

**IMPORTANT - PLEASE READ**

The Special Election Options described in this document will only be made available if they are approved by the Court that is supervising this class action settlement.

Additionally, the Special Election Options described in this document also are subject to review by state insurance regulators and any limitations imposed by state Partnership Plan requirements.

Even if the Special Election Options are approved by the Court and permitted by your state's insurance regulator, the availability of particular Special Election Options also will depend on each policyholder's individual circumstances, including specific policy terms, benefits, and premiums.

The Special Election Options [and monetary amounts] in this template Special Election Letter are for illustration purposes only. The specific information, including the Special Election Options and monetary amounts, in the Special Election Letter sent to any particular policyholder may vary based on that policyholder's state and/or individual circumstances.

Each of the Special Election Options described in this document will not necessarily be available to every settlement class member.

**APPENDIX D**  
**SPECIAL ELECTION LETTER**

## YOUR ACTION IS REQUIRED

You could get a cash payment up to \$[X.XX] and reduce or eliminate your premiums by adjusting your policy's coverage as offered below!

Dear[Name],

Your long term care insurance policy is part of the class action settlement in *Skochin et al. v. Genworth Life Insurance Company et al.*, Civil Action No. 3:19-CV-49-REP pending in the United States District Court of the Eastern District of Virginia. **As a result, we are making several special settlement options available for you to reduce or eliminate future premiums in return for adjusting your policy's benefits, while still providing meaningful coverage. Most options also provide for a one-time cash payment to you.** You may choose one of these options or keep your policy as is.

**[[As you evaluate these choices, please be aware that as of [DATE] over the next [XX] years we are planning to seek additional rate increases of up to [[XXX%] for [lifetime benefits] and [XXX%] for [limited benefits]] in the state where your policy was issued.] or [As you evaluate these choices, please be aware that we do not have immediate plans to seek rate increases on your policy and policies like yours [that previously selected a Stable Premium Option] in the state where your policy was issued, although future premium increases are possible [after the expiration of your premium rate guarantee period.]] These potential rate increases would not be applicable if you choose a settlement option with a reduced paid-up benefit [(Option 1 or Option 2)]. Please also review the important disclosures we are providing as part of the settlement about our rate increase plans and our reasons for seeking such increases later in this letter.**

Your options are outlined below and are only available to you in this settlement. As you consider these options, you should consider if your circumstances have changed since you purchased your policy and review the Important Information about Your Settlement Options included with this letter.

### Options 1 and 2:

Pay no more premiums and receive a reduced paid-up benefit amount, which would be available to pay your future claims. **Option 1** includes an *enhanced* paid-up benefit equal to twice the difference between the total amount of premiums you have paid and the amount of claims payments made to you, if any. **Option 2** provides a lower *basic* paid-up benefit (the amount of premiums you've paid through December 31, 2015 plus premiums you have paid on or after January 1, 2020, if any, less any claims payments made to you to date, if any), but it also provides for a **one-time cash payment of [###]**. For details on these paid-up benefits, see the Important Information about your Settlement Options included with this letter.

### Options 3, 4 and 5:

These options provide for a **one-time cash payment** to you. They also provide for reduced premiums in return for certain reductions to your policy's current benefits. Although your premiums and benefits will be reduced under these options, your new reduced premiums would still be subject to future rate increases. **Options 3 and 4** both reduce your premiums and remove the Inflation Benefit, which provides for certain annual benefit increases, and both options also reduce the policy's Maximum Daily Benefit [and Total Lifetime Benefit], though by different amounts. **Option 5** reduces your premiums and lowers the policy's Maximum Daily Benefit, Total Lifetime Benefit, and Benefit Period, which is generally the minimum period of coverage available under your policy.

If you wish to choose one of the special settlement options you MUST sign and return by mail (postmarked by the return deadline), fax, or email the completed enclosed form indicating your choice by: [MONTH DAY, YEAR.] If you want to keep your policy as is, you need not do anything. Please note that if we don't hear from you by [MONTH DAY, YEAR], your policy will stay the same and you will no longer be entitled to these special settlement options, including those that result in a payment to you.

The chart below shows how each of these options compares to your current premiums and benefits.\* For additional definitions of terms in the chart, please see the included Important Information about Your Settlement Options.

	<b>Your Current Benefits</b>	<b>Option 1 Enhanced Reduced Paid-Up Benefit</b>	<b>Option 2 Basic Reduced Paid- Up Benefit <i>Plus Cash Payment</i></b>	<b>Option 3 Remove Inflation Benefit &amp; Revert to Original Benefit Levels <i>Plus Cash Payment</i></b>	<b>Option 4 Remove Inflation Benefit &amp; 25% Reduction to Certain Maximum Benefits <i>Plus Cash Payment</i></b>	<b>Option 5 Reduce Benefit Period from [Lifetime] to [x] Years &amp; Reduce Lifetime &amp; Daily Benefit Maximums, <i>Plus Cash Payment</i></b>
<b>Cash Payment***</b>	N/A	None	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]
<b>Maximum Benefit (Daily)</b>	[Current Maximum Benefit (Daily)]	[Current Maximum Benefit (Daily)]	[Current Maximum Benefit (Daily)]	[Original Maximum Benefit (Daily)]	[25% Reduction to Current Maximum Benefit (Daily)]	[25% Reduction to Current Maximum Benefit (Daily)]
<b>Inflation Benefit</b>	[Current Inflation Benefit]	[None]	[None]	[None]	[None]	[Current Inflation Benefit]
<b>Elimination Period</b>	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]
<b>Benefit Period</b>	[Current Benefit Period]	[N/A]	[N/A]	[Original Benefit Period]	[Current Benefit Period]	[6-Year Benefit Period (or the next lowest option if a 6-Year Benefit Period is not available)]
<b>Total Lifetime Benefit***</b>	[Current Total Lifetime Benefit]	[\$XX.XX]	[\$XX.XX]	[Current Total Lifetime Benefit] [**]	[Current Total Lifetime Benefit] [**]	[\$XX.XX] [**]
<b>[Annual Premium]***</b>	[\$[Current Annual Premium]]	Pay no further premiums.	Pay no further premiums.	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]

\* Benefits, premiums and payment amounts in this chart are subject to confirmation and may change.

[\*\*][This amount does not show reductions for past claims. Therefore, if you have had past claims, then the maximum amount available to you for future claims is the Total Lifetime Benefit, less past claims paid under

*the policy.] or [This is the amount available to you for future claims. It is the Total Lifetime Benefit less past claims paid under the policy.]*

*\*\*\* Amounts may vary per option.*

These options are only available to you if your policy is still in force or in non-forfeiture status. If your policy lapses but is still in the period during which your policy can be automatically reinstated by paying any past-due premium, you will need to reinstate your policy by paying the past-due premium before you may select one of these options.

**We encourage you to discuss the options with your financial advisor, family members, or a member of our Customer Service Team by calling [XXX.XXX.XXXX].**

## YOUR ACTION IS REQUIRED

### GLIC's Plans for Significant Additional Future Rate Increases.

As part of the *Skochin class action settlement*, we have agreed to provide additional information on our current plans to seek future rate increases on certain long term care insurance policies. This information should assist you in evaluating which of the options best meets your needs going forward. Based on our expectations as of **[Date]**, we plan to request multiple rate increases in most states over the next **[XX]** years, and **[we plan to seek cumulative rate increases of approximately **[XXX%**] on policies with lifetime benefits and **[XXX%**] on policies with limited benefits in the state where your policy was issued. ] or [while we do not have immediate plans to seek rate increases on your policy and policies like yours [that previously elected a Stable Premium Option] in the state where your policy was issued, future premium increases are possible [after the expiration of your premium rate guarantee period.]]** **[[The plan to request future rate increases noted above is in addition to a **[XX]**% increase (that is currently scheduled to be implemented over the next X years). That increase was previously allowed in your state but has not yet taken effect for your policy. [Similarly, the plans for future rate increases are in addition to any previous increase that is currently being phased in over a number of years for your policy.]] or [Please note that we will still be implementing a **[XX%**] increase (that is currently scheduled to be implemented over the next **[XX]** years. That increase was previously allowed in your state [[but has not yet taken effect for your policy.] or [and is currently being implemented]]. Future rate increases are important to GLIC's ability to pay future claims. The inability to obtain future rate increases may impair GLIC's ability to do so.**

As explained further below, it is possible the actual rate increases we seek will be larger or more numerous than currently planned. As you review your special settlement options, you should know that recently, A.M. Best, a global credit rating agency focused on evaluating the claims paying ability of insurance companies, downgraded its rating of GLIC's financial strength to C++, indicating A.M. Best's view that GLIC has a "marginal ability to meet [its] ongoing insurance obligations."

You should also know that based on our projections, rate increase requests that exceed these percentages would be actuarially justified.

These planned rate increases will only take effect as permitted by applicable state insurance regulators. Based on our experience, we expect that most states will continue to grant some portion or all of the requested rate increases. However, there are some states that have not granted any rate increases in the last ten years and others that cap the allowable annual increase on policies issued in their states. In states that do not grant the full increases requested, our current plan is to continue to file for rate increases up to the full amount of our original request.

Importantly, if either the performance of these policies and/or economic conditions differ from our projections, our requested rate increases may be higher or lower than our current plans or we may also seek additional future rate increases which are not contemplated in our current plans.

Sincerely,



Genworth Life  
 Genworth Life of New York  
 Administrative Office:  
 3100 Albert Lankford Drive  
 Lynchburg, VA 24501

## Important Information about Your Settlement Options

from Genworth Life Insurance Company and  
 Genworth Life Insurance Company of New York

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### Definitions

These are summary definitions of terms used in the accompanying Skochin class action settlement letter, the Coverage Options Form, and this important information document. Please see your policy for complete definitions and details.

<b>Cash Payment</b>	The payment you will receive as a result of selecting a special Settlement Option that provides for a cash payment. The payment arises from the class action settlement and is not a policy benefit.
<b>[Annual] Premium</b>	This is the amount you must pay [every year], [twice a year], [each quarter], or [each month] in a timely manner to keep your policy in effect. If you select a settlement option with reduced premiums, your new premium will generally take effect as of the beginning of the next policy month after we receive your signed selection. Each policy month generally begins on the same day of the month as your policy anniversary date. Any future rate increases will be based on your new reduced premium amount.
<b>Maximum Benefit (Daily)</b>	The daily limit on the combined total for all benefit payments provided to each Insured Person under the policy's Respite Care Benefit, Long Term Care Facility Benefit, and Bed Reservation Benefit. It is called the "Daily Payment Maximum" in the policy. It is also used to determine other benefit limits.
<b>Inflation Benefit</b>	A benefit that increases your policy's benefits each year as shown in your policy. In the policy, it is called a "Benefit Increases" provision.
<b>Insured Person</b>	The policyholder named in the policy schedule, and another insured person, if any, who is also named in the policy schedule.
<b>Elimination Period</b>	This is generally the number of days for which each Insured Person must incur expenses that qualify for payments under the policy's Long Term Care Facility Benefit, before we will commence paying benefits. The Elimination Period must be satisfied before a Long Term Care Facility Benefit can be paid. Days an Insured Person receives services covered under the policy's Home Care Benefit in accordance with a Privileged Care Coordinator's Plan of Care can also be used to satisfy the Elimination Period. Days used to satisfy the Elimination Period do not need to be consecutive.
<b>Benefit Period</b>	This is generally the minimum period of years your policy will provide coverage. While the Benefit Period is not a policy definition, it is used to determine your policy's Total Lifetime Benefit.
<b>Total Lifetime Benefit</b>	The combined total amount we will pay as benefits under this policy. It is also called the "Lifetime Payment Maximum."

### Benefit values are approximate

Benefit values presented in the accompanying letter and Coverage Options Form are approximate due to rounding and certain timing considerations. If you select one of the settlement options, you will receive a written confirmation from us showing your new benefit values. Covered benefits payable at the time of a claim will be calculated in accordance with your policy.

### Considerations related to adjusting your coverage

All of the settlement options available to you may not be of equal value.

If you have a Partnership policy, reducing your coverage may result in a loss of Partnership status, a change in your asset protection type, and may reduce your overall protection.

Benefits are payable only when you meet the terms and conditions for receiving benefits under your policy.

If you remove an Inflation Benefit from your policy, your Maximum Daily Benefit and Total Lifetime Benefit will not increase.

Your Benefit Period is the period of time that is used to calculate the Total Lifetime Benefit. Your coverage is based on this lifetime payment maximum, not a certain period of time. If your Maximum Daily Benefit and/or the Benefit Period are reduced, the Total Lifetime Benefit payable under your policy will automatically be reduced because the policy maximum is a function of the Maximum Daily Benefit and the Benefit Period. In addition, other benefit amounts may be reduced.

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## **Adjustments to premium**

If you select a settlement option that eliminates an Inflation Benefit or otherwise reduces your coverage, for all options other than a reduced paid-up benefit option, your new premium will be determined as follows: Your new premium will be the same as what it would have been (at the time your settlement option becomes effective and including all premium increases) if your policy had included the reduced benefits since it first took effect. This premium is subject to change in accordance with the terms of your policy.

## **Premium payments by automatic withdrawal/third-party account/online banking**

If you are using automatic withdrawals, the new required premium will be automatically deducted from your bank checking account. If you are using a third-party account, or online banking to pay your premiums, please be sure to make the proper adjustments and arrangements for paying the new required premium amount.

## **Total Lifetime Benefit is reduced by benefit payments**

Any benefits paid or payable are deducted from the reduced Total Lifetime Benefit. This means the combined maximum policy benefits available for all insureds under the policy will be the new Total Lifetime Benefit less claims paid under the policy. Therefore, if you have previously been on claim, carefully consider whether reducing your benefits is appropriate for your circumstances. [(Note that the new maximum benefit for any reduced paid-up option will already reflect the reduction of past claims.)]

## **Selecting an Enhanced Reduced Paid-up Benefit [or a Basic Reduced Paid-up Benefit]**

If you select a settlement option with a reduced paid-up benefit, your Total Lifetime Benefit will be reduced, any Inflation Benefit provision will be removed from your policy, and you will no longer have to pay policy premiums.

For the settlement option that includes the enhanced reduced paid-up benefit, and no cash payout, the new Total Lifetime Benefit will equal 200% of the difference between the sum of all premiums paid under the policy (excluding any waived premium), and the amount of all benefits paid or payable under the policy for expenses incurred prior to the date the settlement option takes effect. [For the settlement option that includes the basic reduced paid-up benefit, as well as a cash payout, the new Total Lifetime Benefit will equal 100% of the sum of all premiums paid under the policy (excluding any waived premium) through December 31, 2015, minus the amount of all benefits paid or payable under the policy for expenses incurred prior to the date the settlement option takes effect].

Continuation of the policy under the enhanced reduced paid-up benefit [or the basic reduced paid-up benefit] is subject to the following conditions: (a) the policy will be continued under a paid-up status (with no further premium becoming due), subject to all of the terms and conditions of the policy; (b) except as stated below, and subject to the reduced Total Lifetime Benefit, the policy will have the same benefits, Elimination Period, and other policy limits in effect on the date the settlement option takes effect, (c) any Inflation Benefit that was in effect under the policy will no longer apply, which means the new Total Lifetime Benefit will not increase, and (d) coverage will end and the policy will terminate when the total benefits paid under the policy after the settlement option takes effect equals the Total Lifetime Benefit for the reduced paid-up benefit.

**Please note: selecting a reduced paid-up benefit will significantly reduce the policy benefits available to you.**

## **Selections of a special settlement option cannot be reversed**

**Once you send us a signed request to select a settlement option, you cannot reverse your selection.** This means we will process any premium and/or benefit reductions for the settlement option and you will not be able to revert back to the premium and benefits you had before your selection. For policies that insure both the policyowner and another Insured Person, the selection of a settlement option cannot be reversed once both the policyowner and other Insured Person send us a signed request to select the settlement option. Because a settlement option cannot be reversed once selected, please carefully consider whether it is right for you before you send us your selection.

## **Taxes**

Your policy, including any reduced benefits associated with the selection of a settlement option, is intended to be a federally tax qualified long term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended. It is your responsibility to assess any potential tax consequences of selecting a settlement option, including, for example, whether a cash payment you receive is taxable. Please consult with your tax advisors. Genworth cannot provide tax advice.



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**For more information**

If you have questions for us about the settlement options available to you, you may call our Genworth Customer Service Team at [XXX-XXX-XXXX].

For information about the cost of long term care in your area, and to see how those costs may change in the future, visit our 2019 Cost of Care Survey at [].



# Coverage Options Form

Genworth Life  
 PO Box 4005  
 Lynchburg, VA 24506

Policyholder: [Mr. John Smith]  
 Date: [MONTH DAY, YEAR]  
 Policy Number: [123456]

### THREE WAYS TO CHOOSE

Email: []		Fax: []			Mail: Check a box below. Tear off and return to [].	
Your Options	Your Current Benefits	Option 1 Enhanced Reduced Paid-Up Benefit	Option 2 Basic Reduced Paid-Up Benefit Plus Cash Payment	Option 3 Remove Inflation Benefit & Revert to Original Benefit Levels Plus Cash Payment	Option 4 Remove Inflation Benefit & 25% Reduction to Certain Maximum Benefits Plus Cash Payment	Option 5 Reduce Benefit Period from [Lifetime] to [x] Year Reduce Lifetime & Daily Benefit Maximums Plus Cash Payment
Cash Payment	N/A	None	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]
Your [Annual Premium]	[\$Current Annual Premium]	Pay no further premiums.	Pay no further premiums.	[\$XX.XX]	[\$XX.XX]	[\$XX.XX]
Maximum Benefit (Daily)	[\$Current Maximum Benefit (Daily)]	[\$Current Maximum Benefit (Daily)]	[\$Current Maximum Benefit (Daily)]	[\$Original Maximum Benefit (Daily)]	[\$25% Reduction to Current Maximum Benefit (Daily)]	[\$25% Reduction to Current Maximum Benefit (Daily)]
Inflation Benefit	[Current Inflation Benefit]	[None]	[None]	[None]	[None]	[Current Inflation Benefit]
Elimination Period	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]	[Current Elimination Period]
Benefit Period	[Current Benefit Period]	[N/A]	[N/A]	[Original Benefit Period]	[Current Benefit Period]	[6-Year Benefit Period (or the next lowest option if a 6-Year Benefit Period is not available)]
Total Lifetime Benefit	[Current Total Lifetime Benefit]	[\$XX.XX]	[\$XX.XX]	[Current Total Lifetime Benefit] [**]	[Current Total Lifetime Benefit] [**]	[\$XX.XX]

#### No Further Premiums

**Option 1:** Paid-up benefit of 2X difference between premium paid less claims payments

**Option 2:** Paid-up benefit of 1X premiums paid through 12-31-2015, less claims payments; get a cash payment of [####]

#### Reduced Premiums

**Option 3:** Remove inflation benefit; benefit maximums revert to original levels; get a cash payment of [####]

**Option 4:** Remove inflation benefit; benefit maximums reduce by 25% [in case of unlimited, daily maximum reduced by 25%]; get a cash payment of [####]

**Option 5:** Reduce benefit period; reduce lifetime maximum and daily minimum; get a cash payment of [####]

**Please read all documents before making a decision. If you don't want to choose any of these options, you don't need to do anything and your policy will stay the same. To choose one of these options, we must hear from you by [MONTH DAY, YEAR]. Otherwise, your policy will stay the same and you will no longer be entitled to these special settlement options, including those that result in a payment to you.**

Questions? CALL [XXX XXX.XXXX]

### ACT NOW: Your immediate action is required by [Date].

**Option 1:** Enhanced Reduced Paid-Up Benefit

**Option 2:** Basic Reduced Paid-Up Benefit Plus Cash Payment

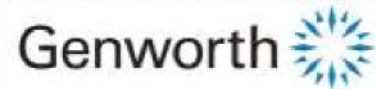
**Option 3:** Remove Inflation Benefit, Revert to Original Benefit Level Plus Cash Payment

**Option 4:** Remove Inflation Benefit and 25% Reduction to Certain Maximum Benefits Plus Cash Payment

**Option 5:** Reduce Benefit Period from [Lifetime] to [X] Years & Reduce Lifetime & Daily Benefit Maximums Plus Cash Payment.

### Please return in the enclosed envelope.

By signing, you represent and agree that (1) we are authorized to process the requested change to your policy, (2) a request for a settlement option cannot be reversed once requested, (3) the change will not be effective until reflected in a confirmation we send you, (4) benefits and premiums quoted above are subject to confirmation and may change, (5) you have read and understand the information on this form and the enclosed documents, and (6) complete terms are in your policy. You do not need to return this form if you are keeping your current coverage. If changing your coverage to one of the options above, please check the blue box to indicate your choice, then sign and return this form by email, fax, or mail [in the enclosed envelope] by: [##/##/####]



Policyholder: [Mr. John Smith]

Date: [MONTH DAY, YEAR]

Policy Number: [123456]

Signature: \_\_\_\_\_

2nd Signature\*: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

Address: \_\_\_\_\_

\* If the policy insures a person in addition to the policy owner, then both the policy owner and the other insured person must sign the form to select a special settlement option.