

GENWORTH FINANCIAL INC

FORM 8-K

(Current report filing)

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Address	6620 WEST BROAD STREET RICHMOND, VA 23230
Telephone	804-281-6000
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Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

October 1, 2011

Date of Report

(Date of earliest event reported)



Genworth[®]
Financial

GENWORTH FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-32195
(Commission
File Number)

33-1073076
(I.R.S. Employer
Identification No.)

6620 West Broad Street, Richmond, VA
(Address of principal executive offices)

23230
(Zip Code)

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

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01. Completion of Acquisition or Disposition of Assets.

Effective October 1, 2011, Genworth Financial, Inc. completed the previously disclosed disposition of its Medicare supplement insurance business to Aetna Inc. for \$276 million, net of customary closing adjustments. The transaction includes the sale of Continental Life Insurance Company of Brentwood, Tennessee and its subsidiary, American Continental Insurance Company, and the reinsurance of the Medicare supplement insurance in-force business written by other Genworth life insurance subsidiaries.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed consolidated balance sheet of Genworth Financial, Inc. as of June 30, 2011 and notes thereto and the unaudited pro forma condensed consolidated statements of income of Genworth Financial, Inc. for the six months ended June 30, 2011 and for the year ended December 31, 2010 and notes thereto are filed as Exhibit 99.1 hereto and incorporated by reference herein.

(d) Exhibits.

The following is filed as an exhibit to this report:

<u>Number</u>	<u>Description</u>
99.1	Unaudited Pro Forma Condensed Consolidated Balance Sheet of Genworth Financial, Inc. as of June 30, 2011 and notes thereto and Unaudited Pro Forma Condensed Consolidated Statements of Income of Genworth Financial, Inc. for the six months ended June 30, 2011 and for the year ended December 31, 2010 and notes thereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 6, 2011

GENWORTH FINANCIAL, INC.

By: /s/ Amy R. Corbin
Amy R. Corbin
Vice President and Controller
(Duly Authorized Officer and Principal Accounting
Officer)

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>
99.1	Unaudited Pro Forma Condensed Consolidated Balance Sheet of Genworth Financial, Inc. as of June 30, 2011 and notes thereto and Unaudited Pro Forma Condensed Consolidated Statements of Income of Genworth Financial, Inc. for the six months ended June 30, 2011 and for the year ended December 31, 2010 and notes thereto.

Genworth Financial, Inc.
Unaudited Pro Forma Condensed Consolidated Financial Statements

The following unaudited pro forma condensed consolidated financial statements and related notes are presented to show the effect on the historical condensed consolidated financial statements of Genworth Financial, Inc. (the "Company") of the sale of Continental Life Insurance Company of Brentwood, Tennessee ("Continental") and American Continental Insurance Company ("American Continental"), both indirect subsidiaries of the Company, to Aetna Inc. ("Aetna") (the "Sale") and the effects of the reinsurance transactions whereby Genworth Life Insurance Company ("GLIC") and Genworth Life and Annuity Insurance Company ("GLAIC"), both indirect subsidiaries of the Company, ceded 100% of their Medicare supplement insurance to Aetna and Aetna ceded 100% of the long-term care insurance business of Continental to GLIC (the "Reinsurance Transactions"). As a result of these Reinsurance Transactions, all Medicare supplement insurance has either been sold or reinsured and all long-term care insurance held by Continental has been reinsured back to the Company. The Sale and the Reinsurance Transactions were effective on October 1, 2011.

The unaudited pro forma condensed consolidated balance sheet is based on the assumption that the Sale and the Reinsurance Transactions were both completed on June 30, 2011. The unaudited pro forma condensed consolidated statements of income for the six months ended June 30, 2011 and for the year ended December 31, 2010 are based on the assumption that the Sale and the Reinsurance Transactions were completed on January 1, 2010.

The unaudited pro forma financial statements as of and for the periods presented are for illustrative and informational purposes only and are not intended to represent, or be indicative of, what the Company's results of operations or financial position would have been had the Sale and the Reinsurance Transactions been completed on the dates noted above. The unaudited pro forma condensed consolidated financial statements also should not be considered representative of the Company's future results of operations or financial position.

The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. Actual amounts could differ materially from these estimates. The pro forma results should be read in conjunction with the financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the six months ended June 30, 2011.

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2011

(Amounts in millions, except per share amounts)

	<u>Historical</u>	<u>Disposition (a)</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Assets				
Investments:				
Fixed maturity securities available-for-sale, at fair value	\$ 56,221	\$ (119)	\$ —	\$ 56,102
Equity securities available-for-sale, at fair value	374	—	—	374
Commercial mortgage loans	6,432	—	—	6,432
Restricted commercial mortgage loans related to securitization entities	457	—	—	457
Policy loans	1,542	(1)	—	1,541
Other invested assets	3,301	—	—	3,301
Restricted other invested assets related to securitization entities (\$378 at fair value)	379	—	—	379
Total investments	68,706	(120)	—	68,586
Cash and cash equivalents	2,831	(31)	251 (b)	3,051
Accrued investment income	693	(1)	—	692
Deferred acquisition costs	7,362	(56)	(32) (c)	7,274
Intangible assets	692	(22)	—	670
Goodwill	1,333	(37)	—	1,296
Reinsurance recoverable	16,999	(6)	24 (c)	17,017
Other assets	988	(7)	—	981
Deferred tax asset	1,291	—	—	1,291
Separate account assets	11,452	—	—	11,452
Total assets	<u>\$112,347</u>	<u>\$ (280)</u>	<u>\$ 243</u>	<u>\$112,310</u>
Liabilities and stockholders' equity				
Liabilities:				
Future policy benefits	\$ 31,177	\$ (55)	\$ 3 (c)	\$ 31,125
Policyholder account balances	26,115	—	—	26,115
Liability for policy and contract claims	7,327	(30)	2 (c)	7,299
Unearned premiums	4,563	(15)	—	4,548
Other liabilities (\$145 other liabilities related to securitization entities)	5,637	(20)	39 (d)	5,656
Borrowings related to securitization entities (\$58 at fair value)	452	—	—	452
Non-recourse funding obligations	3,374	—	—	3,374
Long-term borrowings	4,755	—	—	4,755
Deferred tax liability	1,937	5	—	1,942
Separate account liabilities	11,452	—	—	11,452
Total liabilities	<u>96,789</u>	<u>(115)</u>	<u>44</u>	<u>96,718</u>
Commitments and contingencies				
Stockholders' equity:				
Class A common stock, \$0.001 par value; 1.5 billion shares authorized; 579 million shares issued and 491 million shares outstanding	1	—	—	1
Additional paid-in capital	12,110	—	—	12,110
Accumulated other comprehensive income (loss):				
Net unrealized investment gains (losses):				
Net unrealized gains (losses) on securities not other-than-temporarily impaired	352	(2)	—	350
Net unrealized gains (losses) on other-than-temporarily impaired securities	(116)	—	—	(116)
Net unrealized investment gains (losses)	236	(2)	—	234
Derivatives qualifying as hedges	943	—	—	943
Foreign currency translation and other adjustments	883	—	—	883
Total accumulated other comprehensive income (loss)	2,062	(2)	—	2,060
Retained earnings	2,959	(163)	199	2,995
Treasury stock, at cost (88 million shares)	(2,700)	—	—	(2,700)
Total Genworth Financial, Inc.'s stockholders' equity	14,432	(165)	199	14,466
Noncontrolling interests	1,126	—	—	1,126
Total stockholders' equity	<u>15,558</u>	<u>(165)</u>	<u>199</u>	<u>15,592</u>

Total liabilities and stockholders' equity

\$112,347

\$ (280)

\$ 243

\$112,310

See Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet

Genworth Financial, Inc.
Notes to Unaudited Pro Forma
Condensed Consolidated Balance Sheet

- (a) Adjustments reflect the disposition of the assets and liabilities of Continental and American Continental related to the sale to Aetna.
- (b) Adjustment reflects the net proceeds received in connection with the sale of Continental and American Continental and the reinsurance transactions. Proceeds are net of expenses related to the Sale, including advisor fees and other incremental items, and the Company assumed these expenses were paid in cash on June 30, 2011.
- (c) Adjustment reflects the reinsurance transactions related to the Medicare supplement insurance business of GLIC and GLAIC ceded to Aetna and the long-term care insurance business of Continental assumed by GLIC.
- (d) Adjustment reflects the tax impact of the net gain related to the sale of Continental and American Continental and the reinsurance transactions.

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Six Months Ended June 30, 2011
(Amounts in millions, except per share amounts)

	Historical	Disposition (a)	Adjustments	Pro Forma
Revenues:				
Premiums	\$ 2,892	\$ (132)	\$ (35) (b)	\$ 2,725
Net investment income	1,711	(3)	(1) (b)	1,707
Net investment gains (losses)	(68)	—	—	(68)
Insurance and investment product fees and other	688	—	—	688
Total revenues	<u>5,223</u>	<u>(135)</u>	<u>(36)</u>	<u>5,052</u>
Benefits and expenses:				
Benefits and other changes in policy reserves	3,081	(106)	(26) (b)	2,949
Interest credited	405	—	—	405
Acquisition and operating expenses, net of deferrals	1,014	(18)	(5) (b)	991
Amortization of deferred acquisition costs and intangibles	382	(14)	1 (b)	369
Interest expense	261	—	—	261
Total benefits and expenses	<u>5,143</u>	<u>(138)</u>	<u>(30)</u>	<u>4,975</u>
Income (loss) before income taxes	80	3	(6)	77
Provision (benefit) for income taxes	24	1	(2)	23
Net income (loss)	56	2	(4)	54
Less: net income attributable to noncontrolling interests	70	—	—	70
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	<u>\$ (14)</u>	<u>\$ 2</u>	<u>\$ (4)</u>	<u>\$ (16)</u>
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	<u>\$ (0.03)</u>			<u>\$ (0.03)</u>
Diluted	<u>\$ (0.03)</u>			<u>\$ (0.03)</u>
Weighted-average common shares outstanding:				
Basic	<u>490.4</u>			<u>490.4</u>
Diluted	<u>490.4</u>			<u>490.4</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income

GENWORTH FINANCIAL, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the Year Ended December 31, 2010
(Amounts in millions, except per share amounts)

	<u>Historical</u>	<u>Disposition (a)</u>	<u>Adjustments</u>	<u>Pro Forma</u>
Revenues:				
Premiums	\$ 5,854	\$ (247)	\$ (70) (b)	\$ 5,537
Net investment income	3,266	(6)	(3) (b)	3,257
Net investment gains (losses)	(143)	—	—	(143)
Insurance and investment product fees and other	1,112	—	85 (c)	1,197
Total revenues	<u>10,089</u>	<u>(253)</u>	<u>12</u>	<u>9,848</u>
Benefits and expenses:				
Benefits and other changes in policy reserves	5,994	(179)	(50) (b)	5,765
Interest credited	841	—	—	841
Acquisition and operating expenses, net of deferrals	1,965	(36)	(12) (b)	1,917
Amortization of deferred acquisition costs and intangibles	756	(25)	(4) (b)	727
Interest expense	457	—	—	457
Total benefits and expenses	<u>10,013</u>	<u>(240)</u>	<u>(66)</u>	<u>9,707</u>
Income (loss) before income taxes	76	(13)	78	141
Provision (benefit) for income taxes	(209)	(4)	40	(173)
Net income (loss)	285	(9)	38	314
Less: net income attributable to noncontrolling interests	143	—	—	143
Net income (loss) available to Genworth Financial, Inc.'s common stockholders	<u>\$ 142</u>	<u>\$ (9)</u>	<u>\$ 38</u>	<u>\$ 171</u>
Net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share:				
Basic	<u>\$ 0.29</u>			<u>\$ 0.35</u>
Diluted	<u>\$ 0.29</u>			<u>\$ 0.35</u>
Weighted-average common shares outstanding:				
Basic	<u>489.3</u>			<u>489.3</u>
Diluted	<u>493.9</u>			<u>493.9</u>

See Notes to Unaudited Pro Forma Condensed Consolidated Statements of Income

Genworth Financial, Inc.
Notes to Unaudited Pro Forma
Condensed Consolidated Statements of Income

(a) Adjustment reflects the elimination of revenues and expenses of Continental and American Continental from the Company's historical results.

(b) Adjustment reflects the reinsurance transactions related to the Medicare supplement insurance business of GLIC and GLAIC ceded to Aetna and the long-term care insurance business of Continental assumed by GLIC.

(c) Adjustment reflects the pre-tax gain from the sale of the assets and liabilities of Continental and American Continental.