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Genworth Financial Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. And our first question comes from the line of Ed Spehar with Merrill Lynch. Please go ahead.

Edward Spehar - Merrill Lynch

Thank you. I have a few questions I guess on the liquidity and capital. You've given us a lot of things to think about here I guess in some numbers and some maybe in some other numbers you haven't articulated. So I guess could be sort of line these up and think about, first starting with liquidity, when you look at the businesses that you are in where there is the potential for the need for liquidity. So thinking about the institutional business and the annuity business, can you give us some sense of what type of stress test lapses you have assumed and how that might compare to what the normal outflows would be if we were in these sort of extenuating circumstances and any sort of collateral call issues, I guess when you talk about the funding agreement business are there any more portable contracts out there that we should be thinking about in terms of the retail notes? To what extent did you manage portfolios related to those that these notes would extend and if they are not extending, what does that suggest?

I guess really kind of putting everything together, sort of the plus side and the minus side, where are the cash is that you could tap into versus maybe giving us some numbers on the stress test cash that could go out and if I've got a second, I would like to follow up with the capital question.

Patrick B. Kelleher - Senior Vice President and Chief Financial Officer

Pat. Thanks, Ed for that question. I'll take that for you. When we look at the entire enterprise, we look at it segment-by-segment. If you look at the International businesses, those are not businesses where there are cash value type products. So we are managing our liquidity, meeting our expected claims, obligations and we feel that we are very well matched there. If we look at mortgage insurance, we look at it the same way. When I look at life company group, which comprises most of the retirement and protection segment, I look at the balance sheet and I break it down into a number of components.

We've got a significant balance sheet there. We've got long-term care products, we have got variable products, we've got life insurance products. When we look at liquidity and stress test in particular we look at the portion of the balance sheet which relates to liabilities which have deposit like characteristics, which is the single premium deferred annuity portfolio and GICs which have withdrawal privileges associated with them.

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