

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE
MARKET CONDUCT EXAMINATION OF THE
CLAIMS HANDLING, RATING, AND UNDERWRITING PRACTICES OF**

**GENWORTH FINANCIAL GROUP
NAIC # 4011**

AS OF JULY 31, 2015

ADOPTED JANUARY 22, 2016

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Market Conduct Division
300 Capitol Mall
Sacramento, CA 95814



January 22, 2016

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04; and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of the Genworth Financial Group (NAIC Group #4011), comprised in California of:

**Genworth Mortgage Insurance Corporation
NAIC #38458, CDI #2434-9**

**Genworth Residential Mortgage Insurance Corporation of North Carolina
NAIC #29823, CDI #2296-2**

**Genworth Mortgage Insurance Corporation of North Carolina
NAIC #16675, CDI #2323-4**

Hereinafter, the Companies listed above also will be referred to individually as GMI, GRMI, and GMIC or collectively as Genworth or the Companies.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Companies' mortgage guaranty business during the period August 1, 2014 through July 31, 2015. The limited examination was made to discover, in general, if these and other operating procedures of the Companies conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

This report pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695.1 et seq. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695.1 et seq.

The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When identified violations result in payments by the Companies to policyholders or claimants, those amounts paid are identified as recoveries in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Companies' responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of specified guidelines, procedures, and forms adopted by the Companies for use in California.

2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about these Companies closed by the CDI during the period August 1, 2014 through July 31, 2015; and a review of reports on the previous CDI market conduct examination of these Companies; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in Sacramento, California.

EXECUTIVE SUMMARY

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Companies in response to the Department's data request. There was no review of underwriting or claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report.

Genworth reported \$50,237,232 in written premiums on mortgage guaranty insurance coverage in California during 2014. The Companies closed 355 mortgage guaranty claims during 2014.

**RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER
COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS, AND
PRIOR ENFORCEMENT ACTIONS**

The market analysis did not identify any specific issues of concern within the scope of this report.

There were no specific areas of concern identified in the complaint review.

This paragraph describes the most recent examinations of the Companies within the scope of this report. The most recent market conduct examination of the Genworth Mortgage Insurance Corporation was completed by the Field Claims Bureau and reviewed the period from May 1, 2009 through April 30, 2010. There was no specific area of concern identified during that previous examination. The most recent market conduct examination of the Genworth Mortgage Insurance Corporation of North Carolina was completed by the Field Claims Bureau and reviewed the period from April 1, 2010 through March 31, 2011. There were no alleged violations of law resulting from that examination. There have been no examinations of the Genworth Mortgage Insurance Corporation of North Carolina, within the scope of this report, within the last ten years.

DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Companies’ responses, within the scope of this report, to the Department’s data request and the alleged violations under Section 790.03 and title 10, California Code of Regulations, Section 2695.1 et seq. that resulted from the review of that data. All “NO” answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report.

AREAS OF REVIEW				
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)			SUMMARY OF RESULTS ITEM NUMBER
	GMI	GMIC	GRMI	
Certification by a company principal of claims training – CCR §2695.6(b) [CIC §790.03(h)(3)]	YES	YES	YES	--
Copy of written standards for claims – CCR §2695.6(a) [CIC §790.03(h)(3)]	YES	YES	YES	--
Compliance with Special Investigative Unit Regulations – CIC §1875.20 and CCR §§2698.30-2698.43 [CIC §790.03(h)(3)]	YES	YES	YES	--
Compliance of letters and forms – CIC §1879.2(a) [CIC §790.03(h)(3)]	YES	YES	YES	--
Compliance with requirement to disclose and explain applicable benefits, coverage, time limits or other policy provisions – CCR §2695.4(a) [CIC §790.03(h)(1)]	YES	YES	YES	--
Compliance with requirements for response to a communication – CCR §2695.5(b) [CIC §790.03(h)(2)]	YES	YES	YES	--

SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)			SUMMARY OF RESULTS ITEM NUMBER
	GMI	GMIC	GRMI	
Compliance with requirements for acknowledgement of a claim – CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	YES	YES	YES	--
Compliance with requirements for providing reasonable assistance – CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	YES	YES	YES	--
Compliance with requirements for beginning an investigation – CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	YES	YES	YES	--
Compliance with requirements to provide denials in writing – CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	YES	YES	YES	--
Compliance with requirements to provide a reference to the CDI in written denials – CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	YES	YES	YES	--

SUMMARY OF EXAMINATION RESULTS

There were no alleged violations or criticisms of the Companies' practices made within the scope of this report. There were no recoveries discovered within the scope of this report.