EXAMINATION REPORT
of
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
Richmond, Virginia
as of
December 31, 2011

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

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

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I, Jacqueline K. Cunningham, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Genworth Life and Annuity Insurance Company as of December 31, 2011, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed to the original the seal of the Bureau at the City of Richmond, Virginia this 23rd day of April, 2013

Jacqueline K. Cunningham

Jacqueline K. Cunningham
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
January 25, 2013

Honorable Sharon P. Clark
Secretary – Southeastern Zone
Kentucky Department of Insurance
Frankfort, Kentucky

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

Dear Commissioners:

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

GENWORTH LIFE AND ANNUITY INSURANCE COMPANY
Richmond, Virginia

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

DESCRIPTION

The Company is a stock life insurance company and is licensed under and subject to the general insurance laws contained in Title 38.2 of the Code of Virginia. The Company was last examined as of December 31, 2008. This examination covers the period from January 1, 2009 through December 31, 2011, and was conducted by representatives from the Virginia State Corporation Commission's (the "Commission") Bureau of Insurance (the "Bureau") representing the Southeastern Zone of the NAIC. Notice was provided to all zones of the current examination.

HISTORY

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

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

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

In May 2004, in connection with the initial public offering ("IPO") of the common stock of Genworth Financial, Inc. ("Genworth"), GE Financial Assurance Holdings, Inc. ("GEFAHI"), a wholly owned indirect subsidiary of GE, transferred substantially all of its assets to Genworth, including all of the outstanding capital stock of GNA Corporation, now known as Genworth North America Corporation, ("GNA"), the Company's indirect parent at the time. As a result, the Company became an indirect wholly owned subsidiary of Genworth. At December 31, 2004, approximately 30% of Genworth's common stock was owned by public shareholders and approximately 70% of Genworth's common stock was owned by GEFAHI.

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

On January 1, 2006, the Company was renamed Genworth Life and Annuity Insurance Company. In March 2006, GE disposed of its remaining ownership interest in Genworth. GE completed the disposition through a secondary offering of 71 million shares of Genworth common stock and Genworth's concurrent repurchase of 15 million shares from GE.

On January 1, 2007, Federal Home Life Insurance Company ("Federal Home") and First Colony Life Insurance Company ("First Colony") were merged with and into the Company. The Company was the surviving entity. Federal Home and First Colony were both stock life insurance companies operating under charters granted by the

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

At December 31, 2011, the Company is owned by Genworth Life Insurance Company ("GLIC"), which is owned by GNA, which in turn is owned by Genworth.

MANAGEMENT AND CONTROL

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

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

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

At December 31, 2011, the Board of Directors and Officers of the Company were as follows:

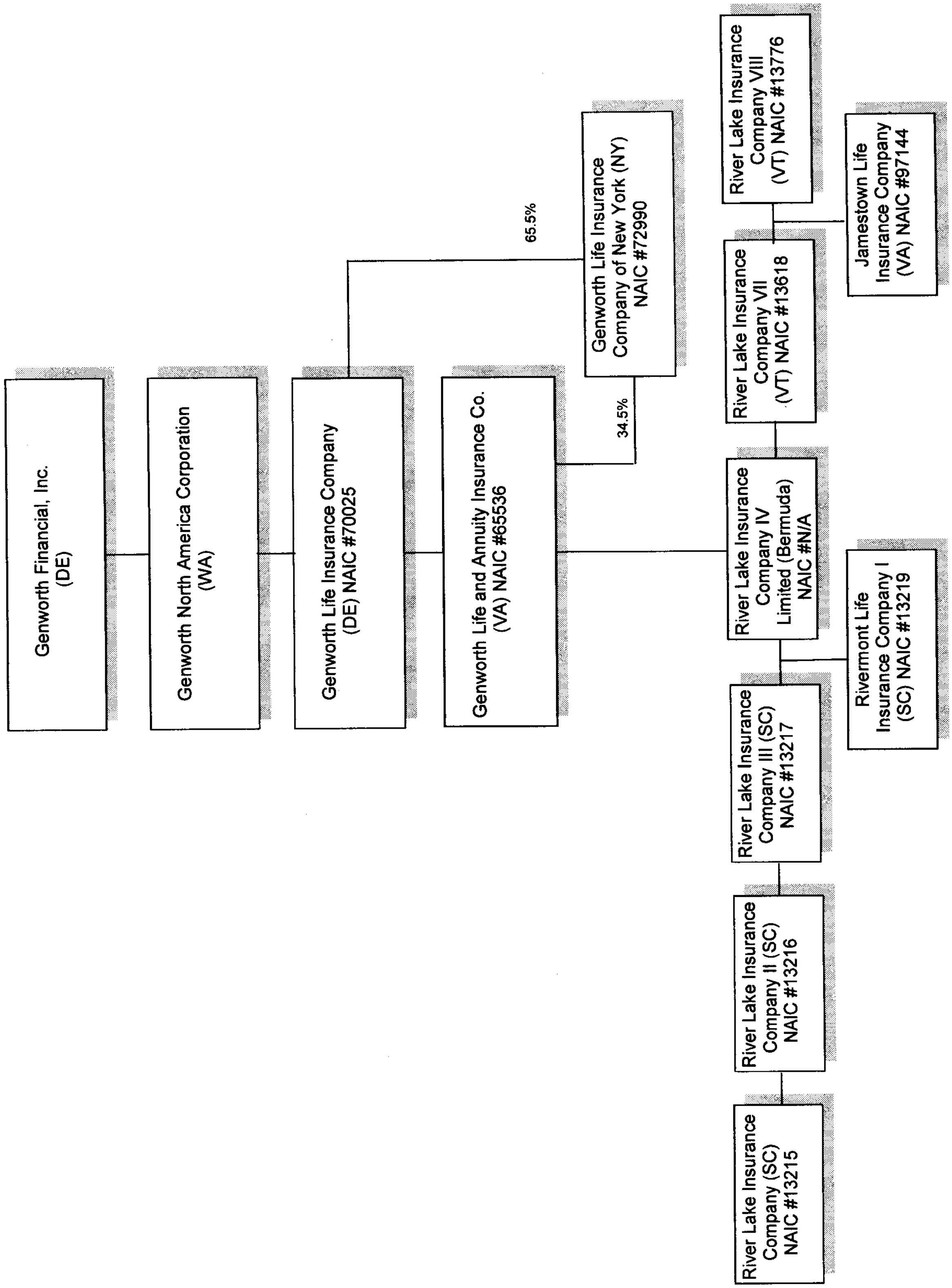
Directors	Principal Business Affiliation
Matthew P. Clark	Vice President Genworth Financial, Inc.
Paul A. Haley	Vice President Genworth Financial, Inc.

Directors	Principal Business Affiliation
Gregory S. Karawan	Senior Vice President Genworth Financial, Inc.
Ronald P. Joelson	Senior Vice President Genworth Financial, Inc.
Thomas M. Stinson	Executive Vice President Genworth Financial, Inc.

Officers	Title
Thomas M. Stinson	Chairman, President and Chief Executive Officer
Gary T. Prizzia	Treasurer
Thomas E. Duffy	Senior Vice President, General Counsel and Secretary
Paul A. Haley	Senior Vice President and Chief Actuary
Amy R. Corbin	Senior Vice President and Chief Financial Officer
Patrick M. Foley	Senior Vice President
Ronald P. Joelson	Senior Vice President and Chief Investment Officer
Patrick B. Kelleher	Senior Vice President
Martin P. Klein	Senior Vice President
James H. Reinhart	Senior Vice President
Leon E. Roday	Senior Vice President

The Company has the authority to issue two classes of capital stock: 50,000 shares of common stock with a par value of $1,000 each and 200,000 shares of non-voting preferred stock with a par value of $1,000 each. At December 31, 2011, 25,651 shares of common stock were issued and outstanding and held by GLIC, which is ultimately owned by Genworth. There were no shares of preferred stock outstanding at December 31, 2011.

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


Genworth Financial, Inc.
(DE)
Genworth North America Corporation
(WA)
Genworth Life Insurance Company
(DE) NAIC #70025
Genworth Life and Annuity Insurance Co.
(VA) NAIC #65536
65.5%
34.5%
Genworth Life Insurance
Company of New York (NY)
NAIC #72990
River Lake Insurance
Company IV
Limited (Bermuda)
NAIC #N/A
River Lake Insurance
Company VII
(VT) NAIC #13618
River Lake Insurance
Company VIII
(VT) NAIC #13776
Jamestown Life
Insurance Company
(VA) NAIC #97144
Rivermont Life
Insurance Company I
(SC) NAIC #13219
River Lake Insurance
Company III (SC)
NAIC #13217
River Lake Insurance
Company II (SC)
NAIC #13216
River Lake Insurance
Company (SC)
NAIC #13215

TRANSACTIONS WITH AFFILIATES

Services and Shared Expenses Agreement

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

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

During 2011, the Company was allocated expenses totaling $199,954,350 and received payments totaling $66,181,809 pursuant to this agreement. The net balances of these expenses are settled on a quarterly basis.

Tax Allocation Agreement

At December 31, 2011, the Company participates in a tax allocation agreement with its affiliates. Pursuant to this agreement a consolidated federal income tax return is filed. The provisions from the tax allocation agreement met the requirements from the NAIC Examiners' Handbook, including, but not limited to, a) having a written agreement approved by the board of directors, b) balances are settled within a reasonable time and c) the agreement complies with IRS regulations.

Dividends and Capital Contributions

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

- On February 23, 2009, the Company made a capital contribution of $250,000 to River Lake Insurance Company VII ("River Lake VII"), a subsidiary. On April 7, 2009, the Company made a capital contribution of $227,750,000 to River Lake VII. On September 24, 2009, the Company made a capital contribution of $250,000 to River Lake Insurance Company VIII ("River Lake VIII"), a subsidiary. These transactions received the necessary regulatory approval.

- On March 4, 2010, the company made a capital contribution of $250,000 to River Lake VIII. On April 26, 2010, the Company recaptured all of the term life insurance policies that it had ceded to River Lake Insurance Company V ("River Lake V"), a subsidiary. Immediately following the recapture, River Lake V distributed all of its assets to the Company, its sole shareholder, in cash and securities of $24,194,634 and $405,087,874, respectively. In connection with its dissolution, River Lake V distributed its remaining assets of $79,208,878 to the Company. On April 27, 2010, the Company made a capital contribution of $324,750,000 to River Lake VIII. These transactions received the necessary regulatory approval. On June 24, 2010, the Company received an extraordinary dividend of $20,000,000 from Jamestown Life Insurance Company ("Jamestown"), a subsidiary. On December 3, 2010, the Company received a dividend of $20,000,000 from River Lake Insurance Company VI ("River Lake VI"), a subsidiary. Additionally, on December 3, 2010, the Company received a dividend of $6,800,000 from River Lake VII. The extraordinary dividend from Jamestown received the necessary regulatory approval. The other two dividends did not require regulatory approval.

- On September 27, 2011, the Company received dividends of $3,100,000 and $8,700,000 from River Lake VI and River Lake VII, respectively. On November 23, 2011, the Company made a capital contribution of $14,700,000 to River Lake VI. These transactions received the necessary regulatory approval.

CONFLICT OF INTEREST

The Company has adopted a conflict of interest policy. The objective of this policy is to ensure that each director, officer, and employee of the Company discharge their business responsibilities in a manner that furthers the interest of the Company and must not compromise the interests of the Company because of a conflict of interest with their business or personal interest. To ensure compliance with the policy, the Company has established procedures which require directors, officers and responsible employees to sign a conflict of interest disclosure form annually.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2011, the Company maintained fidelity coverage of $15,000,000, subject to a $25,000,000 deductible, to insure against losses arising from dishonest acts of its officers and employees. Additionally, the Company maintained general liability, professional liability, directors and officer's liability, workers compensation and other coverages usual and customary to the nature of its business. Insurance coverages for the Company are provided by endorsements to Genworth's policies.

OFFICERS AND EMPLOYEES WELFARE AND PENSION PLANS

The Company has no employees; however, it is allocated costs for services provided by employees of affiliated companies ("Genworth employees"). Genworth employees participate in the Genworth Pension Plan, which is a defined contribution plan. Pension costs allocated to the Company were $5,672,483 for 2011.

Genworth employees may participate in the Genworth 401K which is entirely voluntary. Substantially all full time employees are eligible following the employees first day of work with Genworth and part time employees who meet certain minimum hourly service requirements are eligible to participate. The Company's share of this savings plan expense was $2,586,164 for 2011.

Genworth employees are eligible for Genworth medical and life insurance coverage during retirement, subject to age and service requirements. Expenses of the plan are charged to the Company on a per person basis. The Company's share of expenses for retirees under these plans was $1,144,234 for 2011.

Genworth employees are eligible for Genworth severance payments upon termination of service. Costs are allocated to the Company as a percentage of the employee's base salary. There were no post employment costs allocated to the Company during 2011. The Company has no legal obligation for benefits under any of the aforementioned plans because the employees are not direct employees of the Company.

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

TERRITORY AND PLAN OF OPERATION

At December 31, 2011, the Company was licensed to transact the business of insurance in the District of Columbia and all states except New York. The Company is authorized to write the following lines in the Commonwealth of Virginia:

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

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

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

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

GROWTH OF THE COMPANY

The following data represents the growth of the Company for the ten-year period ending December 31, 2011. The data is compiled from the Company's filed Annual Statements, previous examination reports, and the current examination report (amounts shown are in thousands).

Year	Admitted Assets	Liabilities	Capital Stock	Paid-in & Contributed Surplus	Special Surplus & Unassigned Funds
2002	$18,888,318	$18,344,033	$145,651	$189,555	$209,079
2003	19,580,644	19,018,231	145,651	189,555	227,207
2004	17,256,636	16,439,433	145,651	189,555	481,997
2005	15,893,602	15,417,585	145,651	189,555	140,811
2006	26,672,066	25,339,416	135,651	772,038	424,961
2007	29,146,511	27,732,267	25,651	762,275	626,318
2008	25,891,134	24,099,793	25,651	1,377,359	388,331
2009	25,113,007	23,177,288	25,651	1,390,217	519,851
2010	25,149,350	23,372,755	25,651	1,385,719	365,225
2011	23,484,472	21,641,541	25,651	1,380,624	436,656

Life Insurance In Force

Year	Industrial	Ordinary	Credit Life	Group
2002	$101,137	$30,912,807	$6,604	$36,856
2003	94,998	28,726,870	1,998	35,575
2004	89,116	26,463,227	704	32,859
2005	83,858	23,742,576	314	30,674
2006	78,899	618,999,011	527	92,645
2007	74,376	643,174,041	230	87,870
2008	70,311	651,909,651	20	87,690
2009	66,321	650,160,493	20	84,325
2010	62,787	667,229,967	0	74,438
2011	59,545	693,103,029	0	69,188

SEPARATE ACCOUNT BUSINESS

The Company, by resolutions adopted by its board of directors, has established separate accounts pursuant to Section 38.2-3113 of the Code of Virginia. This was part of a plan to support the issuance of variable life products and variable annuity products which are registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended. The investment policy of these accounts is to invest or reinvest assets in the shares of mutual funds. At December 31, 2011, the Company reported $9,432,729,833 in separate account balances compared with $10,925,327,198 for the prior year.

REINSURANCE

Ceded

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

One of the Company's strategies for its Term and Universal Life business is to finance the excess of the statutory reserves required under Regulation XXX (14 VAC 5-319) over the reserves calculated on a basis with more appropriate margins ("excess reserves"). This financing is accomplished by ceding this business to various wholly-owned subsidiaries, isolating blocks by subsidiary, and subsequently financing the excess reserves by securitizations or via letters of credit. The subsidiaries are River Lake Insurance Company, River Lake Insurance Company II – VIII (excluding V), Rivermont Life Insurance Company I, and Brookfield Life and Annuity Insurance Company Limited and are domiciled in South Carolina, Bermuda, Vermont, and Delaware. Several of these companies are not authorized reinsurers in Virginia, and thus reinsurance reserve credit is only permitted by maintaining sufficient collateral. A portion of the liabilities ceded under the River Lake Insurance Company III reinsurance treaty and 100% of the liabilities ceded under the River Lake V reinsurance treaty were recaptured during the examination period and became part of the liabilities ceded under the River Lake VII and River Lake VIII agreements. This reinsurance accounted for approximately 36%, or $6 billion, of the Company's total reinsurance ceded reserves at December 31, 2011.

The Company also cedes business to two other affiliates: Jamestown and GLIC. The majority of this business became effective in the early 2000's and is for various Universal Life and Term plans ceded on a Coinsurance basis. These agreements account for approximately 11%, or $1.8 billion, of the Company's total reinsurance ceded reserves. The total reinsurance ceded to affiliates accounts for approximately 47%, or $7.9 billion of the Company's total reinsurance ceded reserves at December 31, 2011.

The financing of the "excess reserves" for Term and Universal Life business subject to Triple-X and AG 38 which was sold in 2009 was accomplished by ceding the business to Munich American Reassurance Company ("Munich") in lieu of using an affiliate River Lake structure. Munich is an authorized reinsurer which is domiciled in the state of Georgia. Thus, the Company was able to take full reserve credit for the excess reserve without the need to establish additional collateral. This reinsurance is on a first-dollar quota-share coinsurance basis where the reinsurer's share is 60% and the Company's share is 40%, up to the Company's retention level. This reinsurance agreement accounted for approximately $152 million, which is less than 1%, of the Company's total reinsurance ceded reserves at December 31, 2011.

The Company cedes the majority of its A&H business to its affiliate GLIC. The Company has a small block of A&H business that consists of mostly Long-Term Care business from the 1980's, and was acquired from prior company mergers. A&H business accounts for less than 1% of the Company's total reserves, and the reinsurance ceded accounts for less than 1% of the Company's total reinsurance ceded reserves at December 31, 2011.

Nearly half of the Company's reinsurance is ceded to Union Fidelity Life Insurance Company of Illinois ("UFLIC"). This company was formerly an affiliate of the Company when they were both owned by GE. The reinsurance agreement with UFLIC was entered into during 2004, and was associated with the Company's divestiture from GE. GE agreed to maintain trust accounts for the Company's benefit in the amount of the reinsurance reserves ceded to UFLIC. Under the treaty, the Company cedes structured settlement annuities and the general account portion of variable annuities to UFLIC. Additionally, the separate account portion of variable annuities is ceded on a MODCO basis to UFLIC; however, no reserve credit is associated with MODCO reinsurance. The reinsurance ceded to UFLIC accounted for approximately 42%, or $7.1 billion, of the Company's total reinsurance ceded reserves at December 31, 2011.

In order to cede amounts in excess of its retention limits, the Company established a pool of reinsurers, comprised of Hannover Life Reassurance Company of America ("Hannover"), Munich American Reassurance Company, SCOR Global Life U.S. Re Insurance Company, and Swiss Re Life & Health America Inc. Approximately $1.5 billion of the in-force business was ceded, with a $2.6 million reinsurance credit, which is less than 1% of the Company's total reinsurance reserve credit at December 31, 2011. The Company's retention limits range from $0 to $5,000,000 depending upon the issue age and underwriting classification of the insured.

The Company has a YRT catastrophic coverage agreement with approximately 16 non-affiliate reinsurers. The current catastrophic agreement is effective July 1, 2011 for a one-year period. The catastrophic agreement covers losses resulting from acts of terrorism including nuclear, biological, chemical and radioactive risks and covers losses in excess of $100 million from one event subject to a combined maximum liability of $100 million to all pool participants.

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

Reinsurer	Reserve Credit
Hannover Life Reassurance Company of America	$872,815,913
Munich American Reassurance Company	$288,485,540
Security Life of Denver Insurance Company	$90,564,415
Swiss Re Life & Health America Inc.	$85,861,394
Employers Reassurance Corporation	$60,713,245
RGA Reinsurance Company	$53,048,249

There are two additional significant reinsurance ceded treaties with Hannover that were executed during the examination period and not previously mentioned. The first of these treaties was effective on October 1, 2009 and covers various policies outlined in the treaty on a YRT basis. The reinsurer's share on these policies is a 25% quota share of the death benefits retained by the Company after excluding any existing excess reinsurance. This treaty was subsequently amended to increase the quota share percentage for a significant portion of the covered business to 100%. The second treaty is a combination Coinsurance/YRT treaty which was effective on June 30, 2011. The coinsurance portion of this treaty covers Total Living Coverage (TLC) policies assumed from GLIC. The TLC policies are primarily life policies with optional LTC benefits attached as riders. Only the non-LTC portion of the risk is retro-ceded to Hannover. The YRT portion of the treaty covers Colony Term UL policies sold in 2011 on a 50% quota share basis. The total reserve ceded under these two treaties was approximately $145 million at December 31, 2011.

The total reserve credit taken by the Company for ceded business at December 31, 2011 is approximately $16.8 billion, or 45% of the total aggregate reserves.

Assumed

The majority of the reinsurance that the Company assumes (approximately 90%, or $1.9 billion) is from two affiliates, GLIC and Genworth Life Insurance Company of New York ("GLICNY"). Almost all of this assumed business is then retro-ceded to one of the River Lake, Rivermont or Brookfield companies mentioned above as part of the excess reserve financing. None of these treaties had effective dates during the examination period.

Since 1996, the Company has assumed a significant amount of business from Combined Insurance Corporation of America ("CICA"), a former affiliate within the GE corporate structure. Under this reinsurance, the Company assumes various business on a coinsurance basis from CICA, including Traditional Life, Nonforfeiture Life, Universal Life, Excess-Interest Whole Life, Single-Premium Whole Life, and Deferred Annuities. The reinsurance assumed from CICA accounted for approximately 7%, or $139 million, of the Company's total assumed reserves.

On April 12, 2007, the Company entered into a reinsurance agreement with Fidelity Investments Life Insurance Company ("Fidelity"). Under this agreement, the Company assumes the Guaranteed Minimum Withdrawal Benefit of one of Fidelity's Variable Annuity plans on a YRT basis. The reinsurance assumed from Fidelity accounts for approximately 2%, or $50 million, of the Company's total assumed reserves at December 31, 2011.

The remaining life reinsurance assumed of approximately $11 million is considered insignificant (less than 1% of total reserves assumed) and comes from seven non-affiliate companies.

The Company assumes an insignificant amount of A&H business of approximately $4 million from UFLIC.

The total reserve associated with the Company's assumed business at December 31, 2011 is approximately $2.1 billion, or 6% of the total reported aggregate reserves.

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period January 1, 2009 through December 31, 2011. Assets were verified and liabilities were established at December 31, 2011.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook. The Handbook requires that the Bureau plan and perform the examination to evaluate the financial condition and identify prospective risks of the Corporation, assess corporate governance, identify and assess inherent risks within the Corporation, and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

FINANCIAL STATEMENTS

There follows a statement of financial condition of the Company at December 31, 2011; a summary of operations for the year ended December 31, 2011; a reconciliation of capital and surplus for the period under review; and a statement of cash flows for the year ending December 31, 2011. The financial statements are presented in accordance with Statutory Accounting Principles.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$8,756,151,255		$8,756,151,255
Stocks:			
Preferred stocks	13,049,333	500,000	12,549,333
Common stocks	1,069,279,879	254,997	1,069,024,882
Mortgage loans on real estate:			
First liens	1,811,471,620		1,811,471,620
Real Estate:			
Properties occupied by the company	36,609,246		36,609,246
Properties held for sale	275,546	275,546	0
Cash and short-term investments	216,186,976		216,186,976
Contract loans	518,206,168	7,858,618	510,347,550
Derivatives	39,718,189		39,718,189
Other invested assets	162,889,063	3,965,200	158,923,863
Receivables for securities	9,909,395	84,999	9,824,396
Securities lending reinvested collateral assets	41,291,457		41,291,457
Subtotals, cash and invested assets	$12,675,038,127	$12,939,360	$12,662,098,767
Investment income due and accrued	113,047,595		113,047,595
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	46,981,388	434,622	46,546,766
Deferred premiums, agents' balances and installments booked but deferred and not yet due	648,460,394		648,460,394
Reinsurance:			
Amounts recoverable from reinsurers	44,230,392	2,769,918	41,460,474
Funds held by or deposited with reinsured companies	279,825,012		279,825,012
Other amounts receivable under reinsurance contracts	63,646,954	52,847,715	10,799,239
Net deferred tax asset	622,911,924	406,209,171	216,702,753
Guaranty funds receivable or on deposit	5,473,895		5,473,895
Electronic data processing equipment and software	42,820,843	42,287,942	532,901
Furniture and equipment	4,837,861	4,837,861	0
Receivables from parent, subsidiaries and affiliates	1,948,997		1,948,997
Aggregate write-ins for other than invested assets	31,511,361	6,665,849	24,845,512
Total assets excluding Separate Accounts	$14,580,734,743	$528,992,438	$14,051,742,305
From Separate Accounts Statement	9,432,729,833		9,432,729,833
Total assets	$24,013,464,576	$528,992,438	$23,484,472,138

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$9,594,523,093
Aggregate reserve for accident and health contracts	8,808,806
Liability for deposit-type contracts	1,721,242,783
Contract claims:	
Life	111,585,652
Accident and health	1,073,953
Policyholders' dividends due and unpaid	425,235
Premiums and annuity considerations for life and accident and health contracts received in advance	10,366,759
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	110,577,477
Interest Maintenance Reserve	7,276,551
Commissions to agents due or accrued	4,597,470
Commission and expense allowances payable on reinsurance assumed	118,531
General expenses due or accrued	18,519,241
Transfers to Separate Accounts due or accrued	(205,347,806)
Taxes, licenses and fees due or accrued, excluding federal income taxes	8,597,654
Current federal income taxes	5,969,475
Unearned investment income	10,233,316
Amounts withheld or retained by company as agent or trustee	12,044,870
Remittances and items not allocated	57,972,033
Miscellaneous liabilities:	
Asset valuation reserve	13,040,006
Reinsurance in unauthorized companies	192,052,223
Funds held under reinsurance treaties with unauthorized reinsurers	373,000,658
Payable to parent, subsidiaries and affiliates	8,723,847
Funds held under coinsurance	97,446,986
Derivatives	10,315,005
Payable for securities	1,416,443
Payable for securities lending	41,291,457
Total liabilities excluding Separate Accounts business	$12,215,871,718
From Separate Accounts statement	9,425,669,576
Total liabilities	$21,641,541,294
Common capital stock	$25,651,000
Gross paid in and contributed surplus	1,380,623,625
Aggregate write-ins for special surplus funds	75,836,125
Unassigned funds (surplus)	360,820,094
Total capital and surplus	$1,842,930,844
Total liabilities, capital and surplus	$23,484,472,138

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$1,129,480,426
Considerations for supplementary contracts with life contingencies	4,646,661
Net investment income	605,714,179
Amortization of Interest Maintenance Reserve	(6,118,233)
Commissions and expense allowances on reinsurance ceded	153,708,602
Reserve adjustments on reinsurance ceded	(79,295,521)
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	177,920,482
Charges and fees for deposit-type contract	2,016
Aggregate write-ins for miscellaneous income	32,937,719
Total	$2,018,996,331
Death benefits	$345,384,178
Matured endowments	2,265,142
Annuity benefits	461,419,846
Disability benefits and benefits under accident and health contracts	35,488,886
Surrender benefits and withdrawals for life contracts	933,004,621
Interest and adjustments on contract or deposit-type contract funds	38,181,678
Payments on supplementary contracts with life contingencies	9,309,857
Increase in aggregate reserves for life and accident and health contracts	282,224,411
Total	$2,107,278,619
Commissions on premiums, annuity considerations and deposit-type contract funds	247,749,275
Commissions and expense allowances on reinsurance assumed	141,238,804
General insurance expenses	265,322,804
Insurance taxes, licenses and fees, excluding federal income taxes	22,345,638
Increase in loading on deferred and uncollected premiums	(1,450,891)
Net transfers to or (from) Separate Accounts net of reinsurance	(533,248,525)
Aggregate write-ins for deductions	16,311,856
Total	$2,265,547,580
Net gain from operations before dividends to policyholders and federal income taxes	($246,551,249)
Net gain from operations after dividends to policyholders and before federal income taxes	($246,551,249)
Federal income taxes incurred	(142,409,916)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	($104,141,333)
Net realized capital gains	13,077,245
Net (loss)	($91,064,088)

RECONCILIATION OF CAPITAL AND SURPLUS

	2009	2010	2011
Capital and surplus, December 31, prior year	* $1,791,340,675	$1,935,719,142	$1,776,595,317
Adjustment for previous examination changes	$139,579,303		
Net income (loss)	250,877,186	53,563,249	(91,064,088)
Change in net unrealized capital gains (losses)	(193,860,470)	12,918,177	63,530,744
Change in net deferred income tax	(244,886,440)	(6,111,351)	(2,241,146)
Change in nonadmitted assets	127,668,929	562,355	45,239,569
Change in liability for reinsurance in unauthorized companies	(135,797,716)	(29,964,194)	(878,883)
Change in reserve on account of change in valuation basis	30,833,583		
Change in asset valuation reserve	107,422,692	(40,625,269)	47,190,653
Surplus (contributed to) withdrawn from Separate Accounts	8,899,365	16,083,670	(867,155)
Other changes in surplus in Separate Accounts Statement	(655,129)	(16,537,667)	
Cumulative effect of changes in accounting principles	(11,244,270)		
Surplus adjustment:			
Paid in	12,858,051	(4,497,691)	(5,095,535)
Change in surplus as a result of reinsurance	22,073,892	(65,531,448)	20,650,000
Aggregate write-ins for gains and losses in surplus	30,609,491	(78,983,656)	(10,128,632)
Net change in capital and surplus	$144,378,467	($159,123,825)	$66,335,527
Capital and surplus, December 31, current year	$1,935,719,142	$1,776,595,317	$1,842,930,844

*Adjusted capital and surplus from previous exam report

CASH FLOW

CASH FROM OPERATIONS

Premiums collected net of reinsurance	$1,141,043,552
Net investment income	623,933,531
Miscellaneous income	301,816,298
Total	$2,066,793,381
Benefit and loss related payments	$1,770,979,414
Net transfers to Separate Accounts	(625,851,304)
Commissions, expenses paid and aggregate write-ins for deductions	668,079,661
Dividends paid to policyholders	(11,731)
Federal income taxes paid (recovered)	(62,076,599)
Total	$1,751,119,441
Net cash from operations	$315,673,940

CASH FROM INVESTMENTS

Proceeds from investments sold, matured or repaid:	
Bonds	$1,918,119,989
Stocks	19,610,826
Mortgage loans	345,231,863
Other invested assets	100,541,164
Miscellaneous proceeds	187,934,932
Total investment proceeds	$2,571,438,774
Costs of investments acquired (long-term only):	
Bonds	$1,881,477,625
Stocks	27,452,072
Mortgage loans	66,755,102
Real estate	1,230,350
Other invested assets	15,053,009
Miscellaneous applications	32,254,672
Total investments acquired	$2,024,222,830
Net (decrease) in contract loans and premium notes	($1,366,869)
Net cash from investments	$548,582,813

CASH FROM FINANCING AND MISCELLANEOUS SOURCES

Cash provided (applied):	
Net deposits on deposit-type contracts and other insurance liabilities	($913,808,183)
Other cash provided	166,715,088
Net cash from financing and miscellaneous sources	($747,093,095)

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments	$117,163,658
Cash and short-term investments:	
Beginning of year	99,023,318
End of year	$216,186,976

SUBSEQUENT EVENTS

1. On March 28, 2012, the Company received a capital contribution from GLIC, its parent, in the amount of $64,770,225.

2. During 2012, River Lake Insurance Company III ("River Lake III) redeemed all of its outstanding surplus notes. Effective January 1, 2012, the Company recaptured all of the term life insurance policies previously ceded to RLIC III and ceded it to RGA. Effective June 8, 2012, River Lake III ceased operations and distributed all of its remaining assets of $38,289,670 in cash, $73,695,940 in securities, and $128,208 in accrued interest to the Company. In addition, the Company assumed current federal income taxes payable of $13,833,345 from River Lake III.

3. On July 2, 2012, the Company paid a dividend to GLIC, its parent, in the amount of $100,000,000.

4. On August 8, 2012, the Company made a capital contribution to River Lake VII in the amount of $11,500,000.

5. On August 28, 2012, the Company acquired Newco from GNA for $27,850,000. Newco owns property occupied by the Company and its affiliates. On August 28, 2012, the Company contributed a building to Newco with a book value of $2,693,938 and furniture and equipment with a book value of $1,960,326.

6. On September 27, 2012, the Company made a capital contribution to River Lake Insurance Company IX and River Lake Insurance Company X in the amount of $250,000 each.

7. On September 27, 2012, the Company received a dividend from River Lake VI in the amount of $9,889,000 and from River Lake VII in the amount of $8,700,000.

8. Effective October 1, 2012, the Company recaptured substantially all of the term life insurance policies previously ceded to River Lake IV. Effective November 16, 2012, River Lake IV distributed assets of $2,170,675 in cash, $89,843,885 in bonds, and $1,288,171 in accrued interest to the Company in connection with the recapture.

9. On November 14, 2012, the Company received a dividend from Jamestown in the amount of $4,992,212.

10. On November 15, 2012, the Company made a capital contribution to River Lake IX in the amount of $10,750,000.

11. On December 27, 2012, the Company received a capital contribution from GLIC in the amount of $25,009,332.

12. On December 28, 2012, the Company received a dividend from River Lake VIII in the amount of $75,000,000.

CONCLUSION

The courteous cooperation extended by the Company's officers and employees during the course of the examination is gratefully acknowledged.

In addition to the undersigned, Bryan Almond, Darrin Bailey, CFE, Ken Campbell, CFE, Craig Chupp, FSA, MAAA, Chris Collins, CFE, Jack Drean, CFE, Ern Johnson, FSA, MAAA, Kevin Knight, CFE, Hai Nguyen, Milton Parker and Michael Peterson participated in the work of the examination.

Respectfully submitted,

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Assistant Chief Examiner
Commonwealth of Virginia
Representing the Southeastern Zone, NAIC

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April 4, 2013

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

RE: Response to Report of Examination of the Genworth Life and Annuity Insurance Company as of December 31, 2011

Dear Mr. Smith:

I am writing on behalf of the Genworth Life and Annuity Insurance Company (the "Company") in connection with the Report of Examination ("Report") of the Company as of December 31, 2011, prepared by the Virginia Bureau of Insurance ("Bureau") and submitted to the Company for review and comment by cover letter dated March 25, 2013, addressed to Elena K. Edwards.

The Company acknowledges receipt of the Report and has thoroughly reviewed its contents.

We would like to request 20 internal copies of the report be submitted to the Company.

The Company wishes to thank you and your examination staff for the courtesy and cooperation extended to us during the exam.

If there are any questions, please do not hesitate to contact me at 804-662-2458 or at Michele.Trampe@genworth.com.

Very truly yours,

Michele Trampe

Michele Trampe
Assistant Treasurer, Genworth Life Insurance Company

cc: Elena K. Edwards