

Sent via email to comments@pcaobus.org

December 9, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

RE: Docket 037: Concept Release on Auditor Independence and Audit Firm Rotation

Genworth Financial appreciates the opportunity to comment on the Public Company Accounting Oversight Board (PCAOB) Concept Release on *Auditor Independence and Audit Firm Rotation*.

Genworth Financial, Inc. is a leading financial security company dedicated to providing insurance, wealth management, investment and financial solutions to more than 15 million customers, with a presence in more than 25 countries.

We recognize that the PCAOB is seeking feedback on the aspects of the Concept Release on Auditor Independence and Audit Firm Rotation that represent significant changes to the selection and retention of audit firms. We support the continued efforts of the PCAOB to enhance auditor independence, objectivity and professional skepticism as part of the audit process. We offer comments on the concept release, grouped into four topics below. For the reasons noted, mandatory audit firm rotations are not in the best interest of us or our investors.

Audit Firm Knowledge

An audit firm builds their knowledge of the client and the industry it operates in over time. The benefits derived from the audit firm having cumulative knowledge of the client's business models, products, processes, and systems would be lost with mandatory rotation. These benefits are particularly important to Genworth because of the complex nature of our insurance businesses, which require a high degree of technical expertise in both the accounting and actuarial professions. Audit firm staff turnover and rotation of responsibilities across the audit team provides a fresh view into client accounting practices and processes while maintaining the benefits of an auditor's tenure. In addition, client staff turnover, at any level, creates new working relationships and dynamics between client and auditor. Relationships & trust takes time to build and represent an integral component of any financial statement audit; mandatory rotation would not provide an adequate amount of time for these capabilities to be developed.

Availability of Audit Firms with Broad International Presence

Our business has a presence in more than 25 countries, and we prepare public company financial statements under U.S. and international accounting rules, as well as regulatory financial statements under accounting rules specific to the jurisdictions in which we operate. As a result, the pool of available audit firms with a global presence as well as the necessary local technical expertise in all of these countries is extremely limited. This limitation, coupled with the rules on auditor independence, would require Genworth to reduce or eliminate any consulting relationships currently sourced through larger audit firms so that these firms would be available to Genworth under the proposed rotation methodology. The alternative to this approach would be selection of a smaller firm to conduct our audit, that firm would have to build relationships with other firms in order to meet the international demands associated with our audits. In addition to the higher costs associated with either outcome, this would increase the audit risk for both the engaged firms and Genworth and would outweigh any perceived benefits from mandatory rotation.

Existing Regulations

The existing regulations which include audit partner and review partner rotations adequately support auditor independence, objectivity and professional skepticism. These rotations bring new perspectives and a different approach to firm engagements while maintaining the benefits of the existing client-auditor relationship. We also contend that audit committee oversight and PCAOB inspections provide additional opportunities to evaluate the results of the audit and the firm's relationship with management. In addition, PCAOB inspections identify areas where the PCAOB feels the firm has not exhibited appropriate independence, objectivity and professional skepticism.

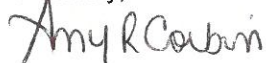
Cost of Audit Firm Rotation

Audit efficiency will decline during the early years of an audit rotation as the new firm climbs the learning curve. Many audit efficiencies developed and gained over time will be lost as the new firm charts its own course and approach to the audit. For example, automated processes that clients have built to streamline the audit process may need to be reconfigured to align with a new firm's administrative practices. The learning curve is especially steep in the insurance industry, where financial reporting is heavily dependent on internally developed models by actuarial, accounting and tax professionals.

Companies have estimated a 20% increase in fees for the initial change in audit firms and we consider these estimates to be reasonable. In addition, studies show that audit failures are more prevalent in the early years of an audit than in the later years. Based on our review of this data we believe that mandatory rotation will increase the cost of audits and will not provide investors with any significant benefit to offset the increase.

We appreciate the opportunity to comment on this Concept Release. If there are any questions regarding the content of this letter or you wish to discuss our comments further, please contact me at (804) 662-2685.

Sincerely,



Amy R. Corbin

Vice President and Controller