

Ready for Prime Time

Growing Demand for Index Universal Life Insurance

Do you have a clear picture of your next big opportunity?

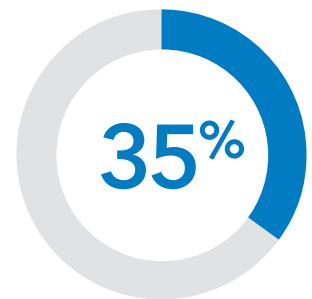
- Index universal life (UL) insurance has grown from a \$330 million market in 2006 to a \$1.5 billion market in 2012.¹
- Index UL sales were up 42% in the final quarter of 2012 and 36% for the year.²
- Index UL sales currently account for 30% of overall UL premiums.¹
- Today's low interest rate environment continues to challenge cash accumulation opportunities. It also challenges long term death benefit guarantees of universal life insurance.
- "Main Street" consumers—with household incomes of \$50,000 to \$250,000—need more life insurance coverage and need their dollars to work harder than ever before.
- They may not be comfortable with the higher volatility and risk posed by variable universal life insurance.
- Consumers are demanding more for less:
 - More growth potential than currently available with traditional fixed life insurance products
 - More tax-efficient solutions
 - Less risk than variable universal life insurance

The Solution: Index universal life (Index UL or IUL) insurance combines life insurance with cash accumulation linked to stock market performance. It also gives policyowners downside protection, and significant income tax advantages.

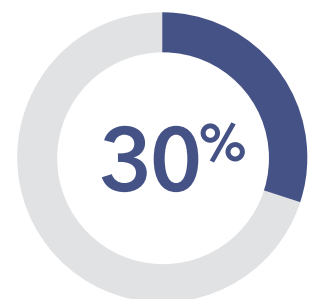
Read on for the full story.



2012 sales of Index UL policies increased by **36%** versus 2011¹



Agents selling IUL expect their total IUL sales to increase by **35%** in the next five years²



Index UL sales currently account for **30%** of all UL Sales¹

¹LIMRA, U.S. Individual Life Insurance Sales, Fourth Quarter 2012

²2011-2012 Genworth Index UL Research

Are you getting your fair share of the index market?

Are you part of the life insurance industry's latest runaway hit? In essence, index UL is universal life insurance with a different optional crediting strategy: Interest is credited to the policy based on the performance of a major index, most often the S&P 500®, with both upside opportunity and downside protection.

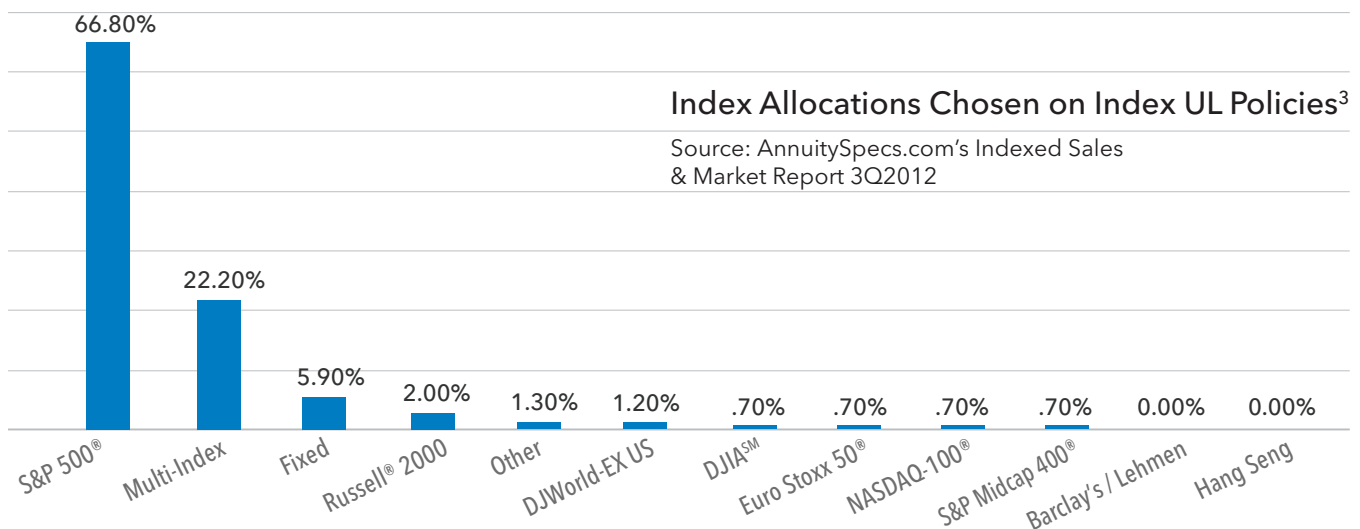
Index UL combines death benefit protection with tax-deferred cash accumulation potential. This combination of features makes it very appealing to customers.

Your clients can benefit from the growth potential linked to stock market performance with less downside risk than variable universal life insurance. It is important to understand that the interest growth potential is limited by a cap set by the insurance company. In return for the cap on the upside potential, unlike variable universal life insurance which has no downside protection, the clients policy value is not subjected to losses based solely on negative index performance.

Why the S&P 500® Index is the Clear Choice

There are many indices to choose from. So why do 67% of all index UL policies base credited interest on this single index? With the S&P 500® Index, it's easy to explore current and past performance.

This index is widely followed, so insurers can gain market efficiencies that benefit you and your client by limiting policy expenses.



If you're not telling your clients about index UL whenever you get the chance, someone else will.

³First-year premium allocations

What Producers Like About Index UL

Protection, Income and Growth

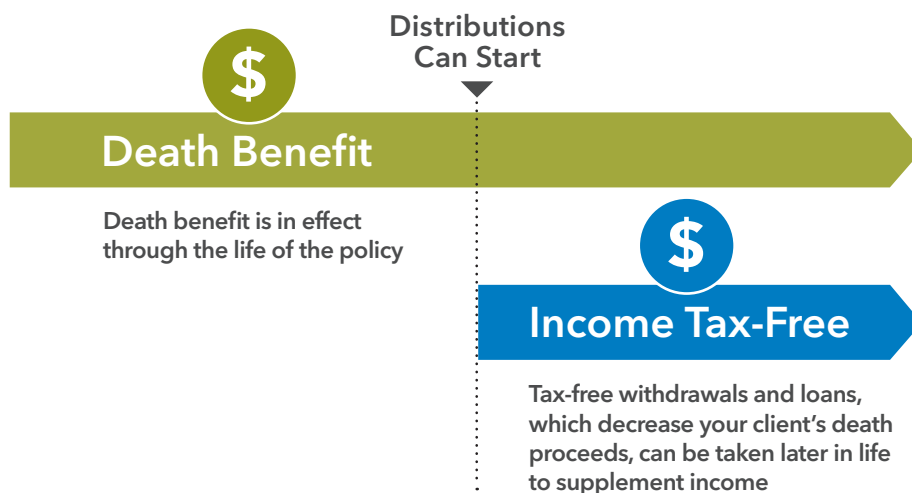
Genworth recently conducted qualitative and quantitative research among insurance agents and agency staff to learn more about the index UL opportunity. Quotes used throughout this paper come from this recent Genworth research. Our research shows that the majority of producers and agency personnel believe the index UL market is "on its way up."

Just as important, we learned why insurance professionals are so excited about these policies. At a high level, producers are focused on three major advantages of index UL:

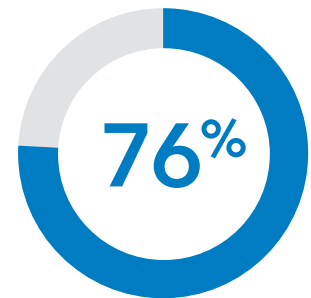
- Financial flexibility
- Growth potential and downside protection
- Income tax advantages

Financial Flexibility

Financial professionals appreciate index UL's ability to provide their clients with a death benefit while building policy value that can generate tax-free⁵ supplemental income later in life. This income can be used for anything, including to fund college tuition, retirement and medical expenses, and the death benefit is there to help fund the client's goals in the event of death, including executive buy-sell agreements.



Only **32%** of Americans in the pre-retirement years think they have sufficient assets for retirement⁴



76% of pre-retirees think they will have to work longer than expected because they won't have enough money to retire⁴

"Clients like knowing that if they need additional money in retirement (or pre-retirement), they will be able to access their policy value."

⁴Genworth Retirement Income Consumer Study-August 2012.

⁵Please see last page for important limitations.

Growth Potential and Downside Protection

Producers emphasize index UL's suitability for today's volatile market. At the same time, low interest rates have decreased interest crediting rates in traditional permanent life insurance products, as well as in vehicles like CDs and money market funds. The result: consumers are drawn to the potential upside of index-linked crediting rates.

"Index UL products are better designed and have better features for clients looking for less volatility than variable life. And they offer better returns than fixed life."

Income Tax Advantages

The inherent income tax advantages of life insurance make index UL a worthy complement to term life insurance, individual retirement accounts, 401(k) plans, and other components of a client's financial strategy.

Overall, index UL can be a smart choice for individuals seeking:

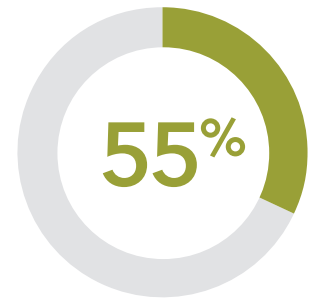
- An income tax-free death benefit ⁶
- The potential to accumulate cash on a tax-deferred basis
- Tax-free supplemental income for retirement, educational costs, or other purposes

It also can be appropriate for business owners looking to fund:

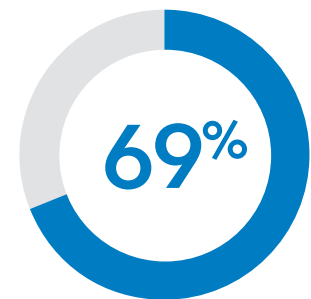
- Buy-sell agreements
- Deferred compensation or key-person arrangements
- Supplemental retirement income

Index UL has earned a reputation as complicated and hard to understand—much less explain to a client. This, however, is not just an issue related to index UL. According to a recent LIMRA survey, in general, consumers need help understanding life insurance.

"The obvious advantages are tax deferral ... like you have with IRAs, plus no annual contribution limits and tax-free access to policy value regardless of age, and a death benefit."



55% of consumers did not know that universal life insurance accumulates cash value against which they can borrow ⁷



69% did not know that life insurance benefits are tax-free ⁷

"The index UL concept gives upside potential, but most importantly doesn't allow the policy value to be shredded in a down market."

⁶Please see last page for important limitations.

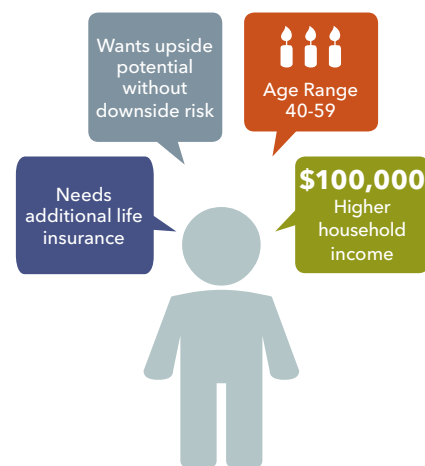
⁷What do They Know, Anyway? Consumer Understanding of Life Insurance. LIMRA, 2012.

The Ideal Index UL Candidate

We asked producers already selling index UL about the ideal customer for this type of life insurance. Here's their description:

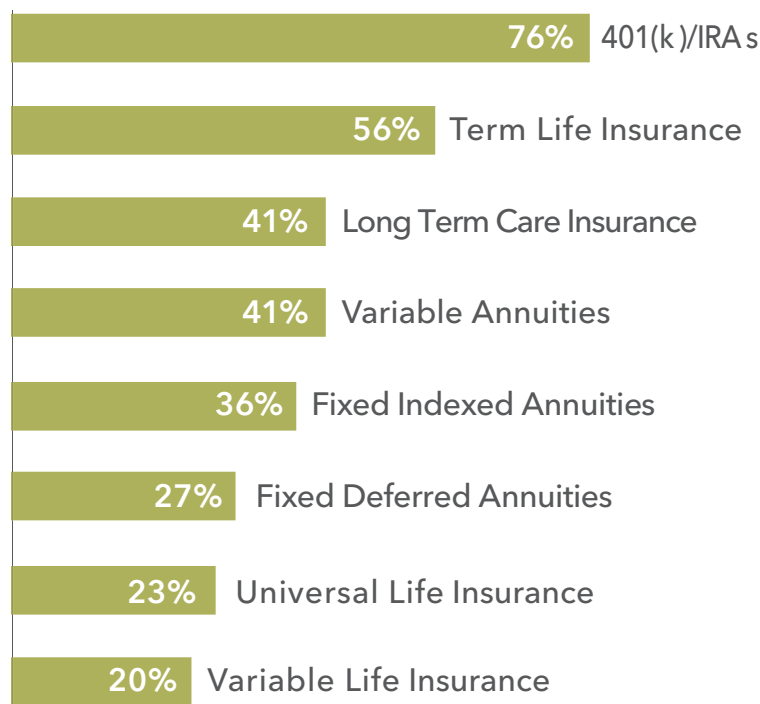
- Needs additional life insurance
- Between 40 and 59 years old (according to 80% of producers)
- Earning from \$100k to \$250K (68% of producers)
- Investable assets between \$100k and \$500k (60%)
- Moderate risk tolerance (81%)
- Purchasing the policy for themselves (78%)

Favorable Prospect



Index UL Policy Holders: Other Products Owned

Producers also indicated that IUL policyowners frequently owned other products as well:



"With CD and money market rates nonexistent in today's environment, clients are seeking solid alternatives with limited risk."

"The client can benefit during their lifetime while providing a benefit to their loved ones at their passing."

In addition to retirement accounts, producers indicate that term life insurance is also a commonly owned product among Index UL policyowners.

What Can Index UL Do for Your Clients?

Index UL can help your clients achieve a wide range of goals:

Looking For:

Index UL Solution



Financial Protection
for their Family

A generally **income tax-free death benefit⁶** for your loved ones in case your client is not there to provide for them



Growth
Opportunities

Index-linked interest crediting strategies provide the **opportunity for policy value growth**, especially in a low interest rate environment



Market Downside
Protection

Policy values **will not decrease** based solely on negative index performance



Supplemental Income
for Retirement

With sufficient policy values, clients can take **policy loans and withdrawals⁵** to supplement their income



Supplemental Income
for Education Funding

Index UL policies provide **more flexibility** than other college funding plans, and clients may access funds on an **income tax-free basis⁵**



Executive
Benefits

Business clients can **reward key employees** through benefits such as a non-qualified deferred compensation plan



Business Succession
Planning

Business owners can use index UL to **fund a buy-sell agreement**, ensuring a smooth transition of business ownership



You Talked, We Listened

Yet while index UL is designed to meet many consumer needs, it has a reputation for complexity. Indeed, our focus groups and survey research among producers like you reveal a simple truth: You likely appreciate the potential value to your clients of index UL products, but are concerned about their complexity. You understand how index UL works, but you also know that these policies can have many “moving parts,” which can be difficult to explain to clients.

Genworth’s upcoming index UL product, Asset Builder Index UL, will incorporate everything we’ve learned about the challenges of selling this type of insurance. Supported by better educational resources, clearer illustrations and marketing materials, and a streamlined application process, Asset Builder Index UL can help you bring the benefits of index UL to more clients, more easily.

“Help me help my clients understand index UL” is a consistent demand among producers and agency staff eager to tap into the growth of this product.

“I don’t know enough about the product to market it to my clients.”

“I typically recommend these products to financial planners who have at minimum a basic understanding of insurance products.”

“Marketing this type of product is not easy for everyone. You need a good knowledge base.”

Coming to a Tablet Near You:



That is why we are developing The Index InstituteSM, it will help you boost your knowledge about index UL products so you can sell them with confidence.

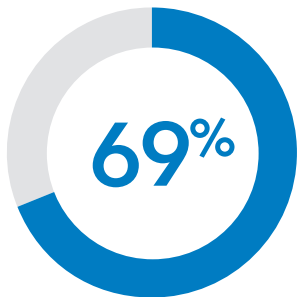
The Index Institute—an industry first—will be your virtual learning community for index UL product information, training, presentations, and cutting-edge sales ideas. From explaining easy-to-understand policy basics to pursuing advanced business market opportunities, Genworth pulls together a host of rich content in one easy-to-use portal.

The Index Institute will help you understand index UL, identify the ideal clients, address their questions, and create effective sales presentations.

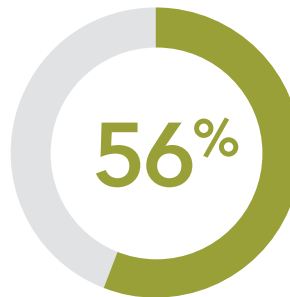
Whether you’re just starting to learn about index UL or you’re a proven pro, The Index Institute has powerful sales materials, thought-provoking research, and engaging videos that will build your competitive edge. Available online 24/7, this valuable resource is accessible on your laptop or tablet and as an app for your iPad®.

Clearer Illustrations & Marketing Materials

In addition to better educational materials, producers told us that clarity is king when it comes to selling index UL. Indeed, financial professionals rely on illustrations and other materials that show clients key facts in ways they can understand:



69% of producers believe a clear and easy-to-follow illustration system would make them much likelier to sell an index UL product



56% said that transparent costs and fees would be important to their ability to sell or recommend an index UL policy

"I think that having simple graphics available to show my clients that this product can address the various concerns we uncovered in our planning could be valuable."

"Insurance is confusing to most individuals and is something they tend to put off. To ... make it easy for them to understand makes my job easier, and also makes it an easier process for them."



Our Approach

With Asset Builder Index UL, Genworth is addressing this demand for clarity with clear and simple wording and visuals, including user-friendly illustrations. Our approach:

Simplify

- We use easy-to-understand wording
- Our user-friendly, illustrated graphics drive key takeaways
- Carefully chosen typography maximizes comprehension and clarity

Transparency = Trust

- By clearly showing how the product would perform in down, up or moderate performing

years, we help clients worry less about “the catch”

- Understanding translates into trust and engagement
- Our illustrations include an alternative rate scenario to show a range of policy performance scenarios

Visual Spotlighting

- By using color, charts, graphs or information graphics, we can help your clients focus on the most important information
- Our materials contain only what’s needed to succinctly convey the key benefit or functionality

A Streamlined Application Process

Not surprisingly, a faster, easier application process supported by user-friendly technology also is high on the list of producer must-haves.

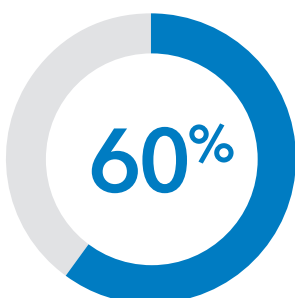
In general, our focus groups confirmed that producers are hungry for innovations that speed up the process.

That’s why Asset Builder Index UL may be more than just another index UL product—it’s a complete sales solution. Genworth’s industry-leading service and technology platforms make this product easier to sell, and quicker to close.

“Producers are interested in saving time when it comes to processing applications. ”

“Efficiency allows me to spend more time with my clients and less time on admin work. ”

“The more streamlined the process, the more my producers will sell. ”



60% said a “short-form” application process would make them much more likely to recommend an index UL product.

Easier to sell, Quicker to close



Life Quick RequestSM

Our short-form ticket process frees you from tracking down underwriting requirements and is proven to increase placement rates while decreasing cycle time.



ePolicy Delivery

It's the fast, easy and flexible way to electronically manage the entire policy delivery process that cuts cycle delivery time from weeks to days.



360°LifeViewSM Underwriting

We've redefined "healthy." Get your clients the best rate class for a wide variety of common conditions such as depression, high-blood pressure, obesity, asthma, anxiety and sleep apnea.

Life Quick Request cuts cycle times in half, with a 13 day median cycle time for term life insurance cases and 16 days for UL cases⁸

ePolicy Delivery lets you stay in control. You decide when to use it --on all or some of your cases.

Stay Tuned

In the weeks to come, Genworth will be talking more about Asset Builder Index UL and our revolutionary approach to providing this innovative form of life insurance. We'll also continue to bring you ground-breaking educational resources and technologies that can help you unlock the power of index UL.

It could be your next big opportunity. Many of your clients need more life insurance, and are looking for cash accumulation to provide a source that can supplement their other financial goals. Now that Genworth has entered this growing market, you can help them more easily than ever before.

About the Research

During 2011 and 2012, Genworth conducted quantitative and qualitative research to gain a deeper understanding of the target market for IUL, gather perspectives on selling methodologies of top selling IUL producers and agency staff and identify barriers that keep clients from getting the protection they need.

⁸Genworth Life Quick Request, Average rolling year as of February 2013.

Ready for Prime Time

Growing Demand for Index Universal Life

The S&P 500 index is a product of S&P Dow Jones Indices LLC ("SPDJI") and has been licensed for use by Genworth Life and Annuity Insurance Company and Genworth Life Insurance Company hereinafter referred to as "Licensee". Standard & Poor's®, S&P®, and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Licensee. Licensee Index Universal Life Product(s) are not sponsored, endorsed, sold or promoted by SPDJI, S&P, or their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 index.

Although the policy value may be affected by the performance of an index, the policy is not a security and does not directly or indirectly participate in any stock, equity or similar investment including, but not limited to, any dividend payments attributable to any such investment.

⁵ A withdrawal may be free of federal income tax or "tax free." If the policy is not a Modified Endowment Contract (MEC), then, except for certain changes in the policy during the first 15 policy years and especially during the first five policy years that cause cash distributions that may be taxable although they do not exceed investment in the contract (Basis), withdrawals are not taxable to the extent that they do not exceed Basis. Policy loans are free of federal income tax when taken except if the policy is or becomes a Modified Endowment Contract (MEC). If the policy is a MEC, a distribution (withdrawal or policy loan, including any increase in the policy loan balance because of unpaid loan interest) is taxable to the extent that Policy Value exceeds Basis. A 10% penalty tax may apply to distributions from a MEC if the policyholder is under age 59½. Basis is premium paid minus any long term care rider charges and minus nontaxable amounts previously recovered through policy loans taken from a MEC and withdrawals. Assignment or pledge of a MEC as security for a loan would also be a taxable event. If the policy becomes a MEC, then any distribution (withdrawal or policy loan) taken in the policy year in which the policy becomes a MEC and in subsequent policy years is taxable the same as a distribution from a MEC. Any distribution taken within two years prior to the policy becoming a MEC may also be taxable the same as a MEC. Termination, other than by reason of the insured's death, of a life insurance policy with a policy loan balance may be deemed a distribution of the outstanding policy loan balance, resulting in possible adverse tax consequences for a policy that is not a MEC. Consult a tax advisor about possible tax consequences. We are not responsible for any adverse tax consequences.

⁶ A death benefit is income tax-free (a) unless the policy has been transferred for a valuable consideration by assignment or otherwise, the basis for determining gain or loss in the hands of the transferee is determined in whole or part by reference to such basis in the hands of the transferor, and the transfer is to not to the insured, a partner of the insured, a partnership in which the insured is a partner, or a corporation in which the insured is a shareholder and/or officer and (b) in the case of a life insurance policy that is an employer-owned life insurance contract as that term is defined in section 101(j) of the Internal Revenue Code of 1986, as amended, if the requirements of section 101(j) with respect to such contracts are met.

Asset Builder Index UL is flexible premium adjustable life insurance (commonly called universal life insurance) with optional index interest crediting. The Asset Builder Index UL product, riders, and benefits are subject to the terms and conditions of its policy forms and to state availability and issue limitations.

The Genworth companies wrote this content to help you understand the ideas discussed. Any examples are hypothetical and are used only to help you understand the ideas. They may not reflect your client(s)' particular circumstances. Your clients should carefully read their contract, policy and prospectus(es), when applicable. What we say about legal or tax matters is our understanding of current law; but we are not offering legal or tax advice. Tax laws and IRS administrative positions may change. We did not write this material for use by any taxpayer to avoid any Internal Revenue Service penalty and neither you nor your clients may use it for that purpose. Your clients should ask their independent tax and legal advisors for advice based on their particular circumstances.

If this material states or implies that it was prepared or distributed to promote, market or recommend an investment plan or arrangement within the meaning of IRS guidance, or such use may be reasonably expected, then, as required by the IRS, the following also applies:

The tax information in this material was written to support the promotion or marketing of the transaction(s) or matter(s) addressed in this material.

Genworth Life & Annuity: Policy Form No. ICC12GA1004, ICC12GA1005, GA1004-1012 et al., or GA1005-1012 et al. Rider Form Nos. ICC12GA108R or GA108R-1012 et al.; ICC12GA111R or GA111R-1012 et al.; ONE-ADB et al.; ONE-CIR-100 et al.; ONE-WP-TL et al.

Genworth Life: Policy Form No. ICC12GL1004, ICC12GL1005, GL1004-1012 et al., or GL1005-1012 et al. Rider Form Nos. ICC12GL108R or GL108R-1012 et al.; ICC12GL111R or GL111R-1012 et al.; GE-ONE-ADB et al.; GE-ONE-CIR-100 et al.; GE-ONE-WP-TL et al.

Genworth Life: Policy Form No. ICC12GL1004, ICC12GL1005, GL1004-1012 et al., or GL1005-1012 et al. Rider Form Nos. ICC12GL108R or GL108R-1012 et al.; ICC12GL111R or GL111R-1012 et al.; GE-ONE-ADB et al.; GE-ONE-CIR-100 et al.; GE-ONE-WP-TL et al.

Policy, benefits and riders may not be available in all states. Terms and conditions may vary by state.

All guarantees are based on the claims-paying ability of the issuing insurance company.

Insurance and annuity products:	<ul style="list-style-type: none">• Are not deposits.• May decrease in value.	<ul style="list-style-type: none">• Are not insured by the FDIC or any other federal government agency.• Are not guaranteed by a bank or its affiliates.
---------------------------------	--	---

©2013 Genworth Financial, Inc. All rights reserved.

Genworth, Genworth Financial and the Genworth logo are registered service marks of Genworth Financial, Inc.

Index universal life insurance products underwritten by:

Genworth Life and Annuity Insurance Company,
Genworth Life Insurance Company, Richmond, VA