

Genworth Life and Annuity Insurance Company to Raise Cost of Insurance on Gold Policies

October 10th, 2019

This week our New York City office received letters alerting us of a cost of insurance (COI) increase for Genworth Life and Annuity Insurance Company “Genworth”. Over the last year, Genworth has only produced illustrations based on guaranteed rates and guaranteed cost of insurance rates for certain products, citing insurance regulations. This follows a similar pattern of other carriers including John Hancock Life Insurance Company (USA), Transamerica Life Insurance Company, and Banner Life Insurance Company. All of these carriers have previously stopped providing illustrations with non-guaranteed rates for certain products, only to raise COI rates for those products within three years. This has made it difficult for owners to identify the current funding requirements on these policies. ITM TwentyFirst has identified that those same products are going to go through COI increases and we find it important to get the word out to policy owners.

The products affected are: First Choice, First Choice Gold, GE Gold, First Choice Gold II, and GE Gold II. Notices of COI changes are being mailed out 90 days prior to the next policy anniversary date. The first round of notices was sent out in September for policies with anniversaries in December. The carrier has stated the COI changes can be positive or negative, however, all the changes we have encountered to this point have been COI increases.

Genworth representatives stated that they are not able to provide illustrations to maturity as they are only able to illustrate 1 year based on contractually guaranteed interest and cost of insurance, i.e., the lowest interest and highest cost of insurance rates allowed by the policy. As such, requesting illustrations now on policies with anniversaries more than 90 days out from now will not show COI “change” even though the changes have been entered into the system. The new COI will be effective on the policy anniversary date after 12/1/2019. Because we can not obtain illustrations showing the new COI changes, we can not forecast the exact percentage change for each product’s COI, however, based on the letters obtained from the carrier so far, we have seen the percentage increase range from 40% to 140%.