiary, Genworth Australia, granted stock options and other equity-based awards to its Australian employees. The following table summarizes the status of Genworth Australia's restricted share rights as of December 31, 2015 and 2014:

(Shares in thousands)	Restricted share rights Shares subject to option
Balance as of January 1, 2014	—
Granted	2,846
Exercised	(5)
Terminated	(38)
Balance as of January 1, 2015	2,803
Granted	147
Exercised	(40)
Terminated	(145)
Balance as of December 31, 2015	2,765

As of December 31, 2015 and 2014, none of the restricted share rights were vested. For the years ended December 31, 2015 and 2014, we recorded stock-based compensation expense of $2 million in each year and we estimated total unrecognized expense of $4 million and $5 million, respectively, related to these awards.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(16) Fair Value of Financial Instruments

Assets and liabilities that are reflected in the accompanying consolidated financial statements at fair value are not included in the following disclosure of fair value. Such items include cash and cash equivalents, investment securities, separate accounts, securities held as collateral and derivative instruments. Other financial assets and liabilities—those not carried at fair value—are discussed below. Apart from certain of our borrowings and certain marketable securities, few of the instruments discussed below are actively traded and their fair values must often be determined using models. The fair value estimates are made at a specific point in time, based upon available market information and judgments about the financial instruments, including estimates of the timing and amount of expected future cash flows and the credit standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time our entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets.

The basis on which we estimate fair value is as follows:

Commercial mortgage loans. Based on recent transactions and/or discounted future cash flows, using current market rates. Given the limited availability of data related to transactions for similar instruments, we typically classify these loans as Level 3.

Restricted commercial mortgage loans. Based on recent transactions and/or discounted future cash flows, using current market rates. Given the limited availability of data related to transactions for similar instruments, we typically classify these loans as Level 3.

Other invested assets. Primarily represents short-term investments and limited partnerships accounted for under the cost method. The fair value of short-term investments typically does not include significant unobservable inputs and approximate our amortized cost basis. As a result, short-term investments are classified as Level 2. Limited partnerships are valued based on comparable market transactions, discounted future cash flows, quoted market prices and/or estimates using the most recent data available for the underlying instrument. Cost method limited partnerships typically include significant unobservable inputs as a result of being relatively illiquid with limited market activity for similar instruments and are classified as Level 3.

Long-term borrowings. We utilize available market data when determining fair value of long-term borrowings issued in the United States and Canada, which includes data on recent trades for the same or similar financial instruments. Accordingly, these instruments are classified as Level 2 measurements. In cases where market data is not available such as our long-term borrowings in Australia, we use broker quotes for which we consider the valuation methodology utilized by the third party, but the valuation typically includes significant unobservable inputs. Accordingly, we classify these borrowings where fair value is based on our consideration of broker quotes as Level 3 measurements.

Non-recourse funding obligations. We use an internal model to determine fair value using the current floating rate coupon and expected life/final maturity of the instrument discounted using the floating rate index and current market spread assumption, which is estimated based on recent transactions for these instruments or similar instruments as well as other market information or broker provided data. Given these instruments are private and very little market activity exists, our current market spread assumption is considered to have significant unobservable inputs in calculating fair value and, therefore, results in the fair value of these instruments being classified as Level 3.

Borrowings related to securitization entities. Based on market quotes or comparable market transactions. Some of these borrowings are publicly traded debt securities and are classified as Level 2. Certain borrowings are not publicly traded and are classified as Level 3.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Investment contracts. Based on expected future cash flows, discounted at current market rates for annuity contracts or institutional products. Given the significant unobservable inputs associated with policyholder behavior and current market rate assumptions used to discount the expected future cash flows, we classify these instruments as Level 3 except for certain funding agreement-backed notes that are traded in the marketplace as a security and are classified as Level 2.

The following represents our estimated fair value of financial assets and liabilities that are not required to be carried at fair value as of December 31:

	2015					
	Notional amount	Carrying amount	Fair value			
(Amounts in millions)			Total	Level 1	Level 2	Level 3
Assets:						
Commercial mortgage loans	$ (1)	$ 6,170	$ 6,476	$ —	$ —	$ 6,476
Restricted commercial mortgage loans (2)	(1)	161	179	—	—	179
Other invested assets	(1)	273	279	—	197	82
Liabilities:						
Long-term borrowings (3)	(1)	4,570	3,518	—	3,343	175
Non-recourse funding obligations (3)	(1)	1,920	1,401	—	—	1,401
Borrowings related to securitization entities (2)	(1)	98	104	—	104	—
Investment contracts	(1)	17,258	17,910	—	5	17,905
Other firm commitments:						
Commitments to fund limited partnerships	131	—	—	—	—	—
Ordinary course of business lending commitments	40	—	—	—	—	—

	2014					
	Notional amount	Carrying amount	Fair value			
(Amounts in millions)			Total	Level 1	Level 2	Level 3
Assets:						
Commercial mortgage loans	$ (1)	$ 6,100	$ 6,573	$ —	$ —	$ 6,573
Restricted commercial mortgage loans (2)	(1)	201	228	—	—	228
Other invested assets	(1)	311	323	—	238	85
Liabilities:						
Long-term borrowings (3)	(1)	4,612	4,273	—	4,155	118
Non-recourse funding obligations (3)	(1)	1,981	1,423	—	—	1,423
Borrowings related to securitization entities (2)	(1)	134	146	—	146	—
Investment contracts	(1)	17,486	18,012	—	7	18,005
Other firm commitments:						
Commitments to fund limited partnerships	53	—	—	—	—	—
Ordinary course of business lending commitments	155	—	—	—	—	—

(1) These financial instruments do not have notional amounts.
(2) See note 17 for additional information related to consolidated securitization entities.
(3) See note 12 for additional information related to borrowings.

Recurring Fair Value Measurements

We have fixed maturity, equity and trading securities, derivatives, embedded derivatives, securities held as collateral, separate account assets and certain other financial instruments, which are carried at fair value. Below is a description of the valuation techniques and inputs used to determine fair value by class of instrument.

Fixed maturity, equity and trading securities

The fair value of fixed maturity, equity and trading securities are estimated primarily based on information derived from third-party pricing services ("pricing services"), internal models and/or third-party broker provided prices ("broker quotes"), which use a market approach, income approach or a combination of the market and income approach depending on the type of instrument and availability of information. In general, a market approach is utilized if there is readily available and relevant market activity for an individual security. In certain cases where market information is not available for a specific security but is available for similar securities, a security is valued using that market information for similar securities, which is also a market approach. When market information is not available for a specific security or is available but such information is less relevant or reliable, an income approach or a combination of a market and income approach is utilized. For securities with optionality, such as call or prepayment features (including mortgage-backed or asset-backed securities), an income approach may be used. In addition, a combination of the results from market and income approaches may be used to estimate fair value. These valuation techniques may change from period to period, based on the relevance and availability of market data.

We utilize certain third-party data providers when determining fair value. We consider information obtained from pricing services as well as broker quotes in our determination of fair value. Additionally, we utilize internal models to determine the valuation of securities using an income approach where the inputs are based on third-party provided market inputs. While we consider the valuations provided by pricing services and broker quotes to be of high quality, management determines the fair value of our investment securities after considering all relevant and available information. We also use various methods to obtain an understanding of the valuation methodologies and procedures used by third-party data providers to ensure sufficient understanding to evaluate the valuation data received, including an understanding of the assumptions and inputs utilized to determine the appropriate fair value. For pricing services, we analyze the prices provided by our primary pricing services to other readily available pricing services and perform a detailed review of the assumptions and inputs from each pricing service to determine the appropriate fair value when pricing differences exceed certain thresholds. We evaluate changes in fair value that are greater than certain pre-defined thresholds each month to further aid in our review of the accuracy of fair value measurements and our understanding of changes in fair value, with more detailed reviews performed by the asset managers responsible for the related asset class associated with the security being reviewed. A pricing committee provides additional oversight and guidance in the evaluation and review of the pricing methodologies used to value our investment portfolio.

In general, we first obtain valuations from pricing services. If a price is not supplied by a pricing service, we will typically seek a broker quote for public or private fixed maturity securities. In certain instances, we utilize price caps for broker quoted securities where the estimated market yield results in a valuation that may exceed the amount that we believe would be received in a market transaction. For certain private fixed maturity securities where we do not obtain valuations from pricing services, we utilize an internal model to determine fair value since transactions for identical securities are not readily observable and these securities are not typically valued by pricing services. For all securities, excluding certain private fixed maturity securities, if neither a pricing service nor broker quotes valuation is available, we determine fair value using internal models.

For pricing services, we obtain an understanding of the pricing methodologies and procedures for each type of instrument. Additionally, on a monthly basis we review a sample of securities, examining the pricing service's assumptions to determine if we agree with the service's derived price. When available, we also evaluate the prices sampled as compared to other public prices. If a variance greater than a pre-defined threshold is noted, additional review of the price is executed to ensure accuracy. In general, a pricing service does not provide a price for a security if sufficient information is not readily available to determine fair value or if such security is not in the specific sector or class covered by a particular pricing service. Given our understanding of the pricing methodologies and procedures of pricing services, the securities valued by pricing services are typically classified as Level 2 unless we determine the valuation process for a security or group of securities utilizes significant unobservable inputs, which would result in the valuation being classified as Level 3.

For private fixed maturity securities, we utilize an income approach where we obtain public bond spreads and utilize those in an internal model to determine fair value. Other inputs to the model include rating and weighted-average life, as well as sector which is used to assign the spread. We then add an additional premium, which represents an unobservable input, to the public bond spread to adjust for the liquidity and other features of our private placements. We utilize the estimated market yield to discount the expected cash flows of the security to determine fair value. We utilize price caps for securities where the estimated market yield results in a valuation that may exceed the amount that would be received in a market transaction and value all private fixed maturity securities at par that have less than 12 months to maturity. When a security does not have an external rating, we assign the security an internal rating to determine the appropriate public bond spread that should be utilized in the valuation. To evaluate the reasonableness of the internal model, we review a sample of private fixed maturity securities each month. In that review we compare the modeled prices to the prices of similar public securities in conjunction with analysis on current market indicators. If a pricing variance greater than a pre-defined threshold is noted, additional review of the price is executed to ensure accuracy. At the end of each month, all internally modeled prices are compared to the prior month prices with an evaluation of all securities with a month-over-month change greater than a pre-defined threshold. While we generally consider the public bond spreads by sector and maturity to be observable inputs, we evaluate the similarities of our private placement with the public bonds, any price caps utilized, liquidity premiums applied, and whether external ratings are available for our private placements to determine whether the spreads utilized would be considered observable inputs. We classify private securities without an external rating and public bond spread as Level 3. In general, increases (decreases) in credit spreads will decrease (increase) the fair value for our fixed maturity securities.

For broker quotes, we consider the valuation methodology utilized by the third party and analyze a sample each month to assess reasonableness given then-current market conditions. Additionally, for broker quotes on certain structured securities, we validate prices received against other publicly available pricing sources. Broker quotes are typically based on an income approach given the lack of available market data. As the valuation typically includes significant unobservable inputs, we classify the securities where fair value is based on our consideration of broker quotes as Level 3 measurements.

For remaining securities priced using internal models, we determine fair value using an income approach. We analyze a sample each month to assess reasonableness given then-current market conditions. We maximize the use of observable inputs but typically utilize significant unobservable inputs to determine fair value. Accordingly, the valuations are typically classified as Level 3.

A summary of the inputs used for our fixed maturity, equity and trading securities based on the level in which instruments are classified is included below. We have combined certain classes of instruments together as the nature of the inputs is similar.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Level 1 measurements

Equity securities. The primary inputs to the valuation of exchange-traded equity securities include quoted prices for the identical instrument.

Level 2 measurements

Fixed maturity securities

- *Third-party pricing services:* In estimating the fair value of fixed maturity securities, approximately 90% of our portfolio is priced using third-party pricing sources. These pricing services utilize industry-standard valuation techniques that include market-based approaches, income-based approaches, a combination of market-based and income-based approaches or other proprietary, internally generated models as part of the valuation processes. These third-party pricing vendors maximize the use of publicly available data inputs to generate valuations for each asset class. Priority and type of inputs used may change frequently as certain inputs may be more direct drivers of valuation at the time of pricing. Examples of significant inputs incorporated by third-party pricing services may include sector and issuer spreads, seasoning, capital structure, security optionality, collateral data, prepayment assumptions, default assumptions, delinquencies, debt covenants, benchmark yields, trade data, dealer quotes, credit ratings, maturity and weighted-average life. We conduct regular meetings with our third-party pricing services for the purpose of understanding the methodologies, techniques and inputs used by the third-party pricing providers.

Table of Contents

The following table presents a summary of the significant inputs used by our third-party pricing services for certain fair value measurements of fixed maturity securities that are classified as Level 2 as of December 31, 2015:

(Amounts in millions)	Fair value	Primary methodologies	Significant inputs
U.S. government, agencies and government-sponsored enterprises	$ 6,200	Price quotes from trading desk, broker feeds	Bid side prices, trade prices, Option Adjusted Spread ("OAS") to swap curve, Bond Market Association ("BMA") OAS, Treasury Curve, Agency Bullet Curve, maturity to issuer spread
State and political subdivisions	$ 2,403	Multi-dimensional attribute-based modeling systems, third-party pricing vendors	Trade prices, material event notices, Municipal Market Data benchmark yields, broker quotes
Non-U.S. government	$ 1,996	Matrix pricing, spread priced to benchmark curves, price quotes from market makers	Benchmark yields, trade prices, broker quotes, comparative transactions, issuer spreads, bid-offer spread, market research publications, third-party pricing sources
U.S. corporate	$ 21,505	Multi-dimensional attribute-based modeling systems, broker quotes, price quotes from market makers, internal models, OAS-based models	Bid side prices to Treasury Curve, Issuer Curve, which includes sector, quality, duration, OAS percentage and change for spread matrix, trade prices, comparative transactions, Trade Reporting and Compliance Engine ("TRACE") reports
Non-U.S. corporate	$ 10,364	Multi-dimensional attribute-based modeling systems, OAS-based models, price quotes from market makers	Benchmark yields, trade prices, broker quotes, comparative transactions, issuer spreads, bid-offer spread, market research publications, third-party pricing sources
Residential mortgage-backed	$ 4,985	OAS-based models, To Be Announced pricing models, single factor binomial models, internally priced	Prepayment and default assumptions, aggregation of bonds with similar characteristics, including collateral type, vintage, tranche type, weighted-average life, weighted-average loan age, issuer program and delinquency ratio, pay up and pay down factors, TRACE reports
Commercial mortgage-backed	$ 2,549	Multi-dimensional attribute-based modeling systems, pricing matrix, spread matrix priced to swap curves, Trepp commercial mortgage-backed securities analytics model	Credit risk, interest rate risk, prepayment speeds, new issue data, collateral performance, origination year, tranche type, original credit ratings, weighted-average life, cash flows, spreads derived from broker quotes, bid side prices, spreads to daily updated swaps curves
Other asset-backed	$ 2,139	Multi-dimensional attribute-based modeling systems, spread matrix priced to swap curves, price quotes from market makers, internal models	Spreads to daily updated swaps curves, spreads derived from trade prices and broker quotes, bid side prices, new issue data, collateral performance, analysis of prepayment speeds, cash flows, collateral loss analytics, historical issue analysis, trade data from market makers, TRACE reports

- *Internal models:* A portion of our non-U.S. government, U.S. corporate and non-U.S. corporate securities are valued using internal models. The fair value of these fixed maturity securities were $19 million, $567 million and $290 million, respectively, as of December 31, 2015. Internally modeled securities are primarily private fixed maturity securities where we use market observable inputs such as an interest rate yield curve, published credit spreads for similar securities based on the external ratings of the instrument and related industry sector of the issuer. Additionally, we may apply certain price caps and liquidity premiums in the valuation of private fixed maturity securities. Price caps and liquidity premiums are established using inputs from market participants.

Equity securities. The primary inputs to the valuation include quoted prices for identical assets, or similar assets in markets that are not active.

Level 3 measurements

Fixed maturity securities

- *Internal models:* A portion of our U.S. government, agencies and government-sponsored enterprises, non-U.S. government, U.S. corporate, non-U.S. corporate, residential mortgage-backed, commercial mortgage-backed and other asset-backed securities are valued using internal models. The primary inputs to the valuation of the bond population include quoted prices for identical assets, or similar assets in markets that are not active, contractual cash flows, duration, call provisions, issuer rating, benchmark yields and credit spreads. Certain private fixed maturity securities are valued using an internal model using market observable inputs such as interest rate yield curve, as well as published credit spreads for similar securities where there are no external ratings of the instrument and include a significant unobservable input. Additionally, we may apply certain price caps and liquidity premiums in the valuation of private fixed maturity securities. Price caps are established using inputs from market participants. For structured securities, the primary inputs to the valuation include quoted prices for identical assets, or similar assets in markets that are not active, contractual cash flows, weighted-average coupon, weighted-average maturity, issuer rating, structure of the security, expected prepayment speeds and volumes, collateral type, current and forecasted loss severity, average delinquency rates, vintage of the loans, geographic region, debt service coverage ratios, payment priority with the tranche, benchmark yields and credit spreads. The fair value of our Level 3 fixed maturity securities priced using internal models was $3,534 million as of December 31, 2015.
- *Broker quotes:* A portion of our state and political subdivisions, U.S. corporate, non-U.S. corporate, residential mortgage-backed, commercial mortgage-backed and other asset-backed securities are valued using broker quotes. Broker quotes are obtained from third-party providers that have current market knowledge to provide a reasonable price for securities not routinely priced by third-party pricing services. Brokers utilized for valuation of assets are reviewed annually. The fair value of our Level 3 fixed maturity securities priced by broker quotes was $1,646 million as of December 31, 2015.

Equity securities. The primary inputs to the valuation include broker quotes where the underlying inputs are unobservable and for internal models, structure of the security and issuer rating.

Restricted other invested assets related to securitization entities

We have trading securities related to securitization entities that are classified as restricted other invested assets and are carried at fair value. The trading securities represent asset-backed securities. The valuation for trading securities is determined using a market approach and/or an income approach depending on the

availability of information. For certain highly rated asset-backed securities, there is observable market information for transactions of the same or similar instruments, which is provided to us by a third-party pricing service and is classified as Level 2. For certain securities that are not actively traded, we determine fair value after considering third-party broker provided prices or discounted expected cash flows using current yields for similar securities and classify these valuations as Level 3.

Securities lending collateral

The fair value of securities held as collateral is primarily based on Level 2 inputs from market information for the collateral that is held on our behalf by the custodian. We determine fair value after considering prices obtained by third-party pricing services.

Contingent consideration

We have certain contingent purchase price payments and receivables related to acquisitions and sales that are recorded at fair value each period. Fair value is determined using an income approach whereby we project the expected performance of the business and compare our projections of the relevant performance metric to the thresholds established in the purchase or sale agreement to determine our expected payments or receipts. We then discount these expected amounts to calculate the fair value as of the valuation date. We evaluate the underlying projections used in determining fair value each period and update these underlying projections when there have been significant changes in our expectations of the future business performance. The inputs used to determine the discount rate and expected payments or receipts are primarily based on significant unobservable inputs and result in the fair value of the contingent consideration being classified as Level 3. An increase in the discount rate or a decrease in expected payments or receipts will result in a decrease in the fair value of contingent consideration.

Separate account assets

The fair value of separate account assets is based on the quoted prices of the underlying fund investments and, therefore, represents Level 1 pricing.

Derivatives

We consider counterparty collateral arrangements and rights of set-off when evaluating our net credit risk exposure to our derivative counterparties. Accordingly, we are permitted to include consideration of these arrangements when determining whether any incremental adjustment should be made for both the counterparty's and our non-performance risk in measuring fair value for our derivative instruments. As a result of these counterparty arrangements, we determined that any adjustment for credit risk would not be material and we have not recorded any incremental adjustment for our non-performance risk or the non-performance risk of the derivative counterparty for our derivative assets or liabilities. We determine fair value for our derivatives using an income approach with internal models based on relevant market inputs for each derivative instrument. We also compare the fair value determined using our internal model to the valuations provided by our derivative counterparties with any significant differences or changes in valuation being evaluated further by our derivatives professionals that are familiar with the instrument and market inputs used in the valuation.

Interest rate swaps. The valuation of interest rate swaps is determined using an income approach. The primary input into the valuation represents the forward interest rate swap curve, which is generally considered an observable input, and results in the derivative being classified as Level 2. For certain interest rate swaps, the inputs into the valuation also include the total returns of certain bonds that would primarily be considered an

observable input and result in the derivative being classified as Level 2. For certain other swaps, there are features that provide an option to the counterparty to terminate the swap at specified dates. The interest rate volatility input used to value these options would be considered a significant unobservable input and results in the fair value measurement of the derivative being classified as Level 3. These options to terminate the swap by the counterparty are based on forward interest rate swap curves and volatility. As interest rate volatility increases, our valuation of the derivative changes unfavorably.

Interest rate swaps related to securitization entities. The valuation of interest rate swaps related to securitization entities is determined using an income approach. The primary input into the valuation represents the forward interest rate swap curve, which is generally considered an observable input, and results in the derivative being classified as Level 2.

Inflation indexed swaps. The valuation of inflation indexed swaps is determined using an income approach. The primary inputs into the valuation represent the forward interest rate swap curve, the current consumer price index and the forward consumer price index curve, which are generally considered observable inputs, and results in the derivative being classified as Level 2.

Foreign currency swaps. The valuation of foreign currency swaps is determined using an income approach. The primary inputs into the valuation represent the forward interest rate swap curve and foreign currency exchange rates, both of which are considered an observable input, and results in the derivative being classified as Level 2.

Credit default swaps. We have both single name credit default swaps and index tranche credit default swaps. For single name credit default swaps, we utilize an income approach to determine fair value based on using current market information for the credit spreads of the reference entity, which is considered observable inputs based on the reference entities of our derivatives and results in these derivatives being classified as Level 2. For index tranche credit default swaps, we utilize an income approach that utilizes current market information related to credit spreads and expected defaults and losses associated with the reference entities that comprise the respective index associated with each derivative. There are significant unobservable inputs associated with the timing and amount of losses from the reference entities as well as the timing or amount of losses, if any, that will be absorbed by our tranche. Accordingly, the index tranche credit default swaps are classified as Level 3. As credit spreads widen for the underlying issuers comprising the index, the change in our valuation of these credit default swaps will be unfavorable.

Credit default swaps related to securitization entities. Credit default swaps related to securitization entities represent customized index tranche credit default swaps and are valued using a similar methodology as described above for index tranche credit default swaps. We determine fair value of these credit default swaps after considering both the valuation methodology described above as well as the valuation provided by the derivative counterparty. In addition to the valuation methodology and inputs described for index tranche credit default swaps, these customized credit default swaps contain a feature that permits the securitization entity to provide the par value of underlying assets in the securitization entity to settle any losses under the credit default swap. The valuation of this settlement feature is dependent upon the valuation of the underlying assets and the timing and amount of any expected loss on the credit default swap, which is considered a significant unobservable input. Accordingly, these customized index tranche credit default swaps related to securitization entities are classified as Level 3. As credit spreads widen for the underlying issuers comprising the customized index, the change in our valuation of these credit default swaps will be unfavorable.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Equity index options. We have equity index options associated with various equity indices. The valuation of equity index options is determined using an income approach. The primary inputs into the valuation represent forward interest rate volatility and time value component associated with the optionality in the derivative, which are considered significant unobservable inputs in most instances. The equity index volatility surface is determined based on market information that is not readily observable and is developed based upon inputs received from several third-party sources. Accordingly, these options are classified as Level 3. As equity index volatility increases, our valuation of these options changes favorably.

Financial futures. The fair value of financial futures is based on the closing exchange prices. Accordingly, these financial futures are classified as Level 1. The period end valuation is zero as a result of settling the margins on these contracts on a daily basis.

Equity return swaps. The valuation of equity return swaps is determined using an income approach. The primary inputs into the valuation represent the forward interest rate swap curve and underlying equity index values, which are generally considered observable inputs, and results in the derivative being classified as Level 2.

Forward bond purchase commitments. The valuation of forward bond purchase commitments is determined using an income approach. The primary input into the valuation represents the current bond prices and interest rates, which are generally considered an observable input, and results in the derivative being classified as Level 2.

Other foreign currency contracts. We have certain foreign currency options classified as other foreign currency contracts. The valuation of foreign currency options is determined using an income approach. The primary inputs into the valuation represent the forward interest rate swap curve, foreign currency exchange rates, forward interest rate, foreign currency exchange rate volatility, foreign equity index volatility and time value component associated with the optionality in the derivative. As a result of the significant unobservable inputs associated with the forward interest rate, foreign currency exchange rate volatility and foreign equity index volatility inputs, the derivative is classified as Level 3. As foreign currency exchange rate volatility and foreign equity index volatility increases, the change in our valuation of these options will be favorable for purchase options and unfavorable for options sold. We also have foreign currency forward contracts where the valuation is determined using an income approach. The primary inputs into the valuation represent the forward foreign currency exchange rates, which are generally considered observable inputs and results in the derivative being classified as Level 2.

GMWB embedded derivatives

We are required to bifurcate an embedded derivative for certain features associated with annuity products and related reinsurance agreements where we provide a GMWB to the policyholder and are required to record the GMWB embedded derivative at fair value. The valuation of our GMWB embedded derivative is based on an income approach that incorporates inputs such as forward interest rates, equity index volatility, equity index and fund correlation, and policyholder assumptions such as utilization, lapse and mortality. In addition to these inputs, we also consider risk and expense margins when determining the projected cash flows that would be determined by another market participant. While the risk and expense margins are considered in determining fair value, these inputs do not have a significant impact on the valuation. We determine fair value using an internal model based on the various inputs noted above. The resulting fair value measurement from the model is reviewed by the product actuarial, risk and finance professionals each reporting period with changes in fair value also being compared to changes in derivatives and other instruments used to mitigate changes in fair value from certain market risks, such as equity index volatility and interest rates.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

For GMWB liabilities, non-performance risk is integrated into the discount rate. Our discount rate used to determine fair value of our GMWB liabilities includes market credit spreads above U.S. Treasury rates to reflect an adjustment for the non-performance risk of the GMWB liabilities. As of December 31, 2015 and 2014, the impact of non-performance risk resulted in a lower fair value of our GMWB liabilities of $79 million and $74 million, respectively.

To determine the appropriate discount rate to reflect the non-performance risk of the GMWB liabilities, we evaluate the non-performance risk in our liabilities based on a hypothetical exit market transaction as there is no exit market for these types of liabilities. A hypothetical exit market can be viewed as a hypothetical transfer of the liability to another similarly rated insurance company which would closely resemble a reinsurance transaction. Another hypothetical exit market transaction can be viewed as a hypothetical transaction from the perspective of the GMWB policyholder. In determining the appropriate discount rate to incorporate non-performance risk of the GMWB liabilities, we also considered the impacts of state guarantees embedded in the related insurance product as a form of inseparable third-party guarantee. We believe that a hypothetical exit market participant would use a similar discount rate as described above to value the liabilities.

For equity index volatility, we determine the projected equity market volatility using both historical volatility and projected equity market volatility with more significance being placed on projected near-term volatility and recent historical data. Given the different attributes and market characteristics of GMWB liabilities compared to equity index options in the derivative market, the equity index volatility assumption for GMWB liabilities may be different from the volatility assumption for equity index options, especially for the longer dated points on the curve.

Equity index and fund correlations are determined based on historical price observations for the fund and equity index.

For policyholder assumptions, we use our expected lapse, mortality and utilization assumptions and update these assumptions for our actual experience, as necessary. For our lapse assumption, we adjust our base lapse assumption by policy based on a combination of the policyholder's current account value and GMWB benefit.

We classify the GMWB valuation as Level 3 based on having significant unobservable inputs, with equity index volatility and non-performance risk being considered the more significant unobservable inputs. As equity index volatility increases, the fair value of the GMWB liabilities will increase. Any increase in non-performance risk would increase the discount rate and would decrease the fair value of the GMWB liability. Additionally, we consider lapse and utilization assumptions to be significant unobservable inputs. An increase in our lapse assumption would decrease the fair value of the GMWB liability, whereas an increase in our utilization rate would increase the fair value.

Fixed index annuity embedded derivatives

We offer fixed indexed annuity products where interest is credited to the policyholder's account balance based on equity index changes. This feature is required to be bifurcated as an embedded derivative and recorded at fair value. Fair value is determined using an income approach where the present value of the excess cash flows above the guaranteed cash flows is used to determine the value attributed to the equity index feature. The inputs used in determining the fair value include policyholder behavior (lapses and withdrawals), near-term equity index volatility, expected future interest credited, forward interest rates and an adjustment to the discount rate to incorporate non-performance risk and risk margins. As a result of our assumptions for policyholder behavior and

expected future interest credited being considered significant unobservable inputs, we classify these instruments as Level 3. As lapses and withdrawals increase, the value of our embedded derivative liability will decrease. As expected future interest credited decreases, the value of our embedded derivative liability will decrease.

Indexed universal life embedded derivatives

We offer indexed universal life products where interest is credited to the policyholder's account balance based on equity index changes. This feature is required to be bifurcated as an embedded derivative and recorded at fair value. Fair value is determined using an income approach where the present value of the excess cash flows above the guaranteed cash flows is used to determine the value attributed to the equity index feature. The inputs used in determining the fair value include policyholder behavior (lapses and withdrawals), near-term equity index volatility, expected future interest credited, forward interest rates and an adjustment to the discount rate to incorporate non-performance risk and risk margins. As a result of our assumptions for policyholder behavior and expected future interest credited being considered significant unobservable inputs, we classify these instruments as Level 3. As lapses and withdrawals increase, the value of our embedded derivative liability will decrease. As expected future interest credited decreases, the value of our embedded derivative liability will decrease.

Borrowings related to securitization entities

We record certain borrowings related to securitization entities at fair value. The fair value of these borrowings is determined using either a market approach or income approach, depending on the instrument and availability of market information. Given the unique characteristics of the securitization entities that issued these borrowings as well as the lack of comparable instruments, we determine fair value considering the valuation of the underlying assets held by the securitization entities and any derivatives, as well as any unique characteristics of the borrowings that may impact the valuation. After considering all relevant inputs, we determine fair value of the borrowings using the net valuation of the underlying assets and derivatives that are backing the borrowings. Accordingly, these instruments are classified as Level 3. Increases in the valuation of the underlying assets or decreases in the derivative liabilities will result in an increase in the fair value of these borrowings.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following tables set forth our assets by class of instrument that are measured at fair value on a recurring basis as of December 31:

(Amounts in millions)	2015			
	Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Fixed maturity securities:				
U.S. government, agencies and government-sponsored enterprises	$ 6,203	$ —	$ 6,200	$ 3
State and political subdivisions	2,438	—	2,403	35
Non-U.S. government	2,015	—	2,015	—
U.S. corporate:				
Utilities	3,693	—	3,244	449
Energy	2,501	—	2,248	253
Finance and insurance	5,632	—	4,917	715
Consumer—non-cyclical	4,096	—	3,987	109
Technology and communications	2,193	—	2,158	35
Industrial	1,173	—	1,112	61
Capital goods	1,950	—	1,770	180
Consumer—cyclical	1,675	—	1,436	239
Transportation	1,086	—	980	106
Other	402	—	220	182
Total U.S. corporate	24,401	—	22,072	2,329
Non-U.S. corporate:				
Utilities	843	—	556	287
Energy	1,686	—	1,434	252
Finance and insurance	2,473	—	2,282	191
Consumer—non-cyclical	752	—	583	169
Technology and communications	988	—	926	62
Industrial	986	—	902	84
Capital goods	604	—	391	213
Consumer—cyclical	526	—	455	71
Transportation	605	—	461	144
Other	2,736	—	2,664	72
Total non-U.S. corporate	12,199	—	10,654	1,545
Residential mortgage-backed	5,101	—	4,985	116
Commercial mortgage-backed	2,559	—	2,549	10
Other asset-backed	3,281	—	2,139	1,142
Total fixed maturity securities	58,197	—	53,017	5,180
Equity securities	310	270	2	38
Other invested assets:				
Trading securities	447	—	447	—
Derivative assets:				
Interest rate swaps	1,054	—	1,054	—
Foreign currency swaps	8	—	8	—
Credit default swaps	1	—	—	1
Equity index options	30	—	—	30
Equity return swaps	2	—	2	—
Other foreign currency contracts	17	—	14	3
Total derivative assets	1,112	—	1,078	34
Securities lending collateral	347	—	347	—
Total other invested assets	1,906	—	1,872	34
Restricted other invested assets related to securitization entities (1)	413	—	181	232
Reinsurance recoverable (2)	17	—	—	17
Separate account assets	7,883	7,883	—	—
Total assets	$ 68,726	$ 8,153	$ 55,072	$ 5,501

(1) See note 17 for additional information related to consolidated securitization entities.
(2) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	2014 Total	Level 1	Level 2	Level 3
Assets				
Investments:				
Fixed maturity securities:				
U.S. government, agencies and government-sponsored enterprises	$ 6,000	$ —	$ 5,996	$ 4
State and political subdivisions	2,222	—	2,192	30
Non-U.S. government	1,902	—	1,895	7
U.S. corporate:				
Utilities	3,864	—	3,420	444
Energy	2,742	—	2,457	285
Finance and insurance	5,646	—	5,030	616
Consumer—non-cyclical	4,013	—	3,873	140
Technology and communications	2,325	—	2,280	45
Industrial	1,287	—	1,251	36
Capital goods	2,006	—	1,840	166
Consumer—cyclical	1,900	—	1,537	363
Transportation	1,039	—	886	153
Other	401	—	230	171
Total U.S. corporate	25,223	—	22,804	2,419
Non-U.S. corporate:				
Utilities	903	—	575	328
Energy	2,036	—	1,712	324
Finance and insurance	2,957	—	2,736	221
Consumer—non-cyclical	796	—	599	197
Technology and communications	1,053	—	1,011	42
Industrial	1,213	—	1,082	131
Capital goods	618	—	381	237
Consumer—cyclical	534	—	445	89
Transportation	590	—	436	154
Other	3,395	—	3,314	81
Total non-U.S. corporate	14,095	—	12,291	1,804
Residential mortgage-backed	5,228	—	5,163	65
Commercial mortgage-backed	2,702	—	2,697	5
Other asset-backed	3,705	—	2,285	1,420
Total fixed maturity securities	61,077	—	55,323	5,754
Equity securities	275	237	4	34
Other invested assets:				
Trading securities	241	—	241	—
Derivative assets:				
Interest rate swaps	1,091	—	1,091	—
Foreign currency swaps	6	—	6	—
Credit default swaps	4	—	1	3
Equity index options	17	—	—	17
Other foreign currency contracts	14	—	14	—
Total derivative assets	1,132	—	1,112	20
Securities lending collateral	289	—	289	—
Total other invested assets	1,662	—	1,642	20
Restricted other invested assets related to securitization entities (1)	411	—	181	230
Reinsurance recoverable (2)	13	—	—	13
Separate account assets	9,208	9,208	—	—
Total assets	$ 72,646	$ 9,445	$ 57,150	$ 6,051

(1) See note 17 for additional information related to consolidated securitization entities.
(2) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.

We review the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers between levels at the beginning fair value for the reporting period in which the changes occur. Given the types of assets classified as Level 1, which primarily represents mutual fund investments, we typically do not have any transfers between Level 1 and Level 2 measurement categories and did not have any such transfers during any period presented.

Our assessment of whether or not there were significant unobservable inputs related to fixed maturity securities was based on our observations obtained through the course of managing our investment portfolio, including interaction with other market participants, observations related to the availability and consistency of pricing and/or rating, and understanding of general market activity such as new issuance and the level of secondary market trading for a class of securities. Additionally, we considered data obtained from third-party pricing sources to determine whether our estimated values incorporate significant unobservable inputs that would result in the valuation being classified as Level 3.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following tables present additional information about assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value as of or for the dates indicated:

(Amounts in millions)	Beginning balance as of January 1, 2015	Total realized and unrealized gains (losses): Included in net income (loss)	Total realized and unrealized gains (losses): Included in OCI	Purchases	Sales	Issuances	Settlements	Transfer into Level 3 (1)	Transfer out of Level 3 (1)	Ending balance as of December 31, 2015	Total gains (losses) included in net income (loss) attributable to assets still held
Fixed maturity securities:											
U.S. government, agencies and government-sponsored enterprises	$ 4	$ —	$ —	$ —	$ —	$ —	$ (1)	$ —	$ —	$ 3	$ —
State and political subdivisions	30	3	$ 7	$ 5	$ —	$ —	$ —	$ —	$ (10)	$ 35	$ 3
Non-U.S. government	7	—	$ (1)	$ —	$ —	$ —	$ (1)	$ —	$ (5)	$ —	$ —
U.S. corporate:											
Utilities	444	—	(14)	67	—	—	(16)	10	(42)	449	—
Energy	285	—	(13)	4	(4)	—	(11)	—	(8)	253	—
Finance and insurance	616	16	(28)	90	—	—	(33)	97	(43)	715	14
Consumer—non-cyclical	140	2	(3)	29	(9)	—	(40)	—	(10)	109	—
Technology and communications	45	3	(2)	—	—	—	—	—	(11)	35	3
Industrial	36	—	(3)	28	—	—	—	—	—	61	—
Capital goods	166	—	(6)	30	(3)	—	(1)	—	(6)	180	—
Consumer—cyclical	363	1	(8)	39	—	—	(52)	11	(115)	239	—
Transportation	153	1	(5)	7	—	—	(31)	—	(19)	106	1
Other	171	1	(2)	—	—	—	(7)	19	—	182	1
Total U.S. corporate	2,419	24	(84)	294	(16)	—	(191)	137	(254)	2,329	19
Non-U.S. corporate:											
Utilities	328	—	(4)	18	—	—	(46)	—	(9)	287	—
Energy	324	(1)	(21)	15	(24)	—	(41)	—	—	252	(1)
Finance and insurance	221	5	(6)	21	—	—	(26)	—	(24)	191	3
Consumer—non-cyclical	197	—	(1)	15	—	—	(41)	—	(1)	169	—
Technology and communications	42	—	(4)	24	—	—	—	—	—	62	—
Industrial	131	—	(4)	7	—	—	(18)	1	(33)	84	—
Capital goods	237	—	(7)	—	—	—	(17)	—	—	213	—
Consumer—cyclical	89	—	(2)	—	—	—	—	15	(31)	71	—
Transportation	154	—	(2)	—	—	—	(8)	—	—	144	—
Other	81	—	2	—	—	—	(11)	—	—	72	—
Total non-U.S. corporate	1,804	4	(49)	100	(24)	—	(208)	16	(98)	1,545	2
Residential mortgage-backed	65	—	(1)	58	—	—	(10)	76	(72)	116	—
Commercial mortgage-backed	5	—	(1)	9	—	—	(2)	13	(14)	10	—
Other asset-backed	1,420	2	2	152	(190)	—	(267)	164	(141)	1,142	—
Total fixed maturity securities	5,754	33	(127)	618	(230)	—	(680)	406	(594)	5,180	24
Equity securities	34	—	—	1	(6)	—	—	9	—	38	—
Other invested assets:											
Derivative assets:											
Credit default swaps	3	1	—	—	—	—	(3)	—	—	1	1
Equity index options	17	(25)	—	38	—	—	—	—	—	30	(3)
Other foreign currency contracts	—	(2)	—	5	—	—	—	—	—	3	(1)
Total derivative assets	20	(26)	—	43	—	—	(3)	—	—	34	(3)
Total other invested assets	20	(26)	—	43	—	—	(3)	—	—	34	(3)
Restricted other invested assets related to securitization entities (2)	230	2	—	—	—	—	—	—	—	232	2
Reinsurance recoverable (3)	13	1	—	—	—	3	—	—	—	17	1
Total Level 3 assets	$ 6,051	$ 10	$ (127)	$ 662	$(236)	$ 3	$ (683)	$ 415	$ (594)	$ 5,501	$ 24

(1) The transfers into and out of Level 3 for fixed maturity securities were related to changes in the primary pricing source and changes in the observability of external information used in determining the fair value, such as external ratings or credit spreads, as well as changes in the industry sectors assigned to specific securities.

(2) See note 17 for additional information related to consolidated securitization entities.

(3) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	Beginning balance as of January 1, 2014	Total realized and unrealized gains (losses)		Purchases	Sales	Issuances	Settlements	Transfer into Level 3 (1)	Transfer out of Level 3 (1)	Ending balance as of December 31, 2014	Total gains (losses) included in net income (loss) attributable to assets still held
		Included in net income (loss)	Included in OCI								
Fixed maturity securities:											
U.S. government, agencies and government-sponsored enterprises	$ 5	$ —	$ —	$ —	$ —	$ —	$ (1)	$ —	$ —	$ 4	$ —
State and political subdivisions	27	2	(4)	5	—	—	—	—	—	30	2
Non-U.S. government	23	—	—	2	—	—	(2)	—	(16)	7	—
U.S. corporate:											
Utilities	420	—	11	12	—	—	(5)	58	(52)	444	—
Energy	281	—	—	40	—	—	(4)	27	(59)	285	—
Finance and insurance	433	14	23	39	(1)	—	(10)	155	(37)	616	3
Consumer—non-cyclical	224	2	2	—	(38)	—	(60)	10	—	140	—
Technology and communications	60	3	5	—	(20)	—	(13)	10	—	45	3
Industrial	24	2	1	27	—	—	(15)	—	(3)	36	—
Capital goods	139	—	3	8	—	—	—	31	(15)	166	—
Consumer—cyclical	386	1	1	62	(1)	—	(86)	—	—	363	1
Transportation	196	2	4	10	—	—	(11)	—	(48)	153	2
Other	210	2	8	8	—	—	(47)	10	(20)	171	1
Total U.S. corporate	2,373	26	58	206	(60)	—	(251)	301	(234)	2,419	10
Non-U.S. corporate:											
Utilities	260	—	6	54	—	—	(14)	22	—	328	—
Energy	320	—	(14)	55	—	—	(48)	20	(9)	324	—
Finance and insurance	181	3	32	71	(42)	—	(8)	21	(37)	221	2
Consumer—non-cyclical	212	—	(4)	35	—	—	(46)	—	—	197	—
Technology and communications	58	—	(1)	20	(35)	—	—	—	—	42	—
Industrial	151	—	2	—	(12)	—	—	—	(10)	131	—
Capital goods	299	1	(3)	30	(35)	—	(52)	10	(13)	237	—
Consumer—cyclical	96	—	—	6	—	—	(13)	—	—	89	—
Transportation	153	—	1	11	—	—	(25)	14	—	154	—
Other	89	—	(11)	—	—	—	(17)	20	—	81	—
Total non-U.S. corporate	1,819	4	8	282	(124)	—	(223)	107	(69)	1,804	2
Residential mortgage-backed	104	—	(3)	16	(23)	—	(9)	13	(33)	65	—
Commercial mortgage-backed	6	—	2	—	—	—	(2)	7	(8)	5	—
Other asset-backed	1,166	5	(3)	298	(15)	—	(181)	244	(94)	1,420	1
Total fixed maturity securities	5,523	37	58	809	(222)	—	(669)	672	(454)	5,754	15
Equity securities	78	—	—	1	(38)	—	—	—	(7)	34	—
Other invested assets:											
Trading securities	34	—	—	—	—	—	(3)	—	(31)	—	—
Derivative assets:											
Credit default swaps	10	—	—	—	—	—	(7)	—	—	3	—
Equity index options	12	(31)	—	36	—	—	—	—	—	17	(28)
Other foreign currency contracts	3	(2)	—	—	(1)	—	—	—	—	—	—
Total derivative assets	25	(33)	—	36	(1)	—	(7)	—	—	20	(28)
Total other invested assets	59	(33)	—	36	(1)	—	(10)	—	(31)	20	(28)
Restricted other invested assets related to securitization entities (2)	211	19	—	—	—	—	—	—	—	230	18
Reinsurance recoverable (3)	(1)	11	—	—	—	3	—	—	—	13	11
Total Level 3 assets	$ 5,870	$ 34	$ 58	$ 846	$(261)	$ 3	$ (679)	$ 672	$ (492)	$ 6,051	$ 16

(1) The transfers into and out of Level 3 for fixed maturity securities were related to changes in the primary pricing source and changes in the observability of external information used in determining the fair value, such as external ratings or credit spreads.

(2) See note 17 for additional information related to consolidated securitization entities.

(3) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.

Table of Contents

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	Beginning balance as of January 1, 2013	Total realized and unrealized gains (losses)		Purchases	Sales	Issuances	Settlements	Transfer into Level 3 (1)	Transfer out of Level 3 (1)	Ending balance as of December 31, 2013	Total gains (losses) included in net income (loss) attributable to assets still held
		Included in net income (loss)	Included in OCI								
Fixed maturity securities:											
U.S. government, agencies and government-sponsored enterprises	$ 9	$ —	$ —	$ —	$ —	$ —	$ (4)	$ —	$ —	$ 5	$ —
State and political subdivisions	25	2	—	—	—	—	—	—	—	27	2
Non-U.S. government	9	—	1	—	—	—	(2)	16	(1)	23	—
U.S. corporate:											
Utilities	414	—	15	6	(15)	—	(20)	57	(37)	420	—
Energy	240	—	12	42	(10)	—	(25)	26	(4)	281	—
Finance and insurance	453	13	(3)	33	(11)	—	(9)	21	(64)	433	12
Consumer—non-cyclical	243	(4)	12	42	(13)	—	(64)	8	—	224	(6)
Technology and communications	73	2	(6)	6	(6)	—	(1)	3	(11)	60	2
Industrial	29	—	1	—	—	—	(6)	—	—	24	—
Capital goods	169	1	4	15	(35)	—	(14)	—	(1)	139	1
Consumer—cyclical	496	1	8	27	(46)	—	(107)	35	(28)	386	—
Transportation	205	1	—	9	—	—	(36)	18	(1)	196	1
Other	354	1	(58)	—	(14)	—	(66)	17	(24)	210	1
Total U.S. corporate	2,676	15	(15)	180	(150)	—	(348)	185	(170)	2,373	11
Non-U.S. corporate:											
Utilities	242	—	8	10	—	—	—	—	—	260	—
Energy	286	1	7	7	(14)	—	(17)	50	—	320	—
Finance and insurance	245	2	(16)	21	(19)	—	(9)	18	(61)	181	2
Consumer—non-cyclical	194	—	(1)	42	—	—	(23)	—	—	212	—
Technology and communications	69	—	1	—	—	—	(12)	—	—	58	—
Industrial	207	—	1	21	—	—	(77)	—	(1)	151	—
Capital goods	329	—	11	4	—	—	(45)	—	—	299	—
Consumer—cyclical	106	—	4	15	—	—	(30)	1	—	96	—
Transportation	147	—	7	—	—	—	(1)	—	—	153	—
Other	135	—	(46)	—	—	—	—	—	—	89	—
Total non-U.S. corporate	1,960	3	(24)	120	(33)	—	(214)	69	(62)	1,819	2
Residential mortgage-backed	143	(9)	7	—	(8)	—	(27)	14	(16)	104	—
Commercial mortgage-backed	35	(5)	(1)	—	—	—	(32)	11	(2)	6	(4)
Other asset-backed	864	4	10	200	(49)	—	(89)	246	(20)	1,166	4
Total fixed maturity securities	5,721	10	(22)	500	(240)	—	(716)	541	(271)	5,523	15
Equity securities	99	2	—	1	(24)	—	—	—	—	78	—
Other invested assets:											
Trading securities	76	7	—	—	(40)	—	(9)	—	—	34	2
Derivative assets:											
Interest rate swaps	2	(1)	—	—	—	—	(1)	—	—	—	(1)
Credit default swaps	7	12	—	—	—	—	(9)	—	—	10	6
Equity index options	25	(43)	—	39	—	—	(9)	—	—	12	(40)
Other foreign currency contracts	—	(1)	—	4	—	—	—	—	—	3	(1)
Total derivative assets	34	(33)	—	43	—	—	(19)	—	—	25	(36)
Total other invested assets	110	(26)	—	43	(40)	—	(28)	—	—	59	(34)
Restricted other invested assets related to securitization entities (2)	194	(1)	—	19	—	—	(20)	19	—	211	(1)
Other assets (3)	9	—	—	—	—	—	(9)	—	—	—	—
Reinsurance recoverable (4)	10	(14)	—	—	—	3	—	—	—	(1)	(14)
Total Level 3 assets	$ 6,143	$ (29)	$ (22)	$ 563	$ (304)	$ 3	$ (773)	$ 560	$ (271)	$ 5,870	$ (34)

(1) The transfers into and out of Level 3 for fixed maturity securities were related to changes in the primary pricing source and changes in the observability of external information used in determining the fair value, such as external ratings or credit spreads.

(2) See note 17 for additional information related to consolidated securitization entities.

(3) Represents contingent receivables associated with recent business dispositions.

(4) Represents embedded derivatives associated with the reinsured portion of our GMWB liabilities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the gains and losses included in net income (loss) from assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value and the related income statement line item in which these gains and losses were presented for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Total realized and unrealized gains (losses) included in net income (loss):			
Net investment income	$ 42	$ 44	$ 36
Net investment gains (losses)	(32)	(10)	(65)
Total	$ 10	$ 34	$(29)
Total gains (losses) included in net income (loss) attributable to assets still held:			
Net investment income	$ 33	$ 19	$ 35
Net investment gains (losses)	(9)	(3)	(69)
Total	$ 24	$ 16	$(34)

The amount presented for unrealized gains (losses) included in net income (loss) for available-for-sale securities represents impairments and accretion on certain fixed maturity securities.

The following tables set forth our liabilities by class of instrument that are measured at fair value on a recurring basis as of December 31:

	2015			
(Amounts in millions)	Total	Level 1	Level 2	Level 3
Liabilities				
Policyholder account balances:				
GMWB embedded derivatives (1)	$ 352	$ —	$ —	$ 352
Fixed index annuity embedded derivatives	342	—	—	342
Indexed universal life embedded derivatives	10	—	—	10
Total policyholder account balances	704	—	—	704
Derivative liabilities:				
Interest rate swaps	220	—	220	—
Interest rate swaps related to securitization entities (2)	30	—	30	—
Inflation indexed swaps	33	—	33	—
Foreign currency swaps	27	—	27	—
Credit default swaps related to securitization entities (2)	14	—	—	14
Equity return swaps	1	—	1	—
Other foreign currency contracts	34	—	34	—
Total derivative liabilities	359	—	345	14
Borrowings related to securitization entities (2)	81	—	—	81
Total liabilities	$1,144	$ —	$ 345	$ 799

(1) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.
(2) See note 17 for additional information related to consolidated securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

	2014			
(Amounts in millions)	Total	Level 1	Level 2	Level 3
Liabilities				
Policyholder account balances:				
GMWB embedded derivatives (1)	$291	$ —	$ —	$ 291
Fixed index annuity embedded derivatives	276	—	—	276
Indexed universal life embedded derivatives	7	—	—	7
Total policyholder account balances	574	—	—	574
Derivative liabilities:				
Interest rate swaps	204	—	204	—
Interest rate swaps related to securitization entities (2)	26	—	26	—
Inflation indexed swaps	42	—	42	—
Foreign currency swaps	7	—	7	—
Credit default swaps related to securitization entities (2)	17	—	—	17
Equity return swaps	1	—	1	—
Other foreign currency contracts	13	—	13	—
Total derivative liabilities	310	—	293	17
Borrowings related to securitization entities (2)	85	—	—	85
Total liabilities	$969	$ —	$ 293	$ 676

(1) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.
(2) See note 17 for additional information related to consolidated securitization entities.

Table of Contents

The following tables present additional information about liabilities measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value as of or for the dates indicated:

(Amounts in millions)	Beginning balance as of January 1, 2015	Total realized and unrealized (gains) losses: Included in net (income) loss	Total realized and unrealized (gains) losses: Included in OCI	Purchases	Sales	Issuances	Settlements	Transfer into Level 3	Transfer out of Level 3	Ending balance as of December 31, 2015	Total (gains) losses included in net (income) loss attributable to liabilities still held
Policyholder account balances:											
GMWB embedded derivatives (1)	$ 291	$ 26	$ —	$ —	$—	$ 35	$ —	$ —	$ —	$ 352	$ 30
Fixed index annuity embedded derivatives	276	7	—	—	—	65	(6)	—	—	342	7
Indexed universal life embedded derivatives	7	(6)	—	—	—	9	—	—	—	10	(6)
Total policyholder account balances	574	27	—	—	—	109	(6)	—	—	704	31
Derivative liabilities:											
Credit default swaps related to securitization entities (2)	17	(7)	—	4	—	—	—	—	—	14	21
Total derivative liabilities	17	(7)	—	4	—	—	—	—	—	14	21
Borrowings related to securitization entities (2)	85	(4)	—	—	—	—	—	—	—	81	(4)
Total Level 3 liabilities	$ 676	$ 16	$ —	$ 4	$—	$ 109	$ (6)	$ —	$ —	$ 799	$ 48

(1) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.

(2) See note 17 for additional information related to consolidated securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	Beginning balance as of January 1, 2014	Total realized and unrealized (gains) losses: Included in net (income) loss	Total realized and unrealized (gains) losses: Included in OCI	Purchases	Sales	Issuances	Settlements	Transfer into Level 3	Transfer out of Level 3	Ending balance as of December 31, 2014	Total (gains) losses included in net (income) loss attributable to liabilities still held
Policyholder account balances:											
GMWB embedded derivatives (1)	$ 96	$ 158	$ —	$ —	$—	$ 37	$ —	$ —	$ —	$ 291	$ 160
Fixed index annuity embedded derivatives	143	27	—	—	—	108	(2)	—	—	276	27
Indexed universal life embedded derivatives	—	1	—	—	—	6	—	—	—	7	1
Total policyholder account balances	239	186	—	—	—	151	(2)	—	—	574	188
Derivative liabilities:											
Credit default swaps related to securitization entities (2)	32	(19)	—	4	—	—	—	—	—	17	(19)
Other foreign currency contracts	1	1	—	—	(2)	—	—	—	—	—	—
Total derivative liabilities	33	(18)	—	4	(2)	—	—	—	—	17	(19)
Borrowings related to securitization entities (2)	75	9	—	—	—	1	—	—	—	85	9
Total Level 3 liabilities	$ 347	$ 177	$ —	$ 4	$ (2)	$ 152	$ (2)	$ —	$ —	$ 676	$ 178

(1) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.

(2) See note 17 for additional information related to consolidated securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	Beginning balance as of January 1, 2013	Total realized and unrealized (gains) losses: Included in net (income) loss	Total realized and unrealized (gains) losses: Included in OCI	Purchases	Sales	Issuances	Settlements	Transfer into Level 3	Transfer out of Level 3	Ending balance as of December 31, 2013	Total (gains) losses included in net (income) loss attributable to liabilities still held
Policyholder account balances:											
GMWB embedded derivatives (1)	$ 350	$ (291)	$ —	$ —	$—	$ 37	$ —	$ —	$ —	$ 96	$ (289)
Fixed index annuity embedded derivatives	27	18	—	—	—	98	—	—	—	143	18
Total policyholder account balances	377	(273)	—	—	—	135	—	—	—	239	(271)
Derivative liabilities:											
Credit default swaps	1	(1)	—	—	—	—	—	—	—	—	(1)
Credit default swaps related to securitization entities (2)	104	(77)	—	5	—	—	—	—	—	32	(77)
Equity index options	—	1	—	—	—	—	(1)	—	—	—	1
Other foreign current contracts	—	(2)	—	3	—	—	—	—	—	1	(2)
Total derivative liabilities	105	(79)	—	8	—	—	(1)	—	—	33	(79)
Borrowings related to securitization entities (2)	62	13	—	—	—	—	—	—	—	75	13
Total Level 3 liabilities	$ 544	$ (339)	$ —	$ 8	$—	$ 135	$ (1)	$ —	$ —	$ 347	$ (337)

(1) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.
(2) See note 17 for additional information related to consolidated securitization entities.

The following table presents the gains and losses included in net (income) loss from liabilities measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value and the related income statement line item in which these gains and losses were presented for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Total realized and unrealized (gains) losses included in net (income) loss:			
Net investment income	$—	$—	$ —
Net investment (gains) losses	16	177	(339)
Total	$ 16	$177	$(339)
Total (gains) losses included in net (income) loss attributable to liabilities still held:			
Net investment income	$—	$—	$ —
Net investment (gains) losses	48	178	(337)
Total	$ 48	$178	$(337)

Purchases, sales, issuances and settlements represent the activity that occurred during the period that results in a change of the asset or liability but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity primarily consists of purchases, sales and settlements of fixed maturity, equity and trading securities and purchases, issuances and settlements of derivative instruments.

Issuances presented for GMWB embedded derivative liabilities are characterized as the change in fair value associated with the product fees recognized that are attributed to the embedded derivative to equal the expected future benefit costs

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

upon issuance. Issuances for fixed index annuity and indexed universal life embedded derivative liabilities represent the amount of the premium received that is attributed to the value of the embedded derivative. Settlements of embedded derivatives are characterized as the change in fair value upon exercising the embedded derivative instrument, effectively representing a settlement of the embedded derivative instrument. We have shown these changes in fair value separately based on the classification of this activity as effectively issuing and settling the embedded derivative instrument with all remaining changes in the fair value of these embedded derivative instruments being shown separately in the category labeled "included in net (income) loss" in the tables presented above.

The following table presents a summary of the significant unobservable inputs used for certain fair value measurements that are based on internal models and classified as Level 3 as of December 31, 2015:

(Amounts in millions)	Valuation technique	Fair value	Unobservable input	Range	Weighted-average
Fixed maturity securities:					
U.S. corporate:					
Utilities	Internal models	$ 425	Credit spreads	100bps - 346bps	177bps
Energy	Internal models	141	Credit spreads	124bps - 365bps	208bps
Finance and insurance	Internal models	598	Credit spreads	96bps - 644bps	252bps
Consumer—non-cyclical	Internal models	109	Credit spreads	150bps - 495bps	280bps
Technology and communications	Internal models	35	Credit spreads	403bps	Not applicable
Industrial	Internal models	61	Credit spreads	252bps - 354bps	305bps
Capital goods	Internal models	180	Credit spreads	94bps - 516bps	226bps
Consumer—cyclical	Internal models	239	Credit spreads	94bps - 350bps	230bps
Transportation	Internal models	95	Credit spreads	66bps - 335bps	223bps
Other	Internal models	167	Credit spreads	82bps - 495bps	154bps
Total U.S. corporate	Internal models	$ 2,050	Credit spreads	66bps - 644bps	225bps
Non-U.S. corporate:					
Utilities	Internal models	$ 287	Credit spreads	112bps - 212bps	157bps
Energy	Internal models	213	Credit spreads	146bps - 552bps	265bps
Finance and insurance	Internal models	181	Credit spreads	125bps - 230bps	147bps
Consumer—non-cyclical	Internal models	155	Credit spreads	94bps - 332bps	213bps
Technology and communications	Internal models	62	Credit spreads	179bps - 552bps	312bps
Industrial	Internal models	70	Credit spreads	150bps - 280bps	253bps
Capital goods	Internal models	180	Credit spreads	150bps - 440bps	259bps
Consumer—cyclical	Internal models	71	Credit spreads	109bps - 354bps	236bps
Transportation	Internal models	144	Credit spreads	120bps - 354bps	197bps
Other	Internal models	55	Credit spreads	354bps - 714bps	464bps
Total non-U.S. corporate	Internal models	$ 1,418	Credit spreads	94bps - 714bps	222bps
Derivative assets:					
Credit default swaps (1)	Discounted cash flows	$ 1	Credit spreads	5bps	Not applicable
Equity index options	Discounted cash flows	$ 30	Equity index volatility	—% - 23%	17%
			Interest rate volatility	24% - 25%	25%
Other foreign currency contracts	Discounted cash flows	$ 3	Foreign exchange rate volatility	9% - 13%	12%
Policyholder account balances:					
			Withdrawal utilization rate	—% - 98%	66%
			Lapse rate	—% - 15%	6%
			Non-performance risk (credit spreads)	40bps - 85bps	70bps
GMWB embedded derivatives (2)	Stochastic cash flow model	$ 352	Equity index volatility	17% - 24%	21%
Fixed index annuity embedded derivatives	Option budget method	$ 342	Expected future interest credited	—% - 3%	2%
Indexed universal life embedded derivatives	Option budget method	$ 10	Expected future interest credited	3% - 10%	6%

(1) Unobservable input valuation based on the current market credit default swap premium.
(2) Represents embedded derivatives associated with our GMWB liabilities, excluding the impact of reinsurance.

Certain classes of instruments classified as Level 3 are excluded above as a result of not being material or due to limitations in being able to obtain the underlying inputs used by certain third-party sources, such as broker quotes, used as an input in determining fair value.

(17) Variable Interest and Securitization Entities

VIEs are generally entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest. We evaluate VIEs to determine whether we are the primary beneficiary and are required to consolidate the assets and liabilities of the entity. The determination of the primary beneficiary for a VIE can be complex and requires management judgment regarding the expected results of the entity and who directs the activities of the entity that most significantly impact the economic results of the VIE.

(a) Asset Securitizations

We have used former affiliates and third-party entities to facilitate asset securitizations. Disclosure requirements related to off-balance sheet arrangements encompass a broader array of arrangements than those at risk for consolidation. These arrangements include transactions with term securitization entities, as well as transactions with conduits that are sponsored by third parties.

The following table summarizes the total securitized assets as of December 31:

(Amounts in millions)	2015	2014
Receivables secured by:		
Other assets	$136	$142
Total securitized assets not required to be consolidated	136	142
Total securitized assets required to be consolidated	267	300
Total securitized assets	$403	$442

We do not have any additional exposure or guarantees associated with these securitization entities.

There has been no new asset securitization activity in 2015 or 2014.

(b) Securitization and Variable Interest Entities Required To Be Consolidated

For VIEs related to asset securitization transactions, we consolidate two securitization entities as a result of our involvement in the entities' design or having certain decision making ability regarding the assets held by the securitization entity. These securitization entities were designed to have significant limitations on the types of assets owned and the types and extent of permitted activities and decision making rights. The two securitization entities that are consolidated comprise one securitization entity backed by commercial mortgage loans and one backed by residual interests in certain policy loan securitization entities.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

For the commercial mortgage loan securitization entity, our primary economic interest represents the excess interest of the commercial mortgage loans and the subordinated notes of the securitization entity.

Our primary economic interest in the policy loan securitization entity represents the excess interest received from the residual interest in certain policy loan securitization entities and the floating rate obligation issued by the securitization entity, where our economic interest is not expected to be material in any future years. Upon consolidation, we elected fair value option for the assets and liabilities for the securitization entity.

For VIEs related to certain investments, we were required to consolidate three securitization entities as a result of having certain decision making rights related to instruments held by the entities. Upon consolidation, we elected fair value option for the assets and liabilities for the securitization entity.

The following table shows the assets and liabilities that were recorded for the consolidated securitization entities as of December 31:

(Amounts in millions)	2015	2014
Assets		
Investments:		
Restricted commercial mortgage loans	$161	$201
Restricted other invested assets:		
Trading securities	413	411
Total restricted other invested assets	413	411
Total investments	574	612
Cash and cash equivalents	1	1
Accrued investment income	1	1
Other assets	5	—
Total assets	$581	$614
Liabilities		
Other liabilities:		
Derivative liabilities	$ 44	$ 43
Other liabilities	2	2
Total other liabilities	46	45
Borrowings related to securitization entities	179	219
Total liabilities	$225	$264

The assets and other instruments held by the securitization entities are restricted and can only be used to fulfill the obligations of the securitization entity. Additionally, the obligations of the securitization entities do not have any recourse to the general credit of any other consolidated subsidiaries.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table shows the activity presented in our consolidated statement of income related to the consolidated securitization entities for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Revenues:			
Net investment income:			
Restricted commercial mortgage loans	$ 14	$ 14	$ 23
Restricted other invested assets	5	5	4
Total net investment income	19	19	27
Net investment gains (losses):			
Trading securities	(2)	15	(4)
Derivatives	3	10	86
Borrowings related to securitization entities recorded at fair value	4	(9)	(13)
Total net investment gains (losses)	5	16	69
Total revenues	24	35	96
Expenses:			
Interest expense	9	10	16
Total expenses	9	10	16
Income before income taxes	15	25	80
Provision for income taxes	5	9	27
Net income	$ 10	$ 16	$ 53

(c) Borrowings Related To Consolidated Securitization Entities

Borrowings related to securitization entities were as follows as of December 31:

	2015		2014	
(Amounts in millions)	Principal amount	Carrying value	Principal amount	Carrying value
GFCM LLC, due 2035, 5.2541%	$ —	$ —	$ 21	$ 21
GFCM LLC, due 2035, 5.7426%	98	98	113	113
Marvel Finance 2007-4 LLC, due 2017 (1),(2)	12	10	12	12
Genworth Special Purpose Five, LLC, due 2040 (1),(2)	NA(3)	71	NA(3)	73
Total	$ 110	$ 179	$ 146	$ 219

(1) Accrual of interest based on three-month LIBOR that resets every three months plus a fixed margin.
(2) Carrying value represents fair value as a result of electing fair value option for these liabilities.
(3) Principal amount not applicable. Notional balance was $118 million and $115 million as of December 31, 2015 and 2014, respectively.

These borrowings are required to be paid down as principal is collected on the restricted investments held by the securitization entities and accordingly the repayment of these borrowings follows the maturity or prepayment, as permitted, of the restricted investments.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(18) Insurance Subsidiary Financial Information and Regulatory Matters

Dividends

Our insurance company subsidiaries are restricted by state and foreign laws and regulations as to the amount of dividends they may pay to their parent without regulatory approval in any year, the purpose of which is to protect affected insurance policyholders or contractholders, not stockholders. Any dividends in excess of limits are deemed "extraordinary" and require approval. Based on estimated statutory results as of December 31, 2015, in accordance with applicable dividend restrictions, our subsidiaries could pay dividends of approximately $140 million to us in 2016 without obtaining regulatory approval, and the remaining net assets are considered restricted. While the $140 million is unrestricted, our insurance subsidiaries may not pay dividends to us in 2016 at this level if they need to retain capital for growth and to meet capital requirements and desired thresholds. As of December 31, 2015, Genworth Financial's and Genworth Holdings' subsidiaries had restricted net assets of $12.7 billion and $12.8 billion, respectively. There are no regulatory restrictions on the ability of Genworth Financial to pay dividends. Our Board of Directors has suspended the payment of dividends on our common stock indefinitely. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will be dependent on many factors including the receipt of dividends from our operating subsidiaries, our financial condition and operating results, the capital requirements of our subsidiaries, legal requirements, regulatory constraints, our credit and financial strength ratings and such other factors as the Board of Directors deems relevant.

Our domestic insurance subsidiaries paid dividends of $41 million (none of which were deemed "extraordinary"), $108 million (none of which were deemed "extraordinary") and $418 million (none of which were deemed "extraordinary") during 2015, 2014 and 2013, respectively. Our international insurance subsidiaries paid dividends of $640 million, $630 million and $317 million during 2015, 2014 and 2013, respectively.

U.S. domiciled insurance subsidiaries—statutory financial information

Our U.S. domiciled insurance subsidiaries file financial statements with state insurance regulatory authorities and the NAIC that are prepared on an accounting basis either prescribed or permitted by such authorities. Statutory accounting practices differ from U.S. GAAP in several respects, causing differences in reported net income (loss) and stockholders' equity.

Permitted statutory accounting practices encompass all accounting practices not so prescribed but that have been specifically allowed by individual state insurance authorities. Our U.S. domiciled insurance subsidiaries have no material permitted accounting practices, except for River Lake Insurance Company VI ("River Lake VI"), River Lake Insurance Company VII ("River Lake VII"), River Lake Insurance Company VIII ("River Lake VIII"), River Lake Insurance Company IX ("River Lake IX"), River Lake Insurance Company X (("River Lake X"), together with River Lake VI, River Lake VII, River Lake VIII and River Lake IX, the "SPFCs") and Genworth Life Insurance Company of New York ("GLICNY"). The permitted practices of the SPFCs were an essential element of their design and were expressly included in their plans of operation and in the licensing orders issued by their domiciliary state regulators and without those permitted practices, these entities could be subject to regulatory action. Accordingly, we believe that the permitted practices will remain in effect for so long as we maintain the SPFCs. The permitted practices were as follows:

- River Lake IX and River Lake X were granted a permitted accounting practice from the State of Vermont to carry its excess of loss reinsurance agreement with Brookfield Life and Annuity Insurance Company Limited ("BLAIC") and Hannover Life Reassurance Company Of America, respectively, as an admitted asset.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

- River Lake VII and River Lake VIII were granted a permitted accounting practice from the State of Vermont to carry their reserves on a basis similar to U.S. GAAP.
- River Lake VI was granted a permitted accounting practice from the State of Delaware to carry its excess of loss reinsurance agreement with The Canada Life Assurance Company as an admitted asset.
- GLICNY received a permitted practice from New York to exempt certain of its investments from a NAIC structured security valuation and ratings process.

The impact of these permitted practices on our combined U.S. domiciled life insurance subsidiaries' statutory capital and surplus was $120 million and $365 million as of December 31, 2015 and 2014, respectively. If permitted practices had not been used, no regulatory event would have been triggered.

The tables below include the combined statutory net income (loss) and statutory capital and surplus for our U.S. domiciled insurance subsidiaries for the periods indicated:

(Amounts in millions)	Years ended December 31, 2015	2014	2013
Combined statutory net income (loss):			
Life insurance subsidiaries, excluding captive life reinsurance subsidiaries	$ (330)	$ (179)	$ 359
Mortgage insurance subsidiaries	287	198	85
Combined statutory net income (loss), excluding captive reinsurance subsidiaries	(43)	19	444
Captive life insurance subsidiaries	(276)	(281)	(102)
Combined statutory net income (loss)	$ (319)	$ (262)	$ 342

(Amounts in millions)	As of December 31, 2015	2014
Combined statutory capital and surplus:		
Life insurance subsidiaries, excluding captive life reinsurance subsidiaries	$ 2,548	$ 2,560
Mortgage insurance subsidiaries	1,722	1,792
Combined statutory capital and surplus	$ 4,270	$ 4,352

The statutory net income (loss) from our captive life reinsurance subsidiaries relates to the reinsurance of term and universal life insurance statutory reserves assumed from our U.S. domiciled life insurance companies. These reserves are, in turn, funded through the issuance of surplus notes (non-recourse funding obligations) to third parties or secured by a third-party letter of credit or excess of loss reinsurance treaties with third parties. Accordingly, the life insurance subsidiaries' combined statutory net income (loss) and distributable income (loss) are not affected by the statutory net income (loss) of the captives, except to the extent dividends are received from the captives. The combined statutory capital and surplus of our life insurance subsidiaries does not include the capital and surplus of our captive life reinsurance subsidiaries of $671 million and $1,057 million as of December 31, 2015 and 2014, respectively. Capital and surplus of our captive life reinsurance subsidiaries, excluding River Lake VI, River Lake VII, River Lake VIII, River Lake IX and River Lake X, include surplus notes (non-recourse funding obligations) as further described in note 12.

The NAIC has adopted RBC requirements to evaluate the adequacy of statutory capital and surplus in relation to risks associated with: (i) asset risk; (ii) insurance risk; (iii) interest rate and equity market risk; and

(iv) business risk. The RBC formula is designated as an early warning tool for the states to identify possible undercapitalized companies for the purpose of initiating regulatory action. In the course of operations, we periodically monitor the RBC level of each of our life insurance subsidiaries. As of December 31, 2015 and 2014, each of our life insurance subsidiaries exceeded the minimum required RBC levels. The consolidated RBC ratio of our U.S. domiciled life insurance subsidiaries was approximately 393% and 435% of the company action level as of December 31, 2015 and 2014, respectively.

On September 11, 2013, the New York Department of Financial Services announced that it would require New York licensed companies to use an alternative interpretation of Actuarial Guideline 38 (more commonly known as "AG 38") for universal life insurance products with secondary guarantees from the NAIC interpretation. We did not record any additional statutory reserves as of December 31, 2015 and we recorded $70 million of additional statutory reserves as of December 31, 2014 in our life insurance subsidiary domiciled in New York. As of December 31, 2015, this subsidiary had a total of $150 million of additional AG 38 reserves recorded.

As of December 31, 2015, we established $198 million of additional statutory reserves resulting from updates to our universal life insurance products with secondary guarantees in our Virginia and Delaware licensed life insurance subsidiaries.

In addition, as a result of our annual statutory cash flow testing of our long-term care insurance business, our New York insurance subsidiary recorded $89 million and $39 million of additional statutory reserves in the fourth quarters of 2015 and 2014, respectively, and expects to record an aggregate of $267 million of additional statutory reserves over the next three years.

For regulatory purposes, our U.S. mortgage insurance subsidiaries are required to maintain a statutory contingency reserve. Annual additions to the statutory contingency reserve must equal the greater of: (i) 50% of earned premiums or (ii) the required level of policyholders position, as defined by state insurance laws. These contingency reserves generally are held until the earlier of: (i) the time that loss ratios exceed 35% or (ii) 10 years. However, approval by the North Carolina Department of Insurance ("NCDOI") is required for contingency reserve releases when loss ratios exceed 35%. The statutory contingency reserve for our U.S. mortgage insurance subsidiaries was approximately $500 million and $193 million, respectively, as of December 31, 2015 and 2014 and, was included in the table above containing combined statutory capital and surplus balances.

Mortgage insurers are not subject to the NAIC's RBC requirements but certain states and other regulators impose another form of capital requirement on mortgage insurers requiring maintenance of a risk-to-capital ratio not to exceed 25:1. Fifteen other states maintain similar risk-to-capital requirements. As of December 31, 2015, GMICO's risk-to-capital ratio under the current regulatory framework as established under North Carolina law and enforced by the NCDOI, GMICO's domestic insurance regulator, was approximately 16.4:1, compared with a risk-to-capital ratio of approximately 14.3:1 as of December 31, 2014.

In May 2014, Genworth Mortgage Holdings, LLC, a U.S. mortgage insurance holding company contributed $300 million to GMICO, our primary U.S. mortgage insurance subsidiary.

Effective December 31, 2015, each GSE adopted revised private mortgage insurer eligibility requirements ("PMIERs") which set forth operational and financial requirements that mortgage insurers must meet in order to remain eligible. By March 1, 2016, an approved insurer must certify as to its compliance with PMIERs as of December 31, 2015. If an approved insurer meets all of PMIERs except the financial requirements that approved insurer may submit by March 31, 2016 a transition plan that each GSE in its sole and absolute discretion may approve or disapprove. If approved, the GSEs will permit a transition period deemed by the GSEs to be reasonably sufficient for the approved insurer to meet the financial requirements, which in any case may not extend beyond June 30, 2017. If an approved insurer is unable to certify as to its compliance with the non-

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

financial requirements of PMIERs, then by March 1, 2016, it may submit a corrective action plan detailing how it expects to achieve compliance. An approved insurer will retain its ability to write insurance on loans eligible for delivery to the GSEs from December 31, 2015 until a transition plan or corrective action plan, as the case may be, has been specifically approved or disapproved, subject to the approved insurer continuing to meet all other PMIERs requirements. As of the December 31, 2015 effective date of PMIERs, our U.S mortgage insurance business met the PMIERs operational and financial requirements, based in part on: (i) our entry during 2015 into three separate excess of loss reinsurance transactions with three panels of reinsurers covering our 2009 through 2015 book years that we believe, based on indications from the GSEs, provide up to approximately $535 million of PMIERs credit; (ii) the intercompany sale during 2015 by our U.S. mortgage insurance business of its ownership interest in affiliated preferred securities for approximately $200 million; and (iii) an internal restructuring of legal entities during 2015.

International insurance subsidiaries—statutory financial information

Our international insurance subsidiaries also prepare financial statements in accordance with local regulatory requirements. As of December 31, 2015 and 2014, combined local statutory capital and surplus included in continuing operations for our international insurance subsidiaries, excluding our lifestyle protection insurance and European mortgage insurance businesses, was $5,249 million and $5,773 million, respectively. Combined local statutory net income (loss) included in continuing operations for our international insurance subsidiaries, excluding our lifestyle protection insurance business, was $412 million, $(66) million and $573 million for the years ended December 31, 2015, 2014 and 2013, respectively. The regulatory authorities in these international jurisdictions generally establish supervisory solvency requirements. Our international insurance subsidiaries, excluding our lifestyle protection insurance and European mortgage insurance businesses, had combined surplus levels included in continuing operations that exceeded local solvency requirements by $1,673 million and $1,642 million as of December 31, 2015 and 2014, respectively.

Our international insurance subsidiaries do not have any material accounting practices that differ from local regulatory requirements other than one of our insurance subsidiaries domiciled in Bermuda, which was granted approval from the Bermuda Monetary Authority to record a parental guarantee as statutory capital related to an internal reinsurance agreement. The amount recorded as statutory capital is equal to the excess of NAIC statutory reserves less the economic reserves up to the amount of the guarantee resulting in an increase in statutory capital of $205 million as of December 31, 2015 and 2014.

Certain of our insurance subsidiaries have securities on deposit with various state or foreign government insurance departments in order to comply with relevant insurance regulations. See note 4(d) for additional information related to these deposits. Additionally, under the terms of certain reinsurance agreements that our life insurance subsidiaries have with external parties, we pledged assets in either separate portfolios or in trust for the benefit of external reinsurers. These assets support the reserves ceded to those external reinsurers. See note 8 for additional information related to these pledged assets under reinsurance agreements. Certain of our U.S. life insurance subsidiaries are also members of regional FHLBs and the FHLBs have been granted a lien on certain of our invested assets to collateralize our obligations. See note 9 for additional information related to these pledged assets with the FHLBs.

Guarantees of obligations

In addition to the guarantees discussed in notes 17 and 21, we have provided guarantees to third parties for the performance of certain obligations of our subsidiaries. We estimate that our potential obligations under such guarantees, other than the Rivermont I guarantee, were $25 million and $28 million as of December 31, 2015 and

2014, respectively. We provide a limited guarantee to Rivermont I, an indirect subsidiary, which is accounted for as a derivative carried at fair value and is eliminated in consolidation. As of December 31, 2015 and 2014, the fair value of this derivative was $4 million and $5 million, respectively.

Genworth Holdings provides a guarantee for the benefit of policyholders for the payment of valid claims by our mortgage insurance subsidiary located in the United Kingdom. This guarantee is unlimited while we own the business. As of December 31, 2015, the risk in-force of the business subject to the Genworth Holdings guarantee was approximately $2.0 billion. Following the sale of this U.K. subsidiary to AmTrust Financial Services, Inc., the guarantee would be limited to the payment of valid claims on policies in-force prior to the sale date and those written approximately 90 days subsequent to the date of the sale and AmTrust Financial Services, Inc. has agreed to provide us with a limited indemnification in the event there is any exposure under the guarantee. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals.

Fifty percent of our in-force long-term care insurance business (excluding policies assumed from a non-affiliate third-party reinsurer) of GLIC, a Delaware insurance company and our indirect wholly-owned subsidiary, is reinsured to BLAIC, a Bermuda insurance company and our indirect wholly-owned subsidiary. Genworth Financial International Holdings, LLC ("GFIH"), our indirect wholly-owned subsidiary, has entered into a capital maintenance agreement whereby GFIH has agreed to provide capital to BLAIC to fund payment obligations of BLAIC to GLIC or GLAIC, as applicable, under certain reinsurance agreements, including the one covering our long-term care insurance business. As of December 31, 2015, GFIH directly or indirectly owns 52.0% of our Australian mortgage insurance subsidiaries and 40.6% of our Canadian mortgage insurance subsidiary. As a result of GFIH's capital maintenance agreement, adverse developments in our reinsured long-term care insurance business (including the recent increases in our reserves of that business) have adversely impacted BLAIC's financial condition, which could, in turn, adversely impact GFIH's willingness or ability to pay dividends to Genworth Holdings.

(19) Segment Information

(a) Operating Segment Information

Beginning in the fourth quarter of 2015, we changed how we review our operating businesses and no longer have separate reporting divisions. Under our new structure, we have the following five operating business segments: U.S. Mortgage Insurance; Canada Mortgage Insurance; Australia Mortgage Insurance; U.S Life Insurance (which includes our long-term care insurance, life insurance and fixed annuities businesses); and Runoff (which includes the results of non-strategic products which are no longer actively sold). In addition to our five operating business segments, we also have Corporate and Other activities which include debt financing expenses that are incurred at the Genworth Holdings level, unallocated corporate income and expenses, eliminations of inter-segment transactions and the results of other businesses that are managed outside of our operating segments, including certain smaller international mortgage insurance businesses and discontinued operations. Financial information has been updated for all periods to reflect the reorganized segment reporting structure. The following discussion reflects our reorganized operating segments.

In the first quarter of 2015, we revised how we allocate our consolidated provision for income taxes to our operating segments to simplify our process and reflect how our chief operating decision maker is evaluating segment performance. Our revised methodology applies a specific tax rate to the pre-tax income (loss) of each segment, which is then adjusted in each segment to reflect the tax attributes of items unique to that segment such as foreign income. The difference between the consolidated provision for income taxes and the sum of the provision for income taxes in each segment is reflected in Corporate and Other activities. Previously, we

calculated a unique income tax provision for each segment based on quarterly changes to tax attributes and implications of transactions specific to each product within the segment.

The annually-determined tax rates and adjustments to each segment's provision for income taxes are estimates which are subject to review and could change from year to year. Prior year amounts have not been re-presented to reflect this revised presentation and are, therefore, not comparable to the current year provision for income taxes by segment. However, we do not believe that the previous methodology would have resulted in a materially different segment-level provision for income taxes.

We use the same accounting policies and procedures to measure segment income (loss) and assets as our consolidated net income and assets. Our chief operating decision maker evaluates segment performance and allocates resources on the basis of "net operating income (loss)." We define net operating income (loss) as income (loss) from continuing operations excluding the after-tax effects of income attributable to noncontrolling interests, net investment gains (losses), goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions, restructuring costs and infrequent or unusual non-operating items. Gains (losses) on insurance block transactions are defined as gains (losses) on the early extinguishment of non-recourse funding obligations, early termination fees for other financing restructuring and/or resulting gains (losses) on reinsurance restructuring for certain blocks of business. We exclude net investment gains (losses) and infrequent or unusual non-operating items because we do not consider them to be related to the operating performance of our segments and Corporate and Other activities. A component of our net investment gains (losses) is the result of impairments, the size and timing of which can vary significantly depending on market credit cycles. In addition, the size and timing of other investment gains (losses) can be subject to our discretion and are influenced by market opportunities, as well as asset-liability matching considerations. Goodwill impairments, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions and restructuring costs are also excluded from net operating income (loss) because, in our opinion, they are not indicative of overall operating trends. Infrequent or unusual non-operating items are also excluded from net operating income (loss) if, in our opinion, they are not indicative of overall operating trends.

While some of these items may be significant components of net income (loss) available to Genworth Financial, Inc.'s common stockholders in accordance with U.S. GAAP, we believe that net operating income (loss), and measures that are derived from or incorporate net operating income (loss), are appropriate measures that are useful to investors because they identify the income (loss) attributable to the ongoing operations of the business. Management also uses net operating income (loss) as a basis for determining awards and compensation for senior management and to evaluate performance on a basis comparable to that used by analysts. However, the items excluded from net operating income (loss) have occurred in the past and could, and in some cases will, recur in the future. Net operating income (loss) is not a substitute for net income (loss) available to Genworth Financial, Inc.'s common stockholders determined in accordance with U.S. GAAP. In addition, our definition of net operating income (loss) may differ from the definitions used by other companies.

In the first quarter of 2015, we modified our definition to explicitly state that restructuring costs, which were previously included in the infrequent and unusual category, are excluded from net operating income (loss). In 2015, we recorded an after-tax expense of $5 million related to restructuring costs as part of an expense reduction plan as the company evaluates and appropriately sizes its organizational needs and expenses. Also, in the second quarter of 2013, we recorded a $10 million after-tax expense related to restructuring costs.

In 2014, we recorded goodwill impairments of $296 million, net of taxes, in our long-term care insurance business and $495 million, net of taxes, in our life insurance business.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

In 2015, we recorded an estimated loss of $141 million, net of taxes, related to the planned sale of our mortgage insurance business in Europe.

In the third quarter of 2015, we paid an early redemption payment of approximately $1 million, net of taxes and portion attributable to noncontrolling interests, related to the early redemption of Genworth Financial Mortgage Insurance Pty Limited's notes that were scheduled to mature in 2021. In the third quarter of 2015, we also repurchased approximately $50 million principal amount of Genworth Holdings, Inc.'s notes with various maturity dates for a loss of $1 million, net of taxes. In the second quarter of 2014, we paid an early redemption payment of approximately $2 million, net of taxes and portion attributable to noncontrolling interests, related to the early redemption of Genworth Canada's notes that were scheduled to mature in 2015. In the third quarter of 2013, we paid a make-whole expense of approximately $20 million, net of taxes, related to the early redemption of Genworth Holdings' 2015 Notes. These transactions were excluded from net operating income (loss) for the periods presented as they related to the loss on the early extinguishment of debt.

In the third quarter of 2015, we recorded a DAC impairment of $296 million, net of taxes, on certain term life insurance policies in connection with entering into an agreement with Protective Life to complete a life block transaction.

There were no infrequent or unusual items excluded from net operating income (loss) during the periods presented other than the following items. There was $205 million net tax impact in the fourth quarter of 2014 from potential business portfolio changes. We recognized a tax charge of $174 million in the fourth quarter of 2014 associated with our Australian mortgage insurance business as we could no longer assert our intent to permanently reinvest earnings in that business. In addition, in connection with our plans to sell our lifestyle protection insurance business, we made a change to the permanent reinvestment assertion of one of its legal entities recognizing tax expense of $31 million in the fourth quarter of 2014.

Adjustments to reconcile net income (loss) attributable to Genworth Financial, Inc.'s common stockholders and net operating income (loss) assume a 35% tax rate and are net of the portion attributable to noncontrolling interests. Net investment gains (losses) are also adjusted for DAC and other intangible amortization and certain benefit reserves.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following is a summary of our segments and Corporate and Other activities as of or for the years ended December 31:

2015 (Amounts in millions)	U.S. Mortgage Insurance	Canada Mortgage Insurance	Australia Mortgage Insurance	U.S. Life Insurance	Runoff	Corporate and Other	Total
Premiums	$ 602	$ 466	$ 357	$ 3,128	$ 1	$ 25	$ 4,579
Net investment income	58	130	114	2,701	138	(3)	3,138
Net investment gains (losses)	1	(32)	6	(10)	(69)	29	(75)
Policy fees and other income	4	—	(3)	726	189	(10)	906
Total revenues	665	564	474	6,545	259	41	8,548
Benefits and other changes in policy reserves	222	96	81	4,692	44	14	5,149
Interest credited	—	—	—	596	124	—	720
Acquisition and operating expenses, net of deferrals	155	66	98	684	76	230	1,309
Amortization of deferred acquisition costs and intangibles	10	36	18	872	29	1	966
Interest expense	—	18	10	92	1	298	419
Total benefits and expenses	387	216	207	6,936	274	543	8,563
Income (loss) from continuing operations before income taxes	278	348	267	(391)	(15)	(502)	(15)
Provision (benefit) for income taxes	99	90	80	(138)	(10)	(130)	(9)
Income (loss) from continuing operations	179	258	187	(253)	(5)	(372)	(6)
Income (loss) from discontinued operations, net of taxes	—	—	—	—	—	(407)	(407)
Net income (loss)	179	258	187	(253)	(5)	(779)	(413)
Less: net income attributable to noncontrolling interests	—	118	84	—	—	—	202
Net income (loss) available to Genworth Financial, Inc.’s common stockholders	$ 179	$ 140	$ 103	$ (253)	$ (5)	$ (779)	$ (615)
Segment assets	$ 2,899	$ 4,520	$ 2,987	$ 79,530	$12,115	$ 4,253	$106,304
Assets held for sale	—	—	—	—	—	127	127
Total assets	$ 2,899	$ 4,520	$ 2,987	$ 79,530	$12,115	$ 4,380	$106,431

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

2014 (Amounts in millions)	U.S. Mortgage Insurance	Canada Mortgage Insurance	Australia Mortgage Insurance	U.S. Life Insurance	Runoff	Corporate and Other	Total
Premiums	$ 578	$ 515	$ 406	$ 3,169	$ 3	$ 29	$ 4,700
Net investment income	59	155	144	2,665	129	(10)	3,142
Net investment gains (losses)	—	(2)	3	41	(66)	2	(22)
Policy fees and other income	2	1	(16)	712	209	1	909
Total revenues	639	669	537	6,587	275	22	8,729
Benefits and other changes in policy reserves	357	102	78	5,820	37	24	6,418
Interest credited	—	—	—	618	119	—	737
Acquisition and operating expenses, net of deferrals	140	90	97	658	84	69	1,138
Amortization of deferred acquisition costs and intangibles	7	38	21	345	39	3	453
Goodwill impairment	—	—	—	849	—	—	849
Interest expense	—	21	10	87	1	314	433
Total benefits and expenses	504	251	206	8,377	280	410	10,028
Income (loss) from continuing operations before income taxes	135	418	331	(1,790)	(5)	(388)	(1,299)
Provision (benefit) for income taxes	44	111	248	(385)	(19)	(93)	(94)
Income (loss) from continuing operations	91	307	83	(1,405)	14	(295)	(1,205)
Income from discontinued operations, net of taxes	—	—	—	—	—	157	157
Net income (loss)	91	307	83	(1,405)	14	(138)	(1,048)
Less: net income attributable to noncontrolling interests	—	140	56	—	—	—	196
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ 91	$ 167	$ 27	$ (1,405)	$ 14	$ (138)	$ (1,244)
Segment assets	$ 2,324	$ 4,920	$ 3,494	$ 82,891	$12,971	$ 2,573	$109,173
Assets held for sale	—	—	—	—	—	2,143	2,143
Total assets	$ 2,324	$ 4,920	$ 3,494	$ 82,891	$12,971	$ 4,716	$111,316

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

2013 (Amounts in millions)	U.S. Mortgage Insurance	Canada Mortgage Insurance	Australia Mortgage Insurance	U.S. Life Insurance	Runoff	Corporate and Other	Total
Premiums	$ 554	$ 560	$ 398	$ 2,957	$ 5	$ 42	$4,516
Net investment income	60	170	159	2,621	139	6	3,155
Net investment gains (losses)	—	31	(2)	(3)	(58)	(32)	(64)
Policy fees and other income	2	(1)	—	755	216	46	1,018
Total revenues	616	760	555	6,330	302	62	8,625
Benefits and other changes in policy reserves	412	139	134	3,975	32	45	4,737
Interest credited	—	—	—	619	119	—	738
Acquisition and operating expenses, net of deferrals	144	93	110	658	81	158	1,244
Amortization of deferred acquisition costs and intangibles	6	37	22	384	6	8	463
Interest expense	—	22	11	97	2	318	450
Total benefits and expenses	562	291	277	5,733	240	529	7,632
Income (loss) from continuing operations before income taxes	54	469	278	597	62	(467)	993
Provision (benefit) for income taxes	17	133	51	213	13	(114)	313
Income (loss) from continuing operations	37	336	227	384	49	(353)	680
Income from discontinued operations, net of taxes	—	—	—	—	—	34	34
Net income (loss)	37	336	227	384	49	(319)	714
Less: net income attributable to noncontrolling interests	—	154	—	—	—	—	154
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ 37	$ 182	$ 227	$ 384	$ 49	$ (319)	$ 560

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(b) Revenues of Major Product Groups

The following is a summary of revenues of major product groups for our segments and Corporate and Other activities for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Revenues:			
U.S. Mortgage Insurance segment's revenues	$ 665	$ 639	$ 616
Canada Mortgage Insurance segment's revenues	564	669	760
Australia Mortgage Insurance segment's revenues	474	537	555
U.S. Life Insurance segment:			
Long-term care insurance	3,752	3,523	3,316
Life insurance	1,902	1,981	1,982
Fixed annuities	891	1,083	1,032
U.S. Life Insurance segment's revenues	6,545	6,587	6,330
Runoff segment's revenues	259	275	302
Corporate and Other's revenues	41	22	62
Total revenues	$8,548	$8,729	$8,625

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(c) Net Operating Income (Loss)

The following is a summary of net operating income (loss) for our segments and Corporate and Other activities and a reconciliation of net operating income (loss) for our segments and Corporate and Other activities to net income (loss) available to Genworth Financial, Inc.'s common stockholders for the years ended December 31:

(Amounts in millions)	2015	2014	2013
U.S. Mortgage Insurance segment's net operating income	$ 179	$ 91	$ 37
Canada Mortgage Insurance segment's net operating income	152	170	170
Australia Mortgage Insurance segment's net operating income	102	200	228
U.S. Life Insurance segment:			
Long-term care insurance	29	(815)	129
Life insurance	(80)	74	173
Fixed annuities	94	100	92
U.S. Life Insurance segment's net operating income (loss)	43	(641)	394
Runoff segment's net operating income	27	48	66
Corporate and Other's net operating loss	(248)	(266)	(310)
Net operating income (loss)	255	(398)	585
Net investment gains (losses), net	(19)	(5)	(29)
Goodwill impairment, net	—	(791)	—
Gains (losses) from sale of businesses, net	(141)	—	—
Gains (losses) on early extinguishment of debt, net	(2)	(2)	(20)
Gains (losses) from life block transactions, net	(296)	—	—
Expenses related to restructuring, net	(5)	—	(10)
Tax impact from potential business portfolio changes	—	(205)	—
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders	(208)	(1,401)	526
Net income attributable to noncontrolling interests	202	196	154
Income (loss) from continuing operations	(6)	(1,205)	680
Income (loss) from discontinued operations, net of taxes	(407)	157	34
Net income (loss)	(413)	(1,048)	714
Less: net income attributable to noncontrolling interests	202	196	154
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$(615)	$(1,244)	$ 560

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(d) Geographic Segment Information

We conduct our operations in the following geographic regions: (1) United States (2) Canada (3) Australia and (4) Other Countries.

The following is a summary of geographic region activity as of or for the years ended December 31:

2015

(Amounts in millions)	United States	Canada	Australia	Other Countries	Total
Total revenues	$ 7,483	$ 564	$ 474	$ 27	$ 8,548
Income (loss) from continuing operations	$ (430)	$ 258	$ 187	$ (21)	$ (6)
Net income (loss)	$ (430)	$ 258	$ 187	$ (428)	$ (413)
Segment assets	$ 98,738	$4,520	$ 2,987	$ 59	$106,304
Assets held for sale	$ —	$ —	$ —	$ 127	$ 127
Total assets	$ 98,738	$4,520	$ 2,987	$ 186	$106,431

2014

(Amounts in millions)	United States	Canada	Australia	Other Countries	Total
Total revenues	$ 7,487	$ 669	$ 537	$ 36	$ 8,729
Income (loss) from continuing operations	$ (1,570)	$ 307	$ 83	$ (25)	$ (1,205)
Net income (loss)	$ (1,570)	$ 307	$ 83	$ 132	$ (1,048)
Segment assets	$ 100,690	$4,920	$ 3,494	$ 69	$109,173
Assets held for sale	$ —	$ —	$ —	$ 2,143	$ 2,143
Total assets	$ 100,690	$4,920	$ 3,494	$ 2,212	$111,316

2013

(Amounts in millions)	United States	Canada	Australia	Other Countries	Total
Total revenues	$ 7,259	$ 760	$ 555	$ 51	$ 8,625
Income (loss) from continuing operations	$ 153	$ 336	$ 227	$ (36)	$ 680
Net income	$ 141	$ 336	$ 227	$ 10	$ 714

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(20) Quarterly Results of Operations (unaudited)

Our unaudited quarterly results of operations for the year ended December 31, 2015 are summarized in the table below.

	Three months ended			
(Amounts in millions, except per share amounts)	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Total revenues (1)	$ 2,135	$ 2,157	$ 2,100	$ 2,156
Total benefits and expenses (2)	$ 1,841	$ 1,912	$ 2,451	$ 2,359
Income (loss) from continuing operations (3)	$ 203	$ 175	$ (217)	$ (167)
Income (loss) from discontinued operations, net of taxes (4)	$ 1	$ (314)	$ (21)	$ (73)
Net income (loss) (3), (4)	$ 204	$ (139)	$ (238)	$ (240)
Net income attributable to noncontrolling interests	$ 50	$ 54	$ 46	$ 52
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ 154	$ (193)	$ (284)	$ (292)
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	$ 0.31	$ 0.24	$ (0.53)	$ (0.44)
Diluted	$ 0.31	$ 0.24	$ (0.53)	$ (0.44)
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	$ 0.31	$ (0.39)	$ (0.57)	$ (0.59)
Diluted	$ 0.31	$ (0.39)	$ (0.57)	$ (0.59)
Weighted-average common shares outstanding:				
Basic	497.0	497.4	497.4	497.6
Diluted (5)	498.9	499.3	497.4	497.6

(1) We completed our annual review of assumptions in the fourth quarter of 2015, which primarily resulted in $12 million of higher revenue, which included $5 million of corrections related to reinsurance inputs, in our universal and term universal life insurance products. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements.

(2) We completed our annual review of assumptions in the fourth quarter of 2015, which primarily resulted in $310 million of charges, which included $60 million of corrections related to reinsurance inputs, in our universal and term universal life insurance products. The updated assumptions reflected changes to persistency, long-term interest rates, mortality and other refinements. We also recorded an expected loss of $140 million related to the planned sale of our mortgage insurance business in Europe in the fourth quarter of 2015.

(3) We completed our annual review of assumptions in the fourth quarter of 2015, which primarily resulted in $194 million, net of taxes, of charges, which included $36 million, net of taxes, of corrections related to reinsurance inputs, in our universal and term universal life insurance products. We also recorded an expected loss of $134 million, net of taxes, related to the planned sale of our mortgage insurance business in Europe in the fourth quarter of 2015.

(4) We completed the sale of our lifestyle protection insurance business on December 1, 2015 and recorded an additional loss of $63 million, net of taxes, in the fourth quarter of 2015. The additional loss in the fourth quarter of 2015 was primarily related to the write off of currency translation adjustments on a holding company that was not part of the sale but related to our lifestyle protection insurance business that was substantially liquidated after the completion of the sale.

(5) Under applicable accounting guidance, companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of our loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the three months ended September 30, 2015 and December 31, 2015, we were required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share for the three months ended September 30, 2015 and December 31, 2015, as the inclusion of shares for stock options, RSUs and SARs of 1.3 million and 1.4 million, respectively, would have been antidilutive to the calculation. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the three months ended September 30, 2015 and December 31, 2015, dilutive potential weighted-average common shares outstanding would have been 498.7 and 499.0 million, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Our unaudited quarterly results of operations for the year ended December 31, 2014 are summarized in the table below.

	Three months ended			
(Amounts in millions, except per share amounts)	**March 31, 2014**	**June 30, 2014**	**September 30, 2014**	**December 31, 2014**
Total revenues	$ 2,116	$ 2,194	$ 2,190	$ 2,229
Total benefits and expenses (1)	$ 1,819	$ 1,886	$ 3,170	$ 3,153
Income (loss) from continuing operations (2)	$ 210	$ 224	$ (793)	$ (846)
Income from discontinued operations, net of taxes	$ 9	$ 4	$ 6	$ 138
Net income (loss) (2)	$ 219	$ 228	$ (787)	$ (708)
Net income attributable to noncontrolling interests	$ 35	$ 52	$ 57	$ 52
Net income (loss) available to Genworth Financial, Inc.'s common stockholders (2)	$ 184	$ 176	$ (844)	$ (760)
Income (loss) from continuing operations available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	$ 0.35	$ 0.35	$ (1.71)	$ (1.81)
Diluted	$ 0.35	$ 0.34	$ (1.71)	$ (1.81)
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	$ 0.37	$ 0.35	$ (1.70)	$ (1.53)
Diluted	$ 0.37	$ 0.35	$ (1.70)	$ (1.53)
Weighted-average common shares outstanding:				
Basic	495.8	496.6	496.6	496.7
Diluted (3)	502.7	503.6	496.6	496.7

(1) During the fourth quarter of 2014, we completed our annual loss recognition testing of our long-term care insurance business which resulted in additional expenses of $735 million. During the fourth quarter of 2014, we also recorded goodwill impairments of $299 million in our U.S. Life Insurance segment. In the fourth quarter of 2014, we recorded a correction of $49 million in our life insurance business related to reserves on a reinsurance transaction. Our long-term care insurance claim reserves also increased in the fourth quarter of 2014 as a result of a $67 million unfavorable correction related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $43 million favorable refinement of assumptions for claim termination rates.

(2) During the fourth quarter of 2014, we completed our annual loss recognition testing of our long-term care insurance business which resulted in additional charges of $478 million, net of taxes. During the fourth quarter of 2014, we also recorded goodwill impairments of $274 million, net of taxes, in our U.S. Life Insurance segment. There was $205 million net tax impact in the fourth quarter of 2014 from potential business portfolio changes. We recognized a tax charge of $174 million in the fourth quarter of 2014 associated with our Australian mortgage insurance business as we can no longer assert our intent to permanently reinvest earnings in that business. In addition, in connection with our plans to sell our lifestyle protection insurance business, we made a change to the permanent reinvestment assertion of one of its legal entities recognizing tax expense of $31 million in the fourth quarter of 2014. We recorded a correction of $32 million, net of taxes, in our life insurance business related to reserves on a reinsurance transaction in the fourth quarter of 2014. Our long-term care insurance claim reserves also increased in the fourth quarter of 2014 as a result of a $44 million unfavorable correction related to claims in course of settlement arising in connection with the implementation of our updated assumptions and methodologies as part of our comprehensive claims review completed in the third quarter of 2014, partially offset by a $28 million favorable refinement of assumptions for claim termination rates.

(3) Under applicable accounting guidance, companies in a loss position are required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share. Therefore, as a result of our loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the three months ended September 30, 2014 and December 31, 2014, we were required to use basic weighted-average common shares outstanding in the calculation of diluted loss per share for the three months ended September 30, 2014 and December 31, 2014, as the inclusion of shares for stock options, RSUs and SARs of 5.4 million and 3.2 million, respectively, would have been antidilutive to the calculation. If we had not incurred a loss from continuing operations available to Genworth Financial, Inc.'s common stockholders and net loss available to Genworth Financial, Inc.'s common stockholders for the three months ended September 30, 2014 and December 31, 2014, dilutive potential weighted-average common shares outstanding would have been 502.0 million and 499.9 million, respectively.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(21) Commitments and Contingencies

(a) Litigation and Regulatory Matters

We face the risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses, including the risk of class action lawsuits. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In our insurance operations, we are, have been, or may become subject to class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, increases to in-force long-term care insurance premiums, payment of contingent or other sales commissions, claims payments and procedures, product design, product disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits, charging excessive or impermissible fees on products, recommending unsuitable products to customers, our pricing structures and business practices in our mortgage insurance businesses, such as captive reinsurance arrangements with lenders and contract underwriting services, violations of the Real Estate Settlement and Procedures Act of 1974 ("RESPA") or related state anti-inducement laws, and mortgage insurance policy rescissions and curtailments, and breaching fiduciary or other duties to customers, including but not limited to breach of customer information. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts which may remain unknown for substantial periods of time. In our investment-related operations, we are subject to litigation involving commercial disputes with counterparties. We are also subject to litigation arising out of our general business activities such as our contractual and employment relationships and securities lawsuits. In addition, we are also subject to various regulatory inquiries, such as information requests, subpoenas, books and record examinations and market conduct and financial examinations from state, federal and international regulators and other authorities. A substantial legal liability or a significant regulatory action against us could have an adverse effect on our business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant reputational harm, which could have an adverse effect on our business, financial condition or results of operations.

In August 2014, Genworth Financial, Inc., its current chief executive officer and its then current chief financial officer were named in a putative class action lawsuit captioned *Manuel Esguerra v. Genworth Financial, Inc.*, *et al*, in the United States District Court for the Southern District of New York. Plaintiff alleged securities law violations involving certain disclosures in 2013 and 2014 concerning Genworth's long-term care insurance reserves. The lawsuit sought unspecified compensatory damages, costs and expenses, including counsel fees and expert fees. In October 2014, a putative class action lawsuit captioned *City of Pontiac General Employees' Retirement System v. Genworth Financial, Inc.*, *et al*., was filed in the United States District Court for the Eastern District of Virginia. This lawsuit names the same defendants, alleges the same securities law violations, seeks the same damages and covers the same class as the *Esguerra* lawsuit. Following the filing of the *City of Pontiac* lawsuit, the *Esguerra* lawsuit was voluntarily dismissed without prejudice allowing the *City of Pontiac* lawsuit to proceed. In the *City of Pontiac* lawsuit, the United States District Court for the Eastern District of Virginia appointed Her Majesty the Queen in Right of Alberta and Fresno County Employees' Retirement Association as lead plaintiffs and designated the caption of the action as *In re Genworth Financial, Inc. Securities Litigation.* On December 22, 2014, the lead plaintiffs filed an amended complaint. On February 5, 2015, we filed a motion to dismiss plaintiffs' amended complaint. On March 9, 2015, plaintiffs filed a memorandum of law in opposition to our motion to dismiss. On March 24, 2015, we filed our reply memorandum of law in further support of our motion to dismiss. The Court heard argument on our motion to dismiss the complaint on April 28, 2015. On May 1, 2015, the court denied the motion to dismiss. The Court has scheduled a trial for May 2016. We engaged in mediation in the fourth quarter of 2015, which is ongoing. The plaintiffs have recently taken the position that the class is entitled to recover per share and per bond amounts that,

if the plaintiffs were to prevail, would, in the aggregate, be material. If ongoing discussions do not result in a settlement, we intend to vigorously defend the lawsuit. As of December 31, 2015, we have incurred or accrued $25 million, which is the amount of our self-insured retention on our executive and organization liability insurance program. At this stage of the litigation, we are unable to determine or predict the ultimate outcome of this litigation or provide an estimate or range of reasonably possible losses arising from this litigation. Nevertheless, we believe that it is reasonably possible we will incur additional losses in resolving this litigation beyond the amounts already incurred or accrued and, if so, that it is reasonably possible the amount of such losses would be material.

In April 2014, Genworth Financial, Inc., its former chief executive officer and its then current chief financial officer were named in a putative class action lawsuit captioned *City of Hialeah Employees' Retirement System v. Genworth Financial, Inc*., *et al*., in the United States District Court for the Southern District of New York. Plaintiff alleges securities law violations involving certain disclosures in 2012 concerning Genworth's Australian mortgage insurance business, including our plans for an initial public offering of the business. The lawsuit seeks unspecified damages, costs and attorneys' fees and such equitable/injunctive relief as the court may deem proper. The United States District Court for the Southern District of New York appointed City of Hialeah Employees' Retirement System and New Bedford Contributory Retirement System as lead plaintiffs and designated the caption of the action as *In re Genworth Financial, Inc. Securities Litigation.* On October 3, 2014, the lead plaintiffs filed an amended complaint. On December 2, 2014, we filed a motion to dismiss plaintiffs' amended complaint, which motion was fully briefed as of March 4, 2015. On March 25, 2015, the United States District Court for the Southern District of New York denied the motion but entered an order dismissing the amended complaint with leave to replead. On April 17, 2015, plaintiffs filed a second amended complaint. We filed a motion to dismiss the second amended complaint and on June 16, 2015, the court denied the motion to dismiss. On January 22, 2016, we filed a motion for reconsideration of the court's June 16, 2015 order denying our motion to dismiss. On January 29, 2016, plaintiffs filed a motion for class certification. We intend to vigorously defend this action.

In August 2015, Genworth Financial, Inc., its former chief executive officer, its current chief executive officer, its then current chief financial officer and the current members of its board of directors were named in two separate shareholder derivative suits, each of which was filed in the United States District Court for the Eastern District of Virginia, alleging breaches of fiduciary duties concerning Genworth's long-term care insurance reserves and concerning Genworth's Australian mortgage insurance business, including our plans for an initial public offering of the business. The cases are captioned, *Pinkoski v. McInerney, et al.* and *Salberg v. McInerney, et al.* The cases seek unspecified damages, costs, attorneys' fees and such equitable relief as the court may deem proper. On November 10, 2015, the court entered an order granting plaintiffs' motion for a voluntary dismissal without prejudice of the *Pinkoski* and *Salberg* derivative actions.

In August 2015, Genworth Financial, Inc., its current chief executive officer, its then current chief financial officer and the current members of its board of directors were named in a shareholder derivative suit filed in the United States District Court for the Eastern District of Virginia, alleging breaches of fiduciary duties relating to Genworth's long-term care insurance reserves. The case is captioned *Cohen v. McInerney, et al.* The case seeks unspecified damages, costs, attorneys' fees and such equitable relief as the court may deem proper. On November 10, 2015, the court entered an order granting plaintiffs' motion for a voluntary dismissal without prejudice of the *Cohen* shareholder derivative actions.

In September 2015, Genworth Financial, Inc., its former chief executive officer, its current chief executive officer, its then current chief financial officer and the current members of its board of directors were named in a

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

shareholder derivative suit filed in the United States District Court for the Eastern District of Virginia, alleging breaches of fiduciary duties relating to Genworth's long-term care insurance reserves. The case is captioned *Int'l Union of Operating Engineers Local No. 478 Pension Fund v. McInerney, et al.*The case seeks unspecified damages, costs, attorneys' fees and such equitable relief as the court may deem proper. On September 28, 2015, the court ordered that all four shareholder derivative suits be consolidated for all purposes under the case name *Pinkoski v. McInerney, et al.* and directed plaintiffs in the consolidated derivative suit to file an amended consolidated complaint within 21 days of the court's order appointing lead counsel. The court consolidated the derivative suits with *In Re Genworth Financial Securities Litigation* for the purposes of discovery. On October 2, 2015, all of the plaintiffs in the consolidated shareholder derivative action filed a motion for voluntary dismissal without prejudice, stating they intend to refile in state court. On November 10, 2015, the court entered an order dismissing all of the shareholder derivative actions without prejudice.

In January 2016, Genworth Financial, Inc., its current chief executive officer, its former chief executive officer, its former chief financial officer and the current members of its board of directors were named in a shareholder derivative suit filed by International Union of Operating Engineers Local No. 478 Pension Fund, Richard L. Salberg and David Pinkoski in the Court of Chancery of the State of Delaware. The case is captioned *Int'l Union of Operating Engineers Local No. 478 Pension Fund, et al v. McInerney, et al.* The suit alleges breaches of fiduciary duties concerning Genworth's long-term care insurance reserves and concerning Genworth's Australian mortgage insurance business, including our plans for an initial public offering of the business and seeks unspecified damages, costs, attorneys' fees and such equitable relief as the court may deem proper. In February 2016, Genworth Financial, Inc., its current chief executive officer, its former chief executive officer, its former chief financial officer and the current members of its board of directors were named in a shareholder derivative suit filed by Martin Cohen in the Court of Chancery of the State of Delaware. The case is captioned *Cohen v. McInerney, et al.* The suit alleges breaches of fiduciary duties concerning Genworth's long-term care insurance reserves and concerning Genworth's Australian mortgage insurance business, including our plans for an initial public offering of the business and seeks unspecified damages, costs, attorneys' fees and such equitable relief as the court may deem proper. On February 23, 2016, the Court of Chancery of the State of Delaware consolidated these derivative suits under the caption *Genworth Financial, Inc. Consolidated Derivative Litigation*. We intend to vigorously defend the consolidated action.

Beginning in December 2011 and continuing through January 2013, one of our U.S. mortgage insurance subsidiaries was named along with several other mortgage insurance participants and mortgage lenders as a defendant in twelve putative class action lawsuits alleging that certain "captive reinsurance arrangements" were in violation of RESPA. Those cases are captioned as follows: *Samp, et al. v. JPMorgan Chase Bank, N.A., et al.,*United States District Court for the Central District of California;*White, et al., v. The PNC Financial Services Group, Inc., et al.,* United States District Court for the Eastern District of Pennsylvania;*Menichino, et al. v. Citibank NA, et al.,* United States District Court for the Western District of Pennsylvania; *McCarn, et al. v. HSBC USA, Inc., et al*, United States District Court for the Eastern District of California;*Manners, et al., v. Fifth Third Bank, et al.*, United States District Court for the Western District of Pennsylvania;*Riddle, et al. v. Bank of America Corporation, et al*, United States District Court for the Eastern District of Pennsylvania; *Rulison et al. v. ABN AMRO Mortgage Group, Inc. et al*, United States District Court for the Southern District of New York; *Barlee, et al. v. First Horizon National Corporation, et al*, United States District Court for the Eastern District of Pennsylvania;*Cunningham, et al. v. M&T Bank Corp., et al*, United States District Court for the Middle District of Pennsylvania; *Orange, et al. v. Wachovia Bank, N.A., et al*, United States District Court for the Central District of California; *Hill et al. v. Flagstar Bank, FSB, et al.,*United States District Court for the Eastern District of Pennsylvania; and*Moriba Ba, et al. v. HSBC USA, Inc., et al.,*United States District Court for the Eastern District of Pennsylvania. Plaintiffs allege that "captive reinsurance arrangements" with providers of private

mortgage insurance whereby a mortgage lender through captive reinsurance arrangements received a portion of the borrowers' private mortgage insurance premiums were in violation of RESPA and unjustly enriched the defendants for which plaintiffs seek declaratory relief and unspecified monetary damages, including restitution. The *McCarn* case was dismissed by the court with prejudice as to our subsidiary and certain other defendants on November 9, 2012. On July 3, 2012, the *Rulison* case was voluntarily dismissed by the plaintiffs. The *Barlee* case was dismissed by the court with prejudice as to our subsidiary and certain other defendants on February 27, 2013. The *Manners* case was dismissed by voluntary stipulation in March 2013. In early May 2013, the *Samp* and *Orange* cases were dismissed with prejudice as to our subsidiary. Plaintiffs appealed both of those dismissals, but have since withdrawn those appeals. The *White* case was dismissed by the court without prejudice on June 20, 2013, and on July 5, 2013 plaintiffs filed a second amended complaint again naming our U.S. mortgage insurance subsidiary as a defendant. The *Menichino* case was dismissed by the court without prejudice as to our subsidiary and certain other defendants on July 19, 2013. Plaintiffs filed a second amended complaint again naming our U.S. mortgage insurance subsidiary as a defendant and we moved to dismiss the second amended complaint. In the *Riddle*, *Hill*, *Ba* and *Cunningham* cases, the defendants' motions to dismiss were denied, but the court in the *Riddle*, *Hill* and *Cunningham* cases limited discovery to issues surrounding whether the case should be dismissed on statute of limitations grounds. In the *Hill* case, on December 17, 2013, we moved for summary judgment dismissing the complaint. The court granted our motion, and in July 2014, the *Hill* plaintiffs filed a notice of appeal with the Third Circuit Court of Appeals. In the *Riddle* case, in late November 2013, the United States District Court for the Eastern District of Pennsylvania granted our motion for summary judgment dismissing the case. Plaintiffs appealed the dismissal. In October 2014, the Third Circuit Court of Appeals upheld the dismissal of the *Riddle* action. On January 30, 2015, our U.S. mortgage insurance subsidiary and all named plaintiffs in the cases still pending as of such date entered into a settlement agreement that has resulted in the dismissal of all actions as to our subsidiary. This settlement had no impact on our financial position or results of operations.

In December 2009, one of our former non-insurance subsidiaries, one of the former subsidiary's officers and Genworth Financial, Inc. (now known as Genworth Holdings, Inc.) were named in a putative class action lawsuit captioned *Michael J. Goodman and Linda Brown v. Genworth Financial Wealth Management, Inc. et al*, in the United States District Court for the Eastern District of New York. Plaintiffs allege securities law and other violations involving the selection of mutual funds by our former subsidiary on behalf of certain of its Private Client Group clients. The lawsuit seeks unspecified monetary damages and other relief. In response to our motion to dismiss the complaint in its entirety, the court granted the motion to dismiss the state law fiduciary duty claim and denied the motion to dismiss the remaining federal claims. The District Court denied plaintiffs' motion to certify a class on April 15, 2014. On April 29, 2014, plaintiffs filed a motion with the Second Circuit Court of Appeals for permission to appeal the District Court's denial of their motion to certify a class, which we opposed. On July 9, 2014, the Second Circuit Court of Appeals denied plaintiffs' motion. Pursuant to a joint stipulation of the parties, on March 20, 2015, the United States District Court for the Eastern District of New York entered a final order dismissing with prejudice all claims against the defendants.

In April 2012, two of our U.S. mortgage insurance subsidiaries were named as respondents in two arbitrations, one brought by Bank of America, N.A. and one brought by Countrywide Home Loans, Inc. and Bank of America, N.A. as claimants. Claimants alleged breach of contract and breach of the covenant of good faith and fair dealing and sought a declaratory judgment relating to our denial, curtailment and rescission of mortgage insurance coverage. In June 2012, our U.S. mortgage insurance subsidiaries responded to the arbitration demands and asserted numerous counterclaims against the claimants. On December 31, 2013, the parties reached an agreement to resolve that portion of both arbitrations involving rescission practices, which settlement took effect in the second quarter of 2014. As a result, the arbitration demands and counterclaims related to that portion of both arbitrations involving rescission practices were dismissed in the third quarter of 2014. In October 2014, the parties executed a definitive settlement agreement to settle all remaining claims in the

arbitrations. Implementation of the settlement to resolve the remaining claims was subject to the consent of the GSEs. The settlement provides that our U.S. mortgage insurance subsidiaries will remit a portion of the previously curtailed claim amounts to Bank of America, N.A. and will agree to certain limits on future curtailment activity for loans that are part of the settlement. The consents of the GSEs were obtained in January 2015, and therefore, the parties moved to dismiss all remaining matters in the arbitration. Such dismissals occurred in the fourth quarter of 2015.

In addition to the negotiated settlement with Bank of America, N.A. discussed above, we have resolved a matter involving a second servicer's dispute with us on loss mitigation. This second dispute did not involve any formal legal proceeding, as is the case with other discussions we have had from time to time with other lenders and servicers over disputed loss mitigation activities. During the third quarter of 2014, we recorded an aggregate increase in our claim reserves for our U.S. mortgage insurance business of $53 million principally to provide for the anticipated financial impact in connection with the settlement of the Bank of America, N.A. arbitration, as well as the second dispute, both of which were settled for amounts which in the aggregate were included within the claim reserve increase mentioned above.

In early 2006 as part of an industry-wide review, one of our U.S. mortgage insurance subsidiaries received an administrative subpoena from the Minnesota Department of Commerce, which has jurisdiction over insurance matters, with respect to our reinsurance arrangements, including captive reinsurance transactions with lender-affiliated reinsurers. Since 2006, the Minnesota Department of Commerce has periodically requested additional information. In June 2015, we entered into a Consent Order with the Minnesota Department of Commerce pursuant to the terms and conditions of which we agreed to pay a civil penalty of $90,000 and agreed not to enter into any new captive reinsurance transactions from a lender-affiliated reinsurer or to obtain reinsurance under an existing captive reinsurance transaction from a lender-affiliated reinsurer on any new mortgage transactions after the date of the Consent Order for a period of 10 years. Pursuant to the Consent Order, we were discharged from all potential liability that has or might have been asserted by the Minnesota Department of Commerce based on our captive mortgage reinsurance policies or practices, to the extent such practices occurred prior to the date of the Consent Order. Inquiries from other regulatory bodies with respect to the same subject matter have been resolved or dormant for a number of years.

At this time, other than as noted above, we cannot determine or predict the ultimate outcome of any of the pending legal and regulatory matters specifically identified above or the likelihood of potential future legal and regulatory matters against us. Except as disclosed above, we also are not able to provide an estimate or range of reasonably possible losses related to these matters. Therefore, we cannot ensure that the current investigations and proceedings will not have a material adverse effect on our business, financial condition or results of operations. In addition, it is possible that related investigations and proceedings may be commenced in the future, and we could become subject to additional unrelated investigations and lawsuits. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal precedents and industry-wide regulations or practices that could adversely affect our business, financial condition and results of operations.

(b) Commitments

As of December 31, 2015, we were committed to fund $131 million in limited partnership investments, $17 million in U.S. commercial mortgage loan investments and $23 million in private placement investments.

In connection with the issuance of non-recourse funding obligations by Rivermont I, Genworth entered into a liquidity commitment agreement with the third-party trusts in which the floating rate notes have been deposited. The liquidity agreement may require that Genworth issue to the trusts either a loan or a letter of credit

("LOC"), at maturity of the notes (2050), in the amount equal to the then market value of the assets supporting the notes held in the trust. Any loan or LOC issued is an obligation of the trust and shall accrue interest at LIBOR plus a margin. In consideration for entering into this agreement, Genworth received, from Rivermont I, a one-time commitment fee of approximately $2 million. The expected amount of future obligation under this agreement is approximately $15 million based on current projections.

(22) Changes In Accumulated Other Comprehensive Income (Loss)

The following tables show the changes in accumulated other comprehensive income (loss), net of taxes, by component as of and for the periods indicated:

(Amounts in millions)	Net unrealized investment gains (losses) (1)	Derivatives qualifying as hedges (2)	Foreign currency translation and other adjustments	Total
Balances as of January 1, 2015	$ 2,453	$ 2,070	$ (77)	$ 4,446
OCI before reclassifications	(1,218)	50	(530)	(1,698)
Amounts reclassified from (to) OCI	5	(75)	—	(70)
Current period OCI	(1,213)	(25)	(530)	(1,768)
Balances as of December 31, 2015 before noncontrolling interests	1,240	2,045	(607)	2,678
Less: change in OCI attributable to noncontrolling interests	(14)	—	(318)	(332)
Balances as of December 31, 2015	$ 1,254	$ 2,045	$ (289)	$ 3,010

(1) Net of adjustments to DAC, PVFP, sales inducements and benefit reserves. See note 4 for additional information.
(2) See note 5 for additional information.

(Amounts in millions)	Net unrealized investment gains (losses) (1)	Derivatives qualifying as hedges (2)	Foreign currency translation and other adjustments	Total
Balances as of January 1, 2014	$ 926	$ 1,319	$ 297	$2,542
OCI before reclassifications	1,595	788	(537)	1,846
Amounts reclassified from (to) OCI	(12)	(37)	—	(49)
Current period OCI	1,583	751	(537)	1,797
Balances as of December 31, 2014 before noncontrolling interests	2,509	2,070	(240)	4,339
Less: change in OCI attributable to noncontrolling interests	56	—	(163)	(107)
Balances as of December 31, 2014	$ 2,453	$ 2,070	$ (77)	$4,446

(1) Net of adjustments to DAC, PVFP, sales inducements and benefit reserves. See note 4 for additional information.
(2) See note 5 for additional information.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

(Amounts in millions)	Net unrealized investment gains (losses) (1)	Derivatives qualifying as hedges (2)	Foreign currency translation and other adjustments	Total
Balances as of January 1, 2013	$ 2,638	$ 1,909	$ 655	$ 5,202
OCI before reclassifications	(1,772)	(561)	(442)	(2,775)
Amounts reclassified from (to) OCI	21	(29)	—	(8)
Current period OCI	(1,751)	(590)	(442)	(2,783)
Balances as of December 31, 2013 before noncontrolling interests	887	1,319	213	2,419
Less: change in OCI attributable to noncontrolling interests	(39)	—	(84)	(123)
Balances as of December 31, 2013	$ 926	$ 1,319	$ 297	$ 2,542

(1) Net of adjustments to DAC, PVFP, sales inducements and benefit reserves. See note 4 for additional information.
(2) See note 5 for additional information.

The foreign currency translation and other adjustments balance included $5 million, $37 million and $6 million, respectively, net of taxes of $3 million, $14 million and $1 million, respectively, related to a net unrecognized postretirement benefit obligation as of December 31, 2015, 2014 and 2013. Amount also included taxes of $(63) million, $(10) million and $39 million, respectively, related to foreign currency translation adjustments as of December 31, 2015, 2014 and 2013.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table shows reclassifications out of accumulated other comprehensive income (loss), net of taxes, for the periods presented:

(Amounts in millions)	Amount reclassified from accumulated other comprehensive income (loss) Years ended December 31, 2015	2014	2013	Affected line item in the consolidated statements of income
Net unrealized investment (gains) losses:				
Unrealized (gains) losses on investments [1]	$ 7	$ (19)	$ 33	Net investment (gains) losses
Provision for income taxes	(2)	7	(12)	Provision for income taxes
Total	$ 5	$ (12)	$ 21	
Derivatives qualifying as hedges:				
Interest rate swaps hedging assets	$ (85)	$ (63)	$ (47)	Net investment income
Interest rate swaps hedging assets	—	(2)	(1)	Net investment (gains) losses
Interest rate swaps hedging liabilities	—	(1)	(2)	Interest expense
Inflation indexed swaps	—	9	5	Net investment income
Forward bond purchase commitments	(1)	—	—	Net investment income
Forward bond purchase commitments	(32)	—	—	Net investment (gains) losses
Provision for income taxes	43	20	16	Provision for income taxes
Total	$ (75)	$ (37)	$ (29)	

(1) Amounts exclude adjustments to DAC, PVFP, sales inducements and benefit reserves.

(23) Noncontrolling Interests

Canada

In July 2009, Genworth Canada, our indirect subsidiary, completed an IPO of its common shares and we beneficially owned 57.5% of the common shares of Genworth Canada through subsidiaries. We currently hold approximately 57.3% of the outstanding common shares of Genworth Canada on a consolidated basis through subsidiaries. In addition, we have the right, exercisable at our discretion, to purchase for cash these common shares of Genworth Canada from our U.S. mortgage insurance companies at the then-current market price. We also have a right of first refusal with respect to the transfer of these common shares of Genworth Canada by our U.S. mortgage insurance companies.

In April 2015, Genworth Canada announced acceptance by the Toronto Stock Exchange of its Notice of Intention to Make a Normal Course Issuer Bid (“NCIB”). Pursuant to the NCIB, Genworth Canada may purchase from time to time through May 2016, up to an aggregate of 4.7 million of its issued and outstanding common shares. During 2015, Genworth Canada repurchased 1.4 million of its shares for CAD$50 million through a NCIB. We participated in the NCIB in order to maintain our overall ownership percentage at 57.3% and received $23 million in cash.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

During 2014, Genworth Canada repurchased 1.9 million shares for CAD$75 million through a NCIB authorized by its board for up to 4.7 million shares. We participated in the NCIB in order to maintain our overall ownership percentage at its then current level and received $38 million in cash.

During 2013, Genworth Canada repurchased 3.9 million shares for CAD$105 million through a NCIB authorized by its board for up to 4.9 million shares. We participated in the NCIB in order to maintain our overall ownership percentage at its then current level and received $58 million in cash.

In 2015, 2014 and 2013, dividends of $49 million, $69 million and $52 million, respectively, were paid to the noncontrolling interests of Genworth Canada.

Australia

On May 15, 2014, Genworth Australia, a holding company for Genworth's Australian mortgage insurance business, priced an IPO of 220,000,000 of its ordinary shares at an IPO price of AUD$2.65 per ordinary share. The offering closed on May 21, 2014. Following completion of the offering, Genworth Financial beneficially owned 66.2% of the ordinary shares of Genworth Australia through subsidiaries. The net proceeds of the offering were used by Genworth Australia to repay a portion of certain intercompany funding arrangements with our subsidiaries and those funds were then distributed to Genworth Holdings. The gross proceeds of the offering (before payment of fees and expenses) were approximately $541 million. Fees and expenses in connection with the offering were approximately $27 million, including approximately $3 million paid in 2013.

On May 11, 2015, we sold 92,300,000 of our shares in Genworth Australia at AUD$3.08 per ordinary share. The offering closed on May 15, 2015. Following completion of the offering, Genworth Financial beneficially owns 52.0% of the ordinary shares of Genworth Australia through subsidiaries. The majority of the net proceeds of the offering were distributed to Genworth Holdings. The net proceeds of the offering were approximately $226 million.

On October 30, 2015, Genworth Australia announced its intention to commence an on-market share buy-back program. Pursuant to the program, in November and December 2015, Genworth Australia repurchased 54.6 million of its shares for AUD$150 million. As the majority shareholder, we participated in on-market sales transactions during the buy-back period to maintain our ownership position of 52.0% and received $55 million in cash.

Consistent with applicable accounting guidance, changes in noncontrolling interests that do not result in a change of control are accounted for as equity transactions. When there are changes in noncontrolling interests of a subsidiary that do not result in a change of control, any difference between carrying value and fair value related to the change in ownership is recorded as an adjustment to stockholders' equity. A summary of the changes in ownership interests and the effect on stockholders' equity as a result of the initial public offering of Genworth Australia was as follows for the years ended December 31:

(Amounts in millions)	2015	2014
Net loss available to Genworth Financial, Inc.'s common stockholders	$(615)	$(1,244)
Transfers to the noncontrolling interests:		
Decrease in Genworth Financial, Inc.'s additional paid-in capital for initial sale of Genworth Australia shares to noncontrolling interests	—	(145)
Decrease in Genworth Financial, Inc.'s additional paid-in capital for additional sale of Genworth Australia shares to noncontrolling interests	(65)	—
Net transfers to noncontrolling interests	(65)	(145)
Change from net loss available to Genworth Financial, Inc.'s common stockholders and transfers to noncontrolling interests	$(680)	$(1,389)

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

In 2015 and 2014, dividends of $108 million and $6 million, respectively, were paid to the noncontrolling interests of Genworth Australia.

(24) Sale of Businesses

European mortgage insurance business

As discussed in note 1, GMICO entered into an agreement to sell our European mortgage insurance business to AmTrust Financial Services, Inc. that is expected to result in net proceeds of approximately $55 million. As the held-for-sale criteria were satisfied during 2015, we recorded an estimated after-tax loss of approximately $141 million related to the sale, net of taxes of $1 million. In accordance with the accounting guidance for groups of assets that are held-for-sale, we recorded an impairment of $135 million to record the carrying value of the business at its fair value, which was based on estimated proceeds less $5 million closing costs. The transaction is expected to close in the first quarter of 2016 and is subject to customary conditions, including requisite regulatory approvals.

The major assets and liability categories of our European mortgage insurance business were as follows as of December 31:

(Amounts in millions)	2015	2014
Assets		
Investments:		
Fixed maturity securities available-for-sale, at fair value	$ 195	$199
Other invested assets	6	36
Total investments	201	235
Cash and cash equivalents	28	71
Accrued investment income	3	4
Intangible assets	—	1
Reinsurance recoverable	21	23
Other assets	14	—
Assets held for sale	267	334
Fair value less closing costs impairment	(140)	—
Total assets held for sale	$ 127	$334
Liabilities		
Liability for policy and contract claims	$ 56	$ 56
Unearned premiums	58	62
Other liabilities	12	48
Deferred tax liability	1	—
Liabilities held for sale	$ 127	$166

Deferred tax liabilities that result in future taxable or deductible amounts to the remaining consolidated group have been reflected in liabilities of continuing operations and not reflected in liabilities held for sale.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Lifestyle protection insurance

As discussed in note 1, our lifestyle protection insurance business is reported as discontinued operations. The assets and liabilities held for sale for this business were segregated in our consolidated balance sheets until the closing of the sale on December 1, 2015. The major assets and liability categories of our lifestyle protection insurance business were as follows as of December 31:

(Amounts in millions)	2015	2014
Assets		
Investments:		
Fixed maturity securities available-for-sale, at fair value	$—	$1,171
Equity securities available-for-sale, at fair value	—	7
Other invested assets	—	52
Total investments	—	1,230
Cash and cash equivalents	—	202
Accrued investment income	—	21
Deferred acquisition costs	—	193
Intangible assets	—	22
Reinsurance recoverable	—	32
Other assets	—	109
Assets held for sale	$—	$1,809
Liabilities		
Policyholder account balances	$—	$ 11
Liability for policy and contract claims	—	106
Unearned premiums	—	439
Other liabilities	—	322
Deferred tax liability	—	50
Liabilities held for sale	$—	$ 928

Deferred tax assets and liabilities that result in future taxable or deductible amounts to the remaining consolidated group have been reflected in assets or liabilities of continuing operations and not reflected in assets or liabilities held for sale.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Summary operating results of discontinued operations were as follows for the years ended December 31:

(Amounts in millions)	2015	2014	2013
Revenues:			
Premiums	$ 627	$ 731	$632
Net investment income	74	100	116
Net investment gains (losses)	—	2	27
Policy fees and other income	—	3	3
Total revenues	701	836	778
Benefits and expenses:			
Benefits and other changes in policy reserves	182	202	158
Acquisition and operating expenses	396	447	415
Amortization of deferred acquisition costs and intangibles	83	118	106
Interest expense	29	46	42
Total benefits and expenses	690	813	721
Income (loss) before income taxes and loss on sale	11	23	57
Provision (benefit) for income taxes	37	(134)	11
Income (loss) before loss on sale	(26)	157	46
Loss on sale, net of taxes	(381)	—	—
Income (loss) from discontinued operations, net of taxes	$(407)	$ 157	$ 46

On December 1, 2015, we completed the sale of our lifestyle protection insurance business and received approximately $493 million with net proceeds of approximately $400 million, subject to the finalization of closing balance sheet purchase price adjustments. During 2015, we recorded an after-tax loss of approximately $381 million, net of taxes of $155 million, including $63 million in the fourth quarter of 2015. The additional loss in the fourth quarter of 2015 was primarily related to the write off of currency translation adjustments on a holding company that was not part of the sale but related to our lifestyle protection insurance business and was substantially liquidated in the fourth quarter of 2015.

We retained liabilities for the U.K. pension plan, as described in note 11, as well as taxes and certain claims and sales practices that occurred while we owned the lifestyle protection insurance business. We have established our current best estimates for these liabilities, where appropriate; however, there may be future adjustments to these estimates.

Wealth management

In 2013, we completed the sale of our wealth management business to AqGen Liberty Acquisition, Inc., a subsidiary of AqGen Liberty Holdings LLC, a partnership of Aquiline Capital Partners and Genstar Capital, for approximately $412 million with net proceeds of approximately $360 million. The loss on sale was approximately $29 million. Historically, this business had been reported as a separate segment. As a result of the sale agreement, this business was accounted for as discontinued operations and its results of operations and cash flows were separately reported for all periods presented.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

Summary operating results of discontinued operations related to our wealth management business were as follows for the year ended December 31:

(Amounts in millions)	2013
Revenues:	
Policy fees and other income	$211
Total revenues	211
Benefits and expenses:	
Acquisition and operating expenses, net of deferrals	178
Amortization of deferred acquisition costs and intangibles	4
Total benefits and expenses	182
Income before income taxes and other items	29
Provision for income taxes	12
Income before other items	17
Goodwill impairment and other loss from sale, net of taxes	(29)
Loss from discontinued operations, net of taxes	$ (12)

Reverse mortgage business

Effective April 1, 2013 (immediately prior to the holding company reorganization), Genworth Holdings completed the sale of its reverse mortgage business (which had been part of Corporate and Other activities) for total proceeds of $22 million. The gain on the sale was not significant.

(25) Condensed Consolidating Financial Information

Genworth Financial provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding senior notes and the holders of the senior notes, on an unsecured unsubordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, each outstanding series of senior notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the senior notes indenture in respect of such senior notes. Genworth Financial also provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding subordinated notes and the holders of the subordinated notes, on an unsecured subordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, the outstanding subordinated notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the subordinated notes indenture in respect of the subordinated notes.

The following condensed consolidating financial information of Genworth Financial and its direct and indirect subsidiaries have been prepared pursuant to rules regarding the preparation of consolidating financial information of Regulation S-X. The condensed consolidating financial information has been prepared as if the guarantee had been in place during the periods presented herein.

The condensed consolidating financial information presents the condensed consolidating balance sheet information as of December 31, 2015 and 2014 and the condensed consolidating income statement information, condensed consolidating comprehensive income statement information and condensed consolidating cash flow statement information for the years ended December 31, 2015, 2014 and 2013.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The condensed consolidating financial information reflects Genworth Financial ("Parent Guarantor"), Genworth Holdings ("Issuer") and each of Genworth Financial's other direct and indirect subsidiaries (the "All Other Subsidiaries") on a combined basis, none of which guarantee the senior notes or subordinated notes, as well as the eliminations necessary to present Genworth Financial's financial information on a consolidated basis and total consolidated amounts.

The accompanying condensed consolidating financial information is presented based on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the subsidiaries' cumulative results of operations, capital contributions and distributions, and other changes in equity. Elimination entries include consolidating and eliminating entries for investments in subsidiaries and intercompany activity.

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating balance sheet information as of December 31, 2015:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Assets					
Investments:					
Fixed maturity securities available-for-sale, at fair value	$ —	$ 150	$ 58,247	$ (200)	$ 58,197
Equity securities available-for-sale, at fair value	—	—	310	—	310
Commercial mortgage loans	—	—	6,170	—	6,170
Restricted commercial mortgage loans related to securitization entities	—	—	161	—	161
Policy loans	—	—	1,568	—	1,568
Other invested assets	—	114	2,198	(3)	2,309
Restricted other invested assets related to securitization entities, at fair value	—	—	413	—	413
Investments in subsidiaries	12,814	12,989	—	(25,803)	—
Total investments	12,814	13,253	69,067	(26,006)	69,128
Cash and cash equivalents	—	1,124	4,841	—	5,965
Accrued investment income	—	—	657	(4)	653
Deferred acquisition costs	—	—	4,398	—	4,398
Intangible assets and goodwill	—	—	357	—	357
Reinsurance recoverable	—	—	17,245	—	17,245
Other assets	—	199	323	(2)	520
Intercompany notes receivable	—	2	458	(460)	—
Deferred tax assets	25	1,038	(908)	—	155
Separate account assets	—	—	7,883	—	7,883
Assets held for sale	—	—	127	—	127
Total assets	$ 12,839	$15,616	$ 104,448	$ (26,472)	$ 106,431
Liabilities and stockholders' equity					
Liabilities:					
Future policy benefits	$ —	$ —	$ 36,475	$ —	$ 36,475
Policyholder account balances	—	—	26,209	—	26,209
Liability for policy and contract claims	—	—	8,095	—	8,095
Unearned premiums	—	—	3,308	—	3,308
Other liabilities	13	279	2,722	(10)	3,004
Intercompany notes payable	2	658	—	(660)	—
Borrowings related to securitization entities	—	—	179	—	179
Non-recourse funding obligations	—	—	1,920	—	1,920
Long-term borrowings	—	4,078	492	—	4,570
Deferred tax liability	—	—	24	—	24
Separate account liabilities	—	—	7,883	—	7,883
Liabilities held for sale	—	—	127	—	127
Total liabilities	15	5,015	87,434	(670)	91,794
Equity:					
Common stock	1	—	—	—	1
Additional paid-in capital	11,949	9,097	17,007	(26,104)	11,949
Accumulated other comprehensive income (loss)	3,010	3,116	3,028	(6,144)	3,010
Retained earnings	564	(1,612)	(5,134)	6,746	564
Treasury stock, at cost	(2,700)	—	—	—	(2,700)
Total Genworth Financial, Inc.'s stockholders' equity	12,824	10,601	14,901	(25,502)	12,824
Noncontrolling interests	—	—	2,113	(300)	1,813
Total equity	12,824	10,601	17,014	(25,802)	14,637
Total liabilities and equity	$ 12,839	$15,616	$ 104,448	$ (26,472)	$ 106,431

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating balance sheet information as of December 31, 2014:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Assets					
Investments:					
Fixed maturity securities available-for-sale, at fair value	$ —	$ 150	$ 61,127	$ (200)	$ 61,077
Equity securities available-for-sale, at fair value	—	—	275	—	275
Commercial mortgage loans	—	—	6,100	—	6,100
Restricted commercial mortgage loans related to securitization entities	—	—	201	—	201
Policy loans	—	—	1,501	—	1,501
Other invested assets	—	14	2,199	(5)	2,208
Restricted other invested assets related to securitization entities, at fair value	—	—	411	—	411
Investments in subsidiaries	14,895	15,003	—	(29,898)	—
Total investments	14,895	15,167	71,814	(30,103)	71,773
Cash and cash equivalents	—	953	3,692	—	4,645
Accrued investment income	—	—	664	(4)	660
Deferred acquisition costs	—	—	4,852	—	4,852
Intangible assets and goodwill	—	—	265	—	265
Reinsurance recoverable	—	—	17,291	—	17,291
Other assets	2	183	295	(1)	479
Intercompany notes receivable	9	267	395	(671)	—
Separate account assets	—	—	9,208	—	9,208
Assets held for sale	—	—	2,143	—	2,143
Total assets	$ 14,906	$16,570	$ 110,619	$ (30,779)	$ 111,316
Liabilities and stockholders' equity					
Liabilities:					
Future policy benefits	$ —	$ —	$ 35,915	$ —	$ 35,915
Policyholder account balances	—	—	26,032	—	26,032
Liability for policy and contract claims	—	—	7,881	—	7,881
Unearned premiums	—	—	3,485	—	3,485
Other liabilities	3	251	2,991	(11)	3,234
Intercompany notes payable	—	604	267	(871)	—
Borrowings related to securitization entities	—	—	219	—	219
Non-recourse funding obligations	—	—	1,981	—	1,981
Long-term borrowings	—	4,127	485	—	4,612
Deferred tax liability	(20)	(970)	1,848	—	858
Separate account liabilities	—	—	9,208	—	9,208
Liabilities held for sale	—	—	1,094	—	1,094
Total liabilities	(17)	4,012	91,406	(882)	94,519
Equity:					
Common stock	1	—	—	—	1
Additional paid-in capital	11,997	9,162	17,080	(26,242)	11,997
Accumulated other comprehensive income (loss)	4,446	4,449	4,459	(8,908)	4,446
Retained earnings	1,179	(1,053)	(4,205)	5,258	1,179
Treasury stock, at cost	(2,700)	—	—	—	(2,700)
Total Genworth Financial, Inc.'s stockholders' equity	14,923	12,558	17,334	(29,892)	14,923
Noncontrolling interests	—	—	1,879	(5)	1,874
Total equity	14,923	12,558	19,213	(29,897)	16,797
Total liabilities and equity	$ 14,906	$16,570	$ 110,619	$ (30,779)	$ 111,316

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating income statement information for the year ended December 31, 2015:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Revenues:					
Premiums	$ —	$ —	$ 4,579	$ —	$ 4,579
Net investment income	(3)	1	3,154	(14)	3,138
Net investment gains (losses)	—	43	(118)	—	(75)
Policy fees and other income	—	(32)	940	(2)	906
Total revenues	(3)	12	8,555	(16)	8,548
Benefits and expenses:					
Benefits and other changes in policy reserves	—	—	5,149	—	5,149
Interest credited	—	—	720	—	720
Acquisition and operating expenses, net of deferrals	32	2	1,275	—	1,309
Amortization of deferred acquisition costs and intangibles	—	—	966	—	966
Interest expense	—	307	128	(16)	419
Total benefits and expenses	32	309	8,238	(16)	8,563
Income (loss) from continuing operations before income taxes and equity in income (loss) of subsidiaries	(35)	(297)	317	—	(15)
Provision (benefit) for income taxes	(8)	(103)	102	—	(9)
Equity in income (loss) of subsidiaries	(579)	(463)	—	1,042	—
Income (loss) from continuing operations	(606)	(657)	215	1,042	(6)
Income (loss) from discontinued operations, net of taxes	(9)	—	(398)	—	(407)
Net income (loss)	(615)	(657)	(183)	1,042	(413)
Less: net income attributable to noncontrolling interests	—	—	202	—	202
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (615)	$(657)	$ (385)	$ 1,042	$ (615)

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating income statement information for the year ended December 31, 2014:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Revenues:					
Premiums	$ —	$ —	$ 4,700	$ —	$ 4,700
Net investment income	(2)	—	3,159	(15)	3,142
Net investment gains (losses)	—	4	(26)	—	(22)
Policy fees and other income	—	(4)	914	(1)	909
Total revenues	(2)	—	8,747	(16)	8,729
Benefits and expenses:					
Benefits and other changes in policy reserves	—	—	6,418	—	6,418
Interest credited	—	—	737	—	737
Acquisition and operating expenses, net of deferrals	21	—	1,117	—	1,138
Amortization of deferred acquisition costs and intangibles	—	—	453	—	453
Goodwill impairment	—	—	849	—	849
Interest expense	—	321	128	(16)	433
Total benefits and expenses	21	321	9,702	(16)	10,028
Income (loss) from continuing operations before income taxes and equity in income (loss) of subsidiaries	(23)	(321)	(955)	—	(1,299)
Provision (benefit) for income taxes	(8)	(112)	30	(4)	(94)
Equity in income (loss) of subsidiaries	(1,229)	(1,147)	—	2,376	—
Income (loss) from continuing operations	(1,244)	(1,356)	(985)	2,380	(1,205)
Income (loss) from discontinued operations, net of taxes	—	—	157	—	157
Net income (loss)	(1,244)	(1,356)	(828)	2,380	(1,048)
Less: net income attributable to noncontrolling interests	—	—	196	—	196
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (1,244)	$(1,356)	$ (1,024)	$ 2,380	$ (1,244)

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating income statement information for the year ended December 31, 2013:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Revenues:					
Premiums	$ —	$ —	$ 4,516	$ —	$ 4,516
Net investment income	(1)	1	3,170	(15)	3,155
Net investment gains (losses)	—	6	(70)	—	(64)
Policy fees and other income	—	—	1,022	(4)	1,018
Total revenues	(1)	7	8,638	(19)	8,625
Benefits and expenses:					
Benefits and other changes in policy reserves	—	—	4,737	—	4,737
Interest credited	—	—	738	—	738
Acquisition and operating expenses, net of deferrals	33	32	1,179	—	1,244
Amortization of deferred acquisition costs and intangibles	—	—	463	—	463
Interest expense	—	322	147	(19)	450
Total benefits and expenses	33	354	7,264	(19)	7,632
Income (loss) from continuing operations before income taxes and equity in income (loss) of subsidiaries	(34)	(347)	1,374	—	993
Provision (benefit) for income taxes	13	(120)	420	—	313
Equity in income (loss) of subsidiaries	607	796	—	(1,403)	—
Income from continuing operations	560	569	954	(1,403)	680
Income (loss) from discontinued operations, net of taxes	—	(29)	63	—	34
Net income	560	540	1,017	(1,403)	714
Less: net income attributable to noncontrolling interests	—	—	154	—	154
Net income available to Genworth Financial, Inc.’s common stockholders	$ 560	$ 540	$ 863	$ (1,403)	$ 560

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating comprehensive income statement information for the year ended December 31, 2015:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ (615)	$ (657)	$ (183)	$ 1,042	$ (413)
Other comprehensive income (loss), net of taxes:					
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(1,181)	(1,158)	(1,210)	2,340	(1,209)
Net unrealized gains (losses) on other-than-temporarily impaired securities	(4)	(4)	(4)	8	(4)
Derivatives qualifying as hedges	(25)	(24)	(19)	43	(25)
Foreign currency translation and other adjustments	(250)	(171)	(530)	421	(530)
Total other comprehensive income (loss)	(1,460)	(1,357)	(1,763)	2,812	(1,768)
Total comprehensive income (loss)	(2,075)	(2,014)	(1,946)	3,854	(2,181)
Less: comprehensive income attributable to noncontrolling interests	—	—	(106)	—	(106)
Total comprehensive income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (2,075)	$(2,014)	$ (1,840)	$ 3,854	$ (2,075)

The following table presents the condensed consolidating comprehensive income statement information for the year ended December 31, 2014:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ (1,244)	$(1,356)	$ (828)	$ 2,380	$ (1,048)
Other comprehensive income (loss), net of taxes:					
Net unrealized gains (losses) on securities not other-than-temporarily impaired	1,539	1,510	1,573	(3,049)	1,573
Net unrealized gains (losses) on other-than- temporarily impaired securities	10	11	10	(21)	10
Derivatives qualifying as hedges	751	751	794	(1,545)	751
Foreign currency translation and other adjustments	(339)	(273)	(537)	612	(537)
Total other comprehensive income (loss)	1,961	1,999	1,840	(4,003)	1,797
Total comprehensive income (loss)	717	643	1,012	(1,623)	749
Less: comprehensive income attributable to noncontrolling interests	—	—	32	—	32
Total comprehensive income (loss) available to Genworth Financial, Inc.'s common stockholders	$ 717	$ 643	$ 980	$ (1,623)	$ 717

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating comprehensive income statement information for the year ended December 31, 2013:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Net income	$ 560	$ 540	$ 1,017	$ (1,403)	$ 714
Other comprehensive income (loss), net of taxes:					
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(1,778)	(1,733)	(1,817)	3,511	(1,817)
Net unrealized gains (losses) on other-than- temporarily impaired securities	66	65	66	(131)	66
Derivatives qualifying as hedges	(590)	(590)	(615)	1,205	(590)
Foreign currency translation and other adjustments	(358)	(335)	(442)	693	(442)
Total other comprehensive income (loss)	(2,660)	(2,593)	(2,808)	5,278	(2,783)
Total comprehensive income (loss)	(2,100)	(2,053)	(1,791)	3,875	(2,069)
Less: comprehensive income attributable to noncontrolling interests	—	—	31	—	31
Total comprehensive income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (2,100)	$(2,053)	$ (1,822)	$ 3,875	$ (2,100)

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating cash flow statement information for the year ended December 31, 2015:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ (615)	$ (657)	$ (183)	$ 1,042	$ (413)
Less (income) loss from discontinued operations, net of taxes	9	—	398	—	407
Adjustments to reconcile net income (loss) to net cash from operating activities:					
Equity in (income) loss from subsidiaries	579	463	—	(1,042)	—
Dividends from subsidiaries	—	530	(530)	—	—
Loss on sale of subsidiaries	—	—	141	—	141
Amortization of fixed maturity discounts and premiums and limited partnerships	—	—	(106)	—	(106)
Net investment losses (gains)	—	(43)	118	—	75
Charges assessed to policyholders	—	—	(788)	—	(788)
Acquisition costs deferred	—	—	(293)	—	(293)
Amortization of deferred acquisition costs and intangibles	—	—	966	—	966
Deferred income taxes	(4)	(65)	(127)	—	(196)
Net increase (decrease) in trading securities, held-for-sale investments and derivative instruments	—	41	(280)	—	(239)
Stock-based compensation expense	21	—	(5)	—	16
Change in certain assets and liabilities:					
Accrued investment income and other assets	3	13	(123)	1	(106)
Insurance reserves	—	—	1,847	—	1,847
Current tax liabilities	(3)	18	(30)	—	(15)
Other liabilities, policy and contract claims and other policy-related balances	2	(38)	328	1	293
Cash from operating activities—held for sale	—	—	2	—	2
Net cash from operating activities	(8)	262	1,335	2	1,591
Cash flows from investing activities:					
Proceeds from maturities and repayments of investments:					
Fixed maturity securities	—	1	4,540	—	4,541
Commercial mortgage loans	—	—	882	—	882
Restricted commercial mortgage loans related to securitization entities	—	—	41	—	41
Proceeds from sales of investments:					
Fixed maturity and equity securities	—	—	4,391	—	4,391
Purchases and originations of investments:					
Fixed maturity and equity securities	—	—	(9,750)	—	(9,750)
Commercial mortgage loans	—	—	(956)	—	(956)
Other invested assets, net	—	(100)	277	(2)	175
Policy loans, net	—	—	25	—	25
Intercompany notes receivable	9	265	(63)	(211)	—
Capital contributions to subsidiaries	—	(25)	25	—	—
Proceeds from sale of a subsidiary, net of cash transferred	—	—	273	—	273
Payments for businesses purchased, net of cash acquired	—	(197)	197	—	—
Cash from investing activities—held for sale	—	—	(26)	—	(26)
Net cash from investing activities	9	(56)	(144)	(213)	(404)
Cash flows from financing activities:					
Deposits to universal life and investment contracts	—	—	2,257	—	2,257
Withdrawals from universal life and investment contracts	—	—	(2,144)	—	(2,144)
Redemption and repurchase of non-recourse funding obligations	—	—	(61)	—	(61)
Proceeds from the issuance of long-term debt	—	—	150	—	150
Repayment and repurchase of long-term debt	—	(50)	(70)	—	(120)
Repayment of borrowings related to securitization entities	—	—	(36)	—	(36)
Proceeds from intercompany notes payable	2	54	(267)	211	—
Repurchase of subsidiary shares	—	—	(68)	—	(68)
Dividends paid to noncontrolling interests	—	—	(157)	—	(157)
Proceeds from the sale of subsidiary shares to noncontrolling interests	—	—	226	—	226
Other, net	(3)	(39)	(56)	—	(98)
Cash from financing activities—held for sale	—	—	9	—	9
Net cash from financing activities	(1)	(35)	(217)	211	(42)
Effect of exchange rate changes on cash and cash equivalents	—	—	(70)	—	(70)
Net change in cash and cash equivalents	—	171	904	—	1,075
Cash and cash equivalents at beginning of period	—	953	3,965	—	4,918
Cash and cash equivalents at end of period	—	1,124	4,869	—	5,993
Less cash and cash equivalents held for sale at end of period	—	—	28	—	28
Cash and cash equivalents of continuing operations at end of period	$ —	$1,124	$ 4,841	$ —	$ 5,965

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating cash flow statement information for the year ended December 31, 2014:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ (1,244)	$(1,356)	$ (828)	$ 2,380	$ (1,048)
Less (income) loss from discontinued operations, net of taxes	—	—	(157)	—	(157)
Adjustments to reconcile net income (loss) to net cash from operating activities:					
Equity in (income) loss from subsidiaries	1,229	1,147	—	(2,376)	—
Dividends from subsidiaries	—	630	(630)	—	—
Amortization of fixed maturity discounts and premiums and limited partnerships	—	—	(111)	—	(111)
Net investment losses (gains)	—	(4)	26	—	22
Charges assessed to policyholders	—	—	(777)	—	(777)
Acquisition costs deferred	—	—	(383)	—	(383)
Amortization of deferred acquisition costs and intangibles	—	—	453	—	453
Goodwill impairment	—	—	849	—	849
Deferred income taxes	4	(146)	(195)	(4)	(341)
Net increase (decrease) in trading securities, held-for-sale investments and derivative instruments	—	1	205	—	206
Stock-based compensation expense	21	—	7	—	28
Change in certain assets and liabilities:					
Accrued investment income and other assets	(4)	(9)	(151)	1	(163)
Insurance reserves	—	—	2,497	—	2,497
Current tax liabilities	(2)	(77)	(117)	—	(196)
Other liabilities, policy and contract claims and other policy-related balances	11	91	1,421	(6)	1,517
Cash from operating activities-held for sale	—	—	42	—	42
Net cash from operating activities	15	277	2,151	(5)	2,438
Cash flows from investing activities:					
Proceeds from maturities and repayments of investments:					
Fixed maturity securities	—	150	5,048	—	5,198
Commercial mortgage loans	—	—	765	—	765
Restricted commercial mortgage loans related to securitization entities	—	—	32	—	32
Proceeds from sales of investments:					
Fixed maturity and equity securities	—	—	2,386	—	2,386
Purchases and originations of investments:					
Fixed maturity and equity securities	—	(150)	(9,038)	—	(9,188)
Commercial mortgage loans	—	—	(967)	—	(967)
Other invested assets, net	—	—	(40)	5	(35)
Policy loans, net	—	—	12	—	12
Intercompany notes receivable	(1)	(19)	(2)	22	—
Capital contributions to subsidiaries	(12)	—	12	—	—
Cash from investing activities-held for sale	—	—	(39)	—	(39)
Net cash from investing activities	(13)	(19)	(1,831)	27	(1,836)
Cash flows from financing activities:					
Deposits to universal life and investment contracts	—	—	2,993	—	2,993
Withdrawals from universal life and investment contracts	—	—	(2,588)	—	(2,588)
Redemption and repurchase of non-recourse funding obligations	—	—	(42)	—	(42)
Proceeds from the issuance of long-term debt	—	—	144	—	144
Repayment and repurchase of long-term debt	—	(485)	(136)	—	(621)
Repayment of borrowings related to securitization entities	—	—	(32)	—	(32)
Proceeds from intercompany notes payable	—	3	19	(22)	—
Repurchase of subsidiary shares	—	—	(28)	—	(28)
Dividends paid to noncontrolling interests	—	—	(75)	—	(75)
Proceeds from the sale of subsidiary shares to noncontrolling interests	—	—	517	—	517
Other, net	(2)	(42)	14	—	(30)
Cash from financing activities-held for sale	—	—	(33)	—	(33)
Net cash from financing activities	(2)	(524)	753	(22)	205
Effect of exchange rate changes on cash and cash equivalents	—	—	(103)	—	(103)
Net change in cash and cash equivalents	—	(266)	970	—	704
Cash and cash equivalents at beginning of period	—	1,219	2,995	—	4,214
Cash and cash equivalents at end of period	—	953	3,965	—	4,918
Less cash and cash equivalents held for sale at end of period	—	—	273	—	273
Cash and cash equivalents of continuing operations at end of period	$ —	$ 953	$ 3,692	$ —	$ 4,645

GENWORTH FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2015, 2014 and 2013

The following table presents the condensed consolidating cash flow statement information for the year ended December 31, 2013:

(Amounts in millions)	Parent Guarantor	Issuer	All Other Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ 560	$ 540	$ 1,017	$ (1,403)	$ 714
Less income from discontinued operations, net of taxes	—	29	(63)	—	(34)
Adjustments to reconcile net income (loss) to net cash from operating activities:					
Equity in (income) loss from subsidiaries	(607)	(796)	—	1,403	—
Dividends from subsidiaries	535	376	(497)	(414)	—
Amortization of fixed maturity discounts and premiums and limited partnerships	—	—	(105)	—	(105)
Net investment losses (gains)	—	(6)	70	—	64
Charges assessed to policyholders	—	—	(812)	—	(812)
Acquisition costs deferred	—	—	(363)	—	(363)
Amortization of deferred acquisition costs and intangibles	—	—	463	—	463
Deferred income taxes	24	(138)	14	—	(100)
Net increase (decrease) in trading securities, held-for-sale investments and derivative instruments	—	1	(60)	—	(59)
Stock-based compensation expense	26	—	13	—	39
Change in certain assets and liabilities:					
Accrued investment income and other assets	2	67	(122)	—	(53)
Insurance reserves	—	—	1,644	—	1,644
Current tax liabilities	3	45	293	—	341
Other liabilities, policy and contract claims and other policy-related balances	(4)	(11)	(346)	—	(361)
Cash from operating activities—held for sale	—	—	21	—	21
Net cash from operating activities	539	107	1,167	(414)	1,399
Cash flows from investing activities:					
Proceeds from maturities and repayments of investments:					
Fixed maturity securities	—	—	4,891	—	4,891
Commercial mortgage loans	—	—	896	—	896
Restricted commercial mortgage loans related to securitization entities	—	—	60	—	60
Proceeds from sales of investments:					
Fixed maturity and equity securities	—	150	3,997	—	4,147
Purchases and originations of investments:					
Fixed maturity and equity securities	—	(150)	(10,308)	—	(10,458)
Commercial mortgage loans	—	—	(873)	—	(873)
Other invested assets, net	—	—	65	—	65
Policy loans, net	—	—	242	—	242
Intercompany notes receivable	(8)	(3)	95	(84)	—
Capital contributions to subsidiaries	(531)	(1)	532	—	—
Proceeds from sale of a subsidiary, net of cash transferred	—	425	(60)	—	365
Cash from investing activities—held for sale	—	(30)	115	—	85
Net cash from investing activities	(539)	391	(348)	(84)	(580)
Cash flows from financing activities:					
Deposits to universal life and investment contracts	—	—	2,999	—	2,999
Withdrawals from universal life and investment contracts	—	—	(3,269)	—	(3,269)
Redemption and repurchase of non-recourse funding obligations	—	—	(28)	—	(28)
Proceeds from the issuance of long-term debt	—	793	—	—	793
Repayment and repurchase of long-term debt	—	(365)	—	—	(365)
Repayment of borrowings related to securitization entities	—	—	(108)	—	(108)
Proceeds from intercompany notes payable	—	(87)	3	84	—
Repurchase of subsidiary shares	—	—	(43)	—	(43)
Dividends paid to noncontrolling interests	—	—	(52)	—	(52)
Dividends paid to parent	—	(414)	—	414	—
Other, net	—	(49)	(4)	—	(53)
Cash from financing activities—held for sale	—	—	(23)	—	(23)
Net cash from financing activities	—	(122)	(525)	498	(149)
Effect of exchange rate changes on cash and cash equivalents	—	—	(109)	—	(109)
Net change in cash and cash equivalents	—	376	185	—	561
Cash and cash equivalents at beginning of period	—	843	2,810	—	3,653
Cash and cash equivalents at end of period	—	1,219	2,995	—	4,214
Less cash and cash equivalents held for sale at end of period	—	—	557	—	557
Cash and cash equivalents of continuing operations at end of period	$ —	$1,219	$ 2,438	$ —	$ 3,657

For information on significant restrictions on dividends by, or loans or advances from, subsidiaries of Genworth Financial and Genworth Holdings, and the restricted net assets of those subsidiaries, see note 18.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

Under date of February 26, 2016, we reported on the consolidated balance sheets of Genworth Financial, Inc. (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, which are included herein. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedules included herein. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Richmond, Virginia
February 26, 2016

Table of Contents

Schedule I

Genworth Financial, Inc.

Summary of Investments—Other Than Investments in Related Parties
(Amounts in millions)

As of December 31, 2015, the amortized cost or cost, fair value and carrying value of our invested assets were as follows:

Type of investment	Amortized cost or cost	Fair value	Carrying value
Fixed maturity securities:			
Bonds:			
U.S. government, agencies and authorities	$ 5,487	$ 6,203	$ 6,203
State and political subdivisions	2,287	2,438	2,438
Non-U.S. government	1,910	2,015	2,015
Public utilities	4,170	4,536	4,536
All other corporate bonds	41,307	43,005	43,005
Total fixed maturity securities	55,161	58,197	58,197
Equity securities	325	310	310
Commercial mortgage loans	6,170	xxxxx	6,170
Restricted commercial mortgage loans related to securitization entities	161	xxxxx	161
Policy loans	1,568	xxxxx	1,568
Other invested assets [(1)]	1,208	xxxxx	2,309
Restricted other invested assets related to securitization entities	413	xxxxx	413
Total investments	$ 65,006	xxxxx	$69,128

(1) The amount shown in the consolidated balance sheet for other invested assets differs from amortized cost or cost presented, as other invested assets include certain assets with a carrying amount that differs from amortized cost or cost.

See Accompanying Report of Independent Registered Public Accounting Firm

Table of Contents

Schedule II

Genworth Financial, Inc.
(Parent Company Only)

Balance Sheets
(Amounts in millions)

	December 31, 2015	December 31, 2014
Assets		
Investments in subsidiaries	$ 12,814	$ 14,895
Deferred tax asset	25	20
Other assets	—	2
Intercompany notes receivable	—	9
Total assets	$ 12,839	$ 14,926
Liabilities and stockholders’ equity		
Liabilities:		
Other liabilities	$ 13	$ 3
Intercompany notes payable	2	—
Total liabilities	15	3
Commitments and contingencies		
Stockholders’ equity:		
Common stock	1	1
Additional paid-in capital	11,949	11,997
Accumulated other comprehensive income (loss):		
Net unrealized investment gains (losses):		
Net unrealized gains (losses) on securities not other-than-temporarily impaired	1,236	2,431
Net unrealized gains (losses) on other-than-temporarily impaired securities	18	22
Net unrealized investment gains (losses)	1,254	2,453
Derivatives qualifying as hedges	2,045	2,070
Foreign currency translation and other adjustments	(289)	(77)
Total accumulated other comprehensive income (loss)	3,010	4,446
Retained earnings	564	1,179
Treasury stock, at cost	(2,700)	(2,700)
Total Genworth Financial, Inc.’s stockholders’ equity	12,824	14,923
Total liabilities and stockholders’ equity	$ 12,839	$ 14,926

See Notes to Schedule II

See Accompanying Report of Independent Registered Public Accounting Firm

Schedule II

Genworth Financial, Inc.
(Parent Company Only)

Statements of Income
(Amounts in millions)

	Years ended December 31,		
	2015	2014	2013
Revenues:			
Net investment income	$ (3)	$ (2)	$ (1)
Total revenues	(3)	(2)	(1)
Expenses:			
Acquisition and operating expenses, net of deferrals	32	21	33
Total expenses	32	21	33
Loss before income taxes and equity in income (loss) of subsidiaries	(35)	(23)	(34)
Provision (benefit) from income taxes	(8)	(8)	13
Equity in income (loss) of subsidiaries	(579)	(1,229)	607
Loss from discontinued operations, net of taxes	(9)	—	—
Net income (loss) available to Genworth Financial, Inc.’s common stockholders	$(615)	$(1,244)	$560

See Notes to Schedule II

See Accompanying Report of Independent Registered Public Accounting Firm

Table of Contents

Schedule II

Genworth Financial, Inc.
(Parent Company Only)

Statements of Comprehensive Income
(Amounts in millions)

	Years ended December 31,		
	2015	2014	2013
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$ (615)	$(1,244)	$ 560
Other comprehensive income (loss), net of taxes:			
Net unrealized gains (losses) on securities not other-than-temporarily impaired	(1,181)	1,539	(1,778)
Net unrealized gains (losses) on other-than-temporarily impaired securities	(4)	10	66
Derivatives qualifying as hedges	(25)	751	(590)
Foreign currency translation and other adjustments	(250)	(339)	(358)
Total other comprehensive income (loss)	(1,460)	1,961	(2,660)
Total comprehensive income (loss) available to Genworth Financial, Inc.'s common stockholders	$(2,075)	$ 717	$(2,100)

See Notes to Schedule II

See Accompanying Report of Independent Registered Public Accounting Firm

Schedule II

Genworth Financial, Inc.
(Parent Company Only)

Statements of Cash Flows
(Amounts in millions)

	Years ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	$(615)	$(1,244)	$ 560
Less loss from discontinued operations, net of taxes	9	—	—
Adjustments to reconcile net income (loss) available to Genworth Financial, Inc.'s common stockholders to net cash from operating activities:			
Equity in (income) loss from subsidiaries	579	1,229	(607)
Dividends from subsidiaries	—	—	535
Deferred income taxes	(4)	4	24
Stock-based compensation expense	21	21	26
Change in certain assets and liabilities:			
Accrued investment income and other assets	3	(4)	2
Current tax liabilities	(3)	(2)	3
Other liabilities and other policy-related balances	2	11	(4)
Net cash from operating activities	(8)	15	539
Cash flows from investing activities:			
Intercompany notes receivable	9	(1)	(8)
Capital contribution paid to subsidiaries	—	(12)	(531)
Net cash from investing activities	9	(13)	(539)
Cash flows from financing activities:			
Other, net	(3)	(2)	—
Intercompany notes payable	2	—	—
Net cash from financing activities	(1)	(2)	—
Effect of exchange rate changes on cash and cash equivalents	—	—	
Cash and cash equivalents at beginning of year	—	—	—
Cash and cash equivalents at end of year	$ —	$ —	$ —

See Notes to Schedule II

See Accompanying Report of Independent Registered Public Accounting Firm

Schedule II

Genworth Financial, Inc.
(Parent Company Only)

Notes to Schedule II
Years Ended December 31, 2015, 2014 and 2013

(1) Organization and Purpose

Genworth Holdings, Inc. ("Genworth Holdings") (formerly known as Genworth Financial, Inc.) was incorporated in Delaware in 2003 in preparation for an initial public offering of Genworth common stock, which was completed on May 28, 2004. On April 1, 2013, Genworth Holdings completed a holding company reorganization pursuant to which Genworth Holdings became a direct, 100% owned subsidiary of a new public holding company that it had formed. The new public holding company was incorporated in Delaware on December 5, 2012, in connection with the reorganization, under the name Sub XLVI, Inc., and was renamed Genworth Financial, Inc. ("Genworth Financial") upon the completion of the reorganization.

To implement the reorganization, Genworth Holdings formed Genworth Financial and Genworth Financial, in turn, formed Sub XLII, Inc. ("Merger Sub"). The holding company structure was implemented pursuant to Section 251(g) of the General Corporation Law of the State of Delaware ("DGCL") by the merger of Merger Sub with and into Genworth Holdings (the "Merger"). Genworth Holdings survived the Merger as a direct, 100% owned subsidiary of Genworth Financial and each share of Genworth Holdings Class A Common Stock, par value $0.001 per share ("Genworth Holdings Class A Common Stock"), issued and outstanding immediately prior to the Merger and each share of Genworth Holdings Class A Common Stock held in the treasury of Genworth Holdings immediately prior to the Merger converted into one issued and outstanding or treasury, as applicable, share of Genworth Financial Class A Common Stock, par value $0.001 per share, having the same designations, rights, powers and preferences and the qualifications, limitations and restrictions as the Genworth Holdings Class A Common Stock being converted.

Immediately after the consummation of the Merger, Genworth Financial had the same authorized, outstanding and treasury capital stock as Genworth Holdings immediately prior to the Merger. Each share of Genworth Financial common stock outstanding immediately prior to the Merger was cancelled. Effective upon the consummation of the Merger, Genworth Financial adopted an amended and restated certificate of incorporation and amended and restated bylaws that were identical to those of Genworth Holdings immediately prior to the consummation of the Merger (other than provisions regarding certain technical matters, as permitted by Section 251(g) of the DGCL). Genworth Financial's directors and executive officers immediately after the consummation of the Merger were the same as the directors and executive officers of Genworth Holdings immediately prior to the consummation of the Merger. Immediately after the consummation of the Merger, Genworth Financial had, on a consolidated basis, the same assets, businesses and operations as Genworth Holdings had immediately prior to the consummation of the Merger.

On April 1, 2013, in connection with the reorganization, immediately following the consummation of the Merger, Genworth Holdings distributed to Genworth Financial (as its sole stockholder), through a dividend (the "Distribution"), the 84.6% membership interest in one of its subsidiaries (Genworth Mortgage Holdings, LLC ("GMHL")) that it held directly, and 100% of the shares of another of its subsidiaries (Genworth Mortgage Holdings, Inc. ("GMHI")), that held the remaining 15.4% of outstanding membership interests of GMHL. At the time of the Distribution, GMHL and GMHI together owned (directly or indirectly) 100% of the shares or other equity interests of all of the subsidiaries that conducted Genworth Holdings' U.S. mortgage insurance business (these subsidiaries also owned the subsidiaries that conducted Genworth Holdings' European mortgage insurance business). As part of the comprehensive U.S. mortgage insurance capital plan, on April 1, 2013, immediately prior to the Distribution, Genworth Holdings contributed $100 million to the U.S. mortgage insurance subsidiaries.

The financial information contained herein has been prepared as if the reorganization occurred on January 1, 2013.

Genworth Financial is a holding company whose subsidiaries offer mortgage and long-term care insurance products and service life insurance, as well as annuities and other investment products.

(2) Commitments

Genworth Financial provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding senior notes and the holders of the senior notes, on an unsecured unsubordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, each outstanding series of senior notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the senior notes indenture in respect of such senior notes. Genworth Financial also provides a full and unconditional guarantee to the trustee of Genworth Holdings' outstanding subordinated notes and the holders of the subordinated notes, on an unsecured subordinated basis, of the full and punctual payment of the principal of, premium, if any and interest on, and all other amounts payable under, the outstanding subordinated notes, and the full and punctual payment of all other amounts payable by Genworth Holdings under the subordinated notes indenture in respect of the subordinated notes. Genworth Financial also provides a full and unconditional guarantee of Genworth Holdings' obligations associated with Rivermont Life Insurance Company I and the Tax Matters Agreement.

Any obligations under Genworth Holdings' credit agreement are unsecured and payment of Genworth Holdings' obligations is fully and unconditionally guaranteed by Genworth Financial.

(3) Income Taxes

As of December 31, 2015 and 2014, Genworth Financial had a deferred tax asset of $25 million and $20 million, respectively, primarily comprised of share-based compensation. These amounts are undiscounted pursuant to the applicable rules governing deferred taxes. Genworth Financial's current income tax receivable was zero and $3 million as of December 31, 2015 and 2014, respectively. Net cash received for taxes was $1 million, $23 million and $5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Schedule III

Genworth Financial, Inc.

Supplemental Insurance Information
(Amounts in millions)

Segment	Deferred Acquisition Costs	Future Policy Benefits	Policyholder Account Balances	Liability for Policy and Contract Claims	Unearned Premiums
December 31, 2015					
U.S. Mortgage Insurance	$ 22	$ —	$ —	$ 849	$ 258
Canada Mortgage Insurance	108	—	—	87	1,460
Australia Mortgage Insurance	35	—	—	165	963
U.S. Life Insurance	3,963	36,471	23,009	6,969	621
Runoff	270	4	3,200	18	6
Corporate and Other	—	—	—	7	—
Total	$ 4,398	$ 36,475	$ 26,209	$ 8,095	$ 3,308
December 31, 2014					
U.S. Mortgage Insurance	$ 16	$ —	$ —	$ 1,180	$ 178
Canada Mortgage Insurance	112	—	—	91	1,548
Australia Mortgage Insurance	41	—	—	152	1,112
U.S. Life Insurance	4,390	35,911	22,874	6,434	639
Runoff	293	4	3,158	15	7
Corporate and Other	—	—	—	9	1
Total	$ 4,852	$ 35,915	$ 26,032	$ 7,881	$ 3,485

See Accompanying Report of Independent Registered Public Accounting Firm

Table of Contents

Schedule III—Continued

Genworth Financial, Inc.

Supplemental Insurance Information
(Amounts in millions)

Segment	Premium Revenue	Net Investment Income	Interest Credited and Benefits and Other Changes in Policy Reserves	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Premiums Written
December 31, 2015						
U.S. Mortgage Insurance	$ 602	$ 58	$ 222	$ 7	$ 158	$ 682
Canada Mortgage Insurance	466	130	96	35	85	641
Australia Mortgage Insurance	357	114	81	16	110	328
U.S. Life Insurance	3,128	2,701	5,288	816	832	3,115
Runoff	1	138	168	28	78	1
Corporate and Other	25	(3)	14	—	529	27
Total	$ 4,579	$ 3,138	$ 5,869	$ 902	$ 1,792	$ 4,794
December 31, 2014						
U.S. Mortgage Insurance	$ 578	$ 59	$ 357	$ 5	$ 142	$ 628
Canada Mortgage Insurance	515	155	102	35	114	583
Australia Mortgage Insurance	406	144	78	15	113	509
U.S. Life Insurance	3,169	2,665	6,438	291	1,648	3,172
Runoff	3	129	156	37	87	2
Corporate and Other	29	(10)	24	—	386	19
Total	$ 4,700	$ 3,142	$ 7,155	$ 383	$ 2,490	$ 4,913
December 31, 2013						
U.S. Mortgage Insurance	$ 554	$ 60	$ 412	$ 4	$ 146	$ 567
Canada Mortgage Insurance	560	170	139	31	121	499
Australia Mortgage Insurance	398	159	134	17	126	519
U.S. Life Insurance	2,957	2,621	4,594	298	841	2,963
Runoff	5	139	151	4	85	4
Corporate and Other	42	6	45	—	484	28
Total	$ 4,516	$ 3,155	$ 5,475	$ 354	$ 1,803	$ 4,580

See Accompanying Report of Independent Registered Public Accounting Firm

Item 9. Changes In and Disagreements With Accountants On Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of December 31, 2015, an evaluation was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2015.

Management's Annual Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our company.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2015.

Previously Reported Material Weakness

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. As previously reported, we did not have adequate controls designed and in place to ensure that we correctly implemented changes made to one of the methodologies as part of our comprehensive long-term care insurance claim reserves review completed in the third quarter of 2014. Specifically, the design of our control relating to the review of the implementation of claim reserve assumption and methodology changes (the "review control") was not modified in light of the complex nature and volume of changes required to our claim reserves system in order to implement all the assumption and methodology changes we made as part of the third quarter review. As a result, we failed to identify a $44 million after-tax calculation error. This amount was corrected in the fourth quarter of 2014 prior to issuing our consolidated financial statements. The control deficiency related to the claim reserve changes made in the third quarter, and did not result in a material misstatement in the consolidated financial statements; however, we previously concluded a material weakness existed in the controls in 2014 over the implementation of our long-term care insurance claim reserves assumption and methodology changes because such a misstatement could have occurred.

Remediation of the Material Weakness in Internal Control Over Financial Reporting

With the oversight of our audit committee, we took corrective steps during 2015 to remediate the underlying causes of the material internal control weakness. The corrective steps we have taken, which are intended to ensure that assumption and methodology changes to the long-term care insurance claims reserves function as intended, include:

- We separated our actuarial team responsibilities 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.
- We redesigned the "review control" over the implementation of assumption and methodology changes to our long-term care claim reserves. The redesigned control includes testing of our claim reserves calculation, on an individual claim basis, from the point at which the claim record is included in our policy administration system through the point at which our reserve is reported in our consolidated financial statements.

As of December 31, 2015, we have completed documentation and implementation of the new and revised internal controls described above. During the fourth quarter of 2015 and prior to the issuance of our consolidated financial statements for the year ended December 31, 2015, we completed sufficient instances of testing of the operating effectiveness of the new and revised internal controls and concluded that the above identified material weakness in our internal controls over financial reporting has now been fully remediated.

Our independent auditor, KPMG LLP, a registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting. This attestation report appears below.

/s/ Thomas J. McInerney

Thomas J. McInerney
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Kelly L. Groh

Kelly L. Groh
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 26, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Genworth Financial, Inc.:

We have audited Genworth Financial, Inc.'s (the Company) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Genworth Financial, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Genworth Financial, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 26, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Richmond, Virginia
February 26, 2016

Changes in Internal Control Over Financial Reporting During the Quarter Ended December 31, 2015

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth certain information concerning our directors and executive officers:

Name	Age	Positions
Thomas J. McInerney	59	President and Chief Executive Officer, Director
Kelly L. Groh	47	Executive Vice President and Chief Financial Officer
Kevin D. Schneider	54	Executive Vice President and Chief Operating Officer
Ward E. Bobitz	51	Executive Vice President and General Counsel
Lori M. Evangel	53	Executive Vice President and Chief Risk Officer
Michael S. Laming	64	Executive Vice President—Human Resources
Scott J. McKay	54	Executive Vice President—Chief Strategy Officer
Daniel J. Sheehan IV	50	Executive Vice President—Chief Investment Officer
William H. Bolinder	72	Director, member of Nominating and Corporate Governance and Risk Committees
G. Kent Conrad	67	Director, member of Nominating and Corporate Governance and Risk Committees
Melina E. Higgins	48	Director, member of Nominating and Corporate Governance and Risk Committees
Nancy J. Karch	68	Director, member of Management Development and Compensation and Nominating and Corporate Governance Committees
Christine B. Mead	60	Director, member of Audit and Management Development and Compensation Committees
David M. Moffett	64	Director, member of Nominating and Corporate Governance and Risk Committees
Thomas E. Moloney	72	Director, member of Audit and Risk Committees
James A. Parke	70	Director, member of Audit and Management Development and Compensation Committees
James S. Riepe	72	Non-Executive Chairman of the Board, member of Audit and Management Development and Compensation Committees

Executive Officers and Directors

The following sets forth certain biographical information with respect to our executive officers and directors listed above.

Thomas J. McInerney has been our President and Chief Executive Officer and a director since January 2013. Before joining our company, Mr. McInerney had served as a Senior Advisor to the Boston Consulting Group from June 2011 to December 2012, providing consulting and advisory services to leading insurance and financial services companies in the United States and Canada. From October 2009 to December 2010, Mr. McInerney was a member of ING Groep's Management Board for Insurance, where he was the Chief Operating Officer of ING's insurance and investment management business worldwide. Prior to that, he served in a variety of senior roles with ING Groep NV after serving in many leadership positions with Aetna, where he began his career as an insurance underwriter in June 1978. Mr. McInerney is a member of the Board of the American Council of Life Insurers and the Financial Services Roundtable. Mr. McInerney received a B.A. in Economics from Colgate University and an M.B.A. from the Tuck School of Business at Dartmouth College.

Kelly L. Groh has been our Executive Vice President and Chief Financial Officer (Principal Financial Officer) since October 2015, and has been our Principal Accounting Officer since May 2012. Ms. Groh

previously served as the Company's Vice President and Controller from May 2012 to November 2015 (Ms. Groh also served as Acting Chief Financial Officer of our U.S. life insurance businesses from August 2014 through January 2015). Ms. Groh served in the Company's investment organization as Senior Vice President of Investment Portfolio Management from December 2010 to May 2012. From August 2008 to December 2010, she served as the Chief Financial Officer of the Company's previous Retirement and Protection segment. From July 2004 to August 2008, she served as Senior Vice President, Finance, which role included responsibility for varying periods of time over the Financial Planning and Analysis and the Investor Relations functions. From March 1996 until the Company's IPO in 2004, Ms. Groh served in various finance capacities for predecessor companies, including GE Financial Assurance Holdings, Inc. Prior to joining the Company, Ms. Groh was employed by Price Waterhouse, LLP (now PriceWaterhouseCoopers, LLP) from September 1990 to March 1996. Ms. Groh received a B.A. in Business Administration (Accounting) from the University of Washington and graduated from The Executive Program at the Darden Graduate School of Business at the University of Virginia. Ms. Groh is a certified public accountant.

Kevin D. Schneider has been our Executive Vice President and Chief Operating Officer since January 2016 and is responsible for all the daily operations and operating performance of our businesses. Prior to that, he was Executive Vice President—Global Mortgage Insurance from May 2015 to January 2016 (Executive Vice President-Genworth from May 2012 to May 2015) responsible for our global mortgage insurance businesses. From July 2008 until May 2012, Mr. Schneider was Senior Vice President—Genworth with continuing responsibility for the Company's U.S. mortgage insurance business. Prior thereto, Mr. Schneider served as the President and Chief Executive Officer of the Company's U.S. mortgage insurance business since the completion of the Company's IPO in May 2004. Prior to the IPO, he was a Senior Vice President and Chief Commercial Officer of General Electric Mortgage Insurance Corporation since April 2003. From January 2003 to April 2003, Mr. Schneider was the Chief Quality Officer for GE Commercial Finance—Americas. From September 2001 to December 2002, he was a Quality Leader for GE Capital Corporate. From April 1998 to September 2001, Mr. Schneider was an Executive Vice President with GE Capital Rail Services. Prior thereto, he had been with GATX Corp. where he was a Vice President—Sales from November 1994 to April 1998 and a Regional Manager from October 1992 to November 1994. From July 1984 to October 1992, Mr. Schneider was with Ryder System where he held various positions. Mr. Schneider received a B.S. degree in Industrial Labor Relations from Cornell University and an M.B.A. from the Kellogg Business School.

Ward E. Bobitz has been our Executive Vice President and General Counsel since January 2015. Prior to that, he served as a Vice President and Assistant Secretary, responsible for corporate transactions and regulatory matters, since the completion of our IPO in May 2004. Prior to the IPO, he served as a Vice President and Assistant Secretary of GE Financial Assurance Holdings, Inc. ("GEFAHI") since October 1997. From September 1993 to October 1997, Mr. Bobitz was with the law firm of LeBoeuf, Lamb, Greene, and MacRae. Mr. Bobitz received a B.A. in Economics from Columbia University and a J.D. from the University of Michigan Law School. He is a member of the New York Bar and the Virginia Bar.

Lori M. Evangel has been our Executive Vice President and Chief Risk Officer since January 2014. Prior to joining the company, she was Managing Director and Chief Risk Officer, Global Investments for Aflac, Inc. from January 2013 to December 2013. From November 2008 through July 2012, Ms. Evangel served as Senior Vice President and Enterprise Risk Officer at MetLife, Inc., having served as Senior Vice President since joining MetLife in May 2007. Prior thereto, Ms. Evangel acted as Managing Director and Group Head, Portfolio Management and Market Risk for MBIA Insurance Corporation from July 2004 to April 2007 and served in multiple positions for MBIA prior to that time. Ms. Evangel began her career at Moody's Investors Services in 1986. She received her B.A. in Political Science from Middlebury College in 1984 and her MBA in Finance from State University of New York in 1986.

Michael S. Laming has been our Executive Vice President—Human Resources since December 2013. Prior thereto, he served as our Senior Vice President—Human Resources since the completion of our IPO in May 2004. Prior to the IPO, he was a Senior Vice President of GE Insurance, a business unit of GE Capital, since

August 2001 and a Vice President of GE since April 2003. From July 1996 to August 2001, Mr. Laming was a Senior Vice President at GE Financial Assurance Holdings, Inc. ("GEFAHI") and its predecessor companies. Prior thereto, he held a broad range of human resource positions in operating units of GE and at GE corporate headquarters. He graduated from the GE Manufacturing Management Program. Mr. Laming received both a B.S. in Business Administration and a Masters of Organization Development from Bowling Green State University.

Scott J. McKay has been our Executive Vice President—Chief Strategy Officer since January 2016. Prior to that, he was Executive Vice President—Chief Information Officer from January 2015 to January 2016 and leader of Business and Product Strategy for the U.S. life insurance businesses from March 2013 to January 2015. Mr. McKay served as our Senior Vice President—Chief Information Officer from January 2009 to January 2015. He had served as our Senior Vice President—Operations & Quality and Chief Information Officer from August 2004 to December 2008. Prior thereto, he was Senior Vice President—Operations & Quality since the completion of our IPO in May 2004 to August 2004. Prior to the IPO, he was the Senior Vice President, Operations & Quality of GEFAHI since December 2002. From July 1993 to December 2002, Mr. McKay served in various information technology related positions at GEFAHI's subsidiaries, including Chief Technology Officer, and Chief Information Officer of Federal Home Life Assurance Company. Prior thereto, he was Officer and Director of Applications for United Pacific Life Insurance Company from July 1992 to July 1993, and an IT consultant for Sycomm Systems and Data Executives, Inc. from January 1985 to July 1992. Mr. McKay received a B.S. in Computer Science from West Chester University of Pennsylvania.

Daniel J. Sheehan IV has been our Executive Vice President—Chief Investment Officer since December 2013. Prior to that, he served as our Senior Vice President—Chief Investment Officer since April 2012. From January 2009 to April 2012, he served as our Vice President with responsibilities that included oversight of the Company's insurance investment portfolios. From January 2008 through December 2008, Mr. Sheehan had management responsibilities of the Company's portfolio management team, including fixed-income trading. From December 1997 through December 2007, Mr. Sheehan served in various capacities with the Company and/or its predecessor including roles with oversight responsibilities for the investments real estate team, as risk manager of the insurance portfolios and as risk manager of the portfolio management team. Prior to joining our Company, Mr. Sheehan had been with Sun Life of Canada from 1993 to 1997 as a Property Investment Officer in the Real Estate Investments group. Prior thereto, he was with Massachusetts Laborers Benefit Fund from 1987 to 1993, as an auditor and auditing supervisor. Mr. Sheehan graduated from Harvard University with a BA in Economics and later received an MBA in Finance from Babson College.

William H. Bolinder has served as a member of our board of directors since October 2010. Mr. Bolinder retired in June 2006 from serving as President, Chief Executive Officer and a director of Acadia Trust N.A., positions he had held since 2003. He had previously been a member of the Group Management Board for Zurich Financial Services Group from 1994 to 2002. Mr. Bolinder joined Zurich American Insurance Company, USA in 1986 as Chief Operating Officer and became Chief Executive Officer in 1987. He has been a director of Endurance Specialty Holdings Ltd. since December 2001 and became the Lead Director of the Board in May 2013 (having served as the non-executive Chairman of the Board from March 2011 to May 2013). Mr. Bolinder also previously served as a director of Quanta Capital Holding Ltd. from January 2007 to October 2008. Mr. Bolinder has also served on the board of the American Insurance Association, American Institute for Chartered Property Casualty Underwriting, Insurance Institute for Applied Ethics, Insurance Institute of America, Insurance Services Office, Inc. and the National Association of Independent Insurers. Mr. Bolinder received a B.S. in Business Administration from the University of Massachusetts, Dartmouth.

G. Kent Conrad has served as a member of our board of directors since March 2013. Sen. Conrad served as a U.S. Senator representing the State of North Dakota from January 1987 to January 2013. He served as the Chair of the Senate Budget Committee from 2006 until his retirement. Prior to serving in the U.S. Senate, Sen. Conrad served as the Tax Commissioner for the State of North Dakota from 1981 to 1986 and as Assistant Tax Commissioner from 1974 to 1980. Sen. Conrad holds an A.B. degree in Political Science from Stanford University and an M.B.A. degree from George Washington University.

Melina E. Higgins has served as a member of our board of directors since September 2013. Ms. Higgins retired in 2010 from a nearly 20-year career at The Goldman Sachs Group Inc., where she served as a Managing Director from 2001 and a Partner from 2002. During her tenure at Goldman Sachs, Ms. Higgins served as Head of the Americas and Co-Chairperson of the Investment Advisory Committee for the GS Mezzanine Partners funds, which managed over $30 billion of assets. She also served as a member of the Investment Committee for the Principal Investment Area, which oversaw and approved global private equity and private debt investments. Goldman's Principal Investment Area was one of the largest alternative asset managers in the world. Ms. Higgins has served as a director of Mylan, Inc. since February 2013. Ms. Higgins has also served as non-executive chairman of the board of Antares Midco, Inc. since January 2016 and is a member of the Women's Leadership Board of Harvard University's John F. Kennedy School of Government. Ms. Higgins received a B.A. in Economics and Spanish from Colgate University and an M.B.A. from Harvard Business School.

Nancy J. Karch has served as a member of our board of directors since October 2005. Ms. Karch was a Senior Partner of McKinsey & Company, an independent consulting firm, from 1988 until her retirement in 2000. Prior thereto, Ms. Karch served in various executive capacities at McKinsey since 1974. She has served as a director of Kimberly-Clark Corp. since June 2010, Kate Spade & Company (formerly Fifth & Pacific Companies, Inc. and Liz Claiborne, Inc.) since January 2000 and became the non-executive Chairman of the Board in May 2013, and MasterCard Incorporated since January 2007. She also previously served as a director of CEB (The Corporate Executive Board, Inc.) from October 2001 until January 2015. Ms. Karch is also on the board of the Northern Westchester Hospital and Northwell Health, both not-for-profit organizations. Ms. Karch received a B.A. in Mathematics from Cornell University, an M.S. in Mathematics from Northeastern University and an M.B.A. from Harvard Business School.

Christine B. Mead has served as a member of our board of directors since October 2009. Ms. Mead was the Executive Vice President and Chief Financial Officer of Safeco Corporation and the Co-President of the Safeco insurance companies from November 2004 until her retirement in December 2005. From January 2002 to November 2004, Ms. Mead served as Senior Vice President, Chief Financial Officer and Secretary of Safeco Corporation. Prior to joining Safeco in 2002, Ms. Mead served in various roles at Travelers Insurance Companies from 1989 to 2001, including Senior Vice President and Chief Financial Officer, Chief Accounting Officer, and Controller. Ms. Mead also served with Price Waterhouse LLP from 1980 to 1989, and with Deloitte Haskins & Sells in the United Kingdom from 1976 to 1980. Ms. Mead also serves as a trustee of the Idaho Chapter of The Nature Conservancy, a non-profit organization. Ms. Mead received a B.S. in Accounting from University College Cardiff, United Kingdom.

David M. Moffett has served as a member of our board of directors since December 2012. Mr. Moffett was the Chief Executive Officer and a director of the Federal Home Loan Mortgage Corporation from September 2008 until his retirement in March 2009. Prior to this position, Mr. Moffett served as a Senior Advisor with the Carlyle Group LLC from May 2007 to September 2008. Mr. Moffett also served as the Vice Chairman and Chief Financial Officer of U.S. Bancorp from 2001 to 2007, after its merger with Firstar Corporation, having previously served as Vice Chairman and Chief Financial Officer of Firstar Corporation from 1998 to 2001 and as Chief Financial Officer of StarBanc Corporation, a predecessor to Firstar Corporation, from 1993 to 1998. Mr. Moffett has served as a director of CIT Group Inc. since July 2010, CSX Corporation since May 2015, and PayPal Holdings, Inc. since July 2015 (currently serving as its Lead Director). He also previously served on the boards of directors of eBay Inc. from July 2007 to July 2015 and MBIA Inc. from May 2007 to September 2008, The E.W. Scripps Company from May 2007 to September 2008 and Building Materials Holding Corporation from May 2006 to November 2008. Mr. Moffett also serves as a trustee on the boards of Columbia Fund Series Trust I and Columbia Funds Variable Insurance Trust, overseeing approximately 52 funds within the Columbia Funds mutual fund complex. He also serves as a trustee for the University of Oklahoma Foundation. Mr. Moffett holds a B.A. degree in Economics from the University of Oklahoma and an M.B.A. degree from Southern Methodist University.

Thomas E. Moloney has served as a member of our board of directors since October 2009. Mr. Moloney served as the interim Chief Financial Officer of MSC—Medical Services Company ("MSC") from December

2007 to March 2008. He retired as the Senior Executive Vice President and Chief Financial Officer of John Hancock Financial Services, Inc. in December 2004. He had served in this position since 1992. Mr. Moloney served in various roles at John Hancock Financial Services, Inc. during his tenure from 1965 to 1992, including Vice President, Controller, and Senior Accountant. Mr. Moloney has served as a director of SeaWorld Entertainment, Inc. since January 2015. He also previously served as a director of MSC from 2005 to 2012 (MSC was acquired in 2012 and ceased to be a public company in 2008). Mr. Moloney is on the boards of Nashoba Learning Group and the Boston Children's Museum (past Chairperson), both non-profit organizations. Mr. Moloney received a B.A. in Accounting from Bentley University and holds an Executive Masters Professional Director Certification from the Corporate Directors Group.

James A. Parke has served as a member of our board of directors since May 2004. Mr. Parke retired as Vice Chairman and Chief Financial Officer of GE Capital Services and a Senior Vice President at General Electric Company ("GE") in December 2005. He had served in those positions since 2002. From 1989 to 2002 he was Senior Vice President and Chief Financial Officer at GE Capital Services and a Vice President of GE. Prior thereto, from 1981 to 1989 he held various management positions in several GE businesses. He serves as a director of First Community Bancorp. in Glasgow, Montana. He also serves on the board of buildOn, a not-for-profit corporation, and is active at Concordia College, serving as a member of its Investment Committee and as chairman of the Offutt School of Business Global Advisory Council. Mr. Parke received a B.A. in History, Political Science and Economics from Concordia College in Minnesota.

James S. Riepe has served as a member of our board of directors since March 2006 and was appointed Non-Executive Chairman of the Board in May 2012, having previously been appointed as Lead Director in February 2009. Mr. Riepe is a retired Vice Chairman and a Senior Advisor at T. Rowe Price Group, Inc. Mr. Riepe served as the Vice Chairman of T. Rowe Price Group, Inc. from 1997 until his retirement in December 2005. Prior to joining T. Rowe Price Group, Inc. in 1981, Mr. Riepe was an Executive Vice President of the Vanguard Group. He has served as a director of LPL Financial Holdings Inc. since February 2008. Mr. Riepe also previously served on the boards of directors of The NASDAQ OMX Group, Inc. from May 2003 to May 2014, T. Rowe Price Group, Inc. from 1981 to 2006 and 57 T. Rowe Price registered investment companies (mutual funds) until his retirement in 2006. He is a member of the University of Pennsylvania's Board of Trustees. Mr. Riepe received a B.S. in Industrial Management, an M.B.A. and an Honorary Doctor of Laws degree from the University of Pennsylvania.

From time to time, we or our subsidiaries are subject to court orders, judgments or decrees enjoining us or the subsidiaries from engaging in certain business practices, and sometimes such orders, judgments or decrees are also applicable to our affiliates, officers, employees and certain other related parties, including certain of our executive officers.

Other Information

We will provide the remaining information that is responsive to this Item 10 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Election of Directors," "Corporate Governance," "Board of Directors and Committees," "Section 16(a) Beneficial Ownership Reporting Compliance," and possibly elsewhere therein. That information is incorporated into this Item 10 by reference.

Item 11. Executive Compensation

We will provide information that is responsive to this Item 11 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions "Board of Directors and Committees," "Compensation Discussion and Analysis," "Report of the Management Development and Compensation Committee" (which report shall be

deemed furnished with this Form 10-K, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934), “Executive Compensation,” and possibly elsewhere therein. That information is incorporated into this Item 11 by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We will provide information that is responsive to this Item 12 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption “Information Relating to Directors, Director Nominees, Executive Officers and Significant Stockholders,” “Equity Compensation Plans” and possibly elsewhere therein. That information is incorporated into this Item 12 by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

We will provide information that is responsive to this Item 13 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the captions “Corporate Governance,” “Certain Relationships and Transactions,” and possibly elsewhere therein. That information is incorporated into this Item 13 by reference.

Item 14. Principal Accountant Fees and Services

We will provide information that is responsive to this Item 14 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption “Independent Registered Public Accounting Firm,” and possibly elsewhere therein. That information is incorporated into this Item 14 by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

a. Documents filed as part of this report.

1. Financial Statements (see Item 8. Financial Statements and Supplementary Data)

Report of KPMG LLP, Independent Registered Public Accounting Firm	199
Consolidated Balance Sheets as of December 31, 2015 and 2014	200
Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013	201
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013	202
Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013	203
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	204
Notes to Consolidated Financial Statements	205

2. Financial Statement Schedules

Report of KPMG LLP, Independent Registered Public Accounting Firm, on Schedules	344
Schedule I—Summary of Investments—Other Than Investments in Related Parties	345
Schedule II—Financial Statements of Genworth Financial, Inc. (Parent Only)	346
Schedule III—Supplemental Insurance Information	352

3. Exhibits

Number	Description
2.1	Agreement and Plan of Merger, dated as of April 1, 2013, among Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Sub XLVI, Inc. (renamed Genworth Financial, Inc.) and Sub XLII, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on April 1, 2013)
2.2	Offer Management Agreement, dated as of April 23, 2014, among Genworth Mortgage Insurance Australia Limited, Genworth Financial, Inc., Genworth Financial Mortgage Insurance Pty Limited, Genworth Financial Mortgage Indemnity Limited and the joint lead managers named therein (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on May 21, 2014)
2.3	Irrevocable Offer Deed, dated as of July 22, 2015, by AXA S.A. (incorporated by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
2.4	Letter Agreement, dated as of July 22, 2015, by and among Genworth Financial, Inc., Brookfield Life and Annuity Insurance Company Limited, European Group Financing Company Limited, Genworth Financial International Holdings, Inc. and AXA S.A. (incorporated by reference to Exhibit 2.2 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
2.5	Sale and Purchase Agreement, dated as of September 17, 2015, by and among Genworth Financial, Inc., Brookfield Life and Annuity Insurance Company Limited, European Group Financing Company Limited, Genworth Financial International Holdings, Inc. and AXA S.A. (incorporated by reference to Exhibit 2.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)

Number	Description
2.6	Master Agreement, dated as of September 30, 2015, by and between Genworth Life and Annuity Insurance Company and Protective Life Insurance Company (incorporated by reference to Exhibit 2.4 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
3.1	Amended and Restated Certificate of Incorporation of Genworth Financial, Inc., dated as of April 1, 2013 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on April 1, 2013)
3.2	Amended and Restated Bylaws of Genworth Financial, Inc., dated as of October 5, 2015 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on October 5, 2015)
4.1	Specimen Class A Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
4.2	Indenture, dated as of November 14, 2006, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on November 14, 2006)
4.3	First Supplemental Indenture, dated as of November 14, 2006, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on November 14, 2006)
4.4	Second Supplemental Indenture, dated as of April 1, 2013, among Genworth Holdings, Inc., Genworth Financial, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on April 1, 2013)
4.5	Indenture, dated as of June 15, 2004, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York (successor to JPMorgan Chase Bank), as Trustee (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2004)
4.6	Supplemental Indenture No. 1, dated as of June 15, 2004, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York (successor to JPMorgan Chase Bank), as Trustee (incorporated by reference to Exhibit 4.11 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2004)
4.7	Supplemental Indenture No. 4, dated as of May 22, 2008, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on May 22, 2008)
4.8	Supplemental Indenture No. 5, dated as of December 8, 2009, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on December 8, 2009)
4.9	Supplemental Indenture No. 6, dated as of June 24, 2010, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June 24, 2010)
4.10	Supplemental Indenture No. 7, dated as of November 22, 2010, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on November 22, 2010)

Number	Description
4.11	Supplemental Indenture No. 8, dated as of March 25, 2011, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on March 25, 2011)
4.12	Supplemental Indenture No. 9, dated as of April 1, 2013, among Genworth Holdings, Inc., Genworth Financial, Inc., as guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on April 1, 2013)
4.13	Supplemental Indenture No. 10, dated as of August 8, 2013, among Genworth Holdings, Inc., Genworth Financial, Inc., as guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on August 8, 2013)
4.14	Supplemental Indenture No. 11, dated as of December 10, 2013, among Genworth Holdings, Inc., Genworth Financial, Inc., as guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on December 10, 2013)
10.1	Credit Agreement, dated as of September 26, 2013, among Genworth Financial, Inc., as guarantor, Genworth Holdings, Inc., as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, Barclays Bank PLC and Bank of America, N.A., as co-syndication agents, Deutsche Bank Securities Inc., Fifth Third Bank, Goldman Sachs Bank USA and UBS Securities LLC, as co-documentation agents, and J.P. Morgan Securities LLC, Barclays Bank PLC and Merrill Lynch Pierce Fenner & Smith Incorporated, as joint bookrunners and joint lead arrangers (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed on September 27, 2013)
10.2	Master Agreement, dated July 7, 2009, among Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Genworth Financial Mortgage Insurance Company Canada, Genworth MI Canada Inc. and Brookfield Life Assurance Company Limited (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 10, 2009)
10.2.1	Amendment No.1 to Master Agreement, dated April 1, 2013, among Genworth MI Canada Inc., Brookfield Life Assurance Company Limited, Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Genworth Financial Mortgage Insurance Company Canada and Sub XLVI, Inc. (renamed Genworth Financial, Inc.) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on April 1, 2013)
10.2.2	Assignment and Amending Agreement for Master Agreement, dated October 1, 2015, among Genworth MI Canada Inc., Brookfield Life Assurance Company Limited, Genworth Holdings, Inc., Genworth Financial, Inc., Genworth Financial Mortgage Insurance Company Canada and Genworth Financial International Holdings, LLC (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
10.3	Shareholder Agreement, dated July 7, 2009, among Genworth MI Canada Inc., Brookfield Life Assurance Company Limited and Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on July 10, 2009)
10.3.1	Assignment and Assumption Agreement for Shareholder Agreement, dated August 9, 2011, among Genworth MI Canada Inc., Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Brookfield Life Assurance Company Limited, Genworth Mortgage Holdings, LLC and Genworth Mortgage Insurance Corporation of North Carolina (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2011)

Number	Description
10.3.2	Assignment and Assumption Agreement for Shareholder Agreement, dated August 9, 2011, among Genworth MI Canada Inc., Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Brookfield Life Assurance Company Limited, Genworth Mortgage Holdings, LLC and Genworth Mortgage Insurance Corporation (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended September 30, 2011)
10.3.3	Assignment and Assumption Agreement for Shareholder Agreement, dated August 10, 2011, among Genworth MI Canada Inc., Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Brookfield Life Assurance Company Limited, Genworth Mortgage Insurance Corporation and Genworth Residential Mortgage Assurance Corporation (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2011)
10.3.4	Amending Agreement, dated April 1, 2013, among Genworth MI Canada Inc., Brookfield Life Assurance Company Limited, Genworth Financial, Inc. (renamed Genworth Holdings, Inc.), Genworth Mortgage Holdings, LLC, Genworth Mortgage Insurance Corporation, Genworth Mortgage Insurance Corporation of North Carolina, Genworth Financial International Holdings, Inc., Genworth Residential Mortgage Assurance Corporation and Sub XLVI, Inc. (renamed Genworth Financial, Inc.) (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on April 1, 2013)
10.3.5	Assignment and Assumption Agreement for Shareholder Agreement, dated July 11, 2014, among Genworth MI Canada Inc., Genworth Mortgage Insurance Corporation and Genworth Residential Mortgage Assurance Corporation (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended June 30, 2014)
10.3.6	Assignment and Amending Agreement for Shareholder Agreement, dated October 1, 2015, among Genworth MI Canada Inc., Brookfield Life Assurance Company Limited, Genworth Holdings, Inc., Genworth Financial, Inc., Genworth Mortgage Insurance Corporation, Genworth Mortgage Insurance Corporation of North Carolina and Genworth Financial International Holdings, LLC (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
10.4	Master Agreement, dated April 23, 2014, between Genworth Financial, Inc. and Genworth Mortgage Insurance Australia Limited (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2014)
10.5	Shareholder Agreement, dated May 21, 2014, among Genworth Mortgage Insurance Australia Limited, Brookfield Life Assurance Company Limited, Genworth Financial International Holdings, Inc. and Genworth Financial, Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended June 30, 2014)
10.5.1	Accession and Retirement Deed, dated September 15, 2015, among Genworth Financial International Holdings, Inc., Genworth Holdings, Inc., Brookfield Life Assurance Company Limited, Genworth Financial, Inc. and Genworth Mortgage Insurance Australia Limited (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
10.5.2	Accession and Retirement Deed, dated October 1, 2015, among Genworth Financial International Holdings, LLC, Genworth Holdings, Inc., Brookfield Life Assurance Company Limited, Genworth Financial, Inc. and Genworth Mortgage Insurance Australia Limited (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended September 30, 2015)
10.6	Restated Tax Matters Agreement, dated as of February 1, 2006, by and among General Electric Company, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc., GEI, Inc. and Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2006)

Number	Description
10.6.1	Consent and Agreement to Become a Party to Restated Tax Matters Agreement, dated April 1, 2013, among Genworth Financial, Inc., Genworth Holdings, Inc., General Electric Company, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc. and GEI, Inc. (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on April 1, 2013)
10.7	Canadian Tax Matters Agreement, dated as of May 24, 2004, among General Electric Company, General Electric Capital Corporation, GECMIC Holdings Inc., GE Capital Mortgage Insurance Company (Canada) (now known as Genworth Financial Mortgage Insurance Company Canada) and Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) (incorporated by reference to Exhibit 10.47 to the Current Report on Form 8-K filed on June 7, 2004)
10.8	European Tax Matters Agreement, dated as of May 24, 2004, among General Electric Company, General Electric Capital Corporation and Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) (incorporated by reference to Exhibit 10.57 to the Current Report on Form 8-K filed on June 7, 2004)
10.9	Australian Tax Matters Agreement, dated as of May 24, 2004, between Genworth Financial, Inc. (renamed Genworth Holdings, Inc.) and General Electric Capital Corporation (incorporated by reference to Exhibit 10.58 to the Current Report on Form 8-K field on June 7, 2004)
10.10	Coinsurance Agreement, dated as of April 15, 2004, by and between GE Life and Annuity Assurance Company (now known as Genworth Life and Annuity Insurance Company) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 (No. 333-112009) (the "Registration Statement"))
10.10.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.6.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.11	Coinsurance Agreement, dated as of April 15, 2004, by and between Federal Home Life Insurance Company (merged with and into Genworth Life and Annuity Insurance Company effective January 1, 2007) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.12 to the Registration Statement)
10.11.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.7.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.12	Coinsurance Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company (now known as Genworth Life Insurance Company) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.13 to the Registration Statement)
10.12.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.8.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.13	Coinsurance Agreement, dated as of April 15, 2004, by and between GE Capital Life Assurance Company of New York (now known as Genworth Life Insurance Company of New York) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.14 to the Registration Statement)
10.13.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.9.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.13.2	Third Amendment to Coinsurance Agreement (incorporated by reference to Exhibit 10.11.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)

Number	Description
10.14	Coinsurance Agreement, dated as of April 15, 2004, by and between American Mayflower Life Insurance Company of New York (merged with and into Genworth Life Insurance Company of New York effective January 1, 2007) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.15 to the Registration Statement)
10.14.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.10.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.14.2	Third Amendment to Coinsurance Agreement (incorporated by reference to Exhibit 10.12.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)
10.15	Coinsurance Agreement, dated as of April 15, 2004, between First Colony Life Insurance Company (merged with and into Genworth Life and Annuity Insurance Company, effective January 1, 2007) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.54 to the Registration Statement)
10.15.1	Amendments to Coinsurance Agreement (incorporated by reference to Exhibit 10.11.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.16	Retrocession Agreement, dated as of April 15, 2004, by and between General Electric Capital Assurance Company (now known as Genworth Life Insurance Company) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.16 to the Registration Statement)
10.16.1	Amendments to Retrocession Agreement (incorporated by reference to Exhibit 10.12.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.17	Retrocession Agreement, dated as of April 15, 2004, by and between GE Capital Life Assurance Company of New York (now known as Genworth Life Insurance Company of New York) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.17 to the Registration Statement)
10.17.1	Amendments to Retrocession Agreement (incorporated by reference to Exhibit 10.13.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.17.2	Third Amendment to Retrocession Agreement (incorporated by reference to Exhibit 10.15.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)
10.18	Reinsurance Agreement, dated as of April 15, 2004, by and between GE Life and Annuity Assurance Company (now known as Genworth Life and Annuity Insurance Company) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.18 to the Registration Statement)
10.18.1	First Amendment to Reinsurance Agreement (incorporated by reference to Exhibit 10.14.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.18.2	Second Amendment to Reinsurance Agreement (incorporated by reference to Exhibit 10.15.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
10.19	Reinsurance Agreement, dated as of April 15, 2004, by and between GE Capital Life Assurance Company of New York (now known as Genworth Life Insurance Company of New York) and Union Fidelity Life Insurance Company (incorporated by reference to Exhibit 10.19 to the Registration Statement)
10.19.1	First Amendment to Reinsurance Agreement (incorporated by reference to Exhibit 10.15.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.19.2	Second Amendment to Reinsurance Agreement (incorporated by reference to Exhibit 10.17.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)

Number	Description
10.19.3	Third Amendment to Reinsurance Agreement (incorporated by reference to Exhibit 10.16.3 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
10.20	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, General Electric Capital Assurance Company (now known as Genworth Life Insurance Company) and The Bank of New York (incorporated by reference to Exhibit 10.48 to the Registration Statement)
10.21	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, Federal Home Life Insurance Company (merged with and into Genworth Life and Annuity Insurance Company, effective January 1, 2007) and The Bank of New York (incorporated by reference to Exhibit 10.51 to the Registration Statement)
10.22	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, First Colony Life Insurance Company (merged with and into Genworth Life and Annuity Insurance Company, effective January 1, 2007) and The Bank of New York (incorporated by reference to Exhibit 10.53 to the Registration Statement)
10.23	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Insurance Company, American Mayflower Life Insurance Company of New York (merged with and into Genworth Life Insurance Company of New York, effective January 1, 2007) and The Bank of New York (incorporated by reference to Exhibit 10.49 to the Registration Statement)
10.24	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Life and Annuity Assurance Company (now known as Genworth Life and Annuity Insurance Company) and The Bank of New York (incorporated by reference to Exhibit 10.50 to the Registration Statement)
10.25	Trust Agreement, dated as of April 15, 2004, among Union Fidelity Life Insurance Company, GE Capital Life Assurance Company of New York (now known as Genworth Life Insurance Company of New York) and The Bank of New York (incorporated by reference to Exhibit 10.52 to the Registration Statement)
10.26	Trust Agreement, dated as of December 1, 2009, among Union Fidelity Life Insurance Company, Genworth Life Insurance Company of New York and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.24 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)
10.27	Capital Maintenance Agreement, dated as of January 1, 2004, by and between Union Fidelity Life Insurance Company and General Electric Capital Corporation (incorporated by reference to Exhibit 10.21 to the Registration Statement)
10.27.1	Amendment No. 1 to Capital Maintenance Agreement, dated as of December 1, 2013, by and between General Electric Capital Corporation and Union Fidelity Life Insurance Company (received by Genworth Financial, Inc. with all required signatures for effectiveness from General Electric Capital Corporation and Union Fidelity Life Insurance Company in February 2015) (incorporated by reference to Exhibit 10.27.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2014
10.28	Replacement Capital Covenant, dated November 14, 2006 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 14, 2006)
10.29	Assignment and Assumption Agreement, dated as of April 1, 2013, between Genworth Holdings, Inc. and Genworth Financial, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 1, 2013)

Number	Description
10.30§	2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56 to the Registration Statement)
10.30.1§	First Amendment to the Genworth Financial, Inc. 2004 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2007)
10.30.2§	Second Amendment to the Genworth Financial, Inc. 2004 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 18, 2009)
10.31§	Amended & Restated Sub-Plan under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan: Genworth Financial Canada Stock Savings Plan (incorporated by reference to Exhibit 10.31 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)
10.32§	Sub-Plan under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan: Genworth Financial, Inc. U.K. Share Incentive Plan (incorporated by reference to Exhibit 10.52.7 to the Quarterly Report on Form 10-Q for the period ended September 30, 2006)
10.33§	Sub-Plan under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan: Genworth Financial U.K. Share Option Plan (incorporated by reference to Exhibit 10.29 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007)
10.34§	Form of Deferred Stock Unit Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.56.1 to the Current Report on Form 8-K filed on December 30, 2004)
10.34.1§	Form of Deferred Stock Unit Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (for grants after January 1, 2010) (incorporated by reference to Exhibit 10.34.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2009)
10.34.2§	Form of Stock Option Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended September 30, 2007)
10.34.3§	Form of Stock Appreciation Rights Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended September 30, 2007)
10.34.4§	Form of Stock Appreciation Rights with a Maximum Share Value Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the period ended March 31, 2011)
10.34.5§	Form of Restricted Stock Unit Award Agreement under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.30.4 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007)
10.35§	2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on May 21, 2012)
10.35.1§	Form of Stock Appreciation Rights with a Maximum Share Value Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.35.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2014)
10.35.2§	Form of Restricted Stock Unit Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.35.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2014)

Number	Description
10.35.3§	Form of Deferred Stock Unit Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q for the period ended June 30, 2012)
10.35.4§	Form of Stock Appreciation Rights with a Maximum Share Value—Executive Officer Retention Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on November 1, 2012)
10.35.5§	Stock Appreciation Rights with a Maximum Share Value—CEO New Hire Grant under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.32.5 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
10.35.6§	Form of Performance Stock Unit Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.33.6 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2013)
10.35.7§	Form of Performance Stock Unit Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended March 31, 2015)
10.35.8§	Form of Stock Appreciation Rights with a Maximum Share Value Award Agreement under the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended June 30, 2015)
10.36§	Amendment to Stock Options and Stock Appreciation Rights under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan and the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q for the period ended June 30, 2013)
10.37§	Policy Regarding Personal Use of Non-Commercial Aircraft by Executive Officers (incorporated by reference to Exhibit 10 to the Current Report on Form 8-K filed on July 21, 2006)
10.38§	Genworth Financial, Inc. Amended and Restated 2005 Change of Control Plan (incorporated by reference to Exhibit 10.32 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2007)
10.38.1§	Amendment to the Genworth Financial, Inc. Amended and Restated 2005 Change of Control Plan (incorporated by reference to Exhibit 10.34.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
10.39§	Genworth Financial, Inc. 2011 Change of Control Plan (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the period ended June 30, 2011)
10.39.1§	Amendment to the Genworth Financial, Inc. 2011 Change of Control Plan (incorporated by reference to Exhibit 10.35.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2012)
10.40§	Amended and Restated Genworth Financial, Inc. Leadership Life Insurance Plan (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.41§	Genworth Financial, Inc. Executive Life Program (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on September 6, 2005)
10.41.1§	Amendment to the Genworth Financial, Inc. Executive Life Program (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the period ended March 31, 2007)

Number	Description
10.41.2§	Amendment to the Genworth Financial, Inc. Executive Life Program (incorporated by reference to Exhibit 10.38.2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2008)
10.42§	Director Compensation Summary (incorporated by reference to Exhibit 10.43 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2013)
10.43§	Annuity Contribution Arrangement with Leon E. Roday (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the period ended June 30, 2009)
10.44§	Separation Agreement and Release, dated July 24, 2014, between Genworth Financial, Inc. and James Boyle (incorporated by reference to Exhibit 10.52 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2014)
10.45§	Amendment to Stock Options and Stock Appreciation Rights under the 2004 Genworth Financial, Inc. Omnibus Incentive Plan and the 2012 Genworth Financial, Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2015)
10.46§	Form of Cash Retention Award Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 15, 2015)
10.47§	Amended and Restated Genworth Financial, Inc. Supplemental Executive Retirement Plan (filed herewith)
10.48§	Amended and Restated Genworth Financial, Inc. Retirement and Savings Restoration Plan (filed herewith)
10.49§	Amended and Restated Genworth Financial, Inc. Deferred Compensation Plan (filed herewith)
10.50§	Amended and Restated Genworth Financial, Inc. 2014 Change of Control Plan (filed herewith)
10.51§	Amended and Restated Genworth Financial, Inc. 2015 Key Employee Severance Plan (filed herewith)
12	Statement of Ratio of Income to Fixed Charges (filed herewith)
21	Subsidiaries of the registrant (filed herewith)
23	Consent of KPMG LLP (filed herewith)
24	Powers of Attorney (filed herewith)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—Thomas J. McInerney (filed herewith)
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002—Kelly L. Groh (filed herewith)
32.1	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code—Thomas J. McInerney (filed herewith)
32.2	Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code—Kelly L. Groh (filed herewith)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

§ Management contract or compensatory plan or arrangement.

Neither Genworth Financial, Inc., nor any of its consolidated subsidiaries, has outstanding any instrument with respect to its long-term debt, other than those filed as an exhibit to this Annual Report, under which the total amount of securities authorized exceeds 10% of the total assets of Genworth Financial, Inc. and its subsidiaries on a consolidated basis. Genworth Financial, Inc. hereby agrees to furnish to the U.S. Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of such long-term debt that is not filed or incorporated by reference as an exhibit to this Annual Report.

Genworth Financial, Inc. will furnish any exhibit upon the payment of a reasonable fee, which fee shall be limited to Genworth Financial, Inc.'s reasonable expenses in furnishing such exhibit.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 26, 2016

GENWORTH FINANCIAL, INC.

By: /s/ Thomas J. McInerney
Name: **Thomas J. McInerney**
Title: **President and Chief Executive Officer; Director**
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Dated: February 26, 2016

/s/ Thomas J. McInerney **Thomas J. McInerney**	President and Chief Executive Officer; Director (Principal Executive Officer)
/s/ Kelly L. Groh **Kelly L. Groh**	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
* **William H. Bolinder**	Director
* **G. Kent Conrad**	Director
* **Nancy J. Karch**	Director
* **Melina E. Higgins**	Director
* **Christine B. Mead**	Director
* **David M. Moffett**	Director
* **Thomas E. Moloney**	Director
* **James A. Parke**	Director
* **James S. Riepe**	Director

*By /s/ Thomas J. McInerney
Thomas J. McInerney
Attorney-in-Fact

Exhibit 10.47

GENWORTH FINANCIAL, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As Amended and Restated Effective January 1, 2016

INTRODUCTION

Effective September 27, 2005, Genworth Financial, Inc. established the Genworth Financial, Inc. Supplemental Executive Retirement Plan as a non-qualified deferred compensation plan established and maintained solely for the purpose of providing a select group of highly compensated and management Executive employees with additional retirement benefits. The Plan has been amended from time to time and was most recently amended and restated effective as of April 1, 2012 (the "Prior Plan"). Effective January 1, 2016 (except for certain specific effective dates contained herein), the Prior Plan is amended and restated as set forth in this document. Effective December 31, 2020, the Plan is frozen, and no Compensation or Pension Benefit Service earned on or after January 1, 2021 will be taken into account for any purpose other than vesting.

The Genworth Financial, Inc. Board of Directors has determined that the benefits to be paid under this Plan constitute reasonable compensation for the services rendered and to be rendered by eligible employees.

The Plan shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is intended to be a "top-hat" plan within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1) and shall be administered and interpreted to the extent possible in a manner consistent with that intent.

SECTION I

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. Wherever used, the masculine pronoun shall be deemed to refer either to a male or female, and the singular shall be deemed to refer to the singular or plural, as appropriate by context.

1.1 Average Annual Compensation. One-third of the Employee's Compensation for the highest 36 consecutive months during the last 120 completed months before his separation from service date (or, if earlier, before January 1, 2021) including retirement or death. The Committee shall specify the basis for determining any Employee's Compensation for any portion of the 120 completed months used to compute the Employee's Average Annual Compensation during which the Employee was not employed by an Employer participating in this Plan. Compensation shall only be considered from the Original Effective Date forward. A completed month is defined as 16 calendar days or greater. Average Annual Compensation shall include the Compensation beginning on or after the Executive status effective date and ending upon the earlier of (i) the Executive's separation from service or (ii) the date the Employee is no longer an

Executive. If an Employee loses Executive status, but subsequently regains Executive status after December 31, 2009, Average Annual Compensation shall not consider any Compensation earned by such Employee after such Employee again becomes an Executive. Compensation earned on or after January 1, 2016 for the Early Freeze Participants shall not be taken into account for purposes of determining Average Annual Compensation. Compensation earned on or after January 1, 2021 for any Participant will not be taken into account for purposes of determining Average Annual Compensation.

1.2 Beneficiary. For purposes of Section V only, the person(s) or entity designated by the Participant, in the manner determined by the Committee, to receive benefits attributable to the Participant under the Plan upon the Participant's death. A Participant may revoke or change any Beneficiary designation under the Plan in the manner determined by the Committee. If a Participant fails to designate a Beneficiary, the payment of benefits under the Plan on account of his death shall be governed by the beneficiary elections designated by the Participant under the Qualified Plan. If no designation has been made under the Qualified Plan, benefits will be paid to the Participant's spouse, if married, or to his estate, if single.

1.3 Board. The members of the Board of Directors of Genworth Financial, Inc.

1.4 Code. The Internal Revenue Code of 1986, as amended. A reference to a particular Code Section shall include a reference to any regulation issued under the Section.

1.5 Committee. The Benefits Committee appointed by the Board to be responsible for the Plan and its administration.

1.6 Company. Genworth Financial, Inc.

1.7 Compensation. Eligible pay as defined under the Qualified Plan, but including deferred salaries and deferred Variable Incentive Compensation (meaning salaries or Variable Incentive Compensation deferred under a nonqualified deferred compensation plan sponsored by the Company) and only including eligible pay earned on and after the Original Effective Date. Variable Incentive Compensation is included in Compensation in the year in which earned, regardless of the year in which paid. For clarification, deferred Variable Incentive Compensation shall be taken into account as Compensation for the year in which it is deferred. For clarification, payments received under a non-qualified deferred compensation plan sponsored by the Company will not be included in Compensation. Compensation shall exclude any pay earned in any period beginning on or after January 1, 2016 for Early Freeze Participants. Compensation shall exclude for all Participants any pay earned in any period beginning on or after January 1, 2021.

1.8 Early Freeze Participant. An Early Freeze Participant is a Participant who makes the election described in Section XI below regarding an early freeze of such Participant's accrual of benefits under this Plan.

1.9 Effective Date. January 1, 2016, the date of the Plan's amendment and restatement.

1.10 Employee. A person receiving eligible pay from the Company or an affiliate that participates in the Plan.

1.11 Executive. Employees who are assigned by the Company to salary band 1 or salary grade J and higher in the compensation system.

1.12 Original Effective Date. September 27, 2005.

1.13 Participant. Each eligible Executive Employee identified by the Committee to participate in this Plan prior to December 31, 2009. Effective as of December 31, 2009, no new Executive Employees will become eligible to participate in the Plan unless the Benefits Committee specifically approves an Executive Employee's participation in the Plan. Participants who are transferred to an affiliate of the Company shall retain their status as a Participant so long as such Participant is considered an eligible Executive Employee by the Committee. Notwithstanding the foregoing or any other provisions of this Plan to the contrary, Employees who lose Executive Status, but who are returned to Executive status subsequent to December 31, 2009, and former Employees or Participants who are subsequently reemployed after December 31, 2009 shall only be participants relative to previously accrued benefits. Such Employees are not entitled to additional accruals for Pension Benefit Service or Compensation following their return to Executive status subsequent to December 31, 2009. Effective as of December 31, 2015, the Plan shall be closed to any Executive Employee who is not a Participant under the Plan and actively accruing benefits under the Plan as of December 31, 2015. For clarity, this means that any Executive Employee who is not actively accruing benefits as of December 31, 2015 shall remain a participant under the Plan with respect to any previously accrued benefits under the Plan, but shall not thereafter be eligible to accrue any future benefits under the Plan even if such Executive Employee would otherwise be eligible to participate in the Plan and even if such Executive Employee would have been actively accruing benefits under the Plan but for an overseas assignment or otherwise or if such Executive Employee is rehired after December 31, 2015.

1.14 Pension Benefit Service.

(a) For Employees who were Executives as of the Original Effective Date, Pension Benefit Service shall mean the elapsed time of employment with the Company expressed in years and months beginning on or after the Original Effective Date and ending upon the earlier of (i) the Executive's separation from service or (ii) the date the Employee is no longer an Executive.

(b) For those Employees promoted to Executive following the Original Effective Date, Pension Benefit Service shall mean the elapsed time expressed in years and months beginning on or after the Executive status effective date and ending upon the earlier of (i) the Executive's separation from service or (ii) the date the Employee is no longer an Executive.

(c) For those Employees who lose their Executive status, but are returned to Executive status after December 31, 2009, Pension Benefit Service for such Employees shall remain frozen as of the date the Employee lost Executive status. In other words, such Employee who is restored to Executive status following December 31, 2009, shall not earn additional Pension Benefit Service following such Employee's restoration to Executive status date.

(d) The Committee may grant additional periods of Pension Benefit Service for service with the Company or with another employer through Committee resolutions approving the Employee's participation in the Plan. For purposes of eligibility to participate, all service of the Employee is counted. Breaks in service shall not be included in Pension Benefit Service. Pension Benefit Service includes any period of time when a Participant is on a leave of absence approved by the Company. Any period of service within a calendar month will count as a full month of service.

(e) Other than for calculating Vesting Service (as described in Section 1.21), no Participant shall earn Pension Benefit Service for any period beginning on or after January 1, 2021 (January 1, 2016 in the case of an Early Freeze Participant).

1.15 Plan. The Genworth Financial, Inc. Supplemental Executive Retirement Plan.

1.16 Plan Year. The calendar year.

1.17 Post-2015 Vesting Service. Post-2015 Vesting Service means the elapsed time expressed in years and months beginning on or after January 1, 2016 and ending upon the earlier of (i) the Executive's separation from service or (ii) the date the Employee is no longer an Executive.

1.18 Qualified Plan. The Genworth Financial, Inc. Retirement and Savings Plan, as amended from time to time.

1.19 Supplementary Pension. The monthly benefit payable to an Executive under this Plan.

1.20 Variable Incentive Compensation ("VIC"). Additional variable compensation earned and paid when certain individual and/or business metrics are achieved.

1.21 Vesting Service. Vesting Service means Pension Benefit Service as described above beginning on the Original Effective Date, except a minimum of five years of Company only Pension Benefit Service is required to obtain full vesting as described in Section 3.1. The minimum of five years of service required to obtain full vesting as described in Section 3.1 shall include the elapsed time of employment with the Company, General Electric Company ("GE") or GEFA as of the Original Effective Date as recognized by GE on the Original Effective Date together with subsequent Company service after the Original Effective Date. For those Employees promoted to Executive, Vesting Service shall include the elapsed time of employment with the Company, together with any Company-recognized service if approved by the Committee. The Committee may grant additional periods of Vesting Service for service with the Company or with another employer through Committee resolutions approving the Employee's participation in the Plan. Employees who lose Executive status, but who are restored to such status following December 31, 2009 shall continue to earn Vesting Service for purposes of this Plan as long as such Employee does not have a separation from service, but such periods of service shall not count as Pension Benefit Service for purposes of determining benefits under this Plan (see definition of Pension Benefit Service). Vesting Service does not include credits earned during "Protected Service" periods as defined in the Company's Layoff Payment Plan.

SECTION II

ELIGIBLE EMPLOYEES

2.1 In General. Employees eligible to participate in the Plan shall include each Employee who is identified by the Committee, or its delegate, as eligible to participate in this Plan prior to December 31, 2009. Effective as of December 31, 2009, no new Employees will become eligible to participate in the Plan unless the Benefits Committee expressly approves an Executive Employee's participation in the Plan. Notwithstanding the foregoing or any other provisions of this Plan to the contrary, all benefits under this Plan with respect to a Participant shall be forfeited unless the Participant is an Executive throughout any two consecutive years out of the last five year period, preceding the date of his separation from service. Notwithstanding the foregoing or any other provisions of this Plan to the contrary, any Employee who previously had participated in the Plan as an Executive, but who loses such Executive status, will again become Plan eligible if returned to Executive status after December 31, 2009, but shall only be eligible for such benefits accrued prior to such Employee's loss of Executive Status. Thus, such Employee shall not be eligible to earn additional Pension Benefit Service, nor shall such Employee's Compensation be recognized for purposes of determining Average Annual Compensation, following such Employee's return to Executive status. Pension benefit service recognized by General Electric Company and

its affiliates as of the Original Effective Date and Company Pension Benefit Service would be considered to determine whether the two consecutive year eligibility requirement has been met. The Committee shall have sole discretion in determining an Employee's eligibility for and inclusion in this Plan.

2.2 Eligibility of Personnel Outside the United States. The Committee may approve the continued participation in the Plan of an individual who is localized outside the United States as an employee of the Company and who otherwise meets all of the eligibility conditions set forth herein during such localization. The designated individual's service and pay (translated to U.S. dollars) while localized, with appropriate offsets for local country benefits, shall be counted in calculating his Supplementary Pension. Such calculation and the individual's entitlement to any benefits herein shall be determined consistent with the principles of the Plan as they apply to participants who are not localized, provided that the Company, or its delegate, may direct such other treatment, if any, as it deems appropriate.

SECTION III

ENTITLEMENT TO AND AMOUNT OF SUPPLEMENTARY PENSION

3.1 Vesting.

Each Participant shall become vested upon the earlier of (i) or (ii) below:

(i) *Full Vesting*. Each Participant shall become 100% vested in his Supplementary Pension benefit upon the attainment of age 60 and 5 years of Vesting Service, or upon the Participant's death, disability or Executive separations as approved by the Company's Management Development and Compensation Committee ("MDCC"). For purposes of this Section, disability will be determined in accordance with the Company's long-term disability plan and, subject to the Committee's discretion, full vesting shall occur upon a Participant's separation from service as a result of exceeding "Protected Service" as defined in the Company's long-term disability plan. Notwithstanding the foregoing, a Participant may become 100% vested in his Supplementary Pension benefit upon a "Qualified Termination" following a Change of Control, as defined in the Genworth Financial, Inc. 2014 Change of Control Plan (or any successor plan) as may be amended from time to time.

(ii) *Partial Vesting.* Each Participant shall become vested in a portion of his Supplementary Pension Benefit upon the completion of 5 years of Post-2015 Vesting Service and upon the attainment of certain ages, as described below:

Age	Vested Percentage
55	50%
56	60%
57	70%
58	80%
59	90%
60	100%

The following example demonstrates how the partial vesting described above will function. Assume a Participant' turns 53 on December 31, 2015. The Participant would complete 5 years of Post-2015 Vesting Service on December 31, 2020. At that time, the Participant would be age 58. Therefore, as of December 31, 2015, this Participant would be 80% vested.

In the event of a business disposition, as determined by the Committee, the Committee may provide that any Participant terminated due to a given disposition shall become 100% vested, notwithstanding the Participant's age and Vesting Service, provided he or she was an eligible Employee with a minimum of ten years of Vesting Service as of the preceding December 31 and satisfies any other conditions established by the Committee with respect to a given business disposition. If the Committee or MDCC determines in accordance with this Section 3.1 to accelerate the vesting of any benefit under the Plan, any such accelerated vesting will be subject to such additional conditions and restrictions as the Committee or MDCC may require, including the requirement that a Participant execute a release of claims ("Release") (the form of which shall be approved by the Committee) in consideration for the accelerated vesting. In the event that a Release is required, such Release must be executed, and any time for consideration or revocation of the Release (the "Consideration Period") must have expired within the time specified by the Committee or else any accelerated vesting or any other benefit contingent upon such Release shall be forfeited.

If a payment under the Plan, in accordance with Section IV becomes payable during the Consideration Period for a Release and if such Consideration period begins in one calendar year and extends into the subsequent calendar year, then any payment of benefits under the Plan will be delayed until the end of such Consideration Period or, if earlier, until after the start of the subsequent calendar year.

3.2 Amount of Benefit. The annual Supplementary Pension payable to an eligible Executive shall be equal to (a) plus (b) minus (c) where (a), (b), and (c) equal the following:

(a) 1.45% times Pension Benefit Service (counting only Pension Benefit Service through December 31, 2010) times the Participant's Average Annual Compensation.

(b) 1.10% times Pension Benefit Service (counting only Pension Benefit Service after January 1, 2011 and through December 31, 2020 (December 31, 2015 in the case of an Early Freeze Participant) times the Participant's Average Annual Compensation.

(c) The sum of the following:

(i) Vested benefits determined as of the earlier of December 31, 2020 (December 31, 2015 in the case of an Early Freeze Participant and Executive's separation from service under the Retirement Account Feature of the Qualified Plan (including Supplemental Contributions and Supplemental Contributions – Transition accounts determined as of the Executive's separation from service date plus accrued Supplemental Contributions and Supplemental Contributions – Transition on eligible pay earned from the year prior to the Executive's separation from service date, but not yet contributed to the Qualified Plan or, if applicable, accrued Supplemental Contributions and Supplemental Contributions – Transition on eligible pay, reasonably expected to be received by the Employee subsequent to separation from service), if any, converted to an annual annuity using a 5 Year Certain and Life Annuity form. For Participants who lose Executive status, vested benefits from the Retirement Account Feature of the Qualified Plan means the Participant's account balance on the date of the loss of Executive status plus accrued Supplemental Contributions and Supplemental Contributions – Transition on year-to-date eligible pay earned up to the pay period prior to the date of loss of Executive status. The annuity offset shall be determined using the 1994 Group Annuity Mortality Table (Unisex) found in IRS Revenue Ruling 2001-62 and the Moody's Aa interest rate adjusted each May 1 and November 1;

(ii) Retirement benefits derived from Company contributions attributable to Employee's foreign service with the Company or an affiliate, if applicable, determined as of the Executive's separation from service; and

(iii) Vested accrued benefits earned under the Genworth Financial, Inc. Retained Executive Pension Plan, if applicable, and determined as of the Executive's separation from service.

The maximum amount of the sum of (a) and (b) above shall be 40% of the Employee's Average Annual Compensation.

The Supplementary Pension of an Executive who continues in the service of the Company after age 60 shall not commence before his actual retirement date following separation from service, regardless of whether such Employee has attained age 70 ½. The Supplementary Pension of an Executive who terminates service before age 60 and is vested per Section 3.1 shall not commence before age 60 as described in the next Section.

SECTION IV

PAYMENT OF BENEFITS

4.1 Commencement of Benefits. Except as provided in Section VI, Benefits under this Plan shall commence within 90 days following the Participant's separation from service date, but for "specified employees" as defined under Code Section 409A, in no event shall benefits commence earlier than six-months following such Participant's separation from service date. In no event will benefits commence earlier than age 60 for any reason. The six-month delay period for "specified employees" will not apply in the event of death of the Participant. Benefits shall be payable in the form of monthly payments based on the annual amount determined under Section 3.2 and the method of payment determined under Section 4.2. In the event the six-month delay period for specified employees applies, monthly payments during the six-month delay period shall be accumulated and paid in a lump sum on the first regularly scheduled pay date in the seventh month following the Participant's separation from service date. If a payment under the Plan becomes payable during a Consideration Period for a Release, as described in Section 3.1, the timing of such payment shall be governed by the provisions set forth in Section 3.1

4.2 Method of Payment. Payment of the Supplementary Pension provided for herein shall be made as follows:

(a) 5 Year Certain and Life Annuity – Single Participants. A Participant who is not married on his separation from service date will receive payments throughout his lifetime with payments guaranteed for 5 years. If the Participant dies before the 5-year period ends, monthly payments will be made to the Participant's Beneficiary for the remaining 5-year guaranteed period, as applicable.

(b) 50% Joint and Survivor Annuity – Married Participants. A Participant who is married on his separation from service date will receive payments throughout his life. After the Participant's death, the spouse (if still surviving) will receive monthly payments throughout his or her life equal to 50% of the amount the Participant was receiving. This option is a reduced benefit, which is actuarially equivalent to the 5 Year Certain and Life Annuity.

As noted above, the applicable annuity form provided under (a) or (b) is determined at an Employee's separation from service date meaning benefits are not recalculated if his or her marital status changes between separation from service and commencement of benefits nor are the benefits adjusted for a date of birth variance of a future spouse, as applicable.

4.3 Impact of Reemployment. Benefit payments will be immediately suspended in the event of reemployment with the Company with an Employee's eligibility for participation in this Plan or a plan required to be aggregated with this Plan under Treasury Regulation 1.409A-1(c)(2). Upon a subsequent separation from service benefits shall be determined based upon provisions of this Plan with an adjustment for any payments made following an earlier separation from service, if applicable.

4.4 Impact of return to Executive status. Notwithstanding any other provisions of this Plan to the contrary, any Employee who previously had participated in the Plan as an Executive, but who loses Executive status, will become Plan eligible upon return to Executive status after December 31, 2009, but only for purposes of such Employee's benefits accrued prior to loss of Executive status. In other words, such Employee shall not, if restored to Executive status after December 31, 2009, again become eligible to earn additional Pension Benefit Service or eligible to have Compensation earned after such Employee's restoration to Executive status counted for purposes of determining Average Annual Compensation. Benefits are only payable to a Participant who is an Executive throughout any two consecutive years out of the last five year period preceding the date of his separation from service, and such requirement shall continue to apply to any Employee who loses Executive status. For avoidance of doubt, any Executive localized outside the U.S. as of December 31, 2015 shall not, if restored to Executive status after December 31, 2015, again become eligible to earn additional Pension Benefit Service or eligible to have Compensation earned after such Employee's restoration to Executive status counted for purposes of determining Average Annual Compensation.

SECTION V

PAYMENTS UPON DEATH

5.1 If a Participant dies while in active service, or if a former Employee entitled to a Supplementary Pension dies prior to commencement of a Supplementary Pension, a 50% Joint and Survivor death benefit (determined as described in Section 4.2 as if the Participant had been receiving a benefit immediately before his death) shall be payable to the Beneficiary under this Plan. Such death benefit shall be determined as of the date of the Participant's death.

5.2 The Beneficiary's payments will commence on the earliest date the Participant would have been eligible to begin his benefit payments from the Plan subject to Section 4.1.

5.3 If a Participant dies after beginning to receive his benefit, the death benefit shall be based on and payments continued at the appropriate level applicable to the Participant pursuant to Section 4.2.

SECTION VI

PAYMENT UPON DISABILITY

6.1 If a Participant terminates employment due to disability, he is entitled to his Supplementary Pension determined as of the date of his disability. The benefit will be payable on the later of (i) the date that is twelve months after the Participant's last day worked due to an approved disability or (ii) the date he reaches age 60. For purposes of this Section, disability will be determined in accordance with the Company's long-term disability plan and the form of annuity under Section 4.2 will be determined upon a Participant's separation from service as a result of exceeding "Protected Service" as defined in the Company's long-term disability plan.

SECTION VII

TAXES

7.1 Withholding Taxes. Benefits paid under the Plan may be subject to federal, state and local income and payroll taxes. The Committee shall arrange for all such taxes to be paid in the manner required by law. The Participant's share of Social Security and Medicare ("FICA") taxes will be calculated proximate to the separation from service date and paid by deducting such amounts from a Participant's regular pay, if any. If no regular pay is available to pay FICA taxes due, such taxes will be deducted from any payments made under the Plan. If no payments are being made from which FICA taxes may be deducted, the Participant agrees to remit such taxes to the Company upon request. The company reserves the right to offset all unpaid taxes against the interest of a Participant under the Plan.

SECTION VIII

ADMINISTRATION

8.1 This Plan shall be administered by the Committee, which shall have authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve in its sole and absolute discretion any and all questions or claims, including interpretations of this Plan, as may arise in connection with this Plan.

8.2 In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel who may also serve as counsel to the Company.

8.3 The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan or making any claim hereunder.

SECTION IX

AMENDMENT OR TERMINATION

9.1 The Committee may, in its sole discretion and by written resolution, terminate, suspend or amend this Plan at any time, in whole or in part, provided such amendment or termination complies with Code Section 409A. However, no such termination, suspension or amendment shall adversely affect (a) the benefits of any Employee who retired under the Plan prior to the date of such termination, suspension or amendment; or (b) the right of any then current Employee to receive upon retirement, or of his or her surviving spouse to receive upon such Employee's death, the amount as a Supplementary Pension or death benefit, as the case may be, to which such person would have been entitled under this Plan computed to the date of such termination, suspension or amendment, taking into account the Employee's Pension Benefit Service, Vesting Service and Average Annual Compensation calculated as of the date of such termination, suspension or amendment.

SECTION X

GENERAL CONDITIONS

10.1 Funding. The benefits payable under this Plan shall be paid by the Company out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

10.2 Assignment. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether currently or thereafter payable hereunder, shall be void.

10.3 No Contract of Employment. No employee and no other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the employment of the Company. The right and power of the Company to dismiss or discharge any employee is expressly reserved.

10.4 Terms. All terms used in this Plan which are defined in the Qualified Plan shall have the same meaning herein as therein, unless otherwise expressly provided in this Plan.

10.5 Plan Provisions Govern. The rights under this Plan of a Participant who leaves the employment of the Company at any time and the rights of anyone entitled to receive any payments under this Plan by reason of the death of such Participant, shall be governed by the provisions of this Plan in effect on the date such Participant leaves the employment of the Company, except as otherwise specifically provided in this Plan.

10.6 Governing Law. The law of the Commonwealth of Virginia shall govern the construction and administration of this Plan, to the extent not pre-empted by federal law.

10.7 Compliance with Code Section 409A. To the extent applicable, this Plan is intended to comply with Section 409A of the Code, and the Committee shall interpret and administer the Plan in accordance therewith. In addition, any provision, including, without limitation, any definition, in this Plan document that is determined to violate the requirements of Section 409A of the Code shall be void and without effect and any provision, including, without limitation, any definition, that is required to appear in this Plan document under Section 409A of the Code that is not expressly set forth shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provisions were expressly set forth. In addition, the timing of certain payment of benefits provided for under this Plan shall be revised as necessary for compliance with Section 409A of the Code.

SECTION XI

FREEZE ELECTION

11.1 Applicability. The provisions of this Section 11 shall apply notwithstanding any other provisions of the Plan and shall supersede any contrary or inconsistent provisions.

11.2 Freeze Election. Each Executive Employee who is a Participant in the Plan on November 1, 2015 and who is actively accruing benefits under the Plan as of November 1, 2015, shall be given the opportunity to make an irrevocable, one-time election to freeze such Participant's benefit under the Plan effective December 31, 2015 and commence participation in the Retirement Contribution Restoration feature of the Genworth Financial, Inc. Retirement and Savings Restoration Plan, pursuant to the terms and conditions of such plan, effective January 1, 2016. Any Participant who makes such an election shall be termed an "Early Freeze Participant."

11.3 Procedure for Making Election. The election described in Section 11.2 shall be made in writing on a form provided by the Committee. The completed election form must be received by the Committee no later than 5:00 p.m. Eastern Time the day specified by the Committee, but in no event later than December 31, 2015. Any Participant who does not submit an election form, or who submits an incomplete or invalid election form (determined in the sole discretion of the Committee), shall be deemed not to have made the election and shall not become an Early Freeze Participant.

11.4 Special Provisions Applicable to Early Freeze Participants. The following shall apply to each Early Freeze Participant:

(a) Compensation earned on or after January 1, 2016 will not be taken into account for purposes of determining Average Annual Compensation.

(b) Compensation shall exclude any pay earned in any period beginning on or after January 1, 2016.

(c) Other than for calculating Vesting Service (as described in Section 1.21), no Participant shall earn Pension Benefit Service for any period beginning on or after January 1, 2016.

(d) For purposes of Section 3.2, the date "December 31, 2015" shall apply instead of "December 31, 2020" for Early Freeze Participants.

11.5 No Modification or Other Rights. Any Early Freeze Participant's right to any benefit under any other plan (including, without limitation, the Genworth Financial, Inc. Retirement and Savings Restoration Plan) shall be governed solely and exclusively by the terms of such plan. Nothing in this Section 11 shall be construed to modify or amend the terms of any other plan or to create a right to any benefit under any other plan.

SIGNATURE PAGE

As evidence of its adoption of the Genworth Financial, Inc. Supplemental Executive Retirement Plan, the Committee, as authorized by the Benefits Committee of the Company, has caused this document to be executed by a duly authorized officer.

GENWORTH FINANCIAL, INC.

By: *\/s/ Michael S. Laming*
Senior Vice President – Human Resources

Exhibit 10.48

GENWORTH FINANCIAL, INC.
RETIREMENT AND SAVINGS RESTORATION PLAN

(As Amended and Restated Effective January 1, 2016)

INTRODUCTION

Effective September 27, 2005, Genworth Financial, Inc. established the Genworth Financial, Inc. Retirement and Savings Restoration Plan as a non-qualified deferred compensation plan established and maintained solely for the purpose of providing a select group of highly-compensated and management employees with Company Contribution Credits that they are precluded from receiving under the Genworth Financial, Inc. Retirement and Savings Plan as a result of limitations imposed under Internal Revenue Code Sections 401(a)(17) and 415. The Plan has been amended from time to time and was most recently amended and restated effective as of April 1, 2012 (the “Prior Plan”). Effective January 1, 2016, the Plan has been further amended and restated as set forth in this document.

The Genworth Financial, Inc. Board of Directors has determined that the benefits to be paid under this Plan constitute reasonable compensation for the services rendered and to be rendered by eligible employees.

The Plan shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”). The Plan is intended to be a “top-hat” plan within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1) and shall be administered and interpreted to the extent possible in a manner consistent with that intent.

SECTION I

DEFINITIONS

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. Wherever used, the masculine pronoun shall be deemed to refer either to a male or female, and the singular shall be deemed to refer to the singular or plural, as appropriate by context.

1.1 Account. The bookkeeping account maintained under the Plan for each Participant by the Company to record his Company Contribution Credits plus earnings and losses thereon.

1.2 Beneficiary. The person(s) or entity designated by the Participant to receive his benefits under the Plan in the event of his death.

1.3 Code. Internal Revenue Code of 1986, as amended. A reference to a particular Code Section shall include a reference to any regulation issued under the Section.

1.4 Committee. The Benefits Committee appointed by the Board to be responsible for the Plan and its administration.

1.5 Company. Genworth Financial, Inc.

1.6 Company Contribution Credits. Contribution amounts credited to a Participant's Account pursuant to Section 3.1.

1.7 Compensation. Eligible Pay as defined in the Qualified Plan in excess of the Code Section 401(a)(17) limits paid to an Eligible Employee by the Company during each calendar year. Effective January 1, 2011, Compensation shall mean Eligible Pay as defined in the Qualified Plan in excess of the Code Section 401(a)(17) limits paid to an Eligible Employee by the Company during each calendar year, except that Compensation under this Plan shall include amounts of deferred salaries and deferred VIC under any plan sponsored by the Company. In other words, effective January 1, 2011, deferred salaries and deferred VIC (meaning salaries or VIC deferred under a nonqualified deferred compensation plan sponsored by the Company) shall be counted when determining Compensation under this Plan for all purposes, including for purposes of Section 3.1(c). Deferred salaries and deferred VIC are included in Compensation in the year in which the salary or VIC was paid, regardless of the year in which such deferred compensation is earned. For clarity, payments received under a non-qualified deferred compensation plan sponsored by the Company will not be included in Compensation.

1.8 Effective Date. January 1, 2016, the date of the Plan's amendment and restatement.

1.9 Employee. A person receiving eligible pay from the Company or an affiliate that participates in the Plan.

1.10 Participant. An Executive Employee who:

(i) is assigned to salary band 1 or grade J and above by the Company; and

(ii) has contributions under the Qualified Plan limited because of Code Section 401(a)(17) or Code Section 415, as adjusted from time to time.

Executive Employees who accrued a benefit in the Genworth Financial, Inc. Retained Executive Pension Plan on or after December 31, 2009 and who, on or after January 1, 2010, are promoted to salary band 1 or grade J and above shall be a Participant under this Plan, but only for purposes of the 401(k) Restoration benefits described in Section 3.1(a) and not for benefits described under Sections 3.1(b) or 3.1(c), except as described in those sections. Executive Employees who accrued a benefit in the Genworth Financial, Inc. Supplemental Executive Retirement Plan on or after September 26, 2005, shall be a Participant under this Plan, but only for purposes of the 401(k) Restoration benefits described in Section 3.1(a) and not for benefits described under Sections 3.1(b) or 3.1(c), except as described in those sections.

1.11 Plan. The Genworth Financial, Inc. Retirement and Savings Restoration Plan.

1.12 Plan Year. The calendar year.

1.13 Post-2015 Vesting Service. Post-2015 Vesting Service means the elapsed time of employment with the Company, expressed in years and months, beginning on January 1, 2016 or the Employee's date of hire, if later, and ending upon the earlier of (i) the Employee's separation from service, or (ii) the date the Employee is no longer a Participant. Post-2015 Vesting Service specifically excludes any Vesting Service attained by any Participant prior to January 1, 2016.

1.14 Qualified Plan. The Genworth Financial, Inc. Retirement and Savings Plan, as amended from time to time.

1.15 Vesting Service. Vesting Service means the elapsed time of employment with the Company, expressed in years and months, beginning on September 27, 2005 or the Employee's date of hire, if later, and ending upon the earlier of (i) the Employee's separation from service, or (ii) the date the Employee is no longer a Participant. Vesting Service includes any period of time when a Participant is on a leave of absence approved by the Company. In addition to service with the Company as described above, Vesting Service shall include the elapsed time of employment with the Company, General Electric Company ("GE") or GEFA as of September 27, 2005 if such service was recognized by GE on September 27, 2005. The Committee may grant additional periods of Vesting Service for service with the Company or with another employer through Committee resolutions approving the Employee's participation in the Plan.

1.16 VIC. Also known as "Variable Incentive Compensation," VIC is additional variable compensation earned and paid when certain individual and/or business metrics are achieved. VIC is included in Compensation during the year when the VIC is paid, regardless of the year in which it is earned.

SECTION II

ELIGIBILITY/PARTICIPATION

2.1 In General. An eligible executive Employee shall become a Participant in the Plan as of the date he has contributions under the Qualified Plan limited because of Code Section 401(a)(17) or Code Section 415. The Committee shall have sole discretion in determining an Employee's eligibility for and inclusion in this Plan.

2.2 Termination of Participation. Contributions shall cease upon a Participant's separation from service or if the Participant ceases to be an eligible Employee. Notwithstanding the foregoing, a vested Participant who has separated from service shall remain a Participant (until all of his Plan benefits have been paid) for purposes of his rights to his vested account balance, but shall not be eligible to earn any additional benefits under the Plan following his separation from service.

2.3 Change in Status. If a Participant ceases to be an eligible Employee but continues to be employed by the Company, then Company Contribution Credits on his behalf under this Plan shall be suspended.

2.4 Impact of return to Executive Employee / salary band 1 or grade J and above status. Notwithstanding any other provisions of this Plan to the contrary, any Employee who previously had participated in the Plan as a Participant, will again become eligible to earn benefits under the Plan upon re-promotion / return to salary band 1 or grade J and above status after December 31, 2015 and shall be eligible for Company Contribution Credits described in Section 3.1, as appropriate. For the avoidance of doubt, the preceding sentence shall also apply to Employees localized outside the United States.

SECTION III

RESTORATION AND SUPPLEMENTAL BENEFITS

3.1 Company Contribution Credits.

(a) 401(k) Restoration. Each active Participant shall be credited for each Plan Year with a 401(k) Restoration contribution. The amount of the 401(k) Restoration contribution shall be as follows:

(i) For Plan Years beginning on or before January 1, 2016, an amount equal to six percent (6%) of such Participant's Compensation for the Plan Year.

(ii) For Plan Years beginning on or after January 1, 2017, an amount equal to five percent (5%) of such Participant's Compensation for the Plan Year.

(b) Retirement Contribution Restoration.

(i) In general, each active Participant who is not accruing a benefit under the Genworth Financial, Inc. Supplemental Executive Retirement Plan or the Genworth Financial, Inc. Retained Executive Pension Plan and either (i) is hired or rehired on or after January 1, 2010, or (ii) is promoted or re-promoted to salary band 1 or grade J and above by the Company on or after January 1, 2010 shall be credited for each Plan Year with the amount of company supplemental contributions under Section 3.6 of the Qualified Plan that were reduced due to the Code 401(a)(17) or 415 limits. Participants who were participants in the Genworth Financial, Inc. Retained Executive Pension Plan as of December 31, 2009 and who are promoted to salary band 1 or grade J and above on or after January 1, 2010, shall not be eligible for the Retirement Contribution Restoration benefits described in this sub-section (b). For clarity, the amount of company supplemental contributions under Section 3.6 of the Qualified Plan relate to all aspects of 3.6 A. i, ii and iii as applicable and are considered herein if reduced due to the Code 401(a)(17) or 415 limits.

(ii) Effective January 1, 2016, and notwithstanding any other provision of the Plan, Early Freeze Participants shall be eligible for the Retirement Contribution Restoration benefits described in this sub-section (b). For purposes of this paragraph, an Early Freeze Participant is an active Participant who, prior to January 1, 2016 was accruing a benefit under the Genworth Financial, Inc. Supplemental Executive Retirement Plan and who made an irrevocable, one-time election to freeze his or her benefit accrual under the Genworth Financial, Inc. Supplemental Executive Retirement Plan effective December 31, 2015 in accordance with the terms of Section 11 of such plan and in accordance with the procedures set forth by the Committee.

(iii) Effective January 1, 2017, active Participants who previously accrued a benefit under the Genworth Financial, Inc. Retained Executive Pension Plan but whose benefit accrual under such plan was frozen effective December 31, 2016 shall become eligible for the Retirement Contribution Restoration benefits described in this sub-section (b).

(iv) Effective January 1, 2021, active Participants employed at salary band 1 or grade J or above who previously accrued benefits under the Genworth Financial, Inc. Supplemental Executive Retirement Plan and whose benefit accrual under such plan was frozen effective December 31, 2020 shall become eligible for the Retirement Contribution Restoration benefits described in this sub-section (b).

(c) Supplemental Benefits. In general, each active Participant who (i) has not accrued a benefit under the Genworth Financial, Inc. Supplemental Executive Retirement Plan and (ii) is considered an appointed officer of the Company on or after January 1, 2010 and is either (A) hired or rehired on or after January 1, 2010 but no later than December 31, 2015, or (B) promoted or re-promoted to salary band 1 or grade J and above by the Company on or after January 1, 2010 but no later than December 31, 2015 shall be credited for each Plan Year with a supplemental benefit contribution equal to three percent (3%) of such Participant's Compensation for the Plan Year. For purposes of these Supplemental Benefits only, the term Compensation shall be based on all Eligible Pay as defined in the Qualified Plan (i.e. not limited to just Eligible Pay above the Code Section 401(a)(17) limits). Participants who were accruing benefits under the Genworth Financial, Inc. Retained Executive Pension Plan as of December 31, 2009 and who are promoted to salary band 1 or grade J or above on or after January 1, 2010, shall not be eligible for the Supplemental Benefits described in this sub-section (c). Notwithstanding the foregoing, no supplemental benefit contributions shall be credited for any Participants for any year beginning on or after January 1, 2021.

Each Participant shall become 100% vested in his Supplemental Benefits under this sub-section (c) upon the attainment of age 60 and 5 years of Vesting Service, or upon the Participant's death, disability, or executive separations as approved by the Company's Management Development and Compensation Committee ("MDCC"). For purposes of this Section, disability will be determined in accordance with the Company's long-term disability plan and, subject to the Committee's discretion, full vesting shall occur upon a Participant's separation from service as a result of exceeding "Protected Service" as defined in the Company's long-term disability plan. Notwithstanding the foregoing, a Participant shall become 100% vested in his Supplemental Benefits (as described in this sub-section (c) upon a "Qualified Termination" following a Change of Control, as defined in the Genworth Financial, Inc. 2014 Change of Control Plan (or any successor plan) as may be amended from time to time. In the event of a business disposition, as determined by the Committee, the Committee may provide that any Participant terminated due to a given disposition shall become 100% vested, notwithstanding the Participant's age and Vesting Service, provided he or she was an eligible Employee with a minimum of ten years of Vesting Service as of the preceding December 31 and satisfies any other conditions established by the Committee with respect to a given business disposition.

If the Committee or MDCC determines in accordance with this Section 3.1(c) to accelerate the vesting of any benefit under the Plan, any such accelerated vesting will be subject to such additional conditions and restrictions as the Committee or MDCC may require, including the requirement that a Participant execute a release of claims ("Release") (the form of which shall be approved by the Committee) in consideration for the accelerated vesting. In the event that a Release is required, such Release must be executed, and any time for consideration or revocation of the Release (the "Consideration Period") must have expired within the time specified by the Committee or else any accelerated vesting or any other benefit contingent upon such Release shall be forfeited.

If a payment under the Plan in accordance with Section V becomes payable during the Consideration Period for a Release and if such Consideration period begins in one calendar year and extends into the subsequent calendar year, then any payment of benefits under the Plan will be delayed until the end of such Consideration Period or, if earlier, until after the start of the subsequent calendar year.

3.2 Timing of Company Contribution Credits. Within 90 days following the end of the Plan Year, each active Participant's Account will be credited with Company Contribution Credits as provided in Section 3.1 above. Company Contribution Credits will be discontinued while a Participant is on long-term disability or if a Participant is receiving severance payments.

3.3 Participant Contributions. A Participant is not required or permitted to make contributions to the Plan.

3.4 Vesting. Except for special vesting rules that apply to Supplemental Benefits described in Section 3.1(c) above, effective January 1, 2016, each Participant shall become 100% vested in his Account upon the earlier of (i) Age 60 or (ii) completion of three years of Post-2015 Vesting Service, or (iii) disability, death or executive separations as approved by the Company's Management Development and Compensation Committee ("MDCC"). If the Participant

terminates employment with the Company or an affiliate before becoming 100% vested for any reason other than death, disability or executive separations as approved by the Company's MDCC, his Account will be forfeited. For purposes of this Plan, disability will be determined in accordance with the Company's long-term disability plan, and, subject to the Committee's discretion, full vesting shall occur upon a Participant's separation from service as a result of exceeding "Protected Service" as defined in the Company's long-term disability plan. Notwithstanding the foregoing, a Participant shall become 100% vested in his Account upon a "Qualified Termination" following a Change of Control, as defined in the Genworth Financial, Inc. 2014 Change of Control Plan (or its successors) as may be amended from time to time. In the event of a business disposition, as determined by the Committee, the Committee may provide that any Participant terminated due to a given disposition shall become 100% vested, notwithstanding the Participant's age, provided he or she was an eligible Employee with a minimum of ten years of Vesting Service as of the preceding December 31 and satisfies any other conditions established by the Committee with respect to a given business disposition.

If the Committee or MDCC determines in accordance with this Section 3.4 to accelerate the vesting of any benefit under the Plan, any such accelerated vesting will be subject to such additional conditions and restrictions as the Committee or MDCC may require, including the requirement that a Participant execute a Release (the form of which shall be approved by the Committee) in consideration for the accelerated vesting. In the event that a Release is required, such Release must be executed, and the Consideration Period must have expired within the time specified by the Committee or else any accelerated vesting or any other benefit contingent upon such Release shall be forfeited.

If a payment under the Plan in accordance with Section V becomes payable during the Consideration Period for a Release and if such Consideration Period begins in one calendar year and extends into the subsequent calendar year, then any payment of benefits under the Plan will be delayed until the end of such Consideration Period or, if earlier, until after the start of the subsequent calendar year.

3.5 Earnings on Accounts. The rate of return credited to each Participant's Account will be reasonable and shall mirror the rate of return based on one or more of the investment options offered under the Qualified Plan, as determined by the Committee. Earnings (or losses) shall be credited to each Participant's Account during each year or part thereof commencing on the date the Account is established and ending, as soon as administratively feasible following a Participant's separation from service for all separations from service occurring on or prior to December 31, 2010. For any separation from service occurring on or after January 1, 2011, earnings (or losses) shall be credited to each Participant's Account during each year or part thereof, commencing on the date the Account is established and ending on the date the Participant's Account has been paid in full in accordance with Section 5.2.

The Committee may, but is not required to, select from time to time, in its sole and absolute discretion, commercially available investment funds to be used to determine the amount of earnings or losses to be credited to the Participant's Accounts. These investment funds will generally operate as "phantom" investment funds unless actual investment funds are established pursuant to a trust as described in Section 10.1. If treated as "phantom" investment funds, no actual investments will be made.

If the Committee establishes "phantom" investment funds or funds the plan through a trust as described in Section 10.1, the Committee shall establish procedures and forms to allow Participants to designate the investment fund or funds in which the Participant's Account will be deemed to be invested for purposes of determining the amount of earnings or losses to be allocated to that Account. The Participant may specify the deemed investment, in whole percentage increments, in one or more of the investment funds as communicated from time to time by the Committee. However, the Committee or its delegate may override such request from a Participant and, if so, the Committee or its delegate may allocate the funds in a different manner. Participants may change his or her investment designation by filing a change of election and making a new designation with the Committee at such time and in such manner as provided by the Committee.

Notwithstanding any other provision of the Plan that may be interpreted to the contrary, the investment funds selected by the Committee or designation of investment funds by a Participant shall not be considered or construed in any manner as an actual investment of the Participant's Account Balance in any such investment fund unless actual investment fund investments are established pursuant to a trust as described in Section 10.1. In the event that the Company or the Trustee, in its sole and absolute discretion, shall invest funds in any or all of the selected investment funds, no Participant shall have any rights in or to such investments. Without limiting the foregoing, a Participant's Account shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall remain at all times an unsecured creditor of the Company.

3.6 Benefits to Minors and Incompetents.

(a) If any person entitled to receive payment under the Plan is a minor, the Company shall pay the amount directly to the minor, to a guardian of the minor, or to a custodian selected by the Company under the appropriate Uniform Transfers to Minors Act.

(b) If a person who is entitled to receive payment under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless a previous claim has been made by a duly qualified committee or other legal representative), the payment may be made to the person's spouse, son, daughter, parent, brother, sister or other person deemed by the Company to have incurred expense for the person otherwise entitled to payment. The Company may not be compelled to select any method that it does not deem to be in the best interest of the distributees.

SECTION IV

PARTICIPANT ACCOUNTS

4.1 Participant Accounts. The Company shall maintain, or cause to be maintained, records for each Participant showing the amounts credited from time to time to his Account.

SECTION V

PAYMENT OF RESTORATION BENEFITS

5.1 Commencement of Benefits.

(a) Benefits under this Plan shall commence within 90 days following the later of the Participant's attainment of age 60 or separation from service with the Company or an affiliate, but for "specified employees" as defined under Code Section 409A, in no event shall benefits commence earlier than six months following such Participant's separation from service date.

(b) If, prior to the commencement of benefits under (a) above, a Participant dies, the Participant's benefits shall be paid to the Participant's Beneficiary within 90 days following the Participant's death. The six-month delay period for "specified employees" as described in (a) above will not apply in the event of death of the Participant.

(c) If, prior to the commencement of benefits under (a) above, a Participant becomes disabled, determined in accordance with the Company's long-term disability plan, the Participant's benefits shall commence upon separation from service as a result of exceeding Protected Service as defined in the Company's Long Term Disability Plan.

(d) If a payment under the Plan becomes payable during a Consideration Period for a Release, as described in Sections 3.1(c) or 3.4, the timing of such payment shall be governed by the provisions set forth in Sections 3.1(c) or 3.4.

5.2 Method of Payment.

(a) Subject to (b) below, the Participant's Account shall be distributed to him (or his Beneficiary, if applicable) in substantially equivalent annual installment payments over a ten-year period. Effective for any separation from service or commencement of benefits under Section 5.1 that occurs on or prior to December 31, 2010, the Participant's Account balance will not remain subject to market risk associated with the mirrored investment options as described in Section 3.5 during the ten-year installment payment period. Effective for any separation from service or commencement of benefits under Section 5.1 that occurs on or after January 1, 2011, earnings shall continue to accrue on any remaining balance in the Participant's Account for each year or part thereof during the ten-year installment payment period in the manner provided for in Section 3.5.

(b) If, as of the day following the annual Company Contribution Credits described in Section III immediately preceding his separation from service date, the Participant's Account balance is less than $50,000, his benefit shall be distributed to him (or his beneficiary, if applicable) in a lump sum in cash. Subject to the provisions of this Section, the Participant will receive an initial distribution of his Account balance within 90 days following his separation from service date on or after attaining age 60, based upon his Account balance as of the most recent annual Company Contribution Credits described in Section III and then a subsequent final distribution within 90 days following the final Company Contribution Credit for the Participant's partial year of employment up to his separation from service date (final eligibility period).

SECTION VI

BENEFICIARY

6.1 Designation of Beneficiary. A Participant may, in the manner determined by the Committee, designate a Beneficiary and one or more contingent Beneficiaries to receive any benefits which may be payable under the Plan upon his death. A Participant may revoke or change any designation made under this Section 6.1 in the manner determined by the Committee. If a Participant fails to designate a Beneficiary, the payment of benefits under the Plan on account of his death shall be governed by the beneficiary elections designated by the Participant under the Qualified Plan. If no designation has been made under the Qualified Plan, benefits will be paid to the Participant's spouse, if married, or to his estate, if single.

SECTION VII

TAXES

7.1 Withholding Taxes. Benefits paid under the Plan may be subject to federal, state and local income and payroll taxes. The Committee shall arrange for all such taxes to be paid in the manner required by law. The Participant's share of Social Security and Medicare ("FICA") taxes will be calculated proximate to the separation from service date and paid by deducting such amounts from a Participant's regular pay, if any. If no regular pay is available to pay FICA taxes due, such taxes will be deducted from any payments made under the Plan. If no payments are being made from which FICA taxes may be deducted, the Participant agrees to remit such taxes to the Company upon request. The company reserves the right to offset all unpaid taxes against the interest of a Participant under the Plan.

SECTION VIII

ADMINISTRATION

8.1 Administration. This Plan shall be administered by the Committee, which shall have complete authority in its sole discretion to make, amend, interpret and enforce rules and regulations for the administration of this Plan and decide or resolve in its sole discretion any and all questions which may arise in connection with this Plan. The Committee may delegate certain of its duties to one or more Employees or to a separate committee appointed by the Committee.

8.2 Employment of Agents. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may, from time to time, consult with counsel, including counsel to the Company.

8.3 Decisions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations hereunder shall be final and conclusive and binding upon all persons having any interest in this Plan.

SECTION IX

AMENDMENT AND TERMINATION

9.1 Amendment or Termination. The Committee reserves the right, by written resolution, to amend, modify or terminate, either retroactively or prospectively, any or all of the provisions of this Plan, provided such amendment or termination complies with Code Section 409A; provided, however, that no such action on its part shall adversely affect the rights of a Participant, or beneficiaries without the consent of such Participant (or beneficiaries, if the Participant is deceased) with respect to any benefits accrued under this Plan prior to the date of such amendment, modification or termination of the Plan if the Participant has at that time a non-forfeitable right to benefits under Section 3.3 of this Plan.

SECTION X

GENERAL CONDITIONS

10.1 Funding. The benefits payable under this Plan shall be paid by the Company out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

The Company may (but is not required to) establish one or more Trusts to which the Company may transfer such assets as the Company determines in its sole discretion to assist in meeting its obligations under the Plan. If a trust is established under the Plan, it is intended that the transfer of assets into the trust will not generate taxable income (for federal income tax purposes) to the Participants until such assets are actually distributed or otherwise made available to the Participants. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the Trust. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under the Plan.

10.2 Assignment. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether currently or thereafter payable hereunder, shall be void.

10.3 No Contract of Employment. No employee and no other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the employment of the Company. The right and power of the Company to dismiss or discharge any employee is expressly reserved.

10.4 Terms. All terms used in this Plan which are defined in the Qualified Plan shall have the same meaning herein as therein, unless otherwise expressly provided in this Plan.

10.5 Plan Provisions Govern. The rights under this Plan of a Participant who leaves the employment of the Company at any time and the rights of anyone entitled to receive any payments under this Plan by reason of the death of such Participant, shall be governed by the provisions of this Plan in effect on the date such Participant leaves the employment of the Company, except as otherwise specifically provided in this Plan.

10.6 Governing Law. The law of the Commonwealth of Virginia shall govern the construction and administration of this Plan, to the extent not pre-empted by federal law.

10.7 Compliance with Code Section 409A. To the extent applicable, this Plan is intended to comply with Section 409A of the Code, and the Committee shall interpret and administer the Plan in accordance therewith. In addition, any provision, including, without limitation, any definition, in this Plan document that is determined to violate the requirements of Section 409A of the Code shall be void and without effect and any provision, including, without limitation, any definition, that is required to appear in this Plan document under Section 409A of the Code that is not expressly set forth shall be deemed to be set forth herein, and the Plan shall be administered in all respects as if such provisions were expressly set forth. In addition, the timing of certain payment of benefits provided for under this Plan shall be revised as necessary for compliance with Section 409A of the Code.

SIGNATURE PAGE

As evidence of its adoption of the Genworth Financial, Inc. Retirement and Savings Restoration Plan, the Committee, as authorized by the Benefits Committee of the Company, has caused this document to be executed by a duly authorized officer.

GENWORTH FINANCIAL, INC.

By: *\/s/ Michael S. Laming*
Senior Vice President – Human Resources

Exhibit 10.49

GENWORTH FINANCIAL, INC.

DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2016)

GENWORTH FINANCIAL, INC.
DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2016)

TABLE OF CONTENTS

Preamble		1
ARTICLE 1 REFERENCES, CONSTRUCTION AND DEFINITIONS		**2**
1.1	Account	2
1.2	Adjustment Date	2
1.3	Affiliate	2
1.4	Authorized Leave of Absence	2
1.5	Beneficiary	2
1.6	Board	2
1.7	Bonus	2
1.8	Bonus Deferral Election	3
1.9	Cause	3
1.10	Code	3
1.11	Committee	3
1.12	Company	3
1.13	Compensation	3
1.14	Deferrals	3
1.15	Effective Date	3
1.16	Employee	3
1.17	ERISA	3
1.18	Participant	3
1.19	Participating Company	4
1.20	Plan	4
1.21	Plan Administrator	4
1.22	Plan Year	4
1.23	Salary	4
1.24	Salary Deferral Election	4
1.25	Service	4
1.26	Surviving Spouse	4
1.27	Termination of Employment	4
ARTICLE 2 ELIGIBILITY AND PARTICIPATION		**5**
2.1	Eligibility	5
2.2	Participation	5
2.3	Duration of Participation	5
ARTICLE 3 ACCUMULATION OF PLAN BENEFITS		**6**
3.1	Deferral Elections	6
3.2	Deferral Investments and Deemed Earnings	8

ARTICLE 4 DISTRIBUTION OF BENEFITS **10**
4.1 Termination Benefit 10
4.2 Specified Plan Year Benefit 11
4.3 Subsequent Elections 11
4.4 Special Distribution Election 11
4.5 Death 12
4.6 Payment of Plan Benefits Upon Termination for Cause 12
4.7 Distributions to Key Employees 12
4.8 Reemployment 12
4.9 Facility of Payment 12

ARTICLE 5 UNFORESEEABLE EMERGENCY PAYMENTS **12**

ARTICLE 6 ADJUSTMENTS **13**

ARTICLE 7 FORFEITURE **13**

ARTICLE 8 ADMINISTRATION OF THE PLAN **14**
8.1 Designation of Committee 14
8.2 Powers and Duties of the Committee 14
8.4 Instructions for Payments 14
8.5 Claims for Benefits 14
8.6 Hold Harmless 16
8.7 Service of Process 16

ARTICLE 9 DESIGNATION OF BENEFICIARIES **17**
9.1 Beneficiary Designation 17
9.2 Failure to Designate Beneficiary 17

ARTICLE 10 WITHDRAWAL OF PARTICIPATING COMPANY **17**
10.1 Withdrawal of Participating Company 17
10.2 Effect of Withdrawal 17

ARTICLE 11 AMENDMENT OR TERMINATION OF THE PLAN **18**
11.1 Right to Amend or Terminate the Plan 18
11.2 Notice 18

ARTICLE 12 GENERAL PROVISIONS AND LIMITATIONS **18**
12.1 No Right to Continued Employment 18
12.2 Payment on Behalf of Payee 19
12.3 Nonalienation 19
12.4 Missing Payee 19
12.5 Required Information 19
12.6 Binding Effect 20
12.7 Merger or Consolidation 20
12.8 Trust 20
12.9 Entire Plan 20

GENWORTH FINANCIAL, INC.
DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2016)

PREAMBLE

The primary purpose of this Genworth Financial, Inc. Deferred Compensation Plan ("Plan") is to allow certain members of management of Genworth Financial, Inc. ("Company") and Participating Companies to defer the receipt of a portion of their salary and bonuses.

This Plan is intended to comply with the requirements of Section 409A of the Internal Revenue Code and the regulations and other guidance issued thereunder, as in effect from time to time. To the extent a provision of the Plan is contrary to or fails to address the requirements of Code Section 409A, the Plan shall be construed and administered as necessary to comply with such requirements until this Plan is appropriately amended to comply with such requirements.

Effective September 27, 2005, the Company established this Plan, to further the economic interests of the Company and its affiliates by providing deferred compensation incentives to selected management members. This Plan is intended to enhance the long-term performance and retention of the management members selected to participate in this Plan. The Plan was most recently amended and restated effective as of November 1, 2007 (the "Prior Plan"). Effective as of November 11, 2008, the Prior Plan is amended and restated as set forth in this document to comply with Code Section 409A and for certain other purposes. Effective January 1, 2016, the Plan was frozen to future Deferrals. Participants will continue to receive payments according to any existing Bonus or Salary Deferral Elections, but no Participant shall be eligible to make an election with regard to Salary or Bonus earned on or after January 1, 2016.

This Plan is a "top-hat" plan within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As such, this Plan is subject to limited ERISA reporting and disclosure requirements, and is exempt from all other ERISA requirements. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. Distributions required or contemplated by this Plan or actions required to be taken under this Plan shall not be construed as creating a trust of any kind or a fiduciary relationship between the Company and any Participant, any Participant's designated beneficiary, or any other person.

ARTICLE 1
REFERENCES, CONSTRUCTION AND DEFINITIONS

Unless otherwise indicated, all references to Articles, Sections, and subsections shall be to the Plan as set forth in this document. The Plan and all rights thereunder shall be construed and enforced in accordance with ERISA and, to the extent that state law is applicable, the laws of the State of Virginia. The Article titles and the captions preceding Sections and subsections have been inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision. When the context so requires, the singular includes the plural. Whenever used herein and capitalized, the following terms have the respective meanings indicated unless the context plainly requires otherwise.

1.1 **"Account"** means, with respect to each Participant's Deferrals, the separate bookkeeping account adjusted as of each Adjustment Date as provided in Section 6.2. The Account may also be referred to as the Termination Benefit or the Specified Plan Year Benefit. Subaccounts shall be maintained within each Participant's Account.

1.2 **"Adjustment Date"** means each business day, and any other date upon or as of which accounts are adjusted as set forth in Article 6.

1.3 **"Affiliate"** means any corporation or trade or business which is a member of a controlled group of corporations or a group of businesses under common control (within the meaning of Sections 414(b) and (c) of the Code) of which the Company is a member, and any other entity required to be aggregated with the Company pursuant to Section 409A(d)(6) of the Code and the regulations (or similar guidance) thereunder.

1.4 **"Authorized Leave of Absence"** means either (a) a leave of absence authorized by the Participating Company provided that the Employee returns within the period specified; or (b) an absence required to be considered an Authorized Leave of Absence by applicable law.

1.5 **"Beneficiary"** means the beneficiary or beneficiaries designated by a Participant pursuant to Article 9 to receive the benefits, if any, payable on behalf of the Participant under the Plan after the death of such Participant, or, when there has been no such designation or an invalid designation, the individual or entity, or the individuals or entities, who will receive such amount.

1.6 **"Board"** means the Board of Directors of Genworth Financial, Inc.

1.7 **"Bonus"** means an annual variable bonus which is awarded and is payable by the Participating Company to the Employee for Service performed during a Plan Year. For this Plan, Bonus is taken into account for the year in which it is earned, regardless of the year in which it is paid.

1.8 **"Bonus Deferral Election"** means the Participant's annual irrevocable written election, made in accordance with Section 3.1 on the form provided by the Plan Administrator, to defer the receipt of a stipulated amount of Bonus. Amounts so deferred are called "Deferrals."

1.9 **"Cause"** means (i) the Participant's willful engagement in conduct which is injurious to the Company and/or its Affiliates, monetarily or otherwise; or (ii) the Participant's violation of material Company or Affiliate policy, or the Participant's breach of a noncompetition, confidentiality, or other restrictive covenant with respect to the Company or any of its Affiliates, that applies to the Participant; *provided, however,* that for purposes of clause (i) of this definition, no act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the act, or failure to act, was in the best interests of the Company and/or its Affiliates.

1.10 **"Code"** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to Sections of the Code are to such Sections as they may from time to time be amended or renumbered.

1.11 **"Committee"** means the Committee appointed by the Company and responsible for administering the Plan as provided in Article 8.

1.12 **"Company"** means Genworth Financial, Inc. and, where the context indicates, any Participating Company that adopts the Plan. The term Company also includes any successor corporation or firm of the Company which shall, by written agreement, assume the obligations of this Plan.

1.13 **"Compensation"** means, with respect to an Employee, Salary and Bonuses payable by the Participating Company to the Employee for Service.

1.14 **"Deferrals"** means amounts of Compensation deferred pursuant to a Bonus Deferral Election or a Salary Deferral Election.

1.15 **"Effective Date"** means September 27, 2005. The effective date of this amendment and restatement is January 1, 2016.

1.16 **"Employee"** means a person who is a common law employee of a Participating Company.

1.17 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as now in effect or as hereafter amended. All citations to Sections of ERISA are to such Sections as they may from time to time be amended or renumbered.

1.18 **"Participant"** means any individual who commenced participation in the Plan as provided in Article 2 and who is either (a) an Employee, or (b) a former Employee who is eligible for a benefit under the Plan.

1.19 **“Participating Company”** means the Company or an Affiliate which, by action of its board of directors or equivalent governing body and with the written consent of the Board, has adopted the Plan; provided that the Board may, subject to the foregoing provision, waive the requirement that such board of directors or equivalent governing body effect such adoption. By its adoption of or participation in the Plan, a Participating Company shall be deemed to appoint the Company its exclusive agent to exercise on its behalf all of the power and authority conferred by the Plan upon the Company and accept the delegation to the Committee of all the power and authority conferred upon it by the Plan. The authority of the Company to act as such agent shall continue until the Plan is terminated as to the Participating Company. The term “Participating Company” shall be construed as if the Plan were solely the Plan of such Participating Company, unless the context plainly requires otherwise.

1.20 **“Plan”** means the Genworth Financial, Inc. Deferred Compensation Plan as contained herein and as it may be amended from time to time hereafter.

1.21 **“Plan Administrator”** means the Committee.

1.22 **“Plan Year”** means the initial short plan year from the Effective Date to the next December 31. Thereafter, Plan Year means the calendar year ending on each December 31st.

1.23 **“Salary”** means, with respect to an Employee, cash base salary payable by the Participating Company to the Employee for Service with the Participating Company. Notwithstanding any provision in this Plan to the contrary, Salary shall not include Bonuses, but shall include any amount which would have been included in cash base salary but for the Participant’s election to defer payment of such amount under any provision of the Code, including, but not limited to, Sections 125, 132(f), 402(e)(3), 402(h)(1), 409A, or 457(b) of the Code.

1.24 **“Salary Deferral Election”** means the Participant’s annual irrevocable written election, made in accordance with Section 3.1 on the form provided by the Plan Administrator, to defer the receipt of a stipulated amount of Salary. Amounts so deferred are called “Deferrals.”

1.25 **“Service”** means actual employment with the Participating Company or any Affiliate, including service recognized by the Committee for periods prior to such actual employment.

1.26 **“Surviving Spouse”** means the survivor of a deceased Participant to whom such deceased Participant was legally married (as determined by the Committee) immediately before the Participant’s death.

1.27 **“Termination of Employment”** means a separation from service with a Participating Company or an Affiliate as determined by the Committee in accordance with the requirements of Section 409A of the Code and the

regulations (or similar guidance) thereunder, and in accordance with reasonable standards and policies adopted by the Committee; provided, however, that the transfer of an Employee from employment by one Participating Company or an Affiliate to employment by another Participating Company or Affiliate shall not constitute a Termination of Employment; and provided further that a Termination of Employment shall occur on the earlier of (a) or (b) where:

(a) is the date as of which an Employee resigns, is discharged, dies or terminates employment for any other reason, and

(b) is the first day of absence of an Employee who fails to return to employment at the expiration of an Authorized Leave of Absence.

ARTICLE 2
ELIGIBILITY AND PARTICIPATION

2.1 Eligibility. An Employee shall be eligible to become a Participant in the Plan if the Employee:

(a) is a member of the Participating Company's "select group of management or highly compensated employees," as defined in Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, as amended; and

(b) is designated in writing by the Committee as eligible.

2.2 Participation. Subject to the provisions of Article 3, an Employee who is eligible under Section 2.1 to become a Participant shall become a Participant upon the execution and delivery of a Salary Deferral Election or a Bonus Deferral Election under this Plan. No Salary or Bonus Deferral Election shall be valid until accepted by the Committee. No Salary Deferral Elections or Bonus Deferral Elections will be effective with respect to Salary or Bonus earned on or after January 1, 2016, and no Salary Deferrals or Bonus Deferrals will be permitted after such date. Deferrals made for Salary or Bonus earned (including earned but unpaid) on or before December 31, 2015 shall be paid pursuant to the terms of the applicable Deferral Election. For clarity, Deferrals of Salary or Bonus earned for services performed in 2015 (even if such 2015 Salary or Bonus is actually paid in 2015 or 2016) will not be affected by this freeze.

2.3 Duration of Participation. A Participant shall continue to be a Participant until the date the Participant is no longer entitled to a benefit under this Plan. However, the Committee may, in its sole and absolute discretion, determine that a Participant will cease to be eligible to make subsequent year Salary or Bonus Deferral Elections after becoming a Participant under this Article 2. Such revocation of eligibility shall have no effect on a Participant's current year deferral election, which are irrevocable as provided in Article 3.

ARTICLE 3
ACCUMULATION OF PLAN BENEFITS

3.1 **Deferral Elections.** An eligible Employee shall be eligible to make Salary or Bonus Deferral Elections as provided below. Deferrals of Salary and Deferrals of Bonus shall be accounted for in separate sub-accounts of the Participant's Account.

(a) **Procedures.** The Committee, in the exercise of its discretion, may decide with respect to each Plan Year whether to offer eligible Employees the option of making a Salary Deferral Election and/or a Bonus Deferral Election. For each Plan Year with respect to which Deferral elections are permitted, the following procedures shall apply:

(i) **Salary – First Year of Participation.** Except as noted below, an Employee shall have 30 days following the date the Employee first becomes eligible to participate in this Plan in which to execute and deliver to the Committee a Salary Deferral Election by which the Participant elects to defer a stipulated percentage of Salary to be earned during the portion of the Plan Year remaining after the Salary Deferral Election is made and which, but for such Salary Deferral Election, would be paid to the Participant. If an Employee is already eligible to participate in a different deferred compensation plan sponsored by the Company which, under the plan aggregation rules contained in Treasury Regulation 1.409A-1(c)(2), is considered to be the same type of plan as this Plan, the Employee shall not be eligible to make a Salary Deferral Election until the next Plan Year in accordance with subparagraph (iii) below. Notwithstanding the foregoing, no Deferral Election can be made for Salary earned on or after January 1, 2016, and no Deferrals based on such Salary shall be permitted.

(ii) **Bonus – First Year of Participation.** Except as noted below, an Employee shall have 30 days following the date the Employee first becomes eligible to participate in this Plan in which to execute and deliver to the Committee a Bonus Deferral Election by which the Participant elects to defer a stipulated percentage of Bonus to be earned during the portion of the Plan Year remaining after the Bonus Deferral Election is made and which, but for such Bonus Deferral Election, would be paid to the Participant. If an Employee is already eligible to participate in a different deferred compensation plan sponsored by the Company which, under the plan aggregation rules contained in Treasury Regulation 1.409A-1(c)(2),

is considered to be the same type of plan as this Plan, the Employee shall not be eligible to make a Bonus Deferral Election until the next Plan Year in accordance with subparagraph (iii) below. Notwithstanding the foregoing, no Deferral Election can be made for Bonus earned on or after January 1, 2016, and no Deferrals based on such Bonus shall be permitted.

(iii) **Salary – Subsequent Years of Participation.** Unless paragraph (i) above applies or the Plan Administrator imposes an earlier deadline through an annual enrollment program, an eligible Employee shall have until December 31 of each Plan Year to execute and deliver to the Committee a Salary Deferral Election providing for the Deferral of a stipulated percentage of Salary to be earned during the next Plan Year and which, but for such Salary Deferral Election, would be paid to the Participant. If the Participant fails to deliver a new Salary Deferral Election prior to the commencement of the new Plan Year, no Salary Deferral will be in effect during the new Plan Year. Notwithstanding the foregoing, no Deferral Election can be made for Salary earned on or after January 1, 2016, and no Deferrals based on such Salary shall be permitted.

(iv) **Bonus – Subsequent Years of Participation.** Unless paragraph (ii) above applies or the Plan Administrator imposes an earlier deadline through an annual enrollment program, an eligible Employee shall have until December 31 of each Plan Year to execute and deliver to the Committee a Bonus Deferral Election providing for the Deferral of a stipulated percentage of any Bonuses which the Employee may earn during the following Plan Year and which, but for such Bonus Deferral Election, would be paid to the Participant. If the Participant fails to deliver a new Bonus Deferral Election prior to the commencement of the new Plan Year, no Bonus Deferral will be in effect during the new Plan Year. Notwithstanding the foregoing, no Deferral Election can be made for Bonus earned on or after January 1, 2016, and no Deferrals based on such Bonus shall be permitted.

(v) **Payment Method and Time of Distribution.** An Employee shall designate in his or her Salary Deferral Election and/or Bonus Deferral Election with respect to each Plan Year the method for which Deferrals for such Plan Year plus deemed income allocations on such amounts will be paid, and whether such payment(s) will begin following the Participant's Termination of Employment or in a specified Plan Year, each as further described in Article 4.

(b) **Minimum Deferrals.** An eligible Employee is not required to make a Deferral Election for any Plan Year. However, if an eligible Employee makes a Deferral Election, the following minimums apply. These minimums may be modified by the Committee for a given Plan Year on the election forms for such Plan Year without the need of a formal plan amendment.

(i) **Minimum Salary Deferral Election.** The minimum Salary Deferral Election percentage an eligible Employee may make for a Plan Year is 10% of Salary.

(ii) **Minimum Bonus Deferral Election.** The minimum Bonus Deferral Election percentage an eligible Employee may make for a Plan Year is 25% of such eligible Employee's Bonus for a Plan Year; provided, however, that an eligible Employee may elect to defer 25% or more above a designated threshold amount of his or her Bonus, even if that results in an actual Deferral of less than 25% of the Employee's entire Bonus for that Plan Year.

(iii) **Minimum Deferral Amounts.** Notwithstanding the foregoing Sections 3.1(b)(i) and (ii), an eligible Employee is prohibited from making any Deferral election which, in the determination of the Committee, would result in Deferrals for a Plan Year of less than $1,000.00. The Committee, in the exercise of its discretion, may waive such minimum Deferral requirement(s) for any Participant with respect to one or more Plan Years.

(c) **Maximum Deferrals.** An eligible Employee may make a Salary Deferral Election which would result in Salary Deferrals for a Plan Year of up to 75% of Salary. An eligible Employee may make a Bonus Deferral Election which would result in Bonus Deferrals for a Plan Year of up to 85% of Bonus. These maximums may be modified by the Committee for a given Plan Year on the election forms for such Plan Year without the need of a formal plan amendment.

3.2 **Deferral Investments and Deemed Earnings.** The amount of all Deferrals shall be reflected in each Participant's Account as an account payable of the applicable Participating Company. Each Account shall be credited on each Adjustment Date with the amount of deemed income or loss as provided herein.

Subject to such limitations as may from time to time be required by law, imposed by the Company, or contained elsewhere in the Plan, and subject to such operating rules and procedures as may be imposed from time to time by the Company, prior to and effective for each Adjustment Date, each Participant may communicate to the Company a direction as to how his or her Account should be deemed to be invested among such categories of deemed investments as may be made available by the Company hereunder. Such direction shall designate the

percentage (in any whole percent multiples) of each portion of the Participant's Account that is requested to be deemed to be invested in such categories of deemed investments and shall be subject to the following rules:

(a) Any initial or subsequent deemed investment direction shall be made in such form (electronic or otherwise) as designated by the Committee from time to time and shall be effective as soon as practical after receipt.

(b) All amounts credited to each separate sub-account of the Participant's Account shall be deemed to be invested in accordance with the then effective deemed investment direction, and, as of the effective date of any new deemed investment direction, all or a portion of the Participant's Account at that date shall be reallocated among the designated deemed investment funds according to the percentages specified in the new deemed investment direction unless and until a subsequent deemed investment direction shall be filed and become effective. Thus, for example, a Participant may provide different investment directions for his Deferrals of Salary sub-account(s) and Deferrals of Bonus sub-account(s). A Participant may make changes to his or her deemed investment elections in the form and manner designated by the Committee up to a maximum of 12 times per Plan Year, but not to exceed one time per month. An election concerning deemed investment choices shall continue indefinitely as provided in the Participant's most recent written investment election or other form specified by the Company.

(c) If the Company receives an initial or revised deemed investment direction that it determines to be incomplete, unclear, or improper, the Company shall notify the Participant of the defect and the Participant's investment direction then in effect shall remain in effect (or, in the case of a deficiency in an initial deemed investment direction, the Participant shall be deemed to have filed no deemed investment direction) until the next Adjustment Date, unless the Company provides for, and permits the application of, corrective action prior thereto.

(d) If the Company possesses at any time directions as to the deemed investment of less than all of a Participant's Account, the Participant shall be deemed to have directed that the undesignated portion of his or her Account be deemed to be invested in a money market fund made available under the Plan as determined by the Company in its discretion.

(e) Each Participant hereunder, as a condition to his or her participation hereunder, agrees to indemnify and hold harmless the Company and its agents and representatives from any losses or damage of any kind relating to the deemed investment of the Participant's Account hereunder.

(f) The fact that an amount has been credited to a Participant's Account, as provided above, will not operate to vest in the Participant any right, title or interest in or to any benefit under the Plan. Vesting of such benefits shall occur only as herein set forth.

(g) Each reference in this Section to a Participant shall be deemed to include, where applicable, a reference to a Beneficiary.

ARTICLE 4
DISTRIBUTION OF BENEFITS

4.1 Termination Benefit

(a) **Eligibility.** Upon a Participant's Termination of Employment, the Participating Company shall pay the Participant the "Termination Benefit" described in this Section 4.1.

(b) **Payment Method and Timing.** A Participant may elect in his or her annual Salary Deferral Election and/or Bonus Deferral Election, in the manner and form required by the Committee, to receive, as a Termination Benefit, payment of such Plan Year's Deferrals plus deemed income allocations thereon either in a single lump sum payment or in five (5) or ten (10) annual installment payments. If elected, the annual installment payments with respect to any year's Deferrals shall be determined by dividing the balance of the Participant's Deferrals for such Plan Year by the remaining number of years in the original five (5) or ten (10) year period.

Upon Termination of Employment, the Participant's Salary Deferrals and/or Bonus Deferrals with respect to a Plan Year and payable as a Termination Benefit, shall be distributed to the Participant in a single lump sum payment or in annual installments payable over five (5) or ten (10) years as elected by the Participant; provided, however that, regardless of any contrary election, if a Participant's total Deferrals, including all sub-accounts under this Plan and any amounts of deferred compensation under other Company sponsored deferred compensation plan required to be aggregated with this Plan under Treasury Regulation 1.409A-1(c)(2) with respect to such Participant, upon Termination of Employment is $10,000 or less, the balance will be paid in a single lump sum payment on or before the later of December 31 of the calendar year in which the Termination of Employment occurred, or the 15th day of the third month following the Termination of Employment. Except as provided in the foregoing sentence, payment of the Termination Benefit will be made on July 1 of the Plan Year next following the Plan Year during which the Participant's Termination of Employment occurred.

4.2 Specified Plan Year Benefit

(a) **General Rule.** In lieu of receiving a Termination Benefit with respect to Deferrals for a Plan Year as described in Section 4.1, each Participant may irrevocably elect in his or her annual Salary Deferral Election and/or Bonus Deferral Election, in the manner and form required by the Committee, to receive payment of such Plan Year's Deferrals plus deemed income allocations thereon, in a single lump sum payment on July 1 of the Plan Year specified by the Participant. Such Plan Year shall be at least two calendar years after the Plan Year to which the Deferrals relate.

(b) **Intervening Termination of Employment.** In the event a Participant has elected to receive a Specified Plan Year Benefit for some or all of his or her Deferrals and the Participant incurs a Termination of Employment prior to the beginning of the calendar year in which such Specified Plan Year Benefit was scheduled to commence in accordance with Section 4.2(a), the Specified Plan Year Benefit shall instead be distributed as a lump sum payment on July 1 of the Plan Year next following the Plan Year during which the Participant's Termination of Employment occurred.

4.3 **Subsequent Elections.** Notwithstanding the preceding, a Participant may, with the approval of the Committee, elect (i) to change the method of distribution with respect to a Termination Benefit under Section 4.1 from a lump sum to 5 or 10 annual installments, or from 5 annual installments to 10 annual installments, or (ii) to delay the timing of any distribution with respect to a Termination Benefit under Section 4.1 or a Specified Plan Year Benefit under Section 4.2. Such subsequent election shall not take effect for at least twelve (12) months after it is made, and the first payment with respect to such subsequent election must be deferred for at least five (5) years from the date such payment would otherwise have been made. Further, any subsequent election with respect to a Specified Plan Year Benefit under Section 4.2 may not be made less than twelve (12) months prior to the date of the scheduled payment to which it relates.

Notwithstanding anything to the contrary in the Plan, this Section 4.3 shall be construed so as to comply with the requirements of Section 409A(a)(2)(A)(iv) and 409A(a)(4)(C) of the Code and the regulations (or similar guidance) issued thereunder.

4.4 **Special Distribution Election.** Notwithstanding anything herein to the contrary, as permitted under the transition rules and relevant guidance under Code Section 409A, the Committee may, in its sole discretion, provide a Participant with a one-time opportunity to submit an election, in the form and manner required by the Committee and prior to December 31, 2008 (or such earlier date as determined by the Committee), to change the Participant's previously-elected time and form of payment with respect to the Participant's Deferrals (the "Special Distribution Election") to (i) a Termination Benefit to be paid in accordance with Section 4.1 either in a single lump sum payment or in five (5) or ten (10) annual installment payments, or (ii) a Specified Plan Year Benefit to be paid in a designated Plan Year in accordance with Section 4.2 hereof; *provided, however*, that if the

Participant makes a Special Distribution Election and selects 2009 as the Plan Year for distribution of a Specified Plan Year Benefit, the lump sum payment shall be paid on January 2, 2009. If a Special Distribution Election form is not timely submitted prior to December 31, 2008 (or such earlier date as determined by the Committee), the Participant's existing deferral elections shall remain unchanged.

4.5 Death. If a Participant dies before beginning distributions, or dies after beginning distributions but before receiving distribution of his entire Termination Benefit or Specified Plan Year Benefit, if applicable, the Participant's Termination Benefit or Specified Plan Year Benefit elected for each Plan Year's Deferrals will be paid to the Participant's Beneficiary(ies) according to the payment method(s) and at the time(s) elected by the Participant.

4.6 Payment of Plan Benefits Upon Termination for Cause. Subject to Article 7, when a Participant is terminated for Cause, the Participant's Termination Benefit will be distributed according to the payment method(s) and at the time(s) elected by the Participant.

4.7 Distributions to Key Employees. Notwithstanding any other provision of this Plan to the contrary, for purposes of Section 409A(a)(2)(A)(i) of the Code, in the case of a specified employee as determined in accordance with Section 409A of the Code and related guidance, in no event shall a benefit payment payable as a result of the Participant's separation from service begin earlier than the date which is six (6) months following the date of the Participant's separation from service.

4.8 Reemployment. If a Participant who has incurred a Termination of Employment again becomes an Employee, such reemployment shall not change, suspend, delay, or otherwise affect payment of the Participant's Termination Benefit.

4.9 Facility of Payment. If, in the Committee's opinion, a Participant or other person entitled to benefits under the Plan is under a legal disability or is in any way incapacitated so as to be unable to manage his financial affairs, payment will be made to the conservator or other person legally charged with the care of his person or his estate or, if no such legal conservator will have been appointed, then to any individual (for the benefit of such Participant or other person entitled to benefits under the Plan) whom the Committee may from time to time approve.

ARTICLE 5
UNFORESEEABLE EMERGENCY PAYMENTS

In the event a Participant incurs a financial hardship as a result of an "unforeseeable emergency" (as such term is defined below), the Participant may apply to the Committee for the distribution of all or a portion of the Participant's Account. The application shall provide such information and be in such form as the Committee shall require. The Committee, in the exercise of its sole and absolute discretion, may approve or deny the

request in whole or in part, and shall direct the Participating Company accordingly. The term "unforeseeable emergency" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. In no event may the amounts distributed with respect to an unforeseeable emergency exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). Notwithstanding any provision in the Plan to the contrary, any payment made pursuant to this Section 5.1 shall comply with Section 409A(a)(2)(A)(vi) of the Code and the regulations (or similar guidance) promulgated thereunder (or any successor provisions).

ARTICLE 6
ADJUSTMENTS

6.1 **Accounts.** The Committee shall establish and cause to be maintained with respect to each Participant's Deferrals and income allocations separate subaccounts as part of the Participant's Account, and as of each Adjustment Date shall adjust each subaccount as provided in this Article 6.

6.2 **Adjustments to Account.** As of each Adjustment Date, the Committee shall adjust each Account by the following:

(a) **Unforeseeable Emergency Payments.** The Account shall be reduced by the amount of Deferrals distributed pursuant to Article 5 and allocable to the account.

(b) **Income Allocations.** Deemed income or loss allocations for the period since the last Adjustment Date shall be credited or debited to the Account, as the case may be.

(c) **Deferrals.** Deferrals, if any, made since the last Adjustment Date and allocable to the account shall be added to the Account.

ARTICLE 7
FORFEITURE

Notwithstanding any provision in this Plan to the contrary, no benefit whatsoever shall be paid to or on behalf of any Participant under this Plan if the Participant defrauds a Participating Company or an Affiliate or embezzles money or property of a Participating Company or an Affiliate.

ARTICLE 8
ADMINISTRATION OF THE PLAN

8.1 Designation of Committee. For purposes of this Plan, the Committee shall be the Benefits Committee appointed by the Board unless the Board designates another committee or officer to administer the Plan or any portion thereof.

8.2 Powers and Duties of the Committee. The Committee shall have general responsibility for the administration of the Plan (including but not limited to complying with reporting and disclosure requirements (if any), and establishing and maintaining Plan records). In the exercise of its sole and absolute discretion, the Committee shall interpret the Plan's provisions and determine the eligibility of individuals for benefits. The Committee shall interpret the Plan in such a way as to meet the requirements of Section 409A of the Code and any regulations and guidance issued thereunder.

8.3 Agents. The Committee may engage such legal counsel, certified public accountants and other advisers and service providers, who may be advisers or service providers for the Participating Company or an Affiliate, and make use of such agents and clerical or other personnel, as it shall require or may deem advisable for purposes of the Plan. The Committee may rely upon the written opinion of any legal counsel or accountants engaged by the Committee, and may delegate to any such agent or to any subcommittee or member of the Committee its authority to perform any act hereunder, including, without limitation, those matters involving the exercise of discretion, provided that such delegation shall be subject to revocation at any time at the discretion of the Committee.

8.4 Instructions for Payments. All requests of or directions to the Participating Company for payment or disbursement shall be signed by a member of the Committee or such other person or persons as the Committee may from time to time designate in writing. This person shall cause to be kept full and accurate accounts of payments and disbursements under the Plan.

8.5 Claims for Benefits.

(a) Initial Claims. Any Employee, Beneficiary, or his duly authorized representative may file a claim for a benefit to which the claimant believes that he is entitled. Such a claim must be in writing and delivered to the Committee in person or by mail, postage paid. Within ninety (90) days after receipt of such claim, the Committee shall send to the claimant, by mail, postage prepaid, notice of the granting or denying, in whole or in part, of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed ninety (90) days from the end of the initial period. If such extension is necessary, the claimant will be given a written notice to this effect prior to the expiration of the initial 90-day period. The Committee shall have full

discretion to deny or grant a claim in whole or in part. If notice of the denial of a claim is not furnished in accordance with this Section 8.5(a), the claim shall be deemed denied and the claimant shall be permitted to exercise his right to review pursuant to subsections (c) and (d).

(b) **Requirement for Written Notice of Claim.** The Committee shall provide a written notice to every claimant who is denied a claim for benefits under this Article. Such written notice shall set forth in a manner calculated to be understood by the claimant, the following information:

(i) The specific reason or reasons for the adverse determination.

(ii) Reference to the specific Plan provisions on which the determination was based.

(iii) A description of any additional material or information necessary for the Participant to perfect the claim and an explanation of why such material or information is necessary.

(iv) A description of the Plan's review procedures, incorporating any voluntary appeal procedures offered by the Plan, and the time limits applicable to such procedures, including a statement of the Participant's right to bring a civil action under Section 502 of ERISA following an adverse benefit determination on review.

(v) A statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim.

(c) **Appeals.** Within sixty (60) days after the receipt by the claimant of written notification of the denial (in whole or in part) of his claim, the claimant or his duly authorized representative may make a written application to the Committee, in person or by certified mail, postage prepaid, to be afforded a review of such denial; may review pertinent documents; and may submit issues and comments in writing.

(d) **Disposition of Disputed Claims.** Upon receipt of a request for review, the Committee shall make a prompt decision on the review matter. The decision on such review shall be written in a manner calculated to be understood by the Participant and shall include:

(i) The specific reason or reasons for the adverse decision;

(ii) Reference to the specific plan provisions on which the benefit determination is based;

(iii) A statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Participant's claim for benefits; and

(iv) A statement describing any voluntary appeal procedures offered by the Plan and the Participant's right to obtain the information about such voluntary appeal procedures (if applicable), and a statement of the Participant's right to bring action under Section 502(a) of ERISA.

The decision upon review shall be made not later than sixty (60) days after the Committee's receipt of a request for a review, unless special circumstances require an extension of time for processing and the Participant is informed of the need for the extension within the initial sixty (60) day period. When an extension is necessary, a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If notice of the decision on the review is not furnished in accordance with this Section 8.5(d), the claim shall be deemed denied and the Participant shall be permitted to exercise his right to a legal remedy.

8.6 **Hold Harmless.** To the maximum extent permitted by law, no member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on such member's behalf in such member's capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from the Company's own assets), each member of the Committee and each other officer, Employee, or director of the Company or an Affiliate to whom any duty or power relating to the administration or interpretation of the Plan against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

8.7 **Service of Process.** The Secretary of the Company or such other person designated by the Board shall be the agent for service of process under the Plan.

ARTICLE 9
DESIGNATION OF BENEFICIARIES

9.1 Beneficiary Designation. Every Participant shall file with the Committee a written designation (on a form provided by the Plan Administrator) of one or more persons as the Beneficiary who shall be entitled to receive the benefits, if any, payable under the Plan after the Participant's death. A Participant may from time to time revoke or change such Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of any date prior to such receipt. All decisions of the Committee concerning the effectiveness of any Beneficiary designation, and the identity of any Beneficiary, shall be final. If a Beneficiary shall die after the death of the Participant and prior to receiving the payment(s) that would have been made to such Beneficiary had such Beneficiary's death not occurred, then for the purposes of the Plan the payment(s) that would have been received by such Beneficiary shall be made to the Beneficiary's estate.

9.2 Failure to Designate Beneficiary. If no Beneficiary designation is in effect at the time of a Participant's death, the benefits, if any, payable under the Plan after the Participant's death shall be made to the Participant's Surviving Spouse, if any, or if the Participant has no Surviving Spouse, to the Participant's estate. If the Committee is in doubt as to the right of any person to receive such benefits, the Committee may direct the Participating Company to withhold payment, without liability for any accruals thereon, until the rights thereto are determined, or the Committee may direct the Participating Company to pay any such amount into any court of appropriate jurisdiction and such payment shall be a complete discharge of the liability of the Participating Company therefor.

ARTICLE 10
WITHDRAWAL OF PARTICIPATING COMPANY

10.1 Withdrawal of Participating Company. A Participating Company (other than the Company) may withdraw from participation in the Plan by giving the Board prior written notice approved by resolution by its board of directors or similar governing body specifying a withdrawal date, which shall be the last day of a month at least 30 days subsequent to the date which notice is received by the Board. The Participating Company shall withdraw from participating in the Plan if and when it ceases to be either a division of the Company or an Affiliate. The Board may require the Participating Company to withdraw from the Plan, as of any withdrawal date the Board specifies.

10.2 Effect of Withdrawal. A Participating Company's withdrawal from the Plan shall not in any way modify, reduce, or otherwise affect the Participating Company's obligations incurred before the withdrawal, as such obligations are defined under the provisions of the Plan existing immediately before the withdrawal. Withdrawal from the Plan by any Participating Company shall not in any way affect any other Participating Company's participation in the Plan.

ARTICLE 11
AMENDMENT OR TERMINATION OF THE PLAN

11.1 Right to Amend or Terminate the Plan

(a) The Board reserves the right at any time to amend or terminate the Plan (provided such amendment or termination complies with requirements under Section 409A) by corporate resolution, in whole or in part, and for any reason and without the consent of any Participating Company, Participant, or Beneficiary. In addition, the Board may amend the Plan retroactively to the extent required to qualify the Plan under Section 409A of the Code, provided that no such amendment may reduce any Participant's Account. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Board.

(b) The Committee may adopt any ministerial and nonsubstantive amendment which may be necessary or appropriate to facilitate the administration, management, and interpretation of the Plan, provided the amendment does not materially affect the currently estimated cost to the Participating Companies of maintaining the Plan. Each Participating Company by its participation in the Plan shall be deemed to have delegated this authority to the Committee.

(c) In no event shall an amendment or termination modify, reduce, or otherwise affect the Participating Company's obligations under the Plan made before the amendment or termination, as such obligations are defined under the provisions of the Plan and the trust existing immediately before such amendment or termination.

11.2 Notice. Notice of any amendment or termination of the Plan shall be given by the Board or the Committee, whichever adopts the amendment, to the other and all Participating Companies.

ARTICLE 12
GENERAL PROVISIONS AND LIMITATIONS

12.1 No Right to Continued Employment. Nothing contained in the Plan shall give any Employee the right to be retained in the employment of the Participating Company or Affiliate or affect the right of any such employer to dismiss any Employee. The adoption and maintenance of the Plan shall not constitute a contract between any Participating Company and Employee or consideration for, or an inducement to or condition of, the employment of any Employee.

12.2 Payment on Behalf of Payee. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for such person's affairs because of illness or accident, or is a minor, or had died, then any payment due such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so elects, be paid to such person's spouse, a child, a relative, an institute maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Plan and the Participating Company therefor.

12.3 Nonalienation. No interest, expectancy, benefit, payment, claim, or right of any Participant or Beneficiary under the Plan shall be (a) subject in any manner to any claims of any creditor of the Participant or Beneficiary; (b) subject to the debts, contracts, liabilities or torts of the Participant or Beneficiary; or (c) subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind. If any person shall attempt to take any action contrary to this Section, such action shall be null and void and of no effect, and the Committee and the Participating Company shall disregard such action and shall not in any manner be bound thereby and shall suffer no liability on account of its disregard thereof. If the Participant, Beneficiary, or any other beneficiary hereunder shall become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right hereunder, then such right or benefit shall, in the discretion of the Committee, cease and terminate, and in such event the Committee may hold or apply the same or any part thereof for the benefit of the Participant or Beneficiary or the spouse, children, or other dependents of the Participant or Beneficiary, or any of them, in such manner and in such amounts and proportions as the Committee may deem proper.

12.4 Missing Payee. If the Committee cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, and if, after five years from the date such payment is due, a notice of such payment due is mailed to the last known address of such person, as shown on the records of the Committee or the Participating Company, and within three months after such mailing such person has not made written claim therefor, the Committee, if it so elects, after receiving advice from counsel to the Plan, may direct that such payment and all remaining payments otherwise due to such person be canceled on the records of the Plan and the amount thereof forfeited, and upon such cancellation, the Participating Company shall have no further liability therefor, except that, in the event such person later notifies the Committee of such person's whereabouts and requests the payment or payments due to such person under the Plan, the amounts otherwise due but unpaid as of the date payment would have been made shall be paid to such person without accruals due to late payment.

12.5 Required Information. Each Participant shall file with the Committee such pertinent information concerning himself or herself, such Participant's Beneficiary, or such other person as the Committee may specify, and no Participant, Beneficiary, or other person shall have any rights or be entitled to any benefits under the Plan unless such information is filed by or with respect to the Participant.

12.6 Binding Effect. Obligations incurred by the Participating Company pursuant to this Plan shall be binding upon and inure to the benefit of the Participating Company, its successors and assigns, and the Participant and the Participant's Beneficiary.

12.7 Merger or Consolidation. In the event of a merger or consolidation by the Participating Company with another corporation, or the acquisition of substantially all of the assets or outstanding stock of the Participating Company by another corporation, then and in such event the obligations and responsibilities of the Participating Company under this Plan shall be assumed by any such successor or acquiring corporation, and all of the rights, privileges, and benefits of the Participants and Beneficiaries hereunder shall continue.

12.8 Trust. Notwithstanding anything to the contrary in the Plan, the Company may establish a grantor trust, which may be an irrevocable "rabbi trust," to assist it and other Participating Companies in funding Plan obligations, and any payments made to a Participant or Beneficiary from such trust shall relieve the Participating Company from any further obligations under the Plan only to the extent of such payment. The trust shall be a domestic trust maintained in the United States. The Company shall pay all management and other fees associated with the administration of the trust established pursuant to this Section. Notwithstanding any other provisions of the Plan, the assets of the trust shall remain the property of the Company, and shall be subject to the claims of creditors in the event of bankruptcy or insolvency, as provided in the trust agreement.

12.9 Entire Plan. This document and any written amendments hereto, the Deferral elections, and the Beneficiary designations contain all the terms and provisions of the Plan and shall constitute the entire Plan, any other alleged terms or provisions being of no effect.

Exhibit 10.50

Genworth Financial, Inc.
Amended and Restated
2014 Change of Control Plan

Amended and Restated as of January 1, 2016

1. Purpose. The purpose of the Plan is to enable the Company to offer certain protections to a selected group of key employees of the Company if their employment is terminated in connection with a Change of Control. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Section 2.

2. Definitions.

a. "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

b. "Base Salary" shall mean the Participant's annual base salary in effect on the date of termination of the Participant's employment with the Company, including amounts not currently includible in gross income by reason the Participant's election to defer such amounts under a cafeteria plan, 401(k) plan, or nonqualified deferred compensation plan of the Company or an Affiliate.

c. "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

d. "Board" shall mean the board of directors of the Company as constituted from time to time.

e. "Bonus" shall mean the Participant's target annual cash bonus for the year in which the Participant's employment is terminated.

f. "Business Unit Sale" shall mean the Company's sale or disposition of all or any portion of a business unit.

g. "Cause" shall mean (with regard to a Participant's termination of employment with the Company, the removal of a Participant from being a Participant under the Plan, or the reduction in a Participant's tier level under the Plan) the Committee's good faith determination that: (i) the Participant has willfully and continually failed to substantially perform his or her duties with the Company and its Affiliates as determined by the Committee; (ii) the Participant has committed, been convicted of or pled guilty or nolo contendere (or any similar plea or admission) to any felony or any act of fraud, misappropriation or embezzlement; (iii) the Participant has willfully engaged in conduct (other than conduct covered under clause (i) above) which, in the good faith judgment of the Committee, is injurious to the Company and/or its Affiliates, monetarily or otherwise; or (iv) the Participant has materially violated or breached any policy of the Company or an Affiliate, the terms of this Plan, or any applicable noncompetition, confidentiality, or other restrictive covenant with respect to the Company or any of its Affiliates (including, without limitation, the restrictive covenants contained in Section 5 of this Plan).

h. “Change of Control” shall mean any of the following events:

i. Any Person becomes the Beneficial Owner of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of its directors (the “Outstanding Company Voting Securities”); *provided, however,* that for purposes of this Section 2(h), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, including without limitation, a public offering of securities; (B) any acquisition by the Company or any of its Affiliates; (C) any acquisition by any employee benefit plan or related trust sponsored or maintained by the Company or any of its Affiliates; or (D) any acquisition by any corporation pursuant to a transaction which complies with Section 2(g)(iii);

ii. Individuals who constitute the Board of Directors as of the Effective Date (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; *provided*, *however*, that any individual becoming a director of the Company subsequent to the Effective Date whose election to the Board of Directors, or nomination for election by the Company’s stockholders, was approved by a vote of (A) at least a majority of the directors then comprising the Incumbent Board, (B) a vote of at least a majority of any nominating committee of the Board of Directors, which nominating committee was designated by a vote of at least a majority of the directors then comprising the Incumbent Board, or (C) in the case of a director appointed to fill a vacancy in the Board of Directors, at least a majority of the directors entitled (under Section 6 of Article VII of the Amended and Restated Certificate of Incorporation of the Company) to elect such director (so long as at least a majority of such directors voting in favor of the director filling the vacancy are themselves members of (or considered to be pursuant to this definition members of) the Incumbent Board) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election or removal of the directors of the Company or other actual or threatened solicitation of proxies of consents by or on behalf of a Person other than the Board of Directors;

iii. Consummation of a reorganization, merger, or consolidation to which the Company is a party or a sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), unless, following such Business Combination, all or substantially all of the individuals and entities who were the Beneficial Owners of Outstanding Company Voting Securities immediately prior to such Business Combination are the Beneficial Owners, directly or indirectly, of more than fifty percent (50%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from the Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) (the “Successor Entity”) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities; or

iv. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

i. “Change of Control Date” shall mean the date on which the Change of Control occurs.

j. “Code” shall mean the Internal Revenue Code of 1986, as amended.

k. “Committee” shall mean the Management Development and Compensation Committee of the Board, or such other committee appointed or designated by the Board from time to time to administer the Plan. Notwithstanding the foregoing, if no Committee exists which has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board, and all references herein to the Committee shall be deemed to be references to the Board.

l. “Company” shall mean Genworth Financial, Inc., a Delaware corporation, and any successor thereto as provided in Section 13.

m. “Competitive Services” shall mean the lines of business and services with which a Participant is actively involved in conducting business on behalf of the Company at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

n. “Director” shall mean any individual who is a member of the Board.

o. “Disability” shall mean a permanent disability that would make a Participant eligible for benefits under the long-term disability program maintained by the Company or any of its Affiliates or in the absence of any such program, such meaning as the Committee shall determine.

p. “Effective Date” shall mean December 17, 2014.

q. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

r. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

s. “Good Reason” shall mean (i) relocation of the Participant’s principal business location to an area outside a 50 mile radius of its current location; (ii) any reduction in the Participant’s compensation (including Base Salary and Bonus), a substantial reduction in the benefits provided to the Participant, and/or any failure to timely pay any part of the Participant’s compensation when due (including Base Salary and Bonus) or any benefits due under any benefit plan, program or arrangement; provided, however, that Company-initiated across-the-board reductions in compensation or benefits affecting substantially all Company employees shall alone not

be considered Good Reason, unless the compensation reductions exceed fifteen percent (15%) of pay (Base Salary plus Bonus); or (iii) any significant and material diminution in the Participant's duties or responsibilities from that which exists on the Change of Control Date, excluding for this purpose (1) isolated and inadvertent actions not taken in bad faith and remedied by the Company promptly after the Company receives notice from the Participant, and (2) any diminution in duties or responsibilities with respect to the Participant's continuing employment with the Company relating to a Business Unit Sale; provided, however, that a change in title or reporting relationship alone shall not constitute Good Reason; provided, further, that any event described in clauses (i) through (iii) above shall constitute Good Reason only if the Company fails to rescind or remedy such event within 30 days after receipt from the Participant of written notice of the event which constitutes Good Reason; provided, further, that Good Reason shall cease to exist for an event or condition described in clauses (i) through (iii) above on the 90th day following its occurrence, unless the Participant has given the Company written notice thereof prior to such date.

For purposes of determining the amount of any cash payment payable to the Participant in accordance with the provisions of Section 3(a), any reduction in compensation or benefits that would constitute Good Reason hereunder shall be deemed not to have occurred.

t. "Non-Competition Period" shall mean the 12-month period commencing upon a Qualified Termination.

u. "Omnibus Plans" shall mean the 2004 Genworth Financial, Inc. Omnibus Incentive Plan and the 2012 Genworth Financial, Inc. Omnibus Incentive Plan, each as amended from time to time, or any successor plans providing for the grant or award of equity-based compensation to the Company's employees, officers and directors. With respect to a Participant in this Plan, the provisions of this Plan shall override the provisions of the Omnibus Plan and award agreements thereunder related to a Change of Control, except the provisions of the Omnibus Plan or related award agreements that apply when, pursuant to a Change of Control, a successor entity does not assume and maintain an award granted under the Omnibus Plan.

v. "Participant" shall mean each key employee of the Company or any of its Affiliates who has: (i) been selected by the Committee in its sole discretion and designated in writing as eligible for participation herein, and (ii) signed an acknowledgment and consent letter agreeing to the terms and conditions set forth in the Plan and the Participant's designed Tier level. The Committee will review the list of Participants on a periodic basis, and may add or remove Participants at its discretion, provided, however, that any removal of a Participant shall not be effective within 180 days prior to a Change of Control.

w. "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

x. “Plan” shall mean this Genworth Financial, Inc. 2014 Change of Control Plan, as may be amended from time to time.

y. Prohibited Competitor” shall mean no greater than ten (10) specifically named entities, identified by the Company, that compete with the Company in the Restricted Territory with respect to the Competitive Services at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

z. “Qualified Termination” shall mean, subject to Section 11 of this Plan, within 24 full calendar months after a Change of Control as defined in Section 2(h), a termination of the Participant’s employment by the Company without Cause (and not as a result of the Participant’s death or Disability), or by the Participant for Good Reason. Notwithstanding the preceding sentence, in no event shall a Participant’s termination of employment with the Company constitute a Qualified Termination if such termination occurs as a result of or in connection with a Business Unit Sale and either (i) the Participant is offered employment with a successor entity in connection with the Business Unit Sale and the terms of such employment offer would not constitute Good Reason, or (ii) the Participant accepts employment with a successor entity in connection with the Business Unit Sale.

aa. “Restricted Period” shall mean the 24-month period commencing upon a Qualified Termination.

bb. “Restricted Territory” shall mean the territory in which a Participant is conducting business on behalf of the Company at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 5.

cc. “Severance Benefits” shall mean the severance benefits described in Section 3(a).

dd. “Tier I Executives” shall mean the executives determined by the Committee in its sole discretion from time to time prior to the Change of Control Date to be Tier I Executives and identified as such in the records of the Plan maintained by the Company at any time during the period.

ee. “Tier II Executives” shall mean the executives determined by the Committee in its sole discretion from time to time prior to the Change of Control Date to be Tier II Executives and identified as such in the records of the Plan maintained by the Company at any time during the period.

3. Benefits.

a. Severance Benefits. Subject to Sections 4, 5, 6 and 7, if the Participant has a Qualified Termination, the Participant shall be eligible to receive the following payments and benefits:

i. a lump sum cash payment (net of applicable taxes and withholdings) of accrued but unpaid salary and accrued but unused vacation as of the date of the Participant's Qualified Termination (net of applicable taxes and withholdings), payable in accordance with the Company's normal payroll practices (typically within 15 days following the date of termination), or earlier if required by applicable law;

ii. a lump sum cash payment (net of applicable taxes and withholdings) based on the Participant's annual bonus that would have been payable with respect to the fiscal year in which the Qualified Termination occurs (determined based on actual pro rata performance as of the date of the Participant's Qualified Termination, to the extent such performance can be reasonably established in the sole discretion of the Committee, or otherwise based on the Participant's target Bonus amount, if such performance cannot be reasonably established in the sole discretion of the Committee), prorated to the nearest half-month to reflect the portion of the fiscal year that had elapsed prior to the Participant's Qualified Termination;

iii. a lump sum cash payment (net of applicable taxes and withholdings) based on the Participant's position as of the date of the Participant's Qualified Termination, as follows:

A. Tier I Executives: 2.5 times Base Salary, plus 2.5 times Bonus; or

B. Tier II Executives: 2.0 times Base Salary, plus 2.0 times Bonus;

iv. subject to Section 11 of this Plan, all performance-based equity awards granted to the Participant by the Company under the Omnibus Plans shall become vested and shall be deemed earned based on actual pro rata performance as of the date of the Participant's Qualified Termination, to the extent such performance can be reasonably established in the sole discretion of the Committee, or otherwise based on an assumed achievement of all relevant performance goals at "target" levels, if actual pro rata performance cannot be reasonably established in the sole discretion of the Committee; and shall pay out pro rata (to the nearest half-month) based on the portion of the performance period elapsed on the effective date of the Qualified Termination;

v. subject to Section 11 of this Plan, all stock options, restricted stock units and other time-vesting equity awards granted to the Participant by the Company under the Omnibus Plan shall immediately become vested and exercisable in full and/or all restrictions on all shares subject to awards shall lapse (regardless of whether such stock options, restricted stock units or other equity-based awards were vested and exercisable or subject to restrictions as of the date of the Participant's Qualified Termination or the Change of Control), with any stock options or other equity-based awards remaining exercisable for the remainder of their stated term;

vi. full and immediate vesting of any benefit under any funded or unfunded nonqualified pension, retirement or deferred compensation plan now or hereafter maintained by the Company in which the Participant participates, with payment to be made at such time and in accordance with the terms of such plan(s); and

vii. except to the extent the following violates section 2716 of the Public Health Service Act (as added by Section 1001 of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act) or any other applicable law, the following health and welfare benefits:

A. Continuation of the Participant's coverage under the Company's Group Life Insurance Plan for up to 18 months following the Qualified Termination. The coverage continued in accordance with this Plan will be subject to the modifications made to the same coverage during the 18 month period that is maintained by similarly situated participants who have not terminated employment; and

B. Payment of a lump sum cash payment (net of applicable taxes and withholdings), payable within 60 days following the Participant's Qualified Termination, equal to the monthly cost to provide group medical, dental, vision and/or prescription drug plan benefits sponsored by the Company and maintained by the Participant as of the date of the Participant's termination of employment, multiplied by 18. For purposes of this Section 3(a)(vii)(B), the cost of such benefits will be calculated based on the "applicable premium" determined in accordance with Code Section 4980B(f)(4) and the regulations issued thereunder (less the 2% administrative fee and less the active-employee rate for such coverage) for the year in which the termination of employment occurs.

Subject to Section 11 of this Plan, Severance Benefits described in paragraphs (ii) through (iv) above shall be paid within sixty (60) days following the Participant's Qualified Termination in accordance with the provisions of this Section 3(a). Consistent with Section 11, if a Participant becomes entitled to the Severance Benefits described in paragraphs (ii) through (v) above during a period in which he or she is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes), the payment of such benefits (but not the vesting of such benefits) shall be delayed until the earlier of the Participant's death or the first business day of the seventh month following the Participant's separation from service.

b. Death Benefits. If a Participant dies after becoming entitled to Severance Benefits hereunder but before receiving full payment, such remaining benefits will be paid to the Participant's estate as soon as practicable after his or her death.

c. Non-Duplication of Benefits. A Participant entitled to Severance Benefits under this Plan shall not be eligible to receive any severance, layoff or termination benefits provided under any other agreement, plan, program or arrangement maintained or sponsored by the Company, including, without limitation, the Company's Layoff Payment Plan and the Company's 2015 Key Employee Severance Plan. In addition, if any termination payments made to a Participant by the Company are related to an actual or potential liability under the Worker Adjustment and Retraining Notification Act (WARN) or similar law, such amounts shall reduce (offset) the Participant's Severance Benefit under this Plan.

4. Mandatory Reduction of Payments in Certain Events.

a. Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of a Participant (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then, prior to the making of any Payment to the Participant, a calculation shall be made comparing (i) the net benefit to the Participant of the Payment after payment of the Excise Tax, to (ii) the net benefit to the Participant if the Payment had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then the Payment shall be limited to the extent necessary to avoid being subject to the Excise Tax (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the Change of Control, as determined by the Determination Firm (as defined in Section 4(b) below). For purposes of this Section 4, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 4, the "Parachute Value" of a Payment means the present value as of the date of the Change of Control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

b. The determination of whether an Excise Tax would be imposed, the amount of such Excise Tax, and the calculation of the amounts referred to Section 4(a)(i) and (ii) above shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and the Participant (the "Determination Firm") which shall provide detailed supporting calculations. Any determination by the Determination Firm shall be binding upon the Company and the Participant. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments which the Participant was entitled to, but did not receive pursuant to Section 4(a), could have been made without the imposition of the Excise Tax ("Underpayment"). In such event, the Determination Firm shall

determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

c. In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 4 shall be of no further force or effect.

5. Restrictive Covenants. Any amounts or benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of the Plan) shall only be payable if the Participant executes, delivers to the Company and does not revoke a restrictive covenant agreement in a form acceptable to the Company (which may be contained in the same agreement as the full general release required by Section 7), which agreement will contain, at a minimum, provisions substantially similar to the following:

a. Confidential Information and Confidentiality. In connection with his or her employment with the Company, the Participant previously executed a Conditions of Employment acknowledgment obligating the Participant to comply with the terms of the Company's Proprietary Information and Inventions Agreement ("PIIA"), which is incorporated herein by reference. The Participant acknowledges and reaffirms his or her obligation to comply with the terms of the PIIA. This Plan is not intended to, and does not, alter either the Company's rights or the Participant's obligations under the PIIA or any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, the Participant shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Participant shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by the Participant. Unless otherwise publicly disclosed by the Company, the Participant agrees to keep his or her participation in this Plan strictly confidential and agrees not to disclose it to any person at any time, other than the Participant's family or legal and financial advisors, who shall be subject to the same confidentiality provisions.

b. Non-Disparagement. Subject to any obligations the Participant may have under applicable law, the Participant will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of the Company or any of its affiliates, subsidiaries, agents, officers, directors or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of the Plan. Nothing in this section shall limit a Participant's ability to provide truthful testimony or information in response to a subpoena, court order, or investigation by a government agency.

c. Covenant Not to Compete. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall not, during the Non-Competition Period, (i) carry on or engage in Competitive Services on behalf of a Prohibited Competitor within the Restricted Territory on his or her own or on behalf of any other person or entity, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any Prohibited Competitor.

d. Solicitation of Customers or Clients by Participants. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall not, during the Restricted Period, directly or indirectly, solicit or contact any of the customers or clients of the Company with whom the Participant had material contact during his or her employment, regardless of the location of such customers or clients, for the purpose of engaging in, providing, marketing, or selling any services or products that are competitive with the services and products being offered by the Company.

e. Solicitation of Company Employees. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall will not, during the Restricted Period, directly or indirectly, solicit or encourage any director, agent or employee of the Company to terminate his or her employment or other engagement with the Company.

f. Return of Materials. Each Participant agrees that he or she will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Participant's employment with the Company, or at any other time the Company requests such return, any and all property of the Company that is in his or her possession or subject to his or her control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, access cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its business (regardless of form, but specifically including all electronic files and data of the Company), together with all Developments (as defined in the PIIA) and all secret or confidential information covered by the PIIA, belonging to the Company or that a Participant received from or through his or her employment with the Company. Each Participant agrees not to make, distribute, or retain copies of any such information or property. To the extent that a Participant has electronic files or information in his or her possession or control that belong to the Company, contain secret or confidential information covered by the PIIA, or constitute Developments under the PIIA (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the termination of such Participant's employment with the Company, or at any other time the Company requests, such Participant shall (a) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices,

electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Each Participant agrees that he or she will reimburse the Company for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he or she does not return the materials to the Company or take the required steps with respect to electronic information or files on or prior to the termination of such Participant's employment with the Company or at any other time the materials and/or electronic file actions are requested by the Company or if such Participant otherwise fails to comply with this provision.

g. Remedies. Participants specifically acknowledge and agree that the remedy at law for any breach of the provisions of this Section 5 (the "Restrictive Covenants") will be inadequate, and that in the event a Participant breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, such Participant from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. Participants understand and agree that, if the Company and a Participant become involved in legal action regarding the enforcement of the Restrictive Covenants and if the Company prevails in such legal action, the Company will be entitled, in addition to any other remedy, to recover from such Participant its reasonable costs and attorneys' fees incurred in enforcing such covenants. The Company's ability to enforce its rights under the Restrictive Covenants or applicable law against a Participant shall not be impaired in any way by the existence of a claim or cause of action on the part of such Participant based on, or arising out of, this Plan or any other agreement, event or transaction.

h. Severability and Modification of Covenants. Participants acknowledge and agree that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. Participants and the Company agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Plan or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

6. No Duty to Mitigate/Set-off. No Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amounts payable to him or her pursuant to this Plan. Further, the amount of Severance Benefits payable hereunder shall not be reduced by any compensation earned by the Participant as a result of employment by another employer or otherwise. Except as provided herein, the amounts payable hereunder shall not be subject to setoff, counterclaim, recoupment, defense or other right which the Company may have against the Participant or others.

7. Release Required. Any Severance Benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of the Plan) shall only be payable if the Participant executes, delivers to the Company and does not revoke a full general release of all claims of any kind whatsoever that the Participant has or may have against the Company and its Affiliates and their officers, directors and employees, known or unknown, arising on or before the date on which the Participant executes such release (other than claims to payments specifically provided hereunder; claims to vested accrued benefits under the Company's tax-qualified employee benefit plans; claims for reimbursement under the Company's medical reimbursement program for any unreimbursed medical expenses incurred on or before the Participant's date of termination; claims for unreimbursed business expenses in accordance with the Company's policy or rights of indemnification or contribution to which the Participant was entitled under the Company's By-laws, the Company's Certificate of Incorporation or otherwise with regard to the Participant's service as an employee, officer or director of the Company; or claims that the Participant cannot by law release) in a form acceptable to the Company. Notwithstanding the foregoing, the Participant agrees to reasonably cooperate with the Company with respect to any claim, lawsuit, action, proceeding or governmental investigation relating to the Change of Control. The release will not limit a Participant's ability to file a charge or complaint with the Equal Employment Opportunity Commission or any other federal, state or local governmental agency or commission ("Government Agencies"), nor will it limit a Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies in connection with any charge or complaint, whether filed by such Participant, on his or her behalf, or by any other individual. Such release must be executed and all revocation periods shall have expired within 60 days after the Participant's date of termination; failing which such amount or benefit shall be forfeited. If such payment or benefit constitutes non-exempt deferred compensation for purposes of Section 409A of the Code, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year.

8. Funding. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company and/or its Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

9. Administration of the Plan.

a. Plan Administrator. The administrator of the Plan shall be the Committee.

b. Authority of the Committee. Subject to the terms of the Plan, the Committee shall have full discretion and authority to determine a Participant's participation and benefits under the Plan and to interpret and construe the provisions of the Plan.

c. Delegation of Authority. The Committee may delegate any or all of its powers and responsibilities hereunder to other persons. Any such delegation shall not be effective until it is accepted by the persons designated by the Committee and may be rescinded at any time by written notice from the Committee to the person to whom the delegation is made. Notwithstanding the foregoing, the Committee may not delegate any of its powers or responsibilities with respect to any matters relating to or involving a Participant who has been designated by the Board as an executive officer of the Company.

d. Retention of Professional Assistance. The Committee may employ such legal counsel, accountants and other persons as may be required in carrying out its duties and responsibilities in connection with the Plan.

e. Claims/Disputes Procedure.

i. Prior to paying any benefit under the Plan, the Committee may require the Participant to provide such information or material as the Committee, in its sole discretion, shall deem necessary for it to make any determination it may be required to make under the Plan. The Committee may withhold payments of any benefit under the Plan until it receives all such information and material and is reasonably satisfied of its accuracy.

ii. Claims for benefits under the Plan should be forwarded to the Committee. The Committee shall provide adequate notice in writing to a Participant whose claim for benefits is denied, setting forth the specific reasons for such denial. In the event of the denial of a claim, the Participant has the right to file a written request for a review of the denial with the Committee within 90 days after the Participant receives

written notice of the denial. If a Participant requests such a review, the Committee will conduct a full and fair review of the claim for benefits and will deliver to the Participant a written decision on that claim within 60 days after the receipt of the written request for review, unless there are special circumstances requiring an extension of the time for review, in which case the 60-day period may be extended by the Committee up to a period of 120 days after the receipt of the written request for review.

iii. All acts and decisions of the Committee shall be final and binding upon the Participant.

f. Indemnification. The Committee, its members and any person designated pursuant to Section 9(c) above shall not be liable for any action or determination made in good faith with respect to the Plan. The Company shall, to the extent permitted by law, by the purchase of insurance or otherwise, indemnify and hold harmless each member of the Committee and each director, officer and employee of the Company for liabilities or expenses they and each of them incur in carrying out their respective duties under this Plan, other than for any liabilities or expenses arising out of such individual's willful misconduct or fraud.

g. Fees and Expenses. The Company will pay or reimburse the Participant, on a current basis, for all costs and expenses, including without limitation court costs and reasonable attorneys' fees, incurred by the Participant in seeking to obtain or enforce any right or benefit provided by this Plan, provided that the Participant is successful on at least one claim brought to obtain or enforce any such right.

10. Effect of Participant's Breach. If a Participant breaches any of the provisions of this Plan, including but not limited to the Restrictive Covenants in Section 5, the Participant will be required to reimburse the Company for any and all Severance Benefits provided under the terms of the Plan (other than those that were already vested without respect to the Plan), and all obligations of the Company under the Plan to provide any additional payments or benefits to the Participant will cease immediately and be null and void.

11. Code Section 409A.

a. Notwithstanding anything in this Plan to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") would otherwise be payable or distributable hereunder by reason of a Participant's termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the *vesting* of any amount upon a termination of employment, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "separation from service."

b. Notwithstanding anything in this Plan to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan by reason of a Participant's separation from service during a period in which he or she is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Participant's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Participant's death or the first business day of the seventh month following the Participant's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Participant's separation from service will be accumulated and the Participant's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service, whereupon the accumulated amount will be paid or distributed to the Participant and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Plan, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder ("Final 409A Regulations"), *provided, however*, that, as permitted in the Final 409A Regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Company, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

12. Amendment and Termination. The Company reserves the right to amend or terminate, in whole or in part, any or all of the provisions of this Plan at any time, provided that in no event shall any amendment reducing the Severance Benefits provided hereunder be effective within 180 days prior to a Change of Control.

13. Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company. In any such event, the term "Company", as used in this Plan, shall mean the Company, as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by the terms and provisions of this Plan.

14. Miscellaneous.

a. Rights of Participants. Nothing herein contained shall be held or construed to create any liability or obligation upon the Company to retain any Participant in its service. All Participants shall remain subject to discharge or discipline to the same extent as if this Plan had not been put into effect.

b. Governing Law. The Plan shall be governed by the laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

c. Withholding. The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to this Plan.

d. Severability. In case any provision of this Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of this Plan unless such determination shall render impossible or impracticable the functioning of this Plan, and in such case, an appropriate provision or provisions shall be adopted so that this Plan may continue to function properly.

e. Assignment and Alienation. The benefits payable to the Participant under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind and any attempt to cause any benefits to be so subjected shall not be recognized.

f. Communications. All announcements, notices and other communications regarding this Plan will be made by the Company in writing.

g. ERISA Plan. The Plan is intended to be a “top hat” welfare benefit plan within the meaning of U.S. Department of Labor Regulation § 2520.104-24.

15. Entire Agreement. This Plan sets forth the entire understanding of the Company with respect to the subject matter hereof and, with the exception of the Company’s Layoff Payment Plan and the Company’s 2015 Key Employee Severance Plan, supersedes all existing severance and change of control plans, agreements and understandings (whether oral or written) between the Company and the Participants with respect to the subject matter herein. The Plan may only be amended as expressly set forth above in Section 12.

Exhibit 10.51

Genworth Financial, Inc.
2015 Key Employee Severance Plan

Amended and Restated as of January 1, 2016

1. Purpose. The purpose of the Plan is to promote the retention of a selected group of key employees of the Company by enabling the Company to offer certain protections to such employees in the event their employment is involuntarily terminated under certain circumstances. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Section 2.

2. Definitions.

a. “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

b. “Base Salary” shall mean the Participant’s annual base salary in effect on the date of termination of the Participant’s employment with the Company, including amounts not currently includible in gross income by reason the Participant’s election to defer such amounts under a cafeteria plan, 401(k) plan, or nonqualified deferred compensation plan of the Company or an Affiliate.

c. “Board” shall mean the board of directors of the Company as constituted from time to time.

d. “Bonus” shall mean the Participant’s target annual cash bonus for the year in which the Participant’s employment is terminated.

e. “Business Unit Sale” shall mean the Company’s sale or disposition of all or any portion of a business unit.

f. “Cause” shall mean (with regard to a Participant’s termination of employment with the Company, the removal of a Participant from being a Participant under the Plan, or the reduction in a Participant’s tier level under the Plan) the Committee’s good faith determination that: (i) the Participant has failed to perform his or her duties with the Company and its Affiliates as determined by the Committee; (ii) the Participant has committed, been convicted of or pled guilty or nolo contendere (or any similar plea or admission) to any felony or any act of fraud, misappropriation or embezzlement; (iii) the Participant has engaged in conduct (other than conduct covered under clause (i) above) which, in the good faith judgment of the Committee, is injurious to the Company and/or its Affiliates, monetarily or otherwise; or (iv) the Participant has violated or breached any policy of the Company or an Affiliate, the terms of this Plan, or any applicable noncompetition, confidentiality, or other restrictive covenant with respect to the Company or any of its Affiliates.

g. “Code” shall mean the Internal Revenue Code of 1986, as amended.

h. “Committee” shall mean the Management Development and Compensation Committee of the Board, or such other committee appointed or designated by the Board from time to time to administer the Plan. Notwithstanding the foregoing, if no Committee exists which has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board, and all references herein to the Committee shall be deemed to be references to the Board.

i. “Company” shall mean Genworth Financial, Inc., a Delaware corporation, and any successor thereto as provided in Section 13.

j. “Competitive Services” shall mean the lines of business and services with which a Participant is actively involved in conducting business on behalf of the Company at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 4.

k. “Director” shall mean any individual who is a member of the Board.

l. “Disability” shall mean a permanent disability that would make a Participant eligible for benefits under the long-term disability program maintained by the Company or any of its Affiliates or in the absence of any such program, such meaning as the Committee shall determine.

m. “Effective Date” shall mean January 1, 2015.

n. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

o. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

p. “Executive Officer” shall mean an individual designated by the Board as an executive officer of the Company.

q. “Good Reason” shall mean (i) relocation of the Participant’s principal business location to an area outside a 50 mile radius of its current location; or (ii) any material reduction in the Participant’s Base Salary or Bonus, and/or any failure to timely pay any part of the Participant’s compensation when due (including Base Salary and Bonus) or any benefits due under any benefit plan, program or arrangement; provided, however, that Company-initiated reductions in compensation affecting substantially all U.S.-based Company employees shall not alone be considered Good Reason, unless the compensation reductions exceed fifteen percent (15%) of pay (Base Salary plus Bonus); provided that any event described in clauses (i) or (ii) above shall constitute Good Reason only if the Company fails to rescind or remedy such event within 30 days after receipt from the Participant of written notice of the event which constitutes Good Reason; provided, further, that Good Reason shall cease to exist for an event or condition described in clauses (i) or (ii) above on the 90th day following its occurrence, unless the Participant has given the Company written notice thereof prior to such date.

For purposes of determining the amount of any cash payment payable to the Participant in accordance with the provisions of Section 3(a), any reduction in compensation or benefits that would constitute Good Reason hereunder shall be deemed not to have occurred.

r. "Non-Competition Period" shall mean (i) the 12-month period commencing upon a Qualified Termination in the case of a Tier I or Tier II Employee, and (ii) the 6-month period commencing upon a Qualified Termination in the case of a Tier III Employee.

s. "Omnibus Plans" shall mean the 2004 Genworth Financial, Inc. Omnibus Incentive Plan and the 2012 Genworth Financial, Inc. Omnibus Incentive Plan, each as amended from time to time, or any successor plans providing for the grant or award of equity-based compensation to the Company's employees, officers and directors.

t. "Participant" shall mean each key employee of the Company or any of its Affiliates who has: (i) been selected by the Committee in its sole discretion and designated in writing as eligible for participation herein, and (ii) signed an acknowledgment and consent letter agreeing to the terms and conditions set forth in the Plan. The Committee will review the list of Participants on a periodic basis, and may (i) add Participants at its discretion, and (ii) remove Participants, subject to Sections 11 and 12.

u. "Plan" shall mean this Genworth Financial, Inc. 2015 Key Employee Severance Plan, as may be amended from time to time.

v. "Prohibited Competitor" shall mean no greater than ten (10) specifically named entities, identified by the Company, that compete with the Company in the Restricted Territory with respect to the Competitive Services at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 4.

w. "Qualified Termination" shall mean a termination of the Participant's employment by the Company (i) without Cause (including a job loss due to any reduction in the work force, but excluding termination of employment due to the Participant's death or Disability), or (ii) by the Participant for Good Reason. Notwithstanding the preceding sentence, in no event shall a Participant's termination of employment with the Company constitute a Qualified Termination if such termination occurs as a result of or in connection with a Business Unit Sale and either (i) the Participant is offered employment with a successor entity in connection with the Business Unit Sale and the terms of such employment offer would not constitute Good Reason, or (ii) the Participant accepts employment with a successor entity in connection with the Business Unit Sale.

x. "Restricted Period" shall mean the 24-month period commencing upon a Qualified Termination.

y. "Restricted Territory" shall mean the territory in which a Participant is conducting business on behalf of the Company at the time of a Qualified Termination, to be stated with more specificity in the restrictive covenant agreement required by Section 4.

z. "Severance Benefits" shall mean the payments and benefits described in Section 3(a).

aa. "Tier I Employees" shall mean the employees determined by the Committee in its sole discretion from time to time to be Tier I Employees and identified as such in the records of the Plan maintained by the Company at any time during the term of the Plan.

bb. "Tier II Employees" shall mean the employees determined by the Committee in its sole discretion from time to time to be Tier II Employees and identified as such in the records of the Plan maintained by the Company at any time during the term of the Plan.

cc. "Tier III Employees" shall mean the employees determined by the Committee in its sole discretion from time to time to be Tier III Employees and identified as such in the records of the Plan maintained by the Company at any time during the term of the Plan.

3. Benefits.

a. Severance Benefits. Subject to Sections 4, 5, 6 and 10, if the Participant has a Qualified Termination, the Participant shall be eligible to receive the following payments and benefits:

i. a lump sum cash payment of accrued but unpaid salary and accrued but unused vacation as of the Participant's date of termination (net of applicable taxes and withholdings), payable in accordance with the Company's normal payroll practices (typically within 15 days following the date of termination), or earlier if required by applicable law;

ii. a lump sum cash payment (net of applicable taxes and withholdings) based on the Participant's annual bonus that would have been payable with respect to the fiscal year in which the Qualified Termination occurs (determined at the end of such year based on actual performance results through the end of such year), prorated to the nearest half-month to reflect the portion of the fiscal year that had elapsed prior to the Participant's date of termination, and payable at the same time as annual bonuses are payable to other employees of the Company;

iii. a lump sum cash payment (net of applicable taxes and withholdings), payable within 60 days following the Participant's date of termination, based on the Participant's participation level under the Plan as of the Participant's date of termination, as follows:

A. Tier I Employees: 2.0 times Base Salary, plus 2.0 times Bonus; or

B. Tier II Employees: 1.0 times Base Salary, plus 1.0 times Bonus; or

C. Tier III Employees: 1.0 times Base Salary;

iv. a lump sum cash payment (net of applicable taxes and withholdings), payable within 60 days following the Participant's date of termination, equal to the monthly cost to provide group medical, dental, vision and/or prescription drug plan benefits sponsored by the Company and maintained by the Participant as of the date of the Participant's termination of employment, multiplied by a number of months equal to (i) twelve (12), in the case of Tier I and Tier II Employees, or (ii) six (6), in the case of Tier III Employees. For purposes of this Section 3(a)(iv), the cost of such benefits will be calculated based on the "applicable premium" determined in accordance with Code Section 4980B(f)(4) and the regulations issued thereunder (less the 2% administrative fee and less the active-employee rate for such coverage) for the year in which the termination of employment occurs;

v. subject to Section 10 of this Plan, stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and other stock awards with time-based vesting restrictions granted under the Omnibus Plans and held by a Participant who is an Executive Officer as of the date of such Participant's Qualified Termination shall become immediately vested as of the date of such Participant's Qualified Termination, but only with respect to the number of awards that otherwise would have become vested on the award's next regularly scheduled vesting date based on continued employment;

vi. subject to Section 10 of this Plan, performance-based stock awards granted under the Omnibus Plans that have been held for at least twelve (12) months as of the Participant's Qualified Termination Date by a Participant who is an Executive Officer as of the date of such Participant's Qualified Termination shall remain outstanding and shall be earned, if at all, based on actual performance through the end of the performance period, prorated to the nearest half-month to reflect the portion of the performance period that had elapsed prior to the Participant's Qualified Termination, payable on the regular payment date for such awards.

vii. any stock options and SARs that are vested (or become vested) and unexercised as of the date of the Qualified Termination and are held by a Participant shall expire on the earlier of (i) the one-year anniversary of the Qualified Termination, or (ii) their regular termination date; *provided*, *however*, that if the Participant dies before the earlier of such dates, then the stock options and SARs that are vested and unexercised as of the Qualified Termination shall not expire until twenty-four (24) months after the date of the Participant's death; and

viii. with respect to a Participant who is an Executive Officer as of the date of such Participant's Qualified Termination and who has at least five years of Company-recognized service with the Company as of the Qualified Termination, full and immediate vesting of any benefit under any funded or unfunded nonqualified pension, retirement or deferred compensation plan now or hereafter maintained by the Company in which the Participant participates, with payment to be made at such time and in accordance with the terms of such plan(s).

b. Death Benefits. If a Participant has a Qualified Termination, but subsequently dies before receiving some or all of the Severance Benefits, such remaining benefits will be paid to the Participant's estate as soon as practicable after his or her death.

c. Non-Duplication of Benefits. In the event that a Participant becomes entitled to receive Severance Benefits under this Plan and may also be eligible for benefits under any other Company plan, program, arrangement or agreement as a result of the Participant's termination of employment, the Participant shall be entitled to receive the greater of the Severance Benefits available under this Plan, on the one hand, and the benefits available under such other plan, program, arrangement or agreement, on the other, but not both. For the avoidance of doubt, if a Participant is entitled to receive Severance Benefits under this Plan, he or she will not be eligible to receive any benefits under the Company's Layoff Payment Plan. Conversely, if a Participant is entitled to receive benefits under the Genworth Financial, Inc. 2014 Change of Control Plan, he or she will not be eligible to receive Severance Benefits under this Plan. In addition, if any termination payments made to a Participant by the Company are related to an actual or potential liability under the Worker Adjustment and Retraining Notification Act (WARN) or similar law, such amounts shall reduce (offset) the Participant's Severance Benefit under this Plan.

4. Restrictive Covenants. Any Severance Benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of the Plan) shall only be payable if the Participant executes, delivers to the Company and does not revoke a restrictive covenant agreement in a form acceptable to the Company (which may be contained in the same agreement as the full general release required by Section 6), which agreement will contain, at a minimum, provisions substantially similar to the following:

a. Confidential Information and Confidentiality. In connection with his or her employment with the Company, the Participant previously executed a Conditions of Employment acknowledgment obligating the Participant to comply with the terms of the Company's Proprietary Information and Inventions Agreement ("PIIA"), which is incorporated herein by reference. The Participant acknowledges and reaffirms his or her obligation to comply with the terms of the PIIA. This Plan is not intended to, and does not, alter either the Company's rights or the Participant's obligations under the PIIA or any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, the Participant shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, the Participant shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate

protective order prior to any such required disclosure by the Participant. Unless otherwise publicly disclosed by the Company, the Participant agrees to keep his or her participation in this Plan strictly confidential and agrees not to disclose it to any person at any time, other than the Participant's family or legal and financial advisors, who shall be subject to the same confidentiality provisions.

b. Non-Disparagement. Subject to any obligations the Participant may have under applicable law, the Participant will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of the Company or any of its affiliates, subsidiaries, agents, officers, directors or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of the Plan. Nothing in this section shall limit a Participant's ability to provide truthful testimony or information in response to a subpoena, court order, or investigation by a government agency.

c. Non-Competition. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall not, during the Non-Competition Period, (i) carry on or engage in Competitive Services on behalf of a Prohibited Competitor within the Restricted Territory on his or her own or on behalf of any other person or entity, or (ii) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any Prohibited Competitor.

d. Non-Solicitation of Customers or Clients by Participants. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall not, during the Restricted Period, directly or indirectly, solicit or contact any of the customers or clients of the Company with whom the Participant had material contact during his or her employment, regardless of the location of such customers or clients, for the purpose of engaging in, providing, marketing, or selling any services or products that are competitive with the services and products being offered by the Company.

e. Non-Solicitation of Company Employees. Unless waived in writing by the most senior Human Resources officer of the Company (or his or her successor), the Participant shall will not, during the Restricted Period, directly or indirectly, solicit or encourage any director, agent or employee of the Company to terminate his or her employment or other engagement with the Company.

f. Return of Materials. Each Participant agrees that he or she will not retain or destroy (except as set forth below), and will immediately return to the Company on or prior to the termination of Participant's employment with the Company, or at any other time the Company requests such return, any and all property of the Company that is in his or her possession or subject to his or her control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, access cards, computers, mobile devices, other electronic media, all other files and documents relating to the Company and its

business (regardless of form, but specifically including all electronic files and data of the Company), together with all Developments (as defined in the PIIA) and all secret or confidential information covered by the PIIA, belonging to the Company or that a Participant received from or through his or her employment with the Company. Each Participant agrees not to make, distribute, or retain copies of any such information or property. To the extent that a Participant has electronic files or information in his or her possession or control that belong to the Company, contain secret or confidential information covered by the PIIA, or constitute Developments under the PIIA (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the termination of such Participant's employment with the Company, or at any other time the Company requests, such Participant shall (a) provide the Company with an electronic copy of all of such files or information (in an electronic format that readily accessible by the Company); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-Company-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to the Company that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Each Participant agrees that he or she will reimburse the Company for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he or she does not return the materials to the Company or take the required steps with respect to electronic information or files on or prior to the termination of such Participant's employment with the Company or at any other time the materials and/or electronic file actions are requested by the Company or if such Participant otherwise fails to comply with this provision.

g. Remedies. Participants specifically acknowledge and agree that the remedy at law for any breach of the provisions of this Section 4 (the "Restrictive Covenants") will be inadequate, and that in the event a Participant breaches, or threatens to breach, any of the Restrictive Covenants, the Company shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, such Participant from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity. Participants understand and agree that, if the Company and a Participant become involved in legal action regarding the enforcement of the Restrictive Covenants and if the Company prevails in such legal action, the Company will be entitled, in addition to any other remedy, to recover from such Participant its reasonable costs and attorneys' fees incurred in enforcing such covenants. The Company's ability to enforce its rights under the Restrictive Covenants or applicable law against a Participant shall not be impaired in any way by the existence of a claim or cause of action on the part of such Participant based on, or arising out of, this Plan or any other agreement, event or transaction.

h. Severability and Modification of Covenants. Participants acknowledge and agree that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. Participants and the Company agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Plan or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of the Company's legitimate business interests and may be enforced by the Company to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

5. No Duty to Mitigate/Set-off. No Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amounts payable to him or her pursuant to this Plan. Further, the amount of Severance Benefits payable hereunder shall not be reduced by any compensation earned by the Participant as a result of employment by another employer or otherwise. Except as provided herein, the amounts payable hereunder shall not be subject to setoff, counterclaim, recoupment, defense or other right which the Company may have against the Participant or others. In the event of the Participant's breach of any provision hereunder, including without limitation, Sections 4, 5 or 6, the Company shall be entitled to recover any payments previously made to the Participant hereunder.

6. Release Required. Any Severance Benefits payable pursuant to this Plan (except for any payment pursuant to Section 3(a)(i) of the Plan) shall only be payable if the Participant executes, delivers to the Company and does not revoke a full general release of all claims of any kind whatsoever that the Participant has or may have against the Company and its Affiliates and their officers, directors and employees, known or unknown, arising on or before the date on which the Participant executes such release (other than claims to payments specifically provided hereunder; claims to vested accrued benefits under the Company's tax-qualified employee benefit plans; claims for reimbursement under the Company's medical reimbursement program for any unreimbursed medical expenses incurred on or before the Participant's date of termination; claims for unreimbursed business expenses in accordance with the Company's policy or rights of indemnification or contribution to which the Participant was entitled under the Company's By-laws, the Company's Certificate of Incorporation or otherwise with regard to the Participant's service as an employee, officer or director of the Company; or claims that the Participant cannot by law release) in a form acceptable to the Company. The release will not limit a Participant's ability to file a

charge or complaint with the Equal Employment Opportunity Commission or any other federal, state or local governmental agency or commission ("Government Agencies"), nor will it limit a Participant's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies in connection with any charge or complaint, whether filed by such Participant, on his or her behalf, or by any other individual. Such release must be executed and all revocation periods shall have expired within 60 days after the Participant's date of termination; failing which all Severance Benefits shall be forfeited. If any payment or benefit hereunder constitutes non-exempt deferred compensation for purposes of Section 409A of the Code, and if such 60-day period begins in one calendar year and ends in the next calendar year, the payment or benefit shall not be made or commence before the second such calendar year, even if the release becomes irrevocable in the first such calendar year.

7. Funding. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company and/or its Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan.

8. Administration of the Plan.

a. Plan Administrator. The administrator of the Plan shall be the Committee.

b. Authority of the Committee. Subject to the terms of the Plan, the Committee shall have full discretion and authority to determine a Participant's participation and benefits under the Plan and to interpret and construe the provisions of the Plan.

c. Delegation of Authority. The Committee may delegate any or all of its powers and responsibilities hereunder to other persons. Any such delegation shall not be effective until it is accepted by the persons designated by the Committee and may be rescinded at any time by written notice from the Committee to the person to whom the delegation is made. Notwithstanding the foregoing, the Committee may not delegate any of its powers or responsibilities with respect to any matters relating to or involving an Executive Officer of the Company.

d. Retention of Professional Assistance. The Committee may employ such legal counsel, accountants and other persons as may be required in carrying out its duties and responsibilities in connection with the Plan.

e. Claims/Disputes Procedure.

i. Prior to paying any benefit under the Plan, the Committee may require the Participant to provide such information or material as the Committee, in its sole discretion, shall deem necessary for it to make any determination it may be required to make under the Plan. The Committee may withhold payments of any benefit under the Plan until it receives all such information and material and is reasonably satisfied of its accuracy.

ii. Claims for benefits under the Plan should be forwarded to the Committee. The Committee shall provide adequate notice in writing to a Participant whose claim for benefits is denied, setting forth the specific reasons for such denial. In the event of the denial of a claim, the Participant has the right to file a written request for a review of the denial with the Committee within 90 days after the Participant receives written notice of the denial. If a Participant requests such a review, the Committee will conduct a full and fair review of the claim for benefits and will deliver to the Participant a written decision on that claim within 60 days after the receipt of the written request for review, unless there are special circumstances requiring an extension of the time for review, in which case the 60-day period may be extended by the Committee up to a period of 120 days after the receipt of the written request for review.

iii. All acts and decisions of the Committee shall be final and binding upon the Participant.

f. Indemnification. The Committee, its members and any person designated pursuant to Section 8(c) above shall not be liable for any action or determination made in good faith with respect to the Plan. The Company shall, to the extent permitted by law, by the purchase of insurance or otherwise, indemnify and hold harmless each member of the Committee and each director, officer and employee of the Company for liabilities or expenses they and each of them incur in carrying out their respective duties under this Plan, other than for any liabilities or expenses arising out of such individual's willful misconduct or fraud.

9. Effect of Participant's Breach. If a Participant breaches any of the provisions of this Plan, including but not limited to the Restrictive Covenants in Section 4, the Participant will be required to reimburse the Company for any and all Severance Benefits provided under the terms of the Plan (other than those that were already vested without respect to the Plan), and all obligations of the Company under the Plan to provide any additional payments or benefits to the Participant will cease immediately and be null and void.

10. Code Section 409A.

a. Notwithstanding anything in this Plan to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable hereunder by reason of a Participant's termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such

circumstance unless (i) the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition), or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption or otherwise. This provision does not prohibit the *vesting* of any amount upon a termination of employment, however defined. If this provision prevents the payment or distribution of any amount or benefit, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "separation from service."

b. Notwithstanding anything in this Plan to the contrary, if any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under this Plan by reason of a Participant's separation from service during a period in which he or she is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Company under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes):

(i) if the payment or distribution is payable in a lump sum, the Participant's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of the Participant's death or the first business day of the seventh month following the Participant's separation from service; and

(ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Participant's separation from service will be accumulated and the Participant's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of the Participant's death or the first day of the seventh month following the Participant's separation from service, whereupon the accumulated amount will be paid or distributed to the Participant and the normal payment or distribution schedule for any remaining payments or distributions will resume.

For purposes of this Plan, the term "Specified Employee" has the meaning given such term in Code Section 409A and the final regulations thereunder ("Final 409A Regulations"), *provided, however*, that, as permitted in the Final 409A Regulations, the Company's Specified Employees and its application of the six-month delay rule of Code Section 409A(a)(2)(B)(i) shall be determined in accordance with rules adopted by the Company, which shall be applied consistently with respect to all nonqualified deferred compensation arrangements of the Company, including this Plan.

11. Duration. The Plan shall become effective as of the Effective Date, and shall continue in effect until terminated by the Board or the Committee. Subject to Section 12, the Committee or the Board may terminate the Plan as of any date that is at least 3 months after the date of the Committee or the Board's action. If any Participants become entitled to any payments or benefits hereunder during such 3-month period, this Plan shall continue in full force and effect and shall not terminate or expire with respect to such Participants until after all such Participants have received such payments and benefits in full.

12. Amendment and Termination. The Plan may be amended from time to time in any respect by the Committee or the Board; provided, however, that any amendment that would adversely affect the rights or potential rights of Participants shall not be effective for at least 3 months after the date of the Committee or the Board's action.

For the avoidance of doubt, removal of a Participant as a Participant (other than as a result of the Participant ceasing to be an employee under circumstances in which he or she would not be entitled to Severance Benefits under the terms of the Plan), a decrease in the Participant's Tier level or any other reduction in payments or benefits shall be deemed to be an amendment of the Plan which adversely affects the rights of the Participant.

Notwithstanding anything contained in this Section 12 to the contrary, in the event the Committee determines in good faith that a Participant has engaged in conduct that constitutes Cause, the Committee may remove such Participant as a Participant under the Plan or decrease a Participant's Tier level immediately upon such determination, and such individual shall thereafter have no further rights to participate in the Plan or receive any Severance Benefits under the Plan (if the Participant has been removed as a Participant in the Plan), or have only the rights associated with the decreased Tier level (if the Participant's Tier level has been decreased).

13. Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company. In any such event, the term "Company", as used in this Plan, shall mean the Company, as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by the terms and provisions of this Plan.

14. Miscellaneous.

a. Rights of Participants. Nothing herein contained shall be held or construed to create any liability or obligation upon the Company to retain any Participant in its service. All Participants shall remain subject to discharge or discipline to the same extent as if this Plan had not been put into effect.

b. Governing Law. The Plan shall be governed by the laws of the Commonwealth of Virginia, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

c. Withholding. The Company shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligations it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to this Plan.

d. Severability. In case any provision of this Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of this Plan unless such determination shall render impossible or impracticable the functioning of this Plan, and in such case, an appropriate provision or provisions shall be adopted so that this Plan may continue to function properly.

e. Assignment and Alienation. The benefits payable to the Participant under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind and any attempt to cause any benefits to be so subjected shall not be recognized.

f. Communications. All announcements, notices and other communications regarding this Plan will be made by the Company in writing.

g. ERISA Plan. The Plan is intended to be a "top hat" welfare benefit plan within the meaning of U.S. Department of Labor Regulation § 2520.104-24.

15. Entire Agreement. This Plan sets forth the entire understanding of the Company with respect to the subject matter hereof. The Plan may only be amended as expressly set forth above in Section 12.

Exhibit 12

Genworth Financial, Inc.

Statement of Ratio of Income to Fixed Charges
(Dollar amounts in millions)

	Years ended December 31,				
	2015	**2014**	**2013**	**2012**	**2011**
Income (loss) from continuing operations before income taxes and accounting changes	$ (15)	$(1,299)	$ 993	$ 645	$ (10)
Less: income attributable to noncontrolling interests before income taxes	259	262	210	270	190
Income (loss) from continuing operations before income taxes and accounting changes and excluding income attributable to noncontrolling interests	$ (274)	$(1,561)	$ 783	$ 375	$ (200)
Fixed charges included in income (loss) from continuing operations:					
Interest expense	$ 407	$ 418	$ 440	$ 422	$ 458
Interest portion of rental expense	6	8	8	9	10
Subtotal	413	426	448	431	468
Interest credited to investment contractholders	720	737	738	775	794
Total fixed charges from continuing operations	$1,133	$ 1,163	$1,186	$1,206	$1,262
Income (loss) from continuing operations available for fixed charges (including interest credited to investment contractholders)	$ 859	$ (398)	$1,969	$1,581	$1,062
Ratio of income (loss) from continuing operations to fixed charges (including interest credited to investment contractholders)	0.76	(0.34)	1.66	1.31	0.84
Income (loss) from continuing operations available for fixed charges (excluding interest credited to investment contractholders)	$ 139	$(1,135)	$1,231	$ 806	$ 268
Ratio of income (loss) from continuing operations to fixed charges (excluding interest credited to investment contractholders)	0.34	(2.66)	2.75	1.87	0.57

For the years ended December 31, 2015, 2014 and 2011, our deficiency in income necessary to cover fixed charges was $274 million, $1,561 million and $200 million, respectively.

Exhibit 21

Genworth Financial, Inc.'s subsidiaries as of December 31, 2015 are listed below. Except where noted below, Genworth Financial, Inc. owns, directly or indirectly, 100% of the outstanding shares or other equity interests of these companies (including, with respect to certain companies, shares in names of nominees and qualifying shares in names of directors).

Name	Domicile
American Agriculturist Services, Inc.	New York
Assigned Settlement, Inc.	Virginia
Brookfield Life and Annuity Insurance Company Limited	Bermuda
Capital Brokerage Corporation (dba Genworth Financial Brokerage Corporation in Minnesota and Texas)	Washington
CFI Pensions Trustees Limited	United Kingdom
European Group Financing Company Limited	Cayman Islands
Genworth Annuity Service Corporation	Delaware
Genworth Australian General Partnership	Australia
Genworth Canada Holdings I Company (1)	Canada
Genworth Canada Holdings II Company (1)	Canada
Genworth Center for Financial Learning, LLC	Delaware
Genworth European Group Financing Holdings Company	Delaware
Genworth Financial Agency, Inc.	Virginia
Genworth Financial Asia Limited	Hong Kong
Genworth Financial Asset Warehouse, LLC	Delaware
Genworth Financial Assurance Corporation	North Carolina
Genworth Financial Australia Holdings, LLC (2)	Delaware
Genworth Financial Commercial Mortgage Warehouse LLC	Delaware
Genworth Financial Group Retirement, Inc.	Connecticut
Genworth Financial India Private Limited	India
Genworth Financial International Holdings, LLC.	Delaware
Genworth Financial Investment Management, LLC	Virginia
Genworth Financial Mauritius Holdings Limited	Mauritius
Genworth Financial Mortgage Funding Corporation	Delaware
Genworth Financial Mortgage Indemnity Limited (2)	Australia
Genworth Financial Mortgage Insurance Company Canada (1)	Canada
Genworth Financial Mortgage Insurance Finance Holdings Pty Ltd (2)	Australia
Genworth Financial Mortgage Insurance Finance Pty Ltd (2)	Australia
Genworth Financial Mortgage Insurance Holdings Pty Ltd (2)	Australia
Genworth Financial Mortgage Insurance Limited	United Kingdom
Genworth Financial Mortgage Insurance Pty Limited (2)	Australia
Genworth Financial Mortgage Services Limited	United Kingdom
Genworth Financial New Holdings Pty Ltd (2)	Australia
Genworth Financial Participações Ltda.	Brazil
Genworth Financial Services Pty Limited (2)	Australia
Genworth Financial Services, Inc.	Delaware
Genworth Financial Pension SPV Limited	United Kingdom
Genworth Holdings, Inc.	Delaware
Genworth Life and Annuity Insurance Company	Virginia
Genworth Life Insurance Company (dba GLIC in New York)	Delaware
Genworth Life Insurance Company of New York	New York
Genworth MI Canada Inc. (1)	Canada
Genworth Mortgage Holdings, Inc.	Delaware
Genworth Mortgage Holdings, LLC	North Carolina
Genworth Mortgage Insurance Australia Limited (2)	Australia

Name	Domicile
Genworth Mortgage Insurance Corporation	North Carolina
Genworth Mortgage Insurance Corporation of North Carolina	North Carolina
Genworth Mortgage Reinsurance Corporation	North Carolina
Genworth Mortgage Services, LLC	North Carolina
Genworth North America Corporation	Washington
Genworth Seguros Daños, S.A. de C.V.	Mexico
Genworth Seguros de Credito a la Vivienda, S.A. de C.V.	Mexico
Genworth Seguros Vida, S.A. de C.V.	Mexico
Genworth Servicios, S. de R. L. de C. V.	Mexico
Genworth Special Purpose Five, LLC	Delaware
Genworth Special Purpose One, LLC	Delaware
Genworth Special Purpose Three, LLC	Delaware
Genworth Special Purpose Two, LLC	Delaware
GFCM LLC	Delaware
GLIC Real Estate Holding, LLC	Delaware
GLICNY Real Estate Holding, LLC	Delaware
GNW SF Corp.	Delaware
GNWLAAC Real Estate Holding, LLC	Delaware
HGI Annuity Service Corporation	Delaware
Jamestown Life Insurance Company	Virginia
Mayflower Assignment Corporation	New York
MIC Holdings G Company (1)	Canada
MIC Insurance Company Canada (1)	Canada
National Eldercare Referral Systems, LLC	Delaware
Newco Properties, Inc.	Virginia
River Lake Insurance Company	South Carolina
River Lake Insurance Company II	South Carolina
River Lake Insurance Company IV Limited	Bermuda
River Lake Insurance Company VI	Delaware
River Lake Insurance Company VII	Vermont
River Lake Insurance Company VIII	Vermont
River Lake Insurance Company IX	Vermont
River Lake Insurance Company X	Vermont
River Lake Insurance Company XI	Delaware
Rivermont Life Insurance Company I	South Carolina
Sponsored Captive Re, Inc.	North Carolina
United Pacific Structured Settlement Company	Florida

(1) Genworth Financial, Inc. beneficially owns 57.3% of the shares.

(2) Genworth Financial, Inc. beneficially owns 52.0% of the shares.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Genworth Financial, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-203811) on Form S-3 and (Nos. 333-115825, 333-127474, 333-168961 and 333-181607) on Form S-8 of Genworth Financial, Inc. of our reports dated February 26, 2016, with respect to the consolidated balance sheets of Genworth Financial, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and all related consolidated financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2015, and the reference to our firm under the heading "Selected Financial Data," which reports and reference appear in the December 31, 2015 Annual Report on Form 10-K of Genworth Financial, Inc.

/s/ KPMG LLP

Richmond, Virginia
February 26, 2016

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director of Genworth Financial, Inc., a Delaware corporation (the "Company"), hereby severally constitutes and appoints Thomas J. McInerney, Kelly L. Groh and Ward E. Bobitz and each of them individually, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, or on such other form as such attorneys-in-fact, or any of them, may deem necessary or desirable and any amendments thereto, in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report and any such amendments shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand on the date indicated below.

Signature	Date
/s/ JAMES S. RIEPE **James S. Riepe** **Non-Executive Chairman of the Board**	February 22, 2016
/s/ WILLIAM H. BOLINDER **William H. Bolinder** **Director**	February 22, 2016
/s/ G. KENT CONRAD **G. Kent Conrad** **Director**	February 22, 2016
/s/ MELINA E. HIGGINS **Melina E. Higgins** **Director**	February 22, 2016
/s/ NANCY J. KARCH **Nancy J. Karch** **Director**	February 22, 2016
/s/ CHRISTINE B. MEAD **Christine B. Mead** **Director**	February 22, 2016
/s/ David M. Moffett **David M. Moffett** **Director**	February 22, 2016
/s/ THOMAS E. MOLONEY **Thomas E. Moloney** **Director**	February 22, 2016
/s/ JAMES A. PARKE **James A. Parke** **Director**	February 22, 2016

Exhibit 31.1

CERTIFICATIONS

I, Thomas J. McInerney, certify that:

1. I have reviewed this annual report on Form 10-K of Genworth Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2016

/s/ Thomas J. McInerney

Thomas J. McInerney
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Kelly L. Groh, certify that:

1. I have reviewed this annual report on Form 10-K of Genworth Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 26, 2016

/s/ Kelly L. Groh

Kelly L. Groh
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, Thomas J. McInerney, as President and Chief Executive Officer of Genworth Financial, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2016

/s/ Thomas J. McInerney

Thomas J. McInerney
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, Kelly L. Groh, as Executive Vice President and Chief Financial Officer of Genworth Financial, Inc. (the "Company"), certify, pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that to my knowledge:

(1) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report"), filed with the U.S. Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2016

/s/ Kelly L. Groh

Kelly L. Groh
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)