

22 February 2012

Ms Helen Rowell
Executive General Manager, Supervisory Support Division
Australian Prudential Regulation Authority
400 George Street
Sydney NSW 2000

Dear Helen

ADDITIONAL FEEDBACK FROM GENWORTH TO APRA REGARDING LAGIC

With regard to APRA's Response to Submissions on LAGIC published on 9 December 2011 and further to our submission letter dated 2 August 2011, we are writing to you to seek further information with respect to two key LMI specific issues relating to Pillar 1 of the proposed capital reforms to be effective from 1 January 2013.

These issues are:

- The elevation of LMI to the highest risk group for insurance risk charge purposes; and
- The treatment of Net Premium Liabilities ("NPL") in the calculation of the LMI Concentration Risk Charge ("LMICRC").

The commentary on LMI matters in the APRA's response to submissions clearly signals that we should not be anticipating further change. However, we have no visibility of APRA's detailed response to the issues we raised. It would obviously be helpful to us to understand more fully APRA's reasoning when dealing with our internal stakeholders. In addition, we are mindful that our APRA supervisory manager told us last year that we should ensure we respond at each stage.

Accordingly, we would appreciate it if you would take the time to meet with us and explain APRA's detailed views on our specific concerns.

Please call or email Tim Spicer on [REDACTED] or [REDACTED] in the first instance to arrange meeting if you can make the time available.

Yours sincerely

A handwritten signature in black ink that reads "Anne O'Driscoll". The signature is written in a cursive style with a large, stylized "O" in the middle.

Anne O'Driscoll
Chief Financial Officer

Tim Spicer
Actuarial Leader